

Rights Issue Prospectus

Batic Investments & Logistics Company

Batic Investments & Logistics Company is a Saudi joint stock Company incorporated pursuant to the Ministerial Resolution No. (861) dated 21/10/1411H (corresponding to 05/05/1991G) and the Commercial Registration Certificate ("CR") No. (1010052902) issued by the city of Riyadh on 04/13/1404H (corresponding to 01/16/1984G).

Offering of (30,000,000) thirty million ordinary shares with an offer price of SAR (10) ten Saudi Riyals per share ("Offer Price") by issuing Rights Shares with a total value of SAR (300,000,000) three hundred million Saudi riyals (the "Offering") representing an increase of approximately (100%).

Trading period: starting on Monday 09/05/1443H (corresponding to 13/12/2021G) and ending on Monday 16/05/1443H (corresponding to 20/12/2021G).

Subscription period: starting on Monday 09/05/1443H (corresponding to 13/12/2021G) and ending on Thursday 19/05/1443H (corresponding to 23/12/2021G).

BATIC Investment and Logistics Co. (hereinafter referred to as the "Company" or the "Parent Company" or "Batic"), was initially established as a limited liability Company with the trading name "The Saudi Company for Refrigerated Transport". The capital upon incorporation amounted SAR (80,000,000) divided into eight hundred thousand (800,000) current shares of equal value, and the value of each share is SAR (100) distributed among fifty partners. It was registered with the Ministry of Commerce by virtue of a registration certificate in the Commercial Register No (1010052902) issued by the city of Riyadh on 04/13/1404H (corresponding to 01/16/1984G). The Company was converted from LLC to a joint stock Company under the name of "The Saudi Land Transport Company", under the Ministerial Decree dated 21/10/1411H (corresponding to 05/05/1991) while retaining the commercial registration number and date. The head office of the Company is located in the city of Riyadh - Olaya District - Al Arz Street - Batic Building, second floor, PO Box: 7939, Zip Code: 11472. It should be noted that the Company's trading name has been modified twice after it was converted into a joint stock Company. The first time, the former trading name was modified from "The Saudi Company for Land Transport - Mubarrad", to "The Saudi Company for Transport and Investment - Mubarrad", according to the approval of the Extraordinary General Assembly held on 26/01/1429H (corresponding to 04/02/2008 G). The second time, the former trading name was changed from "The Saudi Transport and Investment - Mubarrad" to become the current trading name of the Company "Batic Investments & Logistics Co.", according to the EGA's approval held on 06/07/1438H (corresponding to 03/04/2017G). The current capital of the Company is three hundred million (300,000,000) Saudi riyals and divided into thirty million (30,000,000) ordinary shares with a fully paid nominal value of ten (10) riyals per share (referred to collectively as the "Current Shares" and each as "Current Share"). As of the date of this Prospectus, the Company's major shareholder (who directly owns 5% or more of the Company's shares) is the Family Investment Company (owning 4,500,000 shares and representing 15% of the Company's total shares before the offering).

On 02/09/1442H (corresponding to 14/04/2021G), the BOD recommended the increase of the Company's capital through a Rights Issue worth SAR (300,000,000) three hundred million Saudi riyals, after obtaining the necessary regulatory approvals and the approval of the EGA. On Thursday 19/05/1443H (corresponding to 23/12/2021G), the Company's EGA approved to increase the Company's capital through a Rights Issue of shares. The Initial Public Offering (IPO) launches thirty million (30,000,000) new ordinary shares (referred to as "Right Shares" or "New Shares") at an offer price of ten (10) Saudi Riyals per share (referred to as the "Offer Price"), and with a nominal value of ten (10) Saudi riyals, so as to increase the Company's capital from three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares, to six hundred million Saudi riyals (600,000,000) divided into sixty million (60,000,000) ordinary shares, after obtaining all necessary regulatory approvals and the approval of the EGA.

The Rights Issue will be conducted through the issue of tradable securities (collectively referred to as "Rights Issue" and each as "Right Issue"), to the Company's shareholders, as at the close of trading on the date of the EGA held for the capital increase (hereinafter referred to as the "Eligibility Date"), who are registered in the Company's shareholders register with the depository center at the end of the second trading day following the day of the EGA that includes the approval of the capital increase on Thursday 19/05/1443H (corresponding to 23/12/2021G) (collectively referred to as "Registered Shareholders" and each as "Registered Shareholder"), with such Rights being deposited into the registered shareholders' portfolios following the day of the EGA and taking into account the settlement procedures (1) right for each (1) share of the Company's shares, and each right entitles its holder to subscribe to one new share at the offering price.

Registered shareholders and other public investors (referred to as "New Investors") – who may trade the Rights and subscribe to the New Shares – will be able to trade and subscribe to the Rights on the Saudi Stock Exchange (referred to as "Tadawul" or "Stock Exchange").

The trading period and subscription period start on Monday 09/05/1443H (corresponding to 13/12/2021G), while the trading period ends on Monday 16/05/1443H (corresponding to 20/12/2021G) (referred to as the "Trading Period"), the subscription period ends on Thursday 19/05/1443H (corresponding to 23/12/2021G) (referred to as the "Subscription Period"). It should be noted that the Trading Period and Subscription Period will start on the same day. However, the Trading Period cease on the sixth (6) day of the start of the period, while the Subscription Period will end on the ninth (9) day of the said period. The Registered Shareholders will be able to trade Rights during the Trading Period, by selling (in whole or in part) the entitled Rights, or by purchasing additional Rights from the Saudi Stock Exchange ("Tadawul"). New Investors may, during the Trading Period, purchase Rights from the Saudi Stock Exchange ("Tadawul") and sell the Rights purchased during the Trading Period.

The New Shares could be subscribed to during the Subscription Period via a single phase as follows:

- (1) During such period, all Registered Shareholders and New Investors may subscribe to the New Shares.
- (2) The Registered Shareholder may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder bought new right, he or she will be allowed to subscribe for them upon the cessation of the settlement period (two business days after buying the new rights).

- (3) The New Investors may directly subscribe for the New Shares upon settlement of such shares (two business days).

- (4) Subscription will be available online through the investment portfolio on Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other media and channels available at the intermediary.

In the event that the Institutional Investors do not subscribe for all of the Rump Shares and fractional shares, then these shares shall be allocated to the Underwriter who shall subscribe for them at the Offer Price (see Section 12 "Shares Information & Offering Terms and Conditions"). The final allocation for the New Shares will be announced no later than Sunday 29/05/1443H (corresponding to 02/01/2022G) (referred to as the "Allocation Date") (see Section 12 "Shares Information & Offering Terms and Conditions").

Upon completion of the Offering, the Company's share capital will be SAR (600,000,000) six hundred million Saudi riyals divided into (60,000,000) sixty million ordinary shares. The net proceeds of the Offering will, after deducting the expenses of the offering, be used to expand the Company's activities and operations, to finance its future expansion projects, raise the volume of local investments, and adapt its growth plan to the economic booming and change taking place in the Kingdom of Saudi Arabia within the frame of the 2030's vision, in addition to the acquisition of profitable assets, the purchase of companies and assets generating Revenue, or the investment in such companies or profitable assets (see Section 6 "Use of Proceeds").

The Company has one class of shares. No Shareholder shall have any preferential rights. The New Shares will be fully paid and will equal exactly the outstanding shares. Each share grants its holder one vote, and each shareholder (the "Shareholder") has the right to attend and vote at the General Assembly meetings (referred to as the "General Assembly Meeting") (whether ordinary or extraordinary). Holders of the New Shares shall be entitled to receive any dividends declared by the Company as of the date of the Offering (if any).

The Company is considered to be one of the first companies which shares were listed on the Saudi Stock Exchange Market ("Tadawul"), on 21/10/1411H (corresponding to 05/05/1991G). On 22/12/1423H (corresponding to 23/02/2003G), the EGA December ided a capital reduction of three hundred million Saudi riyals (300,000,000) to one hundred and eighty million Saudi riyals (180,000,000), divided into three million six hundred thousand (3,600,000) ordinary shares, with a nominal value of fifty (50) Saudi riyals per share, fully paid in value. After the Capital Market Authority of Saudi Arabia ("CMA") issued Resolution No. (4-145-2006) dated 27/02/1427H (corresponding to 27/03/2006G), which stipulated the splitting of joint stock companies' shares (Stock split) over four stages, and according to the Council of Ministers' Decision that specifies ten (10) Saudi riyals per share as the nominal value of the joint stock companies' shares. Thus, the Company's three million six hundred thousand (3,600,000) shares, with a nominal value of fifty (50) Saudi riyals per share, have been divided into eighteen million (18,000,000) shares of equal value (ten (10) Saudi riyals), and all of which are ordinary cash shares. On 21/02/1438H (corresponding to 21/11/2016G), the EGA December ided to increase the capital from one hundred and eighty million (180,000,000) Saudi riyals to two hundred and forty million (240,000,000) Saudi riyals, divided into twenty-four million (24,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share, by granting bonus shares. On 13/08/1439H (corresponding to 29/04/2018G), the EGA December ided to increase the capital from two hundred and forty million (240,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, divided into thirty million (30,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, by granting bonus shares.

The Company's shares are currently traded on Tadawul. The Company has applied to CMA for registering and offering the New Shares in accordance with this Prospectus. The Company has also submitted a request to the Saudi Stock Exchange Company (Tadawul) to accept the listing of the New Shares. It has provided all supporting documents; and all the requirements of the relevant authorities have been met. Trading in New Shares in Tadawul is expected to commence soon after the final allocation of the New Shares and refund of extra subscriptions (please refer to page (ix) "Key Dates and Subscription Procedures"). Upon listing and admission of the shares, Citizens and residents of KSA and GCC countries, Saudi companies, banks, Saudi investment funds, GCC companies and establishments, and foreign investors from outside the KSA (through swap agreements or as qualified investors) will be permitted to trade in the New Shares. Moreover, Qualified Foreign Investors and Approved QFI Clients will be permitted to trade in the Company's shares according to the Rules governing the investment of qualified foreign financial institutions in listed shares. The Company has submitted an application for registration and new shares offering to the CMA. It has also submitted a request to the Saudi Stock Exchange "Tadawul" to accept the listing of the New Shares; and all requirements have been met.

This Prospectus must be read in full and the "Important Notice" section on page (i) and Section (2) "Risk Factors" of this Prospectus must be considered prior to making any investment Decision in the Rights or New Shares offered hereby.

Financial Advisor, Lead Manager and Underwriter



This Prospectus includes information provided in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority ("CMA") and the Listing Rules of the Saudi Stock Exchange ("Tadawul"). The Directors, whose names appear on page (iii) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, according to their knowledge and belief, after conducting the possible studies and to the extent, there are no other facts that, not including them in the Prospectus, would make any statement contained in it misleading. The Capital Market Authority and the Saudi Stock Exchange Company ("Tadawul") do not bear any responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This unofficial English language translation of the official Arabic language Prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legal binding version and shall prevail in the event of any conflict between the two texts.

This Prospectus is issued on 27/03/1443H (corresponding 02/11/2021G).

باتك batic

باتك للإستثمار والأعمال اللوجستية
Batic Investments & Logistics Company



Important Notice

This Prospectus contains detailed information on Batic Investments & Logistics Company and the Rights Issue offered for subscription. When applying for the New Shares, investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, the Lead Manager or by visiting the website of the Company (www.batic.com.sa), the website of Financial Adviser (www.aljziracapital.com.sa) and the CMA website (www.cma.org.sa).

This Prospectus will be published and available to the public within a period not less than (14) days prior to the date of the EGA for the capital increase. If the approval of the Company's EGA is not obtained within six (6) months of the approval of the CMA to register and offer the Rights Shares, the CMA's approval shall be deemed to be cancelled.

The Company has appointed Aljazira Capital as a financial Advisor (referred to as "**Financial Advisor**"), lead manager ("**Lead Manager**") and underwriter (the "**Underwriter**"), in relation to the increase the Company's share capital via the offering of the Rights Shares as set out in this Prospectus.

This Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA's Board. The Directors, whose names appear on page (iii), jointly and severally, accept full responsibility for the accuracy of the information contained in this Prospectus, and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. The CMA and Tadawul do not bear any responsibility for the contents of this Prospectus, and do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

While the Company has carried out all reasonable studies to verify the validity of the information contained in this Prospectus at the date hereof, a portion of the information contained in this Prospectus are derived from external sources, and while none of the Company, its members of the board directors, its Financial Advisor or any of the Advisors ("**the Advisors**") whose names appear on page (v) and (d) of this Prospectus have any reason to believe that any information is materially inaccurate, such information has not been independently verified and therefore no representation is made as to the accuracy and completeness of this information.

The information contained in the Prospectus as at the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the offer shares may be adversely affected by future developments such as inflation factors, interest rates, taxes, or other economic and political factors or other factors beyond the Company's control (see Section 2 "**Risk Factors**" of this Prospectus). Neither the delivery of this Prospectus nor any verbal or written information related to the Offer Shares is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus shall not to be regarded as a recommendation on the part of the Company, the Directors or any of the Company's Advisors to participate in the Subscription for Rights Issue. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient (natural or legal) of this Prospectus is responsible for obtaining independent professional advice from a financial advisor licensed by CMA in relation to the Offering of the New Shares, to examine the appropriateness of the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs.

The registered shareholders and other public investors ("**New investors**") - who may trade in rights and subscribe to the new shares - will be able to trade and subscribe to Rights issue shares on the Saudi Stock Exchange ("**Tadawul**" or "**Exchange**"). The trading period and the subscription period start on Monday 09/05/1443H (corresponding to 13/12/2021G), and the trading period ends on Monday 16/05/1443H (corresponding to 20/12/2021G) (the "**Trading Period**"), while the subscription period continues until the end of the day Thursday 19/05/1443H (corresponding to 23/12/2021G) (the "**Subscription Period**"). It should be noted that the trading period and the subscription period will start on the same day while the trading period continues until the end of the ninth day from the beginning of the period. The Registered Shareholders will be able to trade in the Right issue during the trading period, by selling the acquired Right issue or part of them, or purchasing additional Right issue through the exchange. New investors will be able, during the trading period, to buy rights through the exchange and sell the rights that are bought during the trading period.

The New Shares could be subscribed to during the Subscription Period via a single phase as follows:

- 1- During such period, all Registered Shareholders and New Investors may subscribe to the New Shares.
- 2- The Registered Shareholder may during the Subscription Period directly subscribe for the New Shares prorated to its own shares. In case the Registered Shareholder bought new right, he or she will be allowed to subscribe for them upon the cessation of the settlement period (two business days after buying the new rights).
- 3- The New Investors may directly subscribe for the New Shares upon settlement of such shares (two business days).
- 4- Subscription will be available online through the investment portfolio on Tadawul platforms and applications that are used to submit purchase and sale orders. additionally, subscription shall be available through other media and channels available at the intermediary.

In the event that shares remain unsubscribed after the end of the Subscription Period (the "**Rump Shares**"), those shares will be offered to a number of institutional investors ("**Institutional Investors**"); such offering is referred to as ("**the Rump offering**"). The Institutional Investors shall submit their offers to buy the Rump Shares, and such offers will be received starting from 10:00 AM on Tuesday 24/05/1443H (corresponding to 28/12/2021G) until 05:00 PM on Wednesday 25/05/1443H (corresponding to 29/12/2021G) ("**Rump Offering Period**"). The Rump Shares will be allocated to the Institutional Investors with the highest offer, then the lowest and the lowest (provided that it is not less than the Offering Price), with shares being allocated on a pro rata basis, among those being the Institutional Investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and be treated similarly, and the total offering price obtained from the Rump offering process will be paid to the Company, and the remaining proceeds of the offering will be distributed (in excess of the Offer Price) among those entitled to obtain them, subject to eligibility within a maximum limit of Thursday 10/06/1443H (corresponding to 13/01/2022G).



In the event that Institutional Investors have not subscribed to all the Rump Shares and fractional shares, the Rump Shares will be allocated to the Underwriter who will purchase them at the Offering Price (see Section 12 “Shares Information & Offering Terms and Conditions”). The final allocation for the new shares will be announced no later than Sunday 29/05/1443H (corresponding to 02/01/2022G) (the “Allocation Date”) (see Section 12 “Shares Information & Offering Terms and Conditions”).

Financial Information

The audited consolidated financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and notes thereto have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and in accordance with the generally accepted accounting standards issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The financial statements for the financial years 2018G and 2019G years have been audited by Dr. Mohammed Al Omari & Partners - BDO Auditing Company as for the statements for the financial year 2020G and the financial period ended 31 March 2021G., the review was carried out by the Company of Ibrahim Al Bassam & Partners (Certified Public Accountants), Al Bassam & Partners.

The Company issues its financial statements in Saudi Riyals. Certain financial and statistical information contained in this Prospectus have been subject to rounding adjustments. Accordingly, numbers presented for the same item may vary slightly in different tables, and totals in certain tables may not equal the addition of the individual items.

Forecasts and Forward-looking Statements

Forecasts included in this Prospectus have been prepared on the basis of specific and announced assumptions mentioned in the relevant issues. Future operating conditions may differ from the assumptions used and consequently no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the information contained in this Prospectus has been prepared with due care.

Certain forecasts in this Prospectus constitute “forward-looking statements”. Such statements can generally be identified by their usage of words that indicate future prospects such as “intends”, “plans”, “estimates”, “believes”, “expects”, or “possibly” or “will”, “intend”, “should”, “expected,” or “may” or the contrary thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company and its management with respect to future events, and are not a guarantee of actual future performance. Many factors could cause the actual results, performance or achievements of the Company to be materially different from that which may be expressed or implied by such forward-looking statements.

The most important risks or factors that could lead to such an effect are described in more detail in other sections of this Prospectus (please see section (2) “Risk Factors” of this Prospectus). Should any one or more of these factors materialize or any underlying assumptions or estimates prove to be incorrect or inaccurate, actual results of the Company may vary materially from those expected, estimated, believed, or planned for in this Prospectus.

In compliance with the requirements of Rules on the Offer of Securities and Continuing obligations, the Company must submit a supplementary Prospectus to the Capital Market Authority if at any time after the date of the publication of this Prospectus and before the completion of the offering, the Company becomes aware of any of the following: (1) There is a significant change in material matters mentioned in the Prospectus or any document required by the Listing Rules and the ongoing commitments; (2) any significant issues that should have been included in the Prospectus have arisen.

With the exception of these two cases, the Company does not intend to update or amend any information contained in this Prospectus, whether as a result of new additional information or as a result of future incidents or otherwise related to the Company, sector or risk factors. As a result of this, as well as other risks, uncertainties and assumptions, future expectations and circumstances discussed in this Prospectus might not occur in the manner expected by the Company. New investors should consider all forward-looking statements in the light of these explanations and should not place undue reliance on forward-looking statements.



Company's Directory

| Board of Directors (BOD) Company's BOD designated on 10/08/1441H (corresponding to 03/04/2020G) * | | | | | | | | | | | |
|--|----------------------------|--------------|-------------|-----|-------------------|-----------------|--------------|------------|-----------|--------------|--|
| Name | Position | On Behalf of | Nationality | Age | Membership Status | | Owned Shares | | | | Date of Membership |
| | | | | | Executive | Independent | Direct | Indirect** | Total | Percentage | |
| Mr. Ahmad Mohamad Al Saneh | Chairman of the Board | Himself | Saudi | 53 | Non-Executive | Non-independent | 1,375,000 | 4,500,000 | 5,875,000 | 19.58333333% | 10/08/1441H (corresponding to 03/04/2020G) |
| Eng. Majed Abdullah Al Issa | Vice Chairman of the Board | Himself | Saudi | 44 | Non-Executive | Non-independent | 36,450 | 0 | 36,450 | 0.1215% | 10/08/1441H (corresponding to 03/04/2020G) |
| Eng. Mohamad Saoud Al Zamel | Delegated Member | Himself | Saudi | 35 | Non-Executive | Non-independent | 0 | 0 | 0 | 0% | 10/08/1441H (corresponding to 03/04/2020G) |
| Dr. Sultan AbdulAziz Al Mubarak | Board Member | Himself | Saudi | 55 | Non-Executive | Independent | 27,994 | 0 | 27,994 | 0.093313% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Taha Mohamad Azhari | Board Member | Himself | Saudi | 52 | Non-Executive | Independent | 100 | 0 | 100 | 0.00033% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Firas Khaled Al Bawaridi | Board Member | Himself | Saudi | 32 | Non-Executive | Non-independent | 1,250 | 1,350,000 | 1,351,250 | 4.504166% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Fahed Mubarak Al Quthami | Board Member | Himself | Saudi | 50 | Non-Executive | Non-independent | 1,250 | 0 | 1,250 | 0.0041666% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Moussa AbdulAziz Bin Akrash | Board Member | Himself | Saudi | 30 | Non-Executive | Independent | 1,000 | 0 | 1,000 | 0.00333333% | 10/08/1441H (corresponding to 03/04/2020G) |

Source: The Company.

* The Ordinary General Assembly, in its meeting held on 09/08/1441H (corresponding to 02/04/2020G), agreed to appoint the aforementioned members of the Board for the current session which starts on 10/08/1441H (corresponding to 03/04/2020G) and ends on 11/09/1444H (corresponding to 02/04/2023G).

** Means shares indirectly owned by members of the Board of Directors in the Company through their ownership in companies that own shares in the Company, or shares owned by relatives (wives and minor children) of Board members, either directly or through their ownership in companies that own shares in the Company.



Company Address

BATEC Investment and Logistics Company
Riyadh City - Olaya District - Al Arz Street
Batic Building - Second Floor
PO Box 7939 Riyadh 11472
Kingdom of Saudi Arabia
Tel: +966 (11) 418 7877
Fax: +966 (11) 418 7808
website: www.batic.com.sa
E-mail: investor.relations@batic.sa

باتك batic

باتك للإستثمار والأعمال اللوجستية
Batic Investments & Logistics Company

First Authorized Representative

Eng. Mohammed Bin Saud Al-Zamil
Managing Director
Batic Investment and Logistics Company
Riyadh
Tel: +966 (11) 418 7888
Fax: +966 (11) 418 7801
website: www.batic.com.sa
E-mail: m.alzamil@batic.sa

Second Authorized Representative

Mohammed Bin Saleh Almazayed
Secretary General of the Board of Directors and CEO of Governance and Public Affairs
BATIC Investment and Logistics Company
Riyadh
Tel: +966 (11) 418 7878
Fax: +966 (11) 418 7801
Website: www.batic.com.sa
Email: malmazy@batic.sa

Saudi Stock Exchange

Saudi Stock Exchange (Tadawul)
King Fahd Road - Olaya 6897
Unit 15
P.O. Box 60612, Riyadh 11555
Saudi Arabia
Tel: +966 (11) 218 1200
Fax: +966 (11) 218 1260
Website: www.tadawul.com.sa
E-mail: info@tadawul.com.sa

تداول السعودية
Saudi Exchange



Advisors

Financial Advisor, Lead Manager and Underwriter

Aljazira Capital

King Fahd Road - Al Rahmaniyah District
PO Box 20438 Riyadh 11455
Kingdom Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: contactus@aljaziracapital.com.sa



Legal Advisor

Al Saleh & Al Sahli Law Firm

AlSaif Center - King Abdullah Road - Al-Worood District
PO Box 90549 Riyadh 1162316
Kingdom of Saudi Arabia
Tel: +966 (11) 205 4555
Fax: +966 (11) 205 4222
Website: www.ssfirm.com.sa
Email: Corporate@Ssfirm.com.sa



Legal Accountant for the Previous Three Years

The Company's Legal Accountant for the Years 2018G and 2019G

Dr. Mohammed Al-Omari & Partners Company –BDO

King Fahd Road - Al Rahmaniyah District
Moon Tower - Seventh and Eighth floors
PO BOX 8736 Riyadh 11492
Kingdom of Saudi Arabia
Tel: +966 (11) 278 0608
Fax: +966 (11) 278 2883
website: www.bdoalamri.com
E-mail: info@bdoalamri.com



الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

The Company's Legal Accountant for the Year 2020G

The Company's Legal Accountant for the Year 2020G

Ibrahim Ahmed Al Bassam & Partners Chartered Accountants
Al-Bassam & Co PKF
Prince Abdul Aziz bin Musaед Road - Sulaymaniyah District
PO Box 69658 RiyGh 11557
Kingdom Saudi Arabia
Tel: +966 (11) 206 5333
Fax: +966 (11) 206 5444
website: www.pkfalbassam.com
E-mail: info.sa@pkf.com



شركة إبراهيم أحمد البسام وشركاه
محاسبون قانونيون - البسام وشركاه
(عضو بي كي اف العالمية)

Financial Advisor, Lead Manager and Underwriter

Aljazira Capital

King Fahd Road - Al Rahmaniyah District
PO Box 20438 Riyadh 11455
Kingdom Saudi Arabia
Tel: +966 (11) 225 6000
Fax: +966 (11) 225 6182
Website: www.aljaziracapital.com.sa
Email: contactus@aljaziracapital.com.sa



Note: All of the aforementioned Advisors have given and not withdrawn, as at the date of this Prospectus, their written consent to the publication of their names, logos and statements in the manner set forth in this Prospectus. Neither the Advisors nor any of their employees or relatives hold any shares or any interest of any kind in the Company.



Offering Summary

Investors wishing to subscribe to shares of this offering must read the entire Prospectus before deciding to invest in the Company shares offered, as the offering summary is not sufficient to make an investment decision. Below is a summary of the offering:

| | | | |
|--|---|---------------------|-------------------|
| Issuer Name, Description and Information of its Incorporation | BATIC Investment and Logistics Company (hereinafter referred to as the “Company” or the “Parent Company” or “BATIC”) was initially established as a limited liability Company with the trading name “The Saudi Company for Refrigerated Transport”. The Company’s capital upon incorporation amounted to eighty million (80,000,000) Saudi riyals divided into eight hundred thousand (800,000) cash shares of equal value, and the value of each share is one hundred (100) Saudi riyals, distributed among fifty partners. It was registered with the Ministry of Commerce by virtue of a registration certificate in the Commercial Register No. (1010052902) issued by the city of Riyadh on 04/13/1404H (corresponding to 16/01/1984G). The Company was then converted from a limited liability Company to a joint stock Company, under the name of “The Saudi Land Transport Company”, under the Ministerial Resolution No. (861) dated 21/10/1411H (corresponding to 05/05/1991G), while retaining the commercial registration number and date. Note that the Company’s trading name has been modified twice after it was converted into a joint stock Company. In the first time, the previous trading name “Saudi Company for Land Transport -Mubarrad” was modified to become “The Saudi Transport and Investment Company –Mubarrad” according to the approval of the EGA held on 26/01/1429H (corresponding to 04/02/2008G). The second time the Company’s previous trading name was modified from “The Saudi Transport and Investment - Mubarrad” to its current name: “Batic Investment and Logistics Company” according to the Shareholders’ EGA approval dated 06/07/1438H (corresponding to 03/04/2017G) The head office of the Company is located in Riyadh - Olaya District - Al Arz Street - PO Box: 7939, Zip Code: 11472, Tel: 4187800. The Company’s current capital is three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares with a nominal value of ten (10) riyals per share, fully paid in value. | | |
| Issuer’s Business Activities | The Company’s activities, as in the commercial registry mainly concern the general construction of residential and non-residential buildings, including (schools, hospitals, hotels), renovations of residential and non-residential buildings, repair of roads, streets, sidewalks and road supplies, and building finishing. | | |
| Issuer’s Major Shareholders, Their Ownership of Percentages and Number of Shares Pre-offering | The major shareholders of the Company are those who directly own 5% or more of the Company’s shares. As at the date of this Prospectus, the Company has one major shareholder: The Family Office International Investment Company (owns 4,500,000 shares representing 15% of the Company’s total shares prior to the offering). | | |
| Nature of the Offer | Capital increase through a Rights Issue. | | |
| Purpose Beyond the Proposed Rights Issue | The Company aims to increase its capital by offering Rights issue shares to finance and implement its future plans and projects, to expand its various activities and raise the volume of local investments, and adapt its growth plan with the economic booming and change taking place in the Kingdom of Saudi Arabia, within the frame of the 2030 vision. It also strives to acquire profitable assets and to buy Revenue-generating companies and assets or invest in them (For more details, kindly refer to Section 6 (“Use of Proceeds”). | | |
| Total Proceeds Expected to Be Raised and a Detailed Breakdown and Description of the Proposed Use of Proceeds | It is expected that the total proceeds of the subscription for the rights issue will reach one hundred and forty-five million (300,000,000) SAR. The net subscription proceeds will be used after deducting all the costs of the offering to finance the Company’s future plans and projects and expand its various activities (for further information, please see Section 6 (“Use of Proceeds”). The following table shows the uses of the offering proceeds: | | |
| | Table of the Use of Net Offering Proceeds (by thousand SAR) | | |
| | Use of Proceeds | Amount (SAR) | Percentage |
| | Payment of part of the loan granted (with facilities limit amounting to SR140 Million) by AlJazira Bank for the purpose of the acquisition of 35.8% of the Communications Solutions Company (CSC) for Smart Cities’ Capital | 107,874,812 | 36.0% |
| | Acquisition expenses of the Communications Solutions Company (CSC) for Smart Cities | 1,31,188 | 0.4% |
| | Financing the Smart Cities Communications Solutions Company (CSC) to repay its debts to AMNCO | 20,000,000 | 6.7% |
| | Financing the Smart Cities Communications Solutions Company (CSC) to pay the rest of the rent of the Eastern Province Municipality related to the smart parking project | 24,440,000 | 8.1% |
| | Payment of short-term loans | 40,000,000 | 13.3% |
| | Financing smart parking projects for the Smart Cities Communications Solutions Company (CSC) | 46,200,000 | 15.4% |
| | Supporting the working capital for AlShifa Technology Company Limited | 5,000,000 | 1.7% |
| | Acquisition of income generating assets and other commercial businesses’ | 50,000,000 | 16.7% |
| | Offering costs | 5,175,000 | 1.7% |
| | Total | 300,000,000 | 100.0% |
| | It should be noted that the proposed acquisition transactions will be completely financed from this offering proceeds which allocated an amount of SR 50,000,000 for these acquisitions. | | |
| Offering Costs | It is expected that the offering costs will amount to approximately SAR (5,175,000) five million one hundred and seventy-five thousand and include the fees of: the financial advisor, the lead manager, the underwriter, the legal advisor, the chartered accountant, the marketing expenses, the printing, distribution and other expenses related to the subscription (Please refer to Section No. (6) “Use of Proceeds”). | | |
| Issuer’s Capital Before Offering | SAR (300,000,000) | | |
| Issuer’s Capital After Offering | SAR (600,000,000) | | |
| Issuer’s Total Number of Shares Before Offering | SAR (300,000,000) | | |



| | |
|--|--|
| Issuer's Total Number of Shares After Offering | SAR (60,000,000) |
| Nominal Value of Share | SAR (10) Ten Saudi Riyals per share |
| Total Number of Offered Shares | (30,000,000) Thirty million ordinary shares |
| Percentage of Offered Shares to the Capital | 100% |
| Price of Offering | SAR (10) Ten Saudi Riyals per share |
| Total value of Offering | SAR (300,000,000) |
| Number of Underwritten Shares | (300,000,000) Three hundred million ordinary shares |
| Total Underwritten Sum | SAR (300,000,000) |
| Types of Targeted Investors | Registered Shareholders and New Investors |
| Registered Shareholders | A shareholder listed in the Company's register as at the close of the trading on the day of the Extraordinary General Assembly at which the capital increase has been approved and is registered in the Company's register with the depository center at the close of the second trading day following the convening of the (Extraordinary) General Assembly on 02/05/1443H (corresponding to 06/12/2021G). |
| New Investors | In general, individual and institutional investors - except for registered shareholders - who purchased Rights issue during the trading period. |
| Rights Issue | Rights are tradable securities giving their holder the right to subscribe to the new shares offered, after approval of the capital increase. These securities are considered an acquired right of all registered shareholders. The right may be traded during the trading period. Each Right grants its holder eligibility to subscribe for one new share at the offer price. Rights Issue will be deposited in the portfolio of registered shareholders after the meeting of the Extraordinary General Assembly at which the capital increase has been approved. The Rights will appear in the portfolios of the Registered Shareholders under a new symbol specifying the Rights issue. |
| Number of Issued Rights | Thirty million (30,000,000) Right. |
| Eligibility Coefficient | Each registered shareholder is granted (1) right for each (1) share he owns, and this coefficient is the result of dividing the number of new shares by the number of existing shares of the Company. |
| Eligibility Date | Shareholders who own shares at the close of trading day of the Extraordinary General Assembly at which the capital increase has been approved and are shown in the Company's register at the close of second trading day following the convening of the Extraordinary General Assembly at which the capital increase has been approved, on 02/05/1443H (corresponding to 06/12/2021G). |
| Trading Period | The trading period starts on Monday 09/05/1443H (corresponding to 13/12/2021G) and continues until the end of Monday 16/05/1443H (corresponding to 20/12/2021G). It is permissible during this period for all Rights issue holders - whether they are registered investors or new investors - to trade on the Right issue. |
| Subscription Period | The subscription period starts on Monday 09/05/1443H (corresponding to 13/12/2021G) and continues until the end of Thursday 19/05/1443H (corresponding to 23/12/2021G). During this period, all holders of the Right issue - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares. |
| Subscription Procedure | Eligible persons wishing to subscribe to new shares must submit their subscription requests electronically through the online intermediaries' websites and platforms that provide these services to the subscribers or through any other means provided by intermediaries. |
| Practicing Subscription in Right Issue | Eligible persons shall have the right to exercise their right to subscribe to Right issue shares by subscribing electronically via intermediaries' websites and online platforms that provide these services or through any other means provided by intermediaries'. In addition, eligible persons can exercise Right issue as follows: <ol style="list-style-type: none"> Shareholders registered during the subscription period shall have the right to exercise the rights granted to them on the eligibility date and any additional rights that they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they own. New investors shall, during the subscription period, have the right to exercise the rights that they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they own. In the event that none of the registered shareholders or the new investors exercise their right to subscribe to the new shares during the subscription period, the shares related to those rights will be offered in the Rump offering period. |
| Indicative Value of the Right | The indicative value of the right reflects the difference between the market value of the Company's share during the trading period and the offer price. Tadawul will calculate and publish the right's indicative value during the trading period on its website, five minutes late, and market information service providers will also publish this information in order for investors to view the Indicative value when entering the order. |
| Trading Price of the Right | It is the price at which the right is traded, bearing in mind that it is determined through the mechanism of supply and demand, and therefore it may differ from the right's indicative value. |
| Rump Offering | In the event that shares remain unsubscribed after the end of the subscription period (the Rump Shares), those shares will be offered to a number of institutional investors (investment institutions). These investment institutions submit their bids to buy the remaining shares. These offers will be received from ten o'clock in the morning Tuesday 24/05/1443H (corresponding to 28/12/2021G) until five o'clock in the evening. From the day of Wednesday 25/05/1443H (corresponding to 29/12/2021G) (The Rump Offering Period). The Rump Shares will be allocated to the investment institutions with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), provided that the shares are allocated on a pro rata basis to the investment institutions that offer the same offer. As for the fractional shares, they will be added to the Rump Shares and treated similarly. |



| | |
|---|--|
| Methods of Allocation and Excess refund | Shares will be allocated to each investor based on the number of rights he has properly exercised and completed, after having followed the appropriate procedures (for more information on the method of subscription for rights, their circulation, the process of allocation and excess refund, please see section (12) "Shares Information & Offering Terms and Conditions". Fractions of the shares will be collected and added to the Rump Shares and then offered to Investment institutions during the Rump offering period. The Company will obtain the total offering price collected from the sale of the Rump Shares, while the remaining proceeds of the Rump offering will be distributed without taking into account any fees or deductions (i.e., What exceeds the offering price) for its beneficiaries who did not fully or partially subscribe to the new shares and for those entitled to fractional shares (please See section (9) "Legal information"). Excess of subscription (if any) will be refunded to subscribers without any commissions or deductions from the Lead Manager. |
| Date of Allocation | Shares will be allocated no later than Sunday 29/05/1443H (corresponding to 02/01/2022G). |
| Payment of Compensation Amounts (if any) | The monetary compensation amounts will be paid to eligible persons who have not exercised their right to subscribe in whole or in part to the new shares and to those entitled to fractional shares without any deductions, no later than Thursday 10/06/1443H (corresponding to 13/01/2022G), noting that the monetary compensation amounts represent the amount that exceeds the offering price from the net proceeds from the sale of the Rump Shares and fractional shares. |
| Adjusted Price | The Company's share price has been in the Stock Exchange to SAR 24.46 per share, before the start of trading on the day following the Extraordinary General Meeting relating to the capital increase. This represents a price reduction of SAR 14.44 per share. |
| Trading of New Shares | Trading of new shares in Tadawul begins after completing all procedures related to registering, allocating and listing the new shares. |
| Listing and Trading Rights Issue | The Rights Issue is listed in Tadawul and traded during the Rights Issue trading period. Rights Issue shall have a separate symbol and separate from the Company's current stock symbol on the Tadawul screen. The registered shareholders have several options during the trading period, which include selling the rights or part of them in the Exchange, buying additional rights through the Exchange, or not taking any action on the Rights Issue, whether by selling them or buying additional rights. During the trading period, new investors will have the right to purchase rights through the Exchange, sell those rights or part of them, or not to take any action regarding the rights purchased during the trading period. The Tadawul system will cancel the Rights issue symbol for the Company on the trading screen after the end of the rights issue trading period. Therefore, the trading of the Right issue will stop at the end of that period. |
| Legibility for Profits | Owners of the new shares will be entitled to any dividends the Company announces after the date it is issued. |
| Voting Rights | All shares of the Company are of one class, and no share gives its holder preferential rights. The new shares will be fully valued and equal to the existing shares. Each share gives its holder the right to one vote, and every shareholder in the Company has the right to attend the meeting of the general assembly of shareholders (whether ordinary or extraordinary) and vote in it. |
| Limitations of Shares Trading | There are no restrictions imposed on trading the Company's shares, except for regulatory restrictions imposed on publicly listed shares. |
| Limitations of Rights Trading | There are no restrictions imposed on trading rights. |
| Shares Previously Listed by the Issuer | The Company is one of the first companies which shares were listed on the Saudi Stock Exchange. The Company began trading shares on 21/10/1411H (corresponding to 05/05/1991G). On 22/12/1423H (corresponding to 23/022/2003G) the EGA December ided to reduce the capital from SAR (300,000,000) three hundred million Saudi riyals to SAR (180,000,000) one hundred and eighty million Saudi riyals, divided into (3,6000,000) three million six hundred thousand ordinary shares, and with a nominal value of SAR (50) fifty Saudi riyals per share, fully paid in value. After the issuance of the Capital Market Authority Resolution No. (4-145-2006) dated 27/02/1427H (corresponding to 27/03/2006G), which stipulated the splitting of joint stock companies' shares on four stages according to the Council of Ministers Decision stipulating that the nominal value of the Joint stock companies shares is SAR (10) ten Saudi riyals per share, the Company's three million six hundred thousand (3,600,000) shares have been divided, with a nominal value of SAR (50) fifty Saudi riyals per share, to eighteen million (18,000,000) shares of equal value (each of SAR (10) ten Saudi riyals), and all of which are ordinary cash shares. On 02/21/1438H (corresponding to 11/11/2016G), the EGA December ided to increase the capital from SAR (180,000,000) one hundred and eighty million Saudi riyals to SAR (240,000,000) two hundred and forty million Saudi riyals divided into twenty-four million (24,000,000) An ordinary share with a nominal value of SAR (10) ten Saudi riyals per share, by granting bonus shares. On 13/08/1439H (corresponding to 29/04/2018G) the EGA December ided to increase the capital from SAR (240,000,000) two hundred and forty million Saudi riyals to SAR (300,000,000) three hundred million Saudi riyals, divided into thirty million (30,000,000) ordinary shares with a nominal value of SAR (10) ten Saudi riyals per share, through the granting of bonus shares. The Company's existing shares are currently traded on the Saudi Stock Exchange ("Tadawul" or the "Market") |
| Terms of Subscription for New Shares | Eligible persons willing to subscribe for new shares shall fulfill the related subscription conditions. For more information, see Section (12) "Shares Information & Offering Terms and Conditions". |
| Risk Factors | Investing in involves certain risks, and those risks can be classified into: 1- Risks related to the Company's business 2- Risks Related to Market and Sector 3- Risks Related to New shares. Those risks are described in Section (2) "Risk Factors" of this Prospectus, and they must be carefully studied before making any investment Decision in the Rights Issue. |

Note: The "Important Notice" on page "i" and Section (2) "Risk Factors" of this Prospectus should be considered carefully prior to making a Decision to invest in this Rights Issue.



Key Dates and Subscription Procedures

| Event | Date |
|---|--|
| The convening of the extraordinary general assembly that includes the approval of the capital increase and the determination of the eligibility date and the eligible shareholders, bearing in mind that the eligible shareholders are the shareholders who own the shares at the end of the trading day of the meeting of the Extraordinary General Assembly convened for approving increase of the shareholder's share capital and who are recorded in the Company's shareholders record at the depositing center by end of the second day of trading after the Extraordinary General Assembly. | On Monday 02/05/1443H (corresponding to 06/12/2021G). |
| Trading Period | The trading period starts on Monday 09/05/1443H (corresponding to 13/12/2021G) and continues until the end of Monday 16/05/1443H (corresponding to 20/12/2021G). It is permissible during this period for all holders of Right issue - whether they are registered investors or new investors - to trade on the Right issue. |
| Subscription Period | The subscription period starts on Monday 09/05/1443H (corresponding to 13/12/2021G) and continues until the end of day Thursday 19/05/1443H (corresponding to 23/12/2021G). During this period, all holders of the Right issue - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares. |
| End of Subscription Period | The subscription period ends and the receipt of subscription requests ends with the end of Thursday 19/05/1443H (corresponding to 23/12/2021G). |
| The Rump Offering Period | The Rump offering period starts at 10:00 Am on Tuesday 24/05/1443H (corresponding to 28/12/2021G) and continues until 05:00 PM in the evening Wednesday 25/05/1443H (corresponding to 29/12/2021G). |
| Notification of Final Allocation | On Sunday 29/05/1443H (corresponding to 02/01/2022G). |
| Compensation Amounts (if any) to the eligible people who did not participate in the subscription fully or partially and who are entitled to fractional shares | On Thursday 10/06/1443H (corresponding to 13/01/2022G). |
| The expected date to start trading in the Saudi Stock Market in new shares | After completing all the necessary procedures, the date to start trading in the new shares will be announced on the Tadawul website. |

Note: All dates mentioned in the above timeline are approximate. Actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) (www.tadawul.com.sa).

Important Announcement Dates

| Announcement | Announcer | Date |
|--|-------------|---|
| Announcing the call for the Extraordinary General Assembly meeting to increase the capital | The Company | Sunday 09/04/1443H (corresponding to 14/11/2021G). |
| Announcing the results of the Extraordinary General Assembly of the capital increase | The Company | Tuesday 03/05/1443H (corresponding to 07/12/2021G). |
| Announcing the Company's share price adjustment, depositing the rights and the right indicative | Tadawul | Tuesday 03/05/1443H (corresponding to 07/12/2021G). |
| Announcing the addition of the Company's Right issue | Edaa | Sunday 08/05/1443H (corresponding to 12/12/2021G). |
| Announcing the designation of the rights trading period and the new shares subscription period | The Company | Tuesday 03/05/1443H (corresponding to 07/12/2021G) |
| Announcing the start of the rights trading period and the new shares subscription period | Tadawul | Sunday 08/05/1443H (corresponding to 12/12/2021G) |
| A reminder announcement of the start of the rights trading period and the new shares subscription period | The Company | Monday 09/05/1443H (corresponding to 13/12/2021G) |
| A reminder announcement about the last day for trading rights and a mention of the importance of those who do not wish to subscribe to sell the rights they own | The Company | Sunday 15/05/1443H (corresponding to 19/12/2021G). |
| Announcement of: <ul style="list-style-type: none"> Results of the subscription Details of the sale of shares that have not been subscribed for (if any) and the start of the Rump offering period | The Company | Sunday 22/05/1443H (corresponding to 26/12/2021G). |
| Announcing the results of the Rump offering and notification of the final allocation | The Company | Sunday 29/05/1443H (corresponding to 02/01/2022G). |
| Announcing the deposit of new shares in investors' portfolios | Edaa | Wednesday 02/06/1443H (corresponding to 05/01/2022G). |
| Announcing the distribution of compensation amounts to the beneficiaries (if any). | The Company | Thursday 10/06/1443H (corresponding to 13/01/2022G). |

Note: The above-mentioned timetables and dates are indicative. Actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) (www.tadawul.com.sa) in coordination with the Depository Center Company (Edaa) to determine date for depositing the shares.



It should also be noted that if an advertisement related to the offering is published in a local newspaper after the publication of the Prospectus, the announcement must include the following:

- 1- The name and commercial registration certificate of the issuer.
- 2- The securities that are subject of the relevant application for registration and offer and their value, type and class.
- 3- The addresses and locations where the public may obtain the Prospectus.
- 4- The date of publication of the Prospectus.
- 5- A statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.
- 6- The names of the lead manager, the underwriter, the financial and legal advisors.
- 7- A disclaimer as follows: "The Capital Market Authority and the Saudi Stock Exchange (Tadawul) take no responsibility for the contents of this disclosure, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this disclosure they have".

How to Apply for the Offering

Subscription to Rights issue shares is limited to Eligible Persons, whether they are registered shareholders or new investors. In the event that the Eligible Persons do not exercise their rights, all the unsubscribed Rump Shares shall be offered to Institutional Investors through the Rump Offering Period.

The Eligible Persons wishing to subscribe to new shares must submit their subscription requests through the means and services provided by the broker to the investors, provided that the subscribing Eligible Person has an investment account with one of the brokers who provide these services.

The Subscription requests are submitted through the investment portfolio in the trading platforms (through which buy and sell orders are entered) in addition to the possibility of subscribing through any other means provided by the broker to the investors and the custodian of shares. The Company reserves the right to reject any application to subscribe to new shares in whole or in part if it does not fulfill any of the conditions or requirements of the subscription. It is not permissible to amend or withdraw the subscription application after its delivery. The subscription application, upon submission, constitutes a binding contract between the Company and the entitled shareholder.

Questions and Answers on Rights Issue

What is a Rights Issue?

Rights are tradable securities that give their holder the right to subscribe to the new shares offered, upon approval of the capital increase. All shareholders registered in the Company's shareholders register (at the Depository Center) at the close of the second trading day following the date the Extraordinary General Assembly at which the capital increase has been approved will be entitled to receive the Rights. Each right grants its holder eligibility to subscribe for one new share at the offering price.

Who is granted the Rights?

All registered shareholders in the Company's shareholders register at the close of trading on the second trading day following the date of the Extraordinary General Assembly at which the capital increase has been approved.

When are the Rights deposited?

After the Extraordinary General Assembly convenes and its approval of the capital increase through the offering of Right issue shares, the Rights issue are deposited as securities in the shareholders' own portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting. The shares will appear in their portfolios under a new symbol for Rights issue. Trading or subscribing to these rights will not be permitted until the beginning of the trading and subscription periods.

How are the investors notified of the Rights being deposited in their portfolios?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company, and short text messages sent through the brokerage firms.

How many Rights issue can be acquired by a registered shareholder?

The number is subject to the rights issue ratio and the number of the current shares held by the registered shareholder as at the close of the second trading day after the date of the Extraordinary General Assembly at which the capital increase has been.

What is the Rights Issue ratio?

It is the ratio that enables registered shareholders to know how many Rights he/she is entitled to in relation to the current shares that he/she already owned at the close of the second trading day after the date of the Extraordinary General Assembly meeting at which the capital increase has been approved. This parameter is calculated by dividing the number of new shares by the number of the current shares of the Company, and accordingly, the eligibility factor is (1) right approximately for every (1) share owned by the registered shareholder on the eligibility date, thus, if a registered shareholder owns (1,000) shares on the eligibility date, then he will be allocated (1,000) rights in exchange for the shares he owns.



Will the name and symbol for trading these rights differ from the name and symbol of the Company's shares?

Yes, the acquired rights will be added to the investors' portfolios under the name of the original share and by adding the word Rights issue, in addition to a new symbol for these rights.

What is the right value upon the commencement of trading?

The opening price of the Rights is the difference between the Company's share closing price on the day preceding such rights Listing, and the Offer Price (indicative Rights value). For example: If the closing price of a share on the preceding day is SAR (40) forty Saudi Riyals and the Offer Price is SAR (10) ten Saudi Riyals, the opening price of the Rights will, at the beginning of trading, be SAR (30) thirty Saudi Riyals (which is the difference between the above mentioned two prices).

Who is a Registered Shareholder?

Any shareholder who appears in the Company Shareholder Register at the close of second trading day following the Extraordinary General Assembly at which the capital increase has been approved.

Can the registered shareholders subscribe for additional shares?

Yes, the registered shareholders can subscribe for additional shares by purchasing new Rights through the market during the trading period.

Is it possible for a shareholder to lose his eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on increasing the capital through a rights issue?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the Extraordinary General Assembly meeting or one business day before it.

How does the offering take place?

Subscription requests are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to the investors and the custodian of shares.

Can the eligible person subscribe to more shares than the rights owned by him?

The eligible person cannot subscribe to more shares than the rights owned by him.

In the event that the Company's shares are owned through more than one investment portfolio, in which portfolio the Rights will be deposited?

Rights will be deposited into the same portfolio where the related shares exist. For example, if a shareholder owns (1,000) (one thousand) shares in the Company, (800) of them in portfolio (A) and (200) in portfolio (B), then the total number of rights to be deposited are (1,000) (one thousand) rights considering that each share (1) right. In this case, (800) eight hundred rights will be deposited in portfolio (A) and (200) two hundred rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in electronic portfolios through the recipient or the Tadawul's Securities Depository Center Company ("Edaa") and submitting the requisite documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional rights may sell them and purchase other rights only during the trading period only.

Is it possible to sell part of the Rights Issue?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe for the Rights he/she purchased during the rights trading period?

After the close of the rights purchase settlement (which is two business days), provided that the subscription for Rights is completed during the subscription period.

Can the holder of Rights sell or assign the Rights after the end of the trading period?

No, it cannot. After the expiry of the trading period, the Eligible Person may only exercise the right to subscribe to the Right issue shares, or not to exercise. In the event that the Right is not exercised, the investor may be subject to loss or Decrease in the value of his/her investment portfolio.

What happens to Rights that are unsold or unsubscribed during the trading and subscription period?

In the event that the new shares are not fully subscribed during the subscription period, the remaining new shares shall be offered during the Rump Offering organized by the Lead Manager, and the compensation value (if any) is calculated for the rights owner after deducting the subscription price. Note that the investor may not receive any consideration if the sale is made in the Rump offering period at the offering price.



Who has the right to attend the Extraordinary General Assembly and vote to increase the Company's capital by offering Rights issue shares?

A shareholder who is registered in the Company's shareholders' register at the Depository Center, after the end of the trading day of the Extraordinary General Assembly Day, has the right to attend the Extraordinary General Assembly and vote on increasing the Company's capital by offering Rights issue shares.

When is the share price adjusted as a result of the Company's capital increase by offering Right issue shares?

The share price is adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor buys security on the day of the assembly, is he entitled to obtain the Rights resulting from the increase in the issuer's capital?

Yes, as the investor will be registered in the Company's shareholders' register two business days after the date of the shares' purchase (i.e., at the end of the second trading day following the day of the Extraordinary General Assembly meeting), bearing in mind that Right issue will be granted to all shareholders registered in the Company's shareholders' register at the end of trading the second trading day following the date of the Extraordinary General Assembly. However, he will not be entitled to attend or vote in the Extraordinary General Assembly of the capital increase.

If the investor has more than one portfolio with more than one brokerage firm, how will the rights be calculated for him?

The investor's share will be distributed among the portfolios that the investor owns, according to the percentage of ownership in each portfolio, and in case there are fractions, those fractions will be collected, and if you complete one or more integer numbers, the correct number is added to the portfolio in which the investor owns the largest amount of rights.

What are the trading and subscription periods?

Trading and subscription of rights begins at the same time until the end of trading on the sixth day, while the subscription continues until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of Rights during the trading period.

Additional Help:

In the event of any inquiries, please contact the Company at (investor.relations@batic.sa).

For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of issuing rights or even provide financial advice or Tax, legal or investment.

For more information on the terms, conditions and instructions of the offering, please see section (12) "Shares Information & Offering Terms and Conditions" and the rest of the information contained in this Prospectus.



Summary of Key Information

This summary is a brief overview of the key information contained in this Prospectus, and since it is a summary, it does not contain all of the information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this Prospectus should read the whole Prospectus completely and carefully before making any investment Decision related to new rights or shares.

Overview of the Company

Batic Investment and Logistics Company (The “Company” or the “Parent Company” or “Batic”) was initially established as a limited liability Company with the trading name “The Saudi Refrigerated Transport Company”. The Company’s capital upon incorporation amounted to SAR (80,000,000) eighty million Saudi riyals divided into eight hundred thousand (800,000) cash shares of equal value, and each share is worth one hundred (100) Saudi riyals distributed among fifty partners. It was registered with the Ministry of Commerce by virtue of the registration certificate No (91010052902) in the Commercial Register, issued by the city of Riyadh on 04/13/1404H (corresponding to 16/01/1984). The Company was converted from a limited liability Company to a joint stock Company under the name of “The Saudi Land Transport Company» by virtue of the Ministerial Resolution No. (861) dated 21/10/1411H (corresponding to 05/05/1991G), while retaining the commercial registration number and date. It’s worth mentioning though that the Company’s trading name has been modified twice after it was converted to a joint stock Company. The first time, the previous trading name “The Saudi Land Transport Company – Mubarrad” was modified to become “The Saudi Transport and Investment Company – Mubarrad” based on the approval of the EGA held on 26/ 01/1429 (corresponding to 04/02/2008G). The second time, the former trading name of the Company was modified from “The Saudi Transport and Investment Company- Mubarrad” to become the current Company’s trading name “Batic Investments & Logistics Company “, according to the shareholders’ EGA approval held on 06/07/1438H (corresponding to 03/04/2017G). The Company’s head office is located in the city of Riyadh – Olaya District – Al Arz Street – PO Box: 7939, Postal Code: 11472.

Capital Structure

- BATIC Investment and Logistics Company was initially established as a limited liability Company with the trading name “Saudi Company for Refrigerated Transport”. Upon transformation into a joint-stock Company, the Company’s trading name became “Saudi Company for Land Transport”, and was later modified twice. The first time, the previous trading name was modified from “Saudi Company for Land Transport - Mubarrad” to become “Saudi Transport and Investment Company - Mubarrad” according to the approval of the EGA held on 26/01/1429H (corresponding to 04/02/2008G). Then the second time, the previous trading name of the Company was modified from “Saudi Transport and Investment Company –Mubarrad” to the current trading name “Batic Investments and Logistics Company” after the approval of the Shareholders EGA held on 06/07/1438H (corresponding to 03/04/2017G). Pursuant to the Company’s founders’ agreement dated 03/09/1404H (corresponding to 14/12/1983G) and registered in the Riyadh Notary Public Journal No (40/47), volume (3) for the year 1404H and with the Ministry of Commerce under registration certificate No. (1010052902) in the Commercial Register and issued in the city of Riyadh on 13/04/1404H (corresponding to 01/16/1984G). The Company’s capital upon incorporation amounted to SAR (80,000,000) eighty million Saudi riyals, divided into eight hundred thousand (800,000) cash shares of equal value, each worth SAR (100) one hundred Saudi riyals distributed among fifty (50) partners.
- On 05/07/1405H (corresponding to 03/27/1985G) three (3) partners waived their shares to other partners and consequently exited from the Company, without any change in the capital. Accordingly, the Company’s capital, which is SAR (80,000,000) eighty million Saudi riyals, divided into eight hundred thousand (800,000) cash shares of equal value, each worth one hundred (100) Saudi riyals distributed among forty-seven (47) partners.
- On 26/11/1410H (corresponding to 19/06/1990G), the partners’ General Assembly December ided to increase the Company’s capital to SAR (300,000,000) three hundred million Saudi riyals and convert it to a joint-stock Company, by the partners’ contribution through their in-kind payment and cash shares in the Company equivalent to (40%) of the capital, the acceptance of new partners representing (20%) of the capital with in-kind payment or cash shares, and the offering of (40%) of the shares for public subscription.
- The Company was transformed into a joint stock Company pursuant to Ministerial Resolution No. (861) dated 10/21/1411H (corresponding to 05/05/1991G), while retaining the commercial registration certificate number and date, and with a capital of SAR (300,000,000) three hundred million Saudi riyals divided into six million (6,000,000) shares with a nominal value of fifty (50) Saudi riyals per share.
- On 22/12/1423H (corresponding to 02/23/2003G), the Extraordinary General Assembly December ided to reduce the Company’s capital from SAR (300,000,000) three hundred million Saudi riyals to SAR (180,000,000) one hundred and eighty million Saudi riyals divided into three million six hundred thousand (3,600,000) shares of equal value and with a nominal value equal to fifty (50) Saudi riyals.
- On 27/02/1427H (corresponding to 27/03/2006G), the Capital Market Authority Resolution No. (4-145-2006) was issued to split the joint stock companies’ shares on four stages, according to the Council of Ministers Decision stipulating that the nominal value of joint stock companies’ shares shall be SAR (10) per share. Hence, has the Company’s shares, equivalent to three million six hundred thousand (3,600,000) shares of a nominal value of fifty SAR (50) per share, were split and subdivided into eighteen million (18,000,000) shares of equal value and each worth ten SAR (10).
- On 21/02/1438H (corresponding to 21/11/2016G), the EGA December ided to increase the capital from SAR (180,000,000) one hundred and eighty million Saudi riyals to SAR (240,000,000) two hundred and forty million Saudi riyals, divided into twenty-four million (24,000,000) shares and with a nominal value of SAR (10) ten Saudi riyals each, by granting free shares (bonus shares) and issuing 33.33% of the current number of shares, equivalent to one free share for every three (3) owned shares.
- On 13/08/1439H (corresponding to 29/04/2018G), the EGA December ided to increase the Company’s capital from SAR (240,000,000) two hundred and forty million Saudi riyals to SAR (300,000,000) three hundred million Saudi riyals, divided into thirty million (30,000,000) shares with a nominal value of ten SAR (10) each, by granting free shares (bonus shares) and issuing 25% of the current number of shares, equivalent to one bonus share for every four (4) owned share
- On 02/09/1442H (corresponding to 14/04/2021G), the Board of Directors recommended to the shareholders’ EGA to increase the Company’s capital from SAR (300,000,000) to SAR (600,000,000) by offering Rights Issue shares equivalent to thirty million (30,000,000) new shares.



Modifications Made to the Company's Capital (Capitalization Change)

| Nature of the Capital 's Increase/Decrease | Number of shares after Modification | Nominal value of the shares in SAR | Company's capital in SAR | YEAR |
|---|-------------------------------------|------------------------------------|--------------------------|-------|
| Company's Capital Upon Conversion | 6,000,000 | 50 | 300,000,000 | 1991G |
| Company's Capital Decrease by SAR (120,000,000) | 3,600,000 | 50 | 180,000,000 | 2003G |
| Shares Nominal Value Decrease from SAR (50) to SAR (10) per share | 18,000,000 | 10 | 180,000,000 | 2006G |
| Company's Capital Increase by SAR (60,000,000) | 24,000,000 | 10 | 240,000,000 | 2016G |
| Company's Capital Increase by SAR (60,000,000) | 30,000,000 | 10 | 300,000,000 | 2018G |

Source: The Company.

Summary of the Company's Main Activities

Article (3) of the Company's By-laws stipulates that the Company shall practice and implement the following activities:

- Transportation, deportation, handling, storage, packaging, sale, purchase, manufacture, supply and distribution of various goods and materials, including refrigerated, frozen, liquid, bulk, solid, gaseous, oil, petroleum and petrochemical products, jewelry, precious metals, money, valuable documents, data, information, electronic storage, archives and related materials inside and outside the Kingdom of Saudi Arabia Saudi Arabia and its different regions, land ports, harbors and airports. Moreover, the Company has the right to buy, sell, lease, rent and use aircrafts, ships, cars, trucks, trailers, machinery and equipment, in addition to the right of transporting passengers, organizing touristic trips, transporting domestic and foreign pilgrims and visitors from and to the Kingdom, operating and maintaining metros and trains.
- Buying, renting, leasing, planning, developing, investing, maintaining, operating, building, establishing and managing lands, real estate, factories, buildings, residential, commercial and industrial projects and their facilities, in addition to warehouses, stores, hotels, furnished apartments, hospitals, museums, markets, recreational centers, workshops, gas stations and strategic stocks inside and outside the Kingdom.
- General contracting services (construction, repair, demolition and restoration), general construction of road and water works, electrical, mechanical, industrial works, marine works, dams, well drilling, maintenance, operation and management services for buildings, airports, factories, power stations, desalination, water and gas pumping, telephone networks, hospitals, medical centers, construction of residential buildings and all utilities and affiliated services such as: entertainment centers, museums, markets, restaurants, subsistence projects, building hospitals, clinics and dispensaries to provide health services for workers in factories and industrial companies, marketing factory products locally and internationally, and providing other official services.
- Engaging in general trade of all kinds and forms, trade via Internet and electronic marketing (e-commerce), and carrying out commercial agency work related to the Company's purposes and activities, as well as selling, distributing, importing, manufacturing, maintaining and packaging equipment, machines, devices, materials, goods and spare parts.
- Conducting research, studies and technical, administrative and financial development to serve the purposes of the Company, as well as preparing, printing and distributing guidelines, bulletins, information, data and other activities related to the services it provides.
- Managing its subsidiaries, or participating in the management of other companies in which it contributes and providing the necessary support for it, investing its money in shares and other securities, owning real estate and movables necessary to carry out its activity, owning industrial property rights such as patents, trademarks, industrial rights, franchises and other intangible rights, their exploitation, and their leasing to its subsidiaries or other institutions. In order to achieve its objectives, the Company has the right to own real estate, cars, trucks, trailers, machinery, equipment, and movable and immovable assets, and to establish and build offices, branches, factories, warehouses, stores, gas stations, and maintenance workshops. The Company is also entitled to engage in different legal actions such as: selling, purchasing, emptying or evacuating, getting paid, exchanging, renting, leasing, entering into settlement and pledge agreements, getting insurance loans and guarantees, contracting, transporting, conducting business, guarding, consulting, suing, and taking other necessary legal actions to carry out its commercial activity, as well as to perform and provide, for its account or for others, business and logistic, technical, administrative, financial, industrial and commercial services, in addition to supplying and recruiting skilled labor.

The Company shall practice its aforementioned activities after obtaining the requisite licenses from the competent authority if any.

- The Company's Registry Data indicates that the business activity it is licensed to practice involves: general construction of residential buildings and general constructions of non-residential buildings including schools, hospitals and hotels, restoration of residential and non-residential buildings, construction and repair of roads, streets, sidewalks and road accessories and finishing buildings.
- The Company may establish branches, offices or agencies inside or outside the Kingdom by virtue of a Board's Decision. As of the publication of this Prospectus, the Company hasn't established any branches / offices / agencies inside and outside the Kingdom.
- Furthermore, the Company may establish limited liability or joint stock companies on its own, and own shares in other existing companies or merge with them, and to participate with third parties in the establishment of joint stock or limited liability companies, after fulfilling the necessary regulations' requirements. The Company may also dispose of these shares, provided that this does not include mediation in their trading. As of the date of this Prospectus, the Company owns four (4) subsidiaries inside the Kingdom of Saudi Arabia, but it does not have any subsidiaries outside the Kingdom. In this Prospectus, the Company and its subsidiaries are referred to collectively as "BATIC Group" or "The Group" (for more information on the licenses issued by the BATIC Group to carry out its activities, kindly refer to sub-paragraph No. (9-2) "Licenses and Permits Obtained by the Company and its Subsidiaries" of Section (9) "Legal information").



- The Company operates through its head office and its subsidiaries. The main activities of the Group are as follows:

1- Logistics Activity:

This activity includes the following sectors:

- Transport Sector:** The transport sector is represented in the transport of goods and services fee on land roads in the Kingdom, as well as car and trailer rentals, rental of cold storage or refrigerated warehousing, gas stations, maintenance workshops, the purchase, sale and maintenance of equipment and machinery related to road transport.
- Security Guards Sector:** This sector provides security services and rotation for banks and companies.
- ATM Replenishment Service Sector:** This sector comprises secure transportation of cash from a bank's ATM feeding branch and replenishing the cash in banks' ATMs in addition to maintenance services.
- Secure Money Transport Sector:** This sector is engaged in transporting and securing money and valuables.
- Money Counting and Sorting and Correspondence Sector:** This sector provides services of money counting and sorting in addition to postal correspondence.

2- Real estate Activity:

The real estate activity consists of buying and selling lands, constructing buildings, investing in them by selling or renting for the benefit of the Group, and establishing and operating commercial and industrial projects.

3- General Contracting Activity:

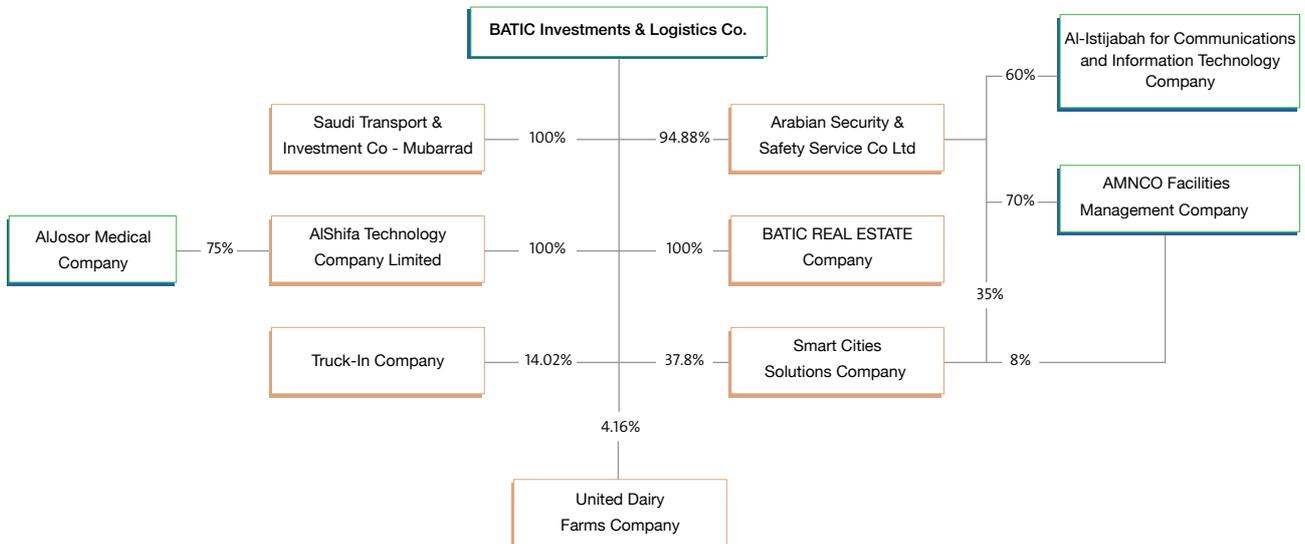
This activity is represented by the maintenance and operation sector, which includes maintenance and operation of buildings, property management and marketing.

4- Commercial Activity:

The commercial activity of the Group consists of the sale and supply of medical equipment.

BATIC Company is engaged in these activities through its subsidiaries. The chart below shows BATIC's four (4) subsidiary companies located in the Kingdom.

Figure No. (1): Graph of BATIC Group and Its Subsidiaries



Source: Company

For more information about the subsidiary companies, please refer to sub-paragraph (3.5) "Company Subsidiaries" from Section 3 "Company Overview and Nature of Business".



Revenues Distribution According to the Group's Activities

Table No. (1): The table below shows the impact of the subsidiaries' main activities on the Company's business volume and their contribution to the results as follows:

| Activity | Revenues | | | | | Percentage of Total Revenues | | | | |
|---|--|--|--|--|--|--|--|--|--|--|
| | Financial Year ended 31/12/2018G (audited) | Financial Year ended 31/12/2019G (audited) | Financial Year ended 31/12/2020G (audited) | Financial Period ended 31/03/2020G (unaudited) | Financial Period ended 31/03/2021G (unaudited) | Financial Year ended 31/12/2018G (audited) | Financial Year ended 31/12/2019G (audited) | Financial Year ended 31/12/2020G (audited) | Financial Period ended 31/03/2020G (unaudited) | Financial Period ended 31/03/2021G (unaudited) |
| Mubarrad Company | | | | | | | | | | |
| Transport | 57,232,197 | 65,445,825 | 65,977,536 | 15,447,124 | 17,284,392 | 11.3% | 14.0% | 13.0% | 14.6% | 15.8% |
| AlShifa Technology Company Limited | | | | | | | | | | |
| Selling Medical Equipment and Supplies | - | - | 82,353,457 | - | - | - | - | 16.5% | - | - |
| AMNCO | | | | | | | | | | |
| Security Guard Services | 203,475,616 | 209,110,707 | 160,253,408 | 42,658,952 | 41,236,965 | 40.08% | 45.0% | 32.0% | 40.4% | 37.7% |
| ATM Replenishment Services | 168,052,859 | 119,875,425 | 129,437,311 | 32,271,327 | 33,653,478 | 33.1% | 26% | 26% | 30.5% | 30.8% |
| Money Transport and Counting & Correspondence | 76,641,960 | 64,087,481 | 54,483,114 | 14,187,470 | 14,005,065 | 15.1% | 14.0% | 11.0% | 13.4% | 12.8% |
| Maintenance and Operation Sector | 2,224,534 | 3,841,422 | 7,358,664 | 1,568,797 | 2,757,469 | 0.44% | 1.0% | 1.0% | 1.0% | 2.5% |
| Smart Parking | - | - | 808,564 | - | 1,311,713 | - | - | 0% | - | 1.2% |
| BATIC REAL ESTATE Company | | | | | | | | | | |
| Real Estate Investment Activity | - | 3,457,848 | 3,703,017 | 876,639 | 975,895 | - | 1.0% | 1.0% | 1.0% | 1.0% |
| Others and Settlements | | | | | | | | | | |
| Others and Settlements | - | (1,870,758) | (6,520,461) | (1,340,618.00) | (1,934,821) | - | - | -1.0% | -1.0% | -1.8% |
| Total | 507,627,166 | 463,947,950 | 497,854,610 | 105,669,691 | 109,290,156 | 100% | 100% | 100% | 100% | 100% |

Source: The Company



Company's Vision

The Company seeks to be a leader in its business scope and the preferred partner in providing integrated logistics and security solutions in the Middle East.

Company's Mission

The Company strives to maximize stakeholders' value by investing in high quality companies and committing to growth and innovation.

Company's Strategic Goals and Directions

The Company's stated strategy is as follows:

- Since it is committed to continuous growth, the Company is able today to conduct and achieve many modern operations such as the introduction of the Global Positioning System (GPS) and the Enterprise Resource Planning System (ERPS) in order to simplify the customers' experience.
- After the complete restructuring of the Company in the first quarter of 2012G, the Company is establishing and implementing a number of the best corporate governance procedures to ensure transparency and accountability and serve the needs of investors and shareholders.
- The Company strives to meet the high expectations of its stakeholders at all times.
- The Company is committed to expanding its investments in the Smart Cities Solutions Company and the acquisition of a controlling stake in this Company classified as smart cities according to the seven techniques adopted by the World Bank for Smart Cities, which are the following: 1) Instrumentation and Control Systems, 2) Connectivity, 3) Interoperability, 4) Security and Privacy, 5) Data Management, 6) Computing Resources, 7) Information Analytics

Strengths and Competitive Advantages of the Company

The strengths and competitive advantages of the Company are as follows:

- BATIC is considered to be one of the first Saudi joint-stock companies specialized in investment and logistics.
- The Company has won many awards and honors for its services in the private and public sectors.
- The Company has a balanced and diversified base of clients
- The Company includes a senior management that has the necessary experience and expertise to manage its activities and investments.

Market Overview

The value of the logistics market in Saudi Arabia was approximately SAR (70,000,000,000) in 2019G, making it the largest among the Gulf Cooperation Council countries. It represents 55% of the total logistics market in the GCC and ranks as the third most attractive in emerging markets. It is also one of the fastest growing logistics sectors worldwide.

The warehouse market is expected to grow due to the planned increase in the manufacturing activity, international trade, and the domestic consumption. Moreover, the cold chain segment of the logistics market has experienced growth in recent years due to the active participation of the pharmaceutical industry and the increasing demand for fruits, vegetables, meat and dairy products.

On the other hand, profitability with the ATM managed services is closely related to multiple factors such as: improving the cash withdrawal process at the ATM machines, increasing the number of ATMs, introducing a new breed of ATMs, and improving customer retention plans and relationships for longer periods*.

* Source: Saudi Ministry of Transport and Logistics Services, Ken Research



Risk Factors Summary

There are several risks related to this Rights Shares Issue. These risks have been covered in three main categories: 1) Risks related to the Company's Activity and Operations, 2) Risks related to the Market and Sector, and 3) Risks related to Shares. They are discussed in details in Section (2) "Risk Factors" in this Prospectus which ought to be carefully studied and examined before December 31, 2023, in order to invest in the Rights Shares Issue, subject of the Offering.

1- Risks Related to the Company's Activities and Operations

- Risks Related to the Coronavirus (COVID-19) Pandemic
- Risks Related to the Non-issuance or Non-renewal of Licenses and Certificates
- Risks Related to the Concentration of the Group Revenue
- Risks Related to Dealings with Related Parties
- Risks Related to the Obsolescence of the Transport Fleet
- Risks Related to the Accumulated Losses of AMNCO Facilities Management Co. Ltd. (a subsidiary of a subsidiary Company) and Smart Cities Solutions for Communications and Information Technology (to be acquired) Exceeding 50% of Their Capital
- Risks Related to Dependence on Key Customers
- Risks Related to the Existing and Potential Payments of Zakat
- Risks Related to Capital Management
- Risks Related to Funding Sources
- Risks Related to Management Decisions
- Risks Related to Liquidity
- Risks Related to Credit and Collection
- Risks Related to Contingent Liabilities
- Risks Related to Changes in Accounting Standards and the Adoption of New Standards
- Risks Related to the Failure of the Expansion Strategy
- Risks Related to a Delay in the Implementation of Future Projects
- Risks Related to Capital Costs Increase for Implementing Future Projects Over the Expected Value
- Risks Related to Relying on Fundamental Human Factors
- Risks Related to Employee Error or Misconduct
- Risks Related to Relying on Non-Saudi Employees
- Risks Related to Government Fees Applicable for Foreign Employees
- Risks of Jobs Saudization
- Risks Related to the Adequacy of Insurance Coverage
- Risks Related to Litigation and Lawsuits
- Risks Related to Intangible Assets and Goodwill
- Risks Related to the Trademark
- Risks Related to Fines for Labor Law Violations
- Risks Related to the Application of the Corporate Governance
- Risks Related to Non-compliance with the Corporate Governance Rules, Regulations and Policies

2- Risks Related to the Market and Sector

- Risks Related to the Criteria Defined by the Laws and Regulations Governing the Group's Activity
- Risks Related to the Economic Performance of the Kingdom of Saudi Arabia
- Risks Related to an Increase in Energy and Water Price
- Risks Related to the Impact of the Saudi Economic Risks on the Company's Operations
- Risks Related to Political and Economic Instability in the MENA Region
- Risks Related to Growth Opportunities
- Risks Related to Competition
- Risks Related to Natural Disasters
- Risks Related to Changes in Relevant Laws and Regulations
- Risks Related to the Value Added Tax (VAT) Application
- Risks Related to Imposing New Fees or Taxes



3- Risks Related to Shares

- Risks of Potential Fluctuations in the Share Price
- Risks of Potential Fluctuations in the Rights Issue Price
- Risk of Non-profitability or Sale of Rights Issue
- Risks of Lack of Demand for Rights Issue and Company Shares
- Risks of Speculation in Rights issue
- Risks of Low Ownership Rate
- Risks of Not Exercising Subscription Rights in a Timely Manner
- Risks of Profit Distribution to Shareholders
- Risks of Selling Many Shares
- Risks of the Possibility of Issuing New Shares
- Risks of Future Data
- Risks of Drop in Demand for Rights Issue and Company Shares



Summary of Financial Information

The summary of the financial information presented below is based on the Company's audited financial statements for the financial years ended December 31, 2018G, 2019G, 2020G and the financial period ended March 31, 2021G and the notes attached thereto.

The audited financial statements of the Company for the financial years ended December 31, 2018G, 2019G and 2020G have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and the standards and publications approved by the Saudi Organization for Auditors and Accountants (SOCPA).

The consolidated financial statements for the financial years 2018G and 2019G were reviewed by Dr. Muhammad Al-Omari & Partners Company –BDO. As for the financial statements for the financial year 2020G and the financial period ended on March 31, 2021G, they were reviewed by Ibrahim Ahmed Al-Bassam & Partners Co. - Legal Accountants - Al-Bassam & Partners.

The Company issues its financial statements in Saudi riyals.

Consolidated Statement of Financial Position

| SAR | Financial year ended December 31, 2018G | Financial year ended December 31, 2019G | Financial year ended December 31, 2020G | Annual Growth (2018G - 2019G) | Annual growth (2019G - 2020G) | Compound Growth (2018G - 2020G) | Three Month Interval Ended on March 31, 2020G | Three Month Ended on March 31, 2021G | Change for the Interval 2020G - 2021G |
|--|---|---|---|-------------------------------|-------------------------------|---------------------------------|---|--------------------------------------|---------------------------------------|
| Total non-current assets | 281,540,142 | 302,706,315 | 542,443,421 | 8% | 79% | 38.8% | 303,660,392 | 547,033,452 | 80% |
| Total current assets | 220,235,396 | 258,360,606 | 283,049,172 | 17% | 10% | 13.4% | 282,922,640 | 302,132,635 | 7% |
| Total assets | 501,775,538 | 561,066,921 | 825,492,593 | 12% | 47% | 28.3% | 586,583,032 | 849,166,087 | 45% |
| Total non-current liabilities | 42,199,732 | 74,215,075 | 319,025,581 | 76% | 330% | 175.0% | 100,720,193 | 330,886,567 | 229% |
| Total current liabilities | 73,243,716 | 98,719,821 | 134,949,260 | 35% | 37% | 35.7% | 101,898,970 | 153,750,300 | 51% |
| Total liabilities | 115,443,448 | 172,934,896 | 453,974,841 | 50% | 163% | 98.3% | 202,619,163 | 484,636,867 | 139% |
| Total Shareholders Equity | 386,332,090 | 388,132,025 | 371,517,752 | 0% | -4% | -1.9% | 383,963,869 | 364,529,220 | -5% |
| Total liabilities and shareholders' equity | 501,775,538 | 561,066,921 | 825,492,593 | 12% | 47% | 28.3% | 586,583,032 | 849,166,087 | 45% |

Source: Consolidated Financial Statements for the Batic Company for the financial years ended December 31, 2018G and 2019G and 2020G and the consolidated financial statements for the periods ending on March 30, 2020G and 2021G.

Consolidated Revenue Statement

| SAR | Financial year ended December 31, 2018G | Financial year ended December 31, 2019G | Financial year ended December 31, 2020G | Annual Growth (2018G- 2019G) | Annual growth (2019G - 2020G) | Compound Growth (2018G - 2020G) | Three Month Interval Ended on March 31, 2020G | Three Month Ended on March 31, 2021G | Change for the Interval 2020G - 2021G |
|-----------------------------------|---|---|---|------------------------------|-------------------------------|---------------------------------|---|--------------------------------------|---------------------------------------|
| Sales | 507,627,166 | 463,947,950 | 497,854,609 | -9% | 7% | -1.0% | 105,669,691 | 109,290,156 | 3% |
| Sales Cost | (430,064,102) | (403,826,535) | (438,099,906) | -6% | 8% | 0.9% | (91,307,148) | (100,474,103) | 10% |
| Operating Profit (Loss) | 27,092,489 | 16,246,743 | 15,531,166 | -40% | -4% | -24.3% | 3,346,406 | (1,837,005) | -155% |
| Net Revenue (Loss) Prior to Zakat | 21,126,831 | 11,351,516 | (7,128,401) | -46% | -163% | Not applicable | (3,121,060) | (5,688,533) | 82% |
| Zakat | (5,440,260) | (4,507,555) | (6,265,582) | -17% | 39% | 7.3% | (1,057,121) | (1,299,999) | 23% |
| Net Profit (Loss) for the Period | 14,188,677 | 6,899,943 | (12,855,108) | -51% | Not applicable | Not applicable | (3,113,384) | (3,763,003) | 21% |

Source: Consolidated Financial Statements for the Batic Company for the financial years ended December 31, 2018G and 2019G and 2020G and the consolidated financial statements for the periods ending on March 30, 2021G.



Consolidated Statement of Cash Flows

| SAR | Financial year ended December 31, 2018G | Financial year ended December 31, 2019G | Financial year ended December 31, 2020G | Three Month Interval Ended on March 31, 2020G | Three Month Interval Ended on March 31, 2021G |
|---|--|--|--|---|---|
| Net cash generated from/ (used in) operating activities | 21,298,671 | (25,208,322) | 11,133,611 | (31,483,744) | 17,360,955 |
| Net cash generated from/ (used in) investing activities | (22,618,763) | (47,285,355) | (74,961,801) | (8,367,250) | (24,654,366) |
| Net cash generated from/ (used in) financing activities | (5,652,950) | 59,070,883 | 85,572,448 | 29,119,431 | 5,975,655 |
| Net change in cash and cash equivalents for the year/period | (6,973,042) | (13,422,794) | 21,744,258 | (10,731,563) | (1,317,756) |
| Cash and cash equivalents at the beginning of the year/period | 54,568,235 | 47,595,193 | 34,172,399 | 34,172,399 | 55,916,657 |
| Cash and cash equivalents at the end of the year/period | 47,595,193 | 34,172,399 | 55,916,657 | 23,440,836 | 54,598,901 |

Source: Consolidated Financial Statements for the Batic Company for the financial years ended December 31, 2018G and 2019G and 2020G and the consolidated financial statements for the periods ending on March 30, 2021G.

Key Performance Indicators

| Percent | Financial year ended December 31, 2018G | Financial year ended December 31, 2019G | Financial year ended December 31, 2020G | Interval the three Months Ended on March 31, 2020G | Interval the three Months Expired March 31, 2021G |
|-------------------------|--|--|--|--|---|
| Operating profit margin | 5.3% | 3.5% | 3.1% | 3.2% | -1.7% |
| Profit margin | 3.1% | 1.5% | -2.7% | -4.0% | -6.4% |
| return on assets | 3.1% | 1.2% | -1.6% | -0.7% | -0.8% |
| Return on Equity (%) | 4.1% | 1.8% | -3.6% | -1.1% | -1.9% |
| Debt to Equity Ratio | 2.1% | 18.4% | 43.9% | 26.5% | 46.1% |

Source: Derived from the Consolidated Financial Statements for the Batic Company for the financial years ended December 31, 2018G and 2019G and 2020G and the consolidated financial statements for the periods ending on March 30, 2020G and 2021G.



Table of Contents

| | |
|--|-----------|
| 1. Definitions and Terms | 1 |
| 2. Risk Factors | 6 |
| 2.1 Risks Related to the Company's activities and Operations | 6 |
| 2.1.1 Risks Related to the Coronavirus (COVID-19) Pandemic | 6 |
| 2.1.2 Risks Related to Non-issuance or Non-renewal of Licenses and Certificates | 7 |
| 2.1.3 Risks Related to Concentration of Revenue | 8 |
| 2.1.4 Risks related to dealings with related parties | 8 |
| 2.1.5 Risks Related to the Obsolescence of the Transport Fleet | 9 |
| 2.1.6 Risks related to overcome the accumulated losses of AMNCO Facilities Management Co. Ltd. (a subsidiary of the Arabian Company for Security and Safety Services) and the Smart Cities Solutions Company (a subsidiary of the Arabian Company for Security and Safety Services to be acquired by Batic) 50% of the capital | 9 |
| 2.1.7 Risks Related to Dependence on Key Customers | 10 |
| 2.1.8 Risks Related to Zakat Entitlements | 10 |
| 2.1.9 Risks Related to Capital Management | 11 |
| 2.1.10 Risks Related to Liquidity and Capital Resources (Funding Liquidity Risk) | 11 |
| 2.1.11 Risks Related to Management Decisions | 12 |
| 2.1.12 Risk Related to Liquidity | 12 |
| 2.1.13 Risks Related to Credit and Collection | 12 |
| 2.1.14 Risks Related to Contingent Liabilities | 12 |
| 2.1.15 Risks Related to Changes in Accounting Standards and Adoption of New Standards | 13 |
| 2.1.16 Risks Related to the Failure of the Expansion Strategy | 13 |
| 2.1.17 Risks Related to Delays in Implementing Future Projects | 13 |
| 2.1.18 Risks Related to Future Projects' Capital Costs Exceeding the Expected Value of Financing | 13 |
| 2.1.19 Risks Related to Reliance on Major Human Resources | 14 |
| 2.1.20 Risks Related to Employees Errors or Misconduct | 14 |
| 2.1.21 Risks Related to Reliance on Non-Saudi Employees | 14 |
| 2.1.22 Risks Related to Government Fees Applicable for Non-Saudi Employees | 14 |
| 2.1.23 Risks Related to Saudization | 15 |
| 2.1.24 Risks Related to the Adequacy of Insurance Coverage | 15 |
| 2.1.25 Risks of Litigation | 16 |
| 2.1.26 Risks Related to Intangible Assets and Goodwill | 16 |
| 2.1.27 Risks Related to Trademarks | 16 |
| 2.1.28 Risks Related to the Imposition of Fines Over Labor Law Violations | 17 |
| 2.1.29 Risks Related to the Application of the Companies Law | 17 |
| 2.1.30 Risks Related to Non-compliance with Corporate Governance Regulations | 17 |
| 2.2 Risks Related to the Market and Sector | 18 |
| 2.2.1 Risks Related to Regulatory Rules and Standards Governing the Group's Activity | 18 |
| 2.2.2 Risks Related to the Economic Performance of the Kingdom | 19 |



| | | |
|------------|---|-----------|
| 2.2.3 | Risks Related to the Increase in Energy and Water Costs | 19 |
| 2.2.4 | Risks Related to the Saudi Economy's Impact on the Company's Operations | 19 |
| 2.2.5 | Risks Related to Political and Economic Instability in the Region | 19 |
| 2.2.6 | Risks Related to Growth Opportunities | 19 |
| 2.2.7 | Risks Related to Competition | 19 |
| 2.2.8 | Risks Related to Natural Disasters | 19 |
| 2.2.9 | Risks Related to Changes in Relevant Laws and Regulations | 19 |
| 2.2.10 | Risks Related to Value-added Tax (VAT) | 20 |
| 2.2.11 | Risks Related to Imposing New Duties or Taxes | 20 |
| 2.3 | Risks Related to Shares | 20 |
| 2.3.1 | Risks Related to Potential Fluctuations in Share Price | 20 |
| 2.3.2 | Risks Related to Potential Fluctuation in Rights Issue | 20 |
| 2.3.3 | Risks Related to Profitability or Sale of Rights Issue | 20 |
| 2.3.4 | Risks of Lack of Demand for Rights Issue and Company Shares | 20 |
| 2.3.5 | Risks Related to Speculation in Rights Issue | 20 |
| 2.3.6 | Risks Related to Ownership Percentage December line | 21 |
| 2.3.7 | Risks Related to not Exercising Subscription to Rights Issue in a Timely Manner | 21 |
| 2.3.8 | Risks Related to Dividend Distribution to Shareholders | 21 |
| 2.3.9 | Risks Related to Selling a Large Number of Shares | 21 |
| 2.3.10 | Risks related to the Issuance of New Shares | 21 |
| 2.3.11 | Risks Related to the Company's Data-driven Future | 21 |
| 2.3.12 | Risks Related to a Decrease in the Demand for Rights Issue and Company Shares | 21 |

3. Company Overview and Nature of Business **22**

| | | |
|-------|--|----|
| 3.1 | Company Overview | 22 |
| 3.2 | Historical Background About the Company and Major Capital Structure Developments | 23 |
| 3.3 | The Company's Main Activities | 24 |
| 3.4 | Company Branches | 24 |
| 3.5 | Company Subsidiaries | 24 |
| 3.5.1 | Subsidiaries in the Kingdom of Saudi Arabia | 24 |
| 3.5.2 | Other Investments | 27 |
| 3.6 | Major Shareholders | 31 |
| 3.7 | Vision | 31 |
| 3.8 | Mission | 31 |
| 3.9 | Strategy | 31 |
| 3.10 | Strengths and Competitive Advantages | 31 |
| 3.11 | Business Interruption | 31 |
| 3.12 | Employees and Saudization | 32 |



4. Organizational Structure of the Company 33

| | | |
|-------|---|----|
| 4.1 | Organizational Structure | 33 |
| 4.2 | The Company's Board of Directors | 33 |
| 4.3 | Mandatory Board Positions | 34 |
| 4.4 | Company's Board Committees | 35 |
| 4.4.1 | Audit Committee | 35 |
| 4.4.2 | Remuneration & Nomination Committee (R&NC) | 36 |
| 4.4.3 | Executive and Investment Committee | 38 |
| 4.5 | Executive Management | 39 |
| 4.6 | Compensation and Remuneration of Board Members and Senior Executives | 40 |
| 4.7 | Employees | 40 |
| 4.7.1 | Employee Stock Purchase Plan (ESPP) before Submitting the Application for Registration and Offering of Securities that are Subject to this Prospectus | 40 |
| 4.7.2 | Employees Capital Sharing Arrangements | 40 |

5. Financial Information & Management Discussion and Analysis 41

| | | |
|--------|---|----|
| 5.1 | Introduction | 41 |
| 5.2 | Board Members Approval of the Consolidated Financial Statements | 41 |
| 5.3 | Foundations of Preparation | 43 |
| 5.4 | Significant Accounting Estimates and Assumptions | 45 |
| 5.5 | Significant Accounting Policies | 46 |
| 5.6 | Consolidated Comprehensive Revenue Statement | 54 |
| 5.6.1 | Company Revenues | 58 |
| 5.6.2 | Cost of Revenue | 61 |
| 5.6.3 | General and Administrative Expenses | 65 |
| 5.6.4 | Other Revenues | 67 |
| 5.6.5 | Financing Costs | 67 |
| 5.6.6 | Consolidated Statements of Financial Position | 68 |
| 5.6.7 | Property and Equipment | 70 |
| 5.6.8 | Right-of-use Assets | 72 |
| 5.6.9 | Investment Properties | 73 |
| 5.6.10 | Intangible Assets | 73 |
| 5.6.11 | Investments at Fair Value Through Profit or Loss - Non-Current Assets | 74 |
| 5.6.12 | Advance Payments for The Purchase of Property and Equipment | 75 |
| 5.6.13 | Trade Receivables | 75 |
| 5.6.14 | Other Liabilities | 76 |
| 5.6.15 | Investments at Fair Value Through Profit or Loss - Current Assets | 79 |
| 5.6.16 | Cash And Cash Equivalent | 79 |
| 5.6.17 | Loans - Current and Non-Current Portion | 79 |
| 5.6.18 | Promissory note - Current and Non-Current Part | 83 |



| | | |
|------------|---|------------|
| 5.6.19 | Lease Commitments | 84 |
| 5.6.20 | Commitment to Employees' End of Service Benefits | 84 |
| 5.6.21 | Shareholders' Entitlements | 85 |
| 5.6.22 | Trade Creditors | 85 |
| 5.6.23 | Other Liabilities | 86 |
| 5.6.24 | Zakat Provision | 88 |
| 5.6.25 | Consolidated Statements of Cash Flows | 88 |
| 5.6.26 | Potential Liabilities & Paid-up Capital Commitments | 90 |
| 5.7 | Results of Operations for AMNCO | 91 |
| 5.7.1 | Consolidated Comprehensive Revenue Statement | 91 |
| 5.7.2 | Consolidated Statements of Financial Position | 94 |
| 5.7.3 | Real Estate and Equipment | 96 |
| 5.7.4 | Right to Use Assets | 98 |
| 5.7.5 | Intangible Assets | 98 |
| 5.7.6 | Fame | 99 |
| 5.7.7 | Inventory | 99 |
| 5.7.8 | Trade Receivables | 99 |
| 5.7.9 | Other Debit Balances | 100 |
| 5.7.10 | This is mainly due From Related Parties | 103 |
| 5.7.11 | Cash and cash equivalents | 103 |
| 5.7.12 | Loans | 103 |
| 5.7.13 | Lease Obligations | 104 |
| 5.7.14 | Employees' End-of-Service Benefits Obligation | 104 |
| 5.7.15 | Trade Creditors | 105 |
| 5.7.16 | Other Credit Balances | 106 |
| 5.7.17 | Dues to Related Parties | 107 |
| 5.7.18 | Cash Flow Statements | 108 |
| 5.8 | Results of Operations for MUBARRAD | 110 |
| 5.8.1 | Comprehensive Revenue Statements | 110 |
| 5.8.2 | Statements of Financial Position | 112 |
| 5.8.3 | Property and Equipment | 114 |
| 5.8.4 | Right to Use Assets | 115 |
| 5.8.5 | Inventory | 116 |
| 5.8.6 | Trade Receivables | 116 |
| 5.8.7 | Prepaid Expenses and Other Debit Balances | 117 |
| 5.8.8 | Dues From Related Parties | 118 |
| 5.8.9 | Cash and Cash Equivalents | 119 |
| 5.8.10 | Payment Notes | 119 |
| 5.8.11 | Loans | 119 |
| 5.8.12 | Lease Commitments | 120 |
| 5.8.13 | Provision for Employees' End of Service Benefits | 120 |
| 5.8.14 | Trade Creditors | 121 |



| | | |
|--------|--|-----|
| 5.8.15 | Accrued Expenses and Other Credit Balances | 122 |
| 5.8.16 | Accounts Payable to Related Parties | 123 |
| 5.8.17 | Provision for Zakat | 123 |
| 5.8.18 | Statements of Cash Flows | 124 |

6. Use of Proceeds **126**

| | | |
|-----|-----------------------------|-----|
| 6.1 | Net Proceeds | 126 |
| 6.2 | Use of Subtraction Proceeds | 126 |

7. Statements by Experts **128**

8. Declarations of the BOD Members **129**

9. Legal information **130**

| | | |
|-------|---|-----|
| 9.1 | Introduction to the Company and the Most Important Changes That Have Occurred | 130 |
| 9.1.1 | Trade name | 130 |
| 9.1.2 | Company Incorporation and Capital Development Stages | 130 |
| 9.1.3 | Main Shareholders | 131 |
| 9.1.4 | Headquarters | 131 |
| 9.1.5 | Duration | 131 |
| 9.1.6 | By-laws | 131 |
| 9.1.7 | Management | 132 |
| 9.1.8 | Company Objects | 136 |
| 9.2 | Licenses and Permits Obtained by the Company and its Subsidiaries | 137 |
| 9.2.1 | BATIC Licenses, Certifications and Approvals | 137 |
| 9.2.2 | Company Branches | 138 |
| 9.3 | Subsidiaries | 138 |
| 9.3.1 | AMNCO | 138 |
| 9.3.2 | BATIC Real Estate Company (One Person LLC) | 141 |
| 9.3.3 | AlShifa Technology Co. Ltd. | 141 |
| 9.3.4 | The Saudi Transport and Investment Company, MUBARRED | 142 |
| 9.4 | The Continuing Obligations Imposed by The Relevant Governmental Authorities on The Company and Its Subsidiaries in Their Capacity as a “Licensee” | 144 |
| 9.4.1 | The Continuing Obligations as Per the Requirements of The Ministry of Commerce | 144 |
| 9.4.2 | The Continuing Obligations as Per the Requirements of The Zakat, Tax and Customs Authority | 145 |
| 9.4.3 | The Continuing Obligations as Per the Requirements of The Ministry of Human Resources and Social Development | 146 |
| 9.4.4 | The Continuing Obligations as Per the Requirements of The General Organization for Social Insurance | 148 |



| | | |
|-----------------------------------|---|------------|
| 9.4.5 | The Continuing Obligations as Per the Requirements of the CMA | 150 |
| 9.4.6 | The Continuing Obligations as Per the Requirements of The Ministry of Municipal and Rural Affairs and Housing (“Ministry of Municipalities”) | 154 |
| 9.4.7 | The Continuing Obligations as Per the Requirements of The Food and Drug Authority | 154 |
| 9.4.8 | The Continuing Obligations as Per the Requirements of The Public Transport Authority | 154 |
| 9.4.9 | The Continuing Obligations as Per the Ministry of Interior | 155 |
| 9.4.10 | The Continuing Obligations as Per the Ministry of Finance | 156 |
| 9.5 | Material Contracts Summary | 157 |
| 9.5.1 | Agreements and Related Parties’ Transactions | 157 |
| 9.5.2 | Lease Contracts | 158 |
| 9.5.3 | Supply Contracts | 162 |
| 9.5.4 | Loans and facilities | 163 |
| 9.5.5 | Consultation and review contracts | 165 |
| 9.5.6 | Contracts for Maintenance Services | 166 |
| 9.5.7 | Contracts for Security and Guards Services | 167 |
| 9.6 | Memorandum of Understanding | 168 |
| 9.6.1 | Memorandum of understanding to form an alliance/consortium for the purpose of applying for qualification to enter the competition for the construction and management of car parks project: | 168 |
| 9.6.2 | Memorandum of Understanding to Acquire Shares in Smart City Solutions Company for Communications And Information Technology: | 169 |
| 9.7 | ICT Smart City Solutions Company Agreement - Huawei | 171 |
| 9.8 | Investment And Car Park Construction Agreement | 172 |
| 9.9 | Company Real Estate | 172 |
| 9.10 | Litigation | 173 |
| 9.11 | Trademarks | 174 |
| 9.12 | Insurance | 174 |
| 9.12.1 | The Company | 174 |
| 9.12.2 | Subsidiaries | 175 |
| 9.13 | Directors’ Declarations Pertaining to Legal Information Section | 176 |
| 10. Underwriting Agreement | | 177 |
| 10.1 | Underwriters | 177 |
| 10.2 | Summary of the Underwriting Agreement | 177 |
| 11. Waivers | | 178 |



12. Shares Information & Offering Terms and Conditions **179**

| | |
|--|-----|
| 12.1 The Offering | 179 |
| 12.2 How to Apply for Subscription to the Rights (New Shares) | 179 |
| 12.3 Subscription Application Form | 179 |
| 12.4 Trading Period, Offering Period and Rump Offering Period | 179 |
| 12.5 Allocation and Refund | 180 |
| 12.6 Supplementary Prospectus | 180 |
| 12.7 Suspension or Cancellation of the Offering | 181 |
| 12.8 Questions and Answers on Rights Issue | 181 |
| 12.9 Resolutions and Approvals Under Which Shares are Offered | 183 |
| 12.10 Miscellaneous Terms | 184 |
| 12.11 Statement on any Existing Arrangements to Prevent the Disposal of Certain Shares | 184 |

13. Change in the Share Price as a Result of The Capital Increase **185**

14. Underwriting Commitments **186**

| | |
|--|-----|
| 14.1 About the Subscription Application and Undertakings | 186 |
| 14.2 Customizations | 186 |
| 14.3 Saudi Tadawul Group (Tadawul) | 186 |
| 14.4 Trading of The Company Shares in The Saudi Stock Market | 186 |

15. Documents Available for Inspection **187**



Tables Index

| | |
|---|-----|
| Table No. (1): The table below shows the impact of the subsidiaries' main activities on the Company's business volume and their contribution to the results as follows: | xvi |
| Table No. (2): Amendments to the New International Financial Reporting Standards (IFRS) | 13 |
| Table No. (3): Classification of the Company and its subsidiaries according to Nitaqat System | 15 |
| Table No. (4): Main Branches of the Arabian Company for Security and Safety Services AMNCO | 26 |
| Table No. (5): Ownership Structure of the Arabian Company for Security and Safety Services | 27 |
| Table No. (6): Ownership Structure of Smart Cities Solutions Company prior to the acquisition of 37.8% by Batic | 27 |
| Table No. (7): The following table summarize the sale and purchase transactions that took place between the Company and certain shareholders in Smart Cities Co.: | 28 |
| Table No. (8): Ownership Structure of Smart Cities Solutions for Communications and Information Technology after the completion of the acquisition of 37.8% of the shares by Batic | 28 |
| Table No. (9): Ownership Structure of Al-Istijabah for Communications and Information Technology Company | 29 |
| Table No. (10): Ownership Structure of Josor AlTaawon Medical Company | 30 |
| Table No. (11): Company and its Subsidiaries Employees Distribution for the past three (3) years (2018G, 2019G, 2020G: | 32 |
| Table No. (12): Distribution of the numbers of the Company and its subsidiaries' employees according to government data entities | 32 |
| Table No. (13): Employees of the Company and its subsidiaries according to government agencies data | 33 |
| Table No. (14): Summary of the Board's resolutions to fill the Mandatory Positions | 34 |
| Table No. (15): Number of Board Meetings During the Past Three Years | 34 |
| Table No. (16): Members of the Audit Committee | 35 |
| Table No. (17): Number of Audit Committee Meetings during the past 3 years: | 36 |
| Table No. (18): Members of the Remuneration and Nominations Committee | 36 |
| Table No. (19): Nnumber of Meetings of the N&RC During the Past Three Years: | 37 |
| Table No. (20): Members of the Executive Committee | 38 |
| Table No. (21): Number of Executive Committee and Investment Meetings During the Past Three Years: | 39 |
| Table No. (22): List of Information for the Executive Management Employees | 39 |
| Table No. (23): Compensation and Remuneration of Board Members and Senior Executives | 40 |
| Table No. (24): Consolidated Comprehensive Revenue Statement for the Financial Years ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 54 |
| Table No. (25): Revenues Issued by the Company for the Financial Years Ended 31 December 2018G, 2019G and 2020G and the First Quarter Ended 31 March 2020G and 2021G. | 58 |
| Table No. (26): Cost of Revenue for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 61 |
| Table No. (27): General and Administrative Expenses for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 65 |



| | |
|--|----|
| Table No. (28): Table No. (27): Other Revenues for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 67 |
| Table No. (29): Financing Costs for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 67 |
| Table No. (30): Consolidated Statements of Financial Position for Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 68 |
| Table No. (31): Property and Equipment for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 70 |
| Table No. (32): Right-of-use Assets for the Financial years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 72 |
| Table No. (33): Investment Properties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 73 |
| Table No. (34): Intangible Assets for the Financial Years ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 73 |
| Table No. (35): Fair Value Financial Investments Through Profit or Loss for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 74 |
| Table No. (36): Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G and the First Quarter Ended 31 March 2021G. | 75 |
| Table No. (37): Action in the Provision for Contingent Liabilities for Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 76 |
| Table No. (38): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G and the First Quarter Ended 31 March 2021G | 76 |
| Table No. (39): Table No. (38): Action in the Provision for Contingent Liabilities for Other Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 78 |
| Table No. (40): Cash for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 79 |
| Table No. (41): Loans for the financial years ended 31 December 2018G, 2019G and 2020G, and the first quarter ended 31 March 2021G. | 79 |
| Table No. (42): Loan Maturity Schedule for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 80 |
| Table No. (43): Table No. (40): Loan Summary As on 31 March 2021G | 81 |
| Table No. (44): Promissory note for the financial years ended 31 December 2018G, 2019G and 2020G, and the first quarter ended 31 March 2021G. | 83 |
| Table No. (45): Lease Commitments for the financial years ended 31 December 2018G, 2019G and 2020G, and the first quarter ended 31 March 2021G. | 84 |
| Table No. (46): Commitment to Employees' End-of-service Benefits for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 84 |
| Table No. (47): Shareholders' Entitlements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 85 |
| Table No. (48): Trade Creditors for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 85 |
| Table No. (49): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 86 |



| | |
|--|-----|
| Table No. (50): Zakat for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 88 |
| Table No. (51): Cash Flows Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G | 88 |
| Table No. (52): Consolidated Comprehensive Revenue Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G | 91 |
| Table No. (53): Consolidated Statements of Financial Position for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 94 |
| Table No. (54): Real estates and Equipment for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 96 |
| Table No. (55): Right-of-use Assets for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 98 |
| Table No. (56): Intangible Assets for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 98 |
| Table No. (57): Inventory for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 99 |
| Table No. (58): Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 99 |
| Table No. (59): Action in the Provision for Contingent Liabilities for Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 100 |
| Table No. (60): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 100 |
| Table No. (61): Action in the Provision for Contingent Liabilities for other Accounts Payable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 102 |
| Table No. (62): Receivables from Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 103 |
| Table No. (63): Cash for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 103 |
| Table No. (64): List of Lease Commitments for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G | 104 |
| Table No. (65): Commitment to Employees' End-of-service for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 104 |
| Table No. (66): Trade Creditors for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 105 |
| Table No. (67): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 106 |
| Table No. (68): Payables to Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 107 |
| Table No. (69): Cash Flows Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 108 |
| Table No. (70): Comprehensive Revenue Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G | 110 |
| Table No. (71): Statements of Financial Position for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 112 |



| | |
|---|-----|
| Table No. (72): Properties and Equipment for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 114 |
| Table No. (73): Right-of-use Assets for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 115 |
| Table No. (74): Inventory for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 116 |
| Table No. (75): Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 116 |
| Table No. (76): Action in the Provision for Impairment Losses of Accounts Receivable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 117 |
| Table No. (77): Prepaid Expenses other Accounts receivable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 117 |
| Table No. (78): Receivables from Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 118 |
| Table No. (79): Cash and Cash Equivalents for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 119 |
| Table No. (80): Accounts Payable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 119 |
| Table No. (81): Loans for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 119 |
| Table No. (82): Lease Commitments for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 120 |
| Table No. (83): Provisions for Employees' End-of-service Benefits for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 120 |
| Table No. (84): Trade Creditors for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 121 |
| Table No. (85): Accrued Expenses and other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 122 |
| Table No. (86): Accounts Payable to Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 123 |
| Table No. (87): The Zakat Provision for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G. | 123 |
| Table No. (88): Cash Flows Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G. | 124 |
| Table No. (89): The Uses of Offering Proceeds | 127 |
| Table No. (90): List of Major Shareholders and Changes in the Percentages of Owned Shares | 131 |
| Table No. (91): Board of Directors Positions | 132 |
| Table No. (92): Board and Company Mandatory Positions | 133 |
| Table No. (93): Members of the Review Committee | 134 |
| Table No. (94): Members of the Nominations and Remunerations Committee | 134 |
| Table No. (95): Members of the Executive Committee and Investment | 135 |



| | |
|---|-----|
| Table No. (96): The Company's Executive Management | 136 |
| Table No. (97): Approvals, Licenses, Certificates and Permits Under Which the Company Operates and Conducts Business | 137 |
| Table No. (98): Ownership Structure of the Subsidiary Company (The Arabian Company for Security and Safety Services AMNCO) | 138 |
| Table No. (99): Branch Licenses of the Arabian Company for Security and Safety Services AMNCO | 139 |
| Table No. (100): Branch Licenses of the Arabian Company for Security and Safety Services AMNCO | 139 |
| Table No. (101): Ownership Structure of Subsidiaries of the Subsidiary Company "The Arabian Company for Security and Safety Services AMNCO" | 140 |
| Table No. (102): Ownership Structure of the Subsidiary (Batic Real Estate Company) | 141 |
| Table No. (103): Licenses, Approvals and Certificates Obtained by the Subsidiary (Batic Real Estate Company) | 141 |
| Table No. (104): Ownership Structure of the Subsidiary (AlShifa Technology Co. Ltd.) | 141 |
| Table No. (105): Licenses, Approvals and Certificates Obtained by the Subsidiary (AlShifa Technology Co. Ltd.) | 142 |
| Table No. (106): Ownership Structure of the Subsidiary (Saudi Transport and Investment Company - Mubarrad) | 142 |
| Table No. (107): Licenses, Approvals and Certificates Obtained by the Subsidiary (Saudi Transport and Investment Company - Mubarrad) | 143 |
| Table No. (108): Number of Employees Working for the Subsidiary Company "the Arabian Company for Security and Safety Services AMNCO" According to the Data of the Governmental Agencies | 146 |
| Table No. (109): Number of Employees in the Subsidiary Company "The Arabian Company for Security and Safety Services AMNCO, by Nationality | 147 |
| Table No. (110): Number of Employees in the Subsidiary Company "The Arabian Company for Security and Safety Services AMNCO" by Departments | 147 |
| Table No. (111): Number of Employees Working for the Subsidiary Company "Al Shifa Technology Company" According to the Data of Governmental Agencies | 147 |
| Table No. (112): Number of Saudi and Non-Saudi Employees (BATIC Company) | 148 |
| Table No. (113): Number of Saudi and Non-Saudi Employees (Subsidiary: AlShifa Technology Co. Ltd.) | 148 |
| Table No. (114): Number of Saudi and Non-Saudi Employees (Subsidiary: The Saudi Transport and Investment Company, "Mubarrad") | 148 |
| Table No. (115): Number of Saudi and Non-Saudi Employees (Subsidiary: The Arabian Company for Security and Safety Services AMNCO) | 149 |
| Table No. (116): Number of Saudi and Non-Saudi Employees (Branch of the Arabian Company for Security and Safety Services AMNCO) | 149 |
| Table No. (117): Number of Saudi and Non-Saudi Employees (Branch of the Arabian Company for Security and Safety Services AMNCO) | 149 |
| Table No. (118): Number of Saudi and Non-Saudi Employees (Branch of the Arabian Company for Security and Safety Services AMNCO) | 149 |
| Table No. (119): Summary of the Company's Corporate Governance Key Provisions | 151 |
| Table No. (120): List of the Company and Its Subsidiaries Municipal Licenses | 154 |
| Table No. (121): Related Parties Contracts and Transactions | 157 |
| Table No. (122): List of Valid and Renewed Lease Contracts Signed by the Company as Lessor | 158 |



| | |
|---|-----|
| Table No. (123): List of Valid and Renewed Lease Contracts Signed by the Subsidiary Company (The Arabian Company for Security and Safety Services AMNCO) As Tenant | 160 |
| Table No. (124): List of Valid and Renewed Lease Contracts Signed by the Subsidiary Company (The Saudi Transport and Investment Company” Mubarrad”) As Tenant | 161 |
| Table No. (125): List of Supply Contracts | 162 |
| Table No. (126): Loans and Credit Facilities – (Batic Investment and Logistics Company) | 163 |
| Table No. (127): Loans and Credit Facilities – Subsidiary (The Arabian Company for Security and Safety Services AMNCO) | 164 |
| Table No. (128): Loans and Credit Facilities – Subsidiary (The Saudi Transport and Investment Company, “Mubarrad”) | 165 |
| Table No. (129): The Company and its subsidiaries Consultation and Review Contracts | 165 |
| Table No. (130): The Company and Its Subsidiaries Maintenance Service Contracts | 166 |
| Table No. (131): Contracts for Security and Guarding Services for the Arabian Company for Security and Safety Services | 167 |
| Table No. (132): Transport Contracts | 168 |
| Table No. (133): Summary of the Memorandum of Understanding in Order to Form an Alliance for the Purpose of Applying for Qualification to Enter the Construction and Management of Parking Lots Project Competition | 168 |
| Table No. (134): Summary of the Memorandum of Understanding to Acquire Shares in Smart Cities Solutions Company | 169 |
| Table No. (135): Real estates Owned by BATIC Investment and Logistics Company | 172 |
| Table No. (136): Real estates Owned by the Subsidiary Company “The Arabian Company for Security and Safety Services AMNCO” | 172 |
| Table No. (137): Real estates Owned by the Subsidiary “The Saudi Transport and Investment Company – Mubarrad” | 172 |
| Table No. (138): Lawsuits Against the Company (Batic Investment and Logistics Company) As Defendant | 173 |
| Table No. (139): Lawsuits Filled by the Subsidiary Company (The Saudi Transport and Investment Company, “Mubarrad”) as Plaintiff | 173 |
| Table No. (140): The Company and Its Subsidiaries Trademarks. | 174 |

Figures Index

| | |
|---|-----|
| Figure No. (1): Graph of BATIC Group and Its Subsidiaries | xv |
| Figure No. (2): Organizational Structure Chart of the Company | 33 |
| Figure No. (3): Trading Mechanism and Subscription to the Traded Rights Issue | 181 |



1. Definitions and Terms

| Term | Definition |
|--|---|
| The Company, Batic, The Parent Company or the Issuer | Batic Investment and Logistics Company, a Saudi public joint stock Company. |
| The Group or Batic Group | Batic Investment and Logistics and Subsidiaries. |
| The Underwriting Agreement | Underwriting agreement between the Company and the undertaker. |
| The Administration | The Company's management team. |
| Listing | To list securities on the main market or – where applicable – to submit an application for listing to the Saudi Stock Exchange (Tadawul). |
| Shares | The Company's current shares amounting to SAR (30,000,000) thirty million ordinary shares, with a nominal value of SAR (10) Ten Saudi riyals per share. |
| New Shares | SAR (30,000,000) thirty million Saudi riyals ordinary shares, which will be issued to increase the Company's capital. |
| Rump Shares | The shares which were not subscribed for during the Subscription Period. |
| Eligible Persons | All holders of Rights, whether they are Registered Shareholders or those who purchased Rights during the Trading Period. |
| Related Parties | <p>According to the Rules for the Offer of Securities and Continuing Obligations, the list of terms used in the CMA Regulations, Capital Market and its Rules issued by the CMA Board according to Decision 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) and amended by CMA Board Resolution 22-2-2021G dated 12/07/1442H (corresponding to 24/02/2021G), the Related Parties are meant to be the following:</p> <ol style="list-style-type: none"> 1- The Issuer's subsidiaries. 2- Major Shareholders in the Issuer. 3- The Issuer's Board of Directors and senior executives. 4- Board members and senior executives of the Issuer's subsidiaries. 5- Board members and senior executives of the Issuer's major shareholders. 6- Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above. 7- Any Company controlled by any person referred to in (1, 2, 3, 4, 5 or 6) above. |
| Tadawul | <p>Saudi Tadawul Group (Holding Company) (formerly the Saudi Stock Exchange). On 25/08/1442H (corresponding to 07/04/2021G), the Saudi Stock Exchange (Tadawul) announced its transformation into a holding Company in the name of (Saudi Tadawul Group), with a new structure that supports the development of the Saudi financial market future and ensures its continuity of development, and as another step towards readiness The group will be offered for the initial public offering during the current year 2021G.</p> <p>(Tadawul Saudi Group) includes four subsidiaries: (Saudi Tadawul) as a stock exchange, the Securities Clearing Center Company (Muqassa), the Securities Depository Center Company (Eadaa), and (Wamed) Company, which specializes in innovation-based services and technology solutions.</p> <p>The group will benefit from the integration of the services of its subsidiaries and joint businesses, and the independence of the companies will provide a working environment characterized by flexibility and innovation to keep pace with the rapid developments in the global and local markets.</p> |
| Nationalization / Saudization | Replacement of expatriate workers by Saudi citizens in private sector jobs. |
| General Assembly | The General Assembly that is held in the presence of the Company's Shareholders in accordance with the provisions of the Companies Law and the Company's By-laws. It may be ordinary or extraordinary. |
| Ordinary General Assembly (OGA) | The Ordinary General Assembly of the Company's Shareholders. |
| Extraordinary General Assembly (EGA) | The Extraordinary General Assembly of the Company's Shareholders. |
| The Public | <p>As per the Rules for the Offer of Securities and Continuing Obligations, the public is formed of the persons who are not mentioned below:</p> <ol style="list-style-type: none"> 1- The Issuer's subsidiaries. 2- Major Shareholders in the Issuer. 3- The Issuer's Board of Directors and senior executives. 4- Board members and senior executives of the Issuer's subsidiaries. 5- Board members and senior executives of the Issuer's major shareholders. 6- Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above. 7- Any Company controlled by any person referred to in (1, 2, 3, 4, 5 or 6) above. <p>Persons who collectively act in agreement and own (5%) or more of the class of shares to be listed.</p> |
| Rights Issue | Rights are issued as tradable securities giving their holders the priority to subscribe for the New Shares offered, upon approval of the capital increase. All shareholders registered in the Company's register at the end of trading and on the day of the EGA will be entitled to receive the Rights. Each right grants its holder eligibility to subscribe for one New Share at the Offer Price. Rights Issue will be deposited after the EGA dated Monday 02/05/1443H (corresponding to 06/12/2021G) at which the capital increase has been approved. The Rights will appear in the Registered Shareholders portfolios under a new symbol specifying the Rights Issue. Registered Shareholders will be notified of the deposit of Rights in their portfolios. |
| The Government | The Government of the Kingdom of Saudi Arabia, and the word "Governmental" shall be interpreted accordingly. |



| Term | Definition |
|--|---|
| Vision 2030 | The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and develop services. |
| Riyal, Saudi Riyal or the Riyal | The official currency of the Kingdom of Saudi Arabia. |
| Right Trading Price | It is the price at which the right is traded, noting that such price is set through the offer and demand mechanism; therefore, it may differ from the Indicative Value of the Right. |
| Offer / Subscription Price | SAR (10) Ten Saudi riyals per share. |
| Financial Year(s) | It is the period set to present the result of the establishment's activity. Its start and end are specified in the incorporation contract or the concerned Company's By-laws. Noting that the Company's financial year ends on December 31 of each Gregorian calendar year. |
| The Saudi Stock Market, the financial market or the stock market or the market | The Saudi Stock Exchange. |
| Person | A natural or legal person. |
| Security Depository Center Company ("Edaa") | A closed joint stock Company wholly owned by the Saudi Tadawul Group (Tadawul), established in 2016G under the Saudi Companies Law issued by Royal Decree No. M/3 on 01/28/1437H (corresponding to 11/11/2015G). |
| Subsidiaries | Any other Company controlled by the Company Batic, namely: the Arabian Company for Security and Safety Services - AMNCO, the Saudi Transport and Investment Company - Mubarrad, the Batic Real Estate Company, and Al-Shifa Technology Company Ltd. |
| The Arabian Company for Security and Safety Services – AMNCO | A limited liability Company registered in the commercial registry in Riyadh according to certificate number (1010061647) and dated 03/05/1406H (corresponding to 01/14/1986G). Headquarters are located in the City of Riyadh - Olaya District - Al Arz Street Building 8862 - PO Box 61547 - Zip Code 11575 - Tel: 4775231. |
| Saudi Transport and Investment Company - Mubarrad | A one-person Company (with limited liability) registered in the commercial registry in Riyadh by virtue of certificate number (1010468091) dated 16/05/1438H (corresponding to 13/02/2017G). Headquarters are located in Riyadh: 8862 Riyadh 12611-4442400 - PO Box 15522 - Zip Code 12611 – Tel: 911 825. |
| Batic Real Estate Company | A one-person Company (with limited liability), registered in the commercial registry in Riyadh under certificate number (1010468252) and dated 26/05/1438H (corresponding to 23/02/2017G). Headquarters are located in the City of Riyadh - Olaya District - Al-Arz Street building 8862. |
| AlShifa Technology Co. Ltd. | A limited liability Company, registered in the commercial registry in Riyadh by virtue of certificate number (1010438136) and dated 02/01/1437H (corresponding to 13/02/2017G). Headquarters are located in Riyadh - Olaya District - Al Arz Street Building 8862 - PO Box 2400 - Zip Code 112611. |
| AMNCO Facility Management Co. Ltd. | A limited liability Company owned by (70%) of the subsidiary Company "the Arabian Company for Security and Safety Services – AMNCO", registered in the commercial registry in Riyadh under certificate number (1010172169) and dated 16/09/1422H (corresponding to 12/1/2001G). Headquarters are located in the city of Riyadh - Olaya - Aba Al-Khail Commercial Center. |
| Smart Cities Solutions Company | <p>(Formerly Express Parking Company). A limited liability Company owned by 35% of the subsidiary Company, Arab Security and Safety Services Company - AMNCO, registered in the commercial registry in the city of Riyadh under certificate number (1010901033) dated 08/22/1438H (corresponding to May 18, 2017G). Headquarters are located in the City of Riyadh – Al Olaya District – AlArz Street – Building No. 8862.</p> <p>It is worth noting that on 01/18/1443H (corresponding to 08/26/2021G), BATIC concluded a deal to acquire 35% of the capital of the Smart City Solutions for Communications and Information Technology Company, owned by its subsidiary (the Arabian Company for Security and Safety Services "AMNCO"), at the nominal value of the shares, which is thirty-five thousand (35,000) Saudi riyals, provided that BATIC abides by the terms of the following transaction.</p> <ul style="list-style-type: none"> • The commitment of the Arabian Company for Security and Safety Services - AMNCO to pay the book value of the shares sold (losses) to BATIC Company • BATIC is committed to replace the Arabian Company for Security and Safety Services - AMNCO in financing agreements with the banks that finance the Smart City Solutions for Communications and Information Technology Company • Transfer and settlement of the recorded obligations of the Smart City Solutions for Communications and Information Technology Company for the benefit of the Arabian Company for Security and Safety Services - AMNCO to the BATIC Company • The rest of the partners in the Arabian Company for Security and Safety Services – AMNCO have independently waived any rights or pre-emption in the purchase of the sold shares; • Obtaining the official authorities' approvals in this concern. <p>Moreover, on 12/02/1443H (corresponding to 09/19/2021G), the Ordinary General Assembly of BATIC Company agreed to purchase part of the shares owned by the Smart Parking Holding Company, amounting to (35.8%) of the Smart Cities Solutions for Communications and Information Technology Company's shares, according to the prevailing commercial terms and without any preferential terms.</p> |
| Al-Istijabah for Communications and Information Technology Company | A limited liability Company owned by (60%) of the subsidiary Company "the Arabian Company for Security and Safety Services – AMNCO", registered in the commercial registry in Riyadh under certificate number (1010572268) and dated 07/02/1438H (corresponding to 07/11/2016G). Headquarters are located in the city of Riyadh. |
| AlJosor Medical Company | limited liability Company owned by (37.5%) of the subsidiary Company "AlShifa Technology Co. Ltd.", registered in the commercial registry in Riyadh under certificate number (1010900961) and dated 26/02/1439H (corresponding to 15/11/2017G). Headquarters are located in the city of Riyadh – Al Olaya District – AlArz Street - Building No. 8862. |
| Net Offering Proceeds | The net proceeds of the offering, after deducting offering expenses, will reach an amount SAR (294,825,000) two hundred and ninety-four million eight hundred and twenty-five thousand Saudi riyals. (For more information, please refer to Section No. (6) "Use of Proceeds"). |



| Term | Definition |
|--|--|
| Value-added Tax (VAT) | On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the unified agreement for value-added tax for the GCC countries, which came into effect on January 1, 2018G, as a new tax was added to the system of taxes and other fees must be applied by specific sectors in KSA and GCC countries. The amount of this tax is (5%), and some products are excluded from (such as basic foods, and services related to health care and education). The Board of Directors of the General Authority for Zakat and Tax (2-3-20) dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the VAT Law to become 15%, starting from 01/07/2020G, according to its authorities and based on Article 5 of the General Authority for Zakat and Tax Organization issued by Cabinet Resolution 465 dated 20/07/1438H after reviewing Royal Decree A / 638 dated 15/10/1441H regarding the amendment of the VAT system to allow an increase the basic tax rate to 15% as on July 1, 2020G. |
| Offering Period | The period starting from Monday 09/05/1443H (corresponding to 13/12/2021G) and ended Thursday 19/05/1443H (corresponding to 23/12/2021G). |
| Rump Offering Period | The period from 10:00 a.m. on Tuesday 24/05/1443H (corresponding to 28/12/2021G) to 5:00 p.m. on Wednesday 25/05/1443H (corresponding to 29/12/2021G). |
| The Listing Rules | Listing rules issued by the Saudi Stock Exchange (Tadawul) and approved by CMA Board Resolution No. (3-123-2017), dated 09/04/1439H (corresponding to 27/12/2017G) and amended by Resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G). The last amendment is pursuant to Resolution No. (01/22/2021) dated 12/07/1442H (corresponding to 04/02/2021G). |
| Rules on the Offer of Securities and Continuing Obligations | Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority (CMA), pursuant to Resolution No. (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), according to the Capital Market Law issued by Royal Decree No. M/30 dated 06/02/1424H, as amended by the CMA Board Resolution No. 3-45-2018 dated 07/08/1439H (corresponding to 23/04/2018G) and by the Authority Council's Decision No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G). The last amendment was issued pursuant to the Authority's Board Resolution No. (1-7-2021) dated 01/06/1442H (corresponding to 14/01/2021G). |
| Rules for Qualified Foreign Financial Institutions Investment in Listed Securities | The purpose of these rules is to regulate investment in securities by non-Saudis residing outside the Kingdom (QFI: Qualified Foreign Investors), issued by the Board of the Capital Market Authority pursuant to its Resolution No. (1-422015) dated 15/07/1436H (corresponding to 04/05/2015G) and amended by the CMA Board's Resolution No. (3-65-2019) dated 14/10/1440H (corresponding to 17/06/2019G). |
| Right Indicative Value | The indicative value of a Right reflects the difference between the market value of the Company's share during the Trading Period and the Offer Price. |
| Corporate Governance Regulations | The Corporate Governance Regulations in KSA issued by the Board of the CMA under Resolution No. (8-16-2017G) dated 16/05/1438H (Corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree M/3 dated 28/01/1437H and amended by CMA Board Resolution (3- 57-2019G), dated 15/09/1440H (corresponding to 20/05/2019G), and its latest amendment by the CMA Resolution No. (1-7-2021) dated 01/06/1442H (corresponding to 14/01/2021G). |
| Regulations Governing the Activity of Transporting Goods, Freight Brokers and Renting Trucks on Land Roads | Regulations governing the activity of transporting goods, freight brokers and renting trucks on land roads, issued by the Decision of His Excellency the Minister of Transport No. (1-41-122), dated 07/05/1441H (corresponding to 01/02/2020G). The regulation aims to regulate the sector of transporting goods by trucks, raise the professional competence of drivers, operating managers and the operational efficiency of trucks. It also seeks to raise the level of road safety, preserve the environment, enhance the level of competitiveness of the sector in order to provide the best services, and regulate the contractual relationship between all parties to the transport process. |
| Underwriter and Lead Manager | Aljazira Capital. |
| The Board, The Board of Directors or The Board Members | The Company's Board of Directors whose names appear on page (iii). |
| Headquarters | The headquarters of BATIC are located in Riyadh - Olaya District - Al Arz Street - BATIC Building, Second Floor - PO Box: 7939, Zip Code: 11472, Tel: 4187800 |
| Registered Shareholder | The investor registered in the issuer's securities ownership registry. |
| Major Shareholders | Shareholders who directly own 5% or more of the Company's shares. As of the date of this Prospectus, the Company has one major shareholder: The Family Investment Company (it owns 4,500,000 shares representing 15% of the Company's total shares prior to the offering). |
| Eligible Shareholders | Shareholders registered in the Company's Shareholder Register at the end of the trading day following the eligibility date. |
| Registered Shareholders | Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly Meeting (EGAM) for the capital increase, and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly (EGA) on Monday 02/05/1443H (corresponding to 06/12/2021G). |
| Advisors | The Company's advisors regarding the offering process and whose names are shown on page (v). |
| New Investors | General individual and institutional investors - with the exception of the Registered Shareholders - who have purchased the Rights Issue during the Trading Period. |
| International Financial Reporting Standards (IFRS) | International Financial Reporting Standards (IFRS) approved by the Saudi Organization for Auditors and Accountants, which includes international standards in addition to further requirements and disclosures required by the Saudi Organization for Auditors and Accountants, and other standards and statements approved by the Saudi Organization for Auditors and Accountants, which include standards and technical publications related to issues not covered by international standards like the issue of Zakat. (International Financial Reporting Standards). |
| Eligibility Factor | Result of dividing the number of new shares by the number of the Company's current shares. |
| Subscriber | Any person subscribing to shares offered for subscription. |
| The kingdom | The Kingdom of Saudi Arabia |



| Term | Definition |
|---|--|
| Institutional Investors | <p>It includes a group of institutions, which are as follows:</p> <ol style="list-style-type: none"> 1- Governmental entities and companies owned by the government, directly or through a private portfolio manager, or any international body recognized by the CMA or the market, and any other financial market recognized by the CMA or the depository center "Edaa". 2- Public investment funds established in KSA that are publicly offered in addition to private funds that invest in securities listed on the Saudi Stock Exchange if the fund's terms and conditions allow it, while adhering to the provisions and restrictions stipulated in the investment funds regulations. 3- Persons authorized to deal in securities in a Principal capacity, while adhering to the requirements of financial sufficiency. 4- Agents of a person authorized to conduct management business, provided that that authorized person has been appointed under conditions that enable him to make decisions regarding accepting participation in the offering and investment in the Saudi Stock Exchange on the agent's behalf without the need to obtain prior approval from him. 5- Any other legal persons who may open an investment account in KSA and an account with the Depository Center, taking into account the investment controls of companies listed in securities, provided that the participation of the Company does not lead to any conflict of interest. 6- Gulf investors with legal personality, which include companies and funds established in the GCC countries. 7- Eligible Foreign Investors. 8- An ultimate beneficiary of legal person in a swap agreement concluded with a licensed person in accordance with the terms and conditions of the swap agreements. |
| General Organization for Social Insurance | The General Organization for Social Insurance in the Kingdom of Saudi Arabia. |
| Gross Domestic Product (GDP) | The GDP of Saudi Arabia, which is the market value of all final goods and services locally recognized. |
| Prospectus | This document prepared by the Company concerning the Offering of Rights Shares. |
| Nitaqat | <p>The Saudization program (Nitaqat) was approved pursuant to Resolution No. (4040) of His Excellency the Minister of Labor dated 28/01/1432H (corresponding to 10/09/2011G) based on Cabinet Resolution No. (50) dated 13/05/1415H (corresponding to 10/27/1994 G), and the Ministry of Human Resources and Social Development in the Kingdom launched the program to provide incentives for establishments to employ Saudis. The program evaluates the performance of the facility on the basis of specific ranges (Platinum, Green, and Red) according to the activity and sector under which the Company falls. On 29/03/1441H (corresponding to 11/16/2019G), Ministerial Resolution No. 63717 was issued, which stipulated the abolition of the yellow band in the Nitaqat program.</p> <p>On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed "Nitaqat" program (a Saudi nationalisation scheme), which offers three main advantages: The first: a clear vision and transparent Saudization plan for the next three years in order to increase organizational stability in the private sector. The second: the direct relationship between the number of workforce and the required Saudization percentages for each facility is based on a linear equation that is proportionally related to the number of the facility's workforce, instead of the current Saudization percentage system, based on the classification of establishments into specific and fixed sizes. The third: simplifying the design of the program and improving the customer experience by integrating the categories of activities with common characteristics, to be 32 instead of 85 activities in "Nitaqat". This program will also contribute to providing more than 340,000 jobs until 2024G.</p> |
| Bylaws | The Bylaws of Joint Stock Companies is the legal document that contains the rules and regulations established to organize the Company's internal management. They should be issued in accordance with the provisions of the Saudi Companies Law and approved by the Shareholder General Assembly; as for BATIC, the Bylaws' articles and clauses have been approved by all shareholders, and have been last modified according to the EGA's Resolution dated 17/09/1440H (corresponding to 22/05/2019G). The Corporate Bylaws were also audited and approved by the Ministry of Commerce (Corporate Governance Department) on 10/15/1440H (corresponding to 18/06/2019G), and can be viewed either at the Company's head office or on its website. |
| Tadawul System | Automated System for trading of securities on the Saudi Stock Exchange. |
| Law of Commercial Register | The Law of Commercial Register issued by Royal Decree No. (M/1) dated 21/02/1416 (19/07/1995), and its regulations issued pursuant to Ministerial Decree No. (1003) dated 21/09 /1416H (corresponding to 11/02/1996G). |
| Capital Market Law | The Capital Market Law pursuant to Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G), amended by the Capital Market Authority's Board Resolution No. (3-45-2018) dated 07/08/1439H (corresponding to 23/04/2018G), amended by the Authority's Board Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), and pursuant to Royal Decree No. (M/16) dated 19/01/1441H (corresponding to 18/09/2019G). |
| Companies Law | The Companies Law in the Kingdom of Saudi Arabia pursuant to Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) which came into force on 25/07/1437H (corresponding to 02/05/2016G), and was then amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G). |
| The Law of Trademarks | The Law of Trademarks issued by Royal Decree No. (M/21) dated 28/05/1423H (corresponding to 07/08/2002G). |
| Labor law | The Saudi Labor Law pursuant to Royal Decree No. (M/51) dated 23/08/1426H (corresponding to 27/09/2005G), the implemented amendments, and the latest amendment to it pursuant to Royal Decree No. (M/5) on 07/01/1442H (corresponding to 26/08/2020G). |
| H | Hijri calendar |
| G | Gregorian calendar |
| Zakat, Tax and Customs Authority | <p>The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.</p> <p>The General Authority for Zakat and Revenue (formerly the Department of Zakat and Revenue Tax), which is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the body entrusted with the work of levying zakat and tax collection.</p> <p>On 22/09/1442H (corresponding to 04/05/2021G), the Council of Ministers approved the merging of the General Authority of Zakat and Tax (GAZT) and the General Authority of Customs ((GAC) to form the "Zakat, Tax and Customs Authority (ZTCA)".</p> |



| Term | Definition |
|---|--|
| The Saudi Organization for Chartered and Professional Accountants (SOCPA) | The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia. (Formerly the Saudi Organization for Certified Public Accountants). |
| Capital Market Authority or Authority | The Capital Market Authority in the Kingdom of Saudi Arabia. |
| Saudi Food & Drug Authority (SFDA) | The Food and Drug Authority in the Kingdom of Saudi Arabia, which was established under the Council of Ministers Resolution No. (1) dated 07/01/1424H and functions as an independent body that reports to the President of Council of Ministers. SFDA is entrusted with all procedural, executive and oversight tasks carried out by the current authorities to ensure the safety of food and medicine for humans and animals and the safety of biological and chemical preparations as well as electronic products that affect human health. |
| Public Transport Authority | The Public Transport Authority (PTA) in the Kingdom of Saudi Arabia, which was established under the Council of Ministers Resolution No. (373) dated 15/11/1433H (corresponding to 01/10/2012G). PTA is the regulator of land, railway and maritime transport in The Kingdom of Saudi Arabia. PTA organizes and supervises the efficiency of operations, facilities and safety in order to ensure the highest levels of quality and appropriate cost. PTA legislates and facilitates local-international investment in transport consistent with the objectives of economic and social development strategies in the Kingdom and the 2030 Saudi Vision. PTA takes into account the most accurate technical and environmental standards to ensure integration between the regulations of road, sea and rail transport. PTA provides licensing for various activities of land, sea and railway transport, facilitates the task of investors by licensing activities related to the transport industry for a fee, and supports both privatization and localization in the public transport sector, in addition to the national economy in order to achieve diversification and enrichment of the Kingdom's sources of Revenue. |
| Ministry of Commerce | The Ministry of Commerce in the Kingdom of Saudi Arabia (formerly the Ministry of Commerce and Investment). |
| Ministry of Interior | The Ministry of Interior in the Kingdom of Saudi Arabia. |
| Ministry of Municipal & Rural Affairs & Housing | The Ministry of Municipal and Rural Affairs and Housing in the Kingdom of Saudi Arabia. On 11/06/1442H and 24/01/2021G pursuant to Royal Decree No. A/322 to combine the Housing Ministry and the Ministry of Municipal and Rural Affairs, and modify its name to become The Ministry of Municipal and Rural Affairs and Housing. |
| Ministry of Human Resources and Social Development | The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (Formerly the Ministry of Labor and Social Development) |
| Ministry of Transport and Logistic Services | Ministry of Transport and Logistic Services in the Kingdom of Saudi Arabia. On 19/11/1442H (corresponding to 29/06/2021G), the Council of Ministers approved the amendment of the name of "The Ministry of Transport" to become "The Ministry of Transport and Logistic Services". |
| Brokers | A Capital Market Institutions licensed by the CMA to engage in the activity of dealing in securities as agents. |
| Business Day | A business day means any day except any Friday, any Saturday, or any day which is a federal legal holiday in KSA or any day on which banking institutions are authorized or required by law or other governmental action to close. |



2. Risk Factors

Prospective investors should carefully consider all of the information contained in this Prospectus, including the risks described below, prior to making any investment Decision with respect to the Rights and the New Shares. However, the risks listed below do not necessarily comprise all risks that the Company may encounter or additional risks that are not currently known by the Company, which may have an adverse effect on the Company's operational performance if they occur. The Board Members December are that they are not aware of any other material risks than those set out below that may have an adverse effect on the Company's business, its financial position, results of operations, cash flows and future expectations as of the date of this Prospectus.

Investing in the offered shares is only suitable for investors who are able to assess the risks and benefits of that investment and who have sufficient resources to bear any loss that may result from that investment. A prospective investor who is doubtful about investing in the New Shares should seek advice from a specialist licensed by the CMA.

The BOD's Members also acknowledge, to the best of their knowledge and belief, that there are no material risks that may affect the investors' decision as of the date of this Prospectus. Moreover, they state that this section contains all substantial information, without any lack or prejudice, according to which investors may take a decision to invest as of the date of this Prospectus.

In the event of the occurrence of one of the risks that the Company's management ("the Management") currently believes to be important, or any other risks that the Management could not identify or which it believes to be immaterial, the Company's activity, its financial headquarters, financial statements, business results, cash flows and future expectations which may have an adverse and material effect. The occurrence of one or some of these risks may lead to the price of the Company's shares December reasing in the market and investors losing part of or all their investments in the New Shares.

It should be noted that the risks set out below are not ordered based on their importance. Additional risks and uncertainties, including those unknown or deemed non-essential at the present time, may have the effects described above.

2.1 Risks Related to the Company's activities and Operations

2.1.1 Risks Related to the Coronavirus (COVID-19) Pandemic

The novel coronavirus (Covid-19) began to spread in December 2019G, and the World Health Organization December lared it a global pandemic in March 2020G. The virus then spread widely and quickly and affected more than 194 countries around the world which was now facing a health and economic crisis. Many countries began to impose public health containment measures to delay its spread and enhance the capacity of the health sector. The escalation of the situation led to a sudden stagnation in economic activities alongside with a sharp December line in economic prospects. As a result, the outbreak of the virus had a significant impact on the global economy and put pressure on individuals, companies and governments worldwide.

The Saudi government-imposed health and economic containment measures following the footsteps of international and regional countries. Health measures included imposing a complete and partial closure of economic and governmental activities, quarantine, and travel restrictions. The economic measures comprised financial support for citizens and people affected by the coronavirus pandemic, family and sick leaves paid by the state, the expansion of unemployment compensation, the delay of tax payments, and additional measures to assit companies amidst this health crisis.

Despite a 7% increase in the operating Revenue during the year 2020G in comparison with the year 2019G, mainly due to revenue from the medical equipment sector supply, operating Revenue Decreased in the sectors of security guards, money transfer, counting and sorting, and correspondence by 23.36% and 14.98%, respectively. To fight the new viral epidemic during 2020G, the Saudi government implemented many precautionary measures in an attempt to limit the spread of the virus. Thus, to face the arising December line in the operating Revenue, the Company sought to benefit from the government support provided to the private sector and effectively manage costs, in addition to supporting its working capital and maintaining operations with the required capacity.

On 3 April 2020G, Royal Order No. 47299 dated 08/08/1441H was issued to grant a wage subsidy to Saudis employed in the private sector ('Royal Order'). The subsidy is available for all Saudis working for employers with five or less Saudi employees. It also covers up to 70 per cent of Saudis working for employers with more than five Saudi employees. The employer will be able to select which employees to apply to put onto the subsidy scheme. Assuming that the employees are eligible to receive the Saned wage subsidy, the employer is then not required to cover the balance of wage difference for the duration of the subsidy scheme.

The subsidy is managed by the General Organisation for Social Insurance ('GOSI') through the Saned unemployment insurance fund. Employees who are selected and are eligible to receive the subsidy will get 60 per cent of their wages or up to SAR 9,000 (US\$ 2,400) per month (whichever is less). The Saned wage subsidy scheme covered wages for the months of April, May and June, with the subsidy payments for those months being made in May, June and July respectively. The scheme may be extended should the government deem appropriate. Employers must resume the payment of wages after the GOSI wage subsidy programme ends (at time of writing June 2020G). To be eligible for the subsidy, the employer must be registered with GOSI and a subscriber to GOSI's unemployment insurance branch before 1 January 2020G and have continued its subscription.

As a consequence, the Company (and its subsidiaries) profited from the Saudi government initiatives to support and protect the private sector from the risk of low liquidity and inability to pay short term obligations through state initiatives like the insurance scheme against unemployment "SANED". On April 3, 2020G, Royal Order No. 47299 dated 08/08/1441H was issued to grant a wage subsidy to Saudis employed in the private sector. The subsidy is available for all Saudis working for employers with five or less Saudi employees. It also covers up to 70 per cent of Saudis working for employers with more than five Saudi employees. The employer will be able to select which employees to apply to put onto the subsidy scheme. Assuming that the employees are eligible to receive the SANED wage subsidy, the employer is then not required to cover the balance of wage difference for the duration of the subsidy scheme.

The subsidy is managed by the General Organisation for Social Insurance ('GOSI') through the Saned unemployment insurance fund. Employees who are selected and are eligible to receive the subsidy will get 60 per cent of their wages or up to SAR 9,000 (US\$ 2,400) per month (whichever is less). The Saned wage subsidy scheme covered wages for the months of April, May and June, with the subsidy payments for those



months being made in May, June and July respectively. The scheme may be extended should the government deem appropriate. Employers must resume the payment of wages after the GOSI wage subsidy programme ends (at time of writing June 2020G). To be eligible for the subsidy, the employee must be registered with GOSI and a subscriber to GOSI's unemployment insurance branch before 1 January 2020G and have continued its subscription.

This initiative is valid for a period of three months to support the private sector facilities hugely affected by the COVID-19 repercussions. The General Organization for Social Insurance (GOSI) announced that online applications will open on its website on Wednesday, April 8, 2020G, and the subsidy will be granted by the Insurance System Fund against unemployment "SANED", which is designed to face such situations that threaten the ability of employers to continue practicing their activities and workers at risk of losing their source of Revenue due to the exposure of the industrial sector to critical circumstances. According to the Resolution of the Committee, responsible for setting controls and eligibility conditions, pursuant to Royal Order No. 47299, dated 08/08/1441H and formed of the Ministries of (Finance, Economy and Planning, Human Resources and Social Development) and the General Organization for Social Insurance, it was stipulated to extend the subsidy for an additional three months period to become of six months period of time. The General Organization for Social Insurance explained that the subsidy for the August payment for the year 2020G will follow the same mechanism as the previous months, whereby compensation will be disbursed to all beneficiaries currently registered in SANED records as usual in the first day of the month and according to the current subsidy percentages. As for September 2020G, the subsidy's percentage for the least affected establishments will be a maximum of 50% of the Saudi workers, provided that it will continue to be a maximum of 70% of the Saudi workers in the most affected establishments which include accommodation activities, travel agencies, tours operators, reservation services and related activities, air transportation, sports, leisure and entertainment activities, creative activities, arts and other personal service activities. As for the establishments operating in other sectors that are no longer receiving subsidies, they will be excluded from the subsidy and re-registered with the same employer later in October 2020G, provided that their registration is retroactive as of October 1, 2020G, and the owner shall be obligated to Pay wages and insurance contributions to those fully employed in accordance with Royal Order No. 47299 dated 8/8/144H (corresponding 01/04/2020G) regarding the compensation payment to facilities affected by COVID-19 repercussions through the SANED system and in accordance with the Labor Law and the Social Insurance System. The subsidy period ended at the end of September 2020G, in addition to the exemption from paying social insurance contributions to all subscribers benefiting from SANED support, the extension of work licenses for non-Saudi employees, and the payment deferral of value-added tax (VAT) and Zakat.

However, the Company and its subsidiaries do not guarantee that one of its employees will not be infected with the coronavirus, which may lead to work interruption during the 14-day quarantine period and may negatively affect the Company's performance. Other hindrances are related to municipalities' requirements with regard to workers' housing and the excessively stringent measures to prevent social distancing and mass gatherings. Moreover, the Company may have to incur further expenses and costs, and may be hugely affected by these procedures if the government re-imposes additional precautionary measures for a longer period of time. Failure to comply with the instructions would negatively and materially influence the Company's business, financial position, results of operations and future prospects.

All regions and cities of the Kingdom of Saudi Arabia are subject to continuous examination by the Ministry of Health, which may necessitate the re-imposition of complete or partial closures in some cities, yet it will be difficult to predict the impact of this pandemic on the Company's activity if the full or partial ban is re-imposed in Saudi cities, which will have a fundamentally negative impact on the Company's business, financial position, results of operations and future prospects.

2.1.2 Risks Related to Non-issuance or Non-renewal of Licenses and Certificates

The Company and its subsidiaries are required to obtain and maintain various permits, licenses and regulatory approvals in relation to their activities. These include the following: the registration certificate issued by the Ministry of Commerce, the Chamber of Commerce membership certificate, the Saudization and Zakat certificates, the Revenue and VAT registration certificates, the social insurance, municipal license and civil defense permit. Specialized activities carried out by subsidiaries also require approvals from the Public Authority for Transport, the Ministry of Interior and the Food and Drug Authority.

(For more information about the licenses and certificates obtained by the Company, please refer to sub-paragraph (9.2) "Licenses and Permits Obtained by the Company and its Subsidiaries" from Section No. (9) "Legal information").

Batic and its subsidiaries as (the licensee) should comply with the terms and conditions of each obtained license and certificate. In the event that the Company or any of its subsidiaries are unable to do so, they may not be able to renew these licenses and certificates or obtain new ones often required for the purposes of expanding their activities, which may result in the suspension or flateringng of the Company or Group's business, or the imposition of financial penalties from governmental agencies. This would negatively and substantially affect the Company's business, financial position and the results of its operations and future expectations.

The Company and its subsidiaries are required to obtain municipal and civil defense licenses to carry out their activities. In order to do so, the Company or its subsidiaries must obtain these licenses from the municipality / secretariat, which falls within the scope of its supervisory powers over the premises rented by the Company. Each municipality / secretariat requires the following documents: a copy of the commercial register, a copy of the corporate bylaws (Bylaws), a copy of the lease contract, a copy of the rental property permit, a copy of the real estate office license, a picture of the building including the sign (with a copy of the sign invoice and the registration of the Company's trademark ownership) in addition to the civil defense license.

Except for the Saudi Transport and Investment Company – Mubarrad, none of the subsidiaries have obtained municipal licenses from the authorized Municipalities which constitutes a violation to the Municipal Laws. Besides, if the licenses of both Batic and Mubarrad expire and are not renewed, or a new branch of the Company or one of its subsidiaries was opened without extracting new licenses, the Group will hence face sanctions stipulated in the Municipal List of Fines and Penalties, issued on 05/02/1442H (corresponding to 22/09/2020G). Sanctions may actually reach location (branch) closure, which will negatively and materially affect the Company's business, financial condition, results of operations, and future prospects.

The Company and its subsidiaries don't have the Civil Defense certificate for Security and Safety, although Batic had one that expired on 22/03/1442H (corresponding to 08/11/2020G). This is considered a violation that may expose the Group to sanctions and fines stipulated in Article (30) of the Civil Defense Law that states the following: "Any person violating the provisions of this law shall be punished by imprisonment for a period not to exceed six (6) months, or by a fine not to exceed thirty thousand SAR (30,000), or both." The Company may even face the closure of the leased site, which will negatively and materially affect the Company's business, financial condition, results of operations, and future prospects.



On the other hand, the Arabian Company for Security and Safety Services Branch – AMNCO is engaged with security guard activity and the its license has expired since 08/05/1442H (corresponding to 23/12/2020G), which constitutes a violation of the system of private civil security issued by Royal Decree No. (M/24) dated 08/07/1426H (corresponding to 13/08/2005G). Article (12) of this sanctions Law states that are punishable by the person who violates any provision or provisions of this system, which may amount to revoke the license by virtue issued by the Board of Grievances which may adversely influence the Company's operations, results of operations, and financial position. The subsidiary company, the Arabian Company for Security and Safety Services AMNCO, has an expired wage protection system compliance certificate. According to the updated Wages Protection System, services for violating and non-compliant establishments are suspended after notifying the facilities, at the specific time that the facility is required to upload the file.

Accordingly, the inability of the Company to renew its current licenses, permits and certificates, obtain any of the licenses necessary for its business or to acquire any such documents that may be requisite in the future, or in the event any of the licenses are suspended, expired or renewed on inappropriate conditions for the Company and its subsidiaries, the latter may be suspended or unable to carry out their work. This may happen through closing the Company or any of its subsidiaries, stopping all services provided by the regulatory authorities (such as renewing licenses and certificates, issuing visas and residence permits, guarantees transfer, etc.) which will result in disrupting the Company's operations and incurring additional costs, which will thus negatively affect the Company's business, operations result, financial position and future expectations.

2.1.3 Risks Related to Concentration of Revenue

The Group's revenues are mainly concentrated in the activities of security guards, money exchange, ATMs replenishment services, money counting sorting and transfer, and correspondence, all provided by AMNCO which revenues' percentage amounted to 88.3%, 84.7% and 69.1% of the total revenue of BATIC, for the years 2018G, 2019G and 2020G respectively.

In the event of a Decrease in AMNCO's revenues, the loss of customers, strong competitors with greater market shares, the occurrence of any emergency such as natural disasters (or other) or a change in the regulations and laws therein in terms of imposing additional fees and taxes, AMNCO's revenues will be negatively and substantially affected. Hence, the Company's business, results of operations, financial position and future prospects.

2.1.4 Risks related to dealings with related parties

It falls within the scope of related parties according to the corporate governance regulations in which any of the board members, senior executives or their relatives is a member of its BOD or one of its senior executives. As of this Prospectus, it turned out that the Company has signed agreements and contracts with related parties in accordance with the following (for more information, kindly refer to paragraph (9.5.1) "Agreements and Related Parties' Transactions" of Section (9) "Legal information" of this Prospectus.

- 1- On 26/02/1443 H. (corresponding to 03/10/2021G.) Batic (buyer) executed the sale and purchase agreement in relation to the acquisition of the entire shares of Smart Parking Holding Company (seller) representing 35.8% of share capital in Smart Cities Company for a consideration of SR(107,874,812). Prior to signing this agreement, the Company has entered into a memorandum of understanding dated 01/09/1442H.(corresponding to 13/04/2021G) and the purchase agreement dated 19/09/1442H. (corresponding to 01/05/2021G.). This transaction comprises two related parties being: 1- the chairman of Batic (Mr. Ahmed AlSanea) who owns shares in Smart Cities Co and 2- other member of the Board of Directors of Batic (Mr. Firas Khalid Bawardi) in his capacity of chief executive officer at Jassara Co which is a shareholder (owning 100 shares) in Smart Cities Co. Both parties disclosed their interest in this transaction to the Board of Directors of Batic on 13/04/2021G and obtained the approval of the ordinary general assembly meeting on 12/02/1443H. (corresponding to 19/09/2021G.).
- 2- A number of lease contracts signed by BATIC Investment & Logistics Company and related parties which are as follows:
 - With the Saudi Transport and Investment Company - Mubarrad (one of the subsidiaries of BATIC Company), with a value of SAR (328,515) three hundred and twenty-eight thousand five hundred and fifteen Saudi riyals for the year 2020G, in which both the managing director, Mr. Mohammed Saud Al – Zamil and BATIC Board member Mr. Firas Khaled Al-Bawardi hold the positions of directors.
 - With the Smart Cities Solutions for Communications and Information Technology Company, with a value of SAR (302,500) three hundred and two thousand five hundred Saudi riyals for the year 2020G, in which BATIC Board Chairman Mr. Ahmed Muhammad Al-Sanea owns capital shares, in addition to being a subsidiary of the Arabian Company for Security and Safety Services - AMNCO, a subsidiary of BATIC. In addition to Mr. Feras bin Khaled Al-Bawadri, being Jasara Holding's CEO, owning (100) seventy shares of the Smart Cities Solutions for Communications and Information Technology Company's capital.
 - With AMNCO Facilities Management Company worth SAR (139,150) one hundred and thirty - nine thousand and one hundred and fifty Saudi riyals, for the year 2020G, with the Board delegate Mr. Mohammed Al Zamil acting as a director. This Company is also a subsidiary of the Arabian Company for Security Services and Safety – AMNCO subsidiary of BATIC.
 - With the Family Investment Company with a value of SAR (151,250) one hundred and fifty-one thousand two hundred and fifty Saudi riyals for the year 2020G, which is owned and managed by the Board Chairman Mr. Ahmed Muhammad Al-Sanea.
 - With Jazan Energy and Development Company - JAZADCO at a value of SAR (131,890) one hundred and thirty-one thousand eight hundred and ninety Saudi riyals for the year 2020G, where Mr. Ahmed Muhammad Al-Sanea, Mr. Majed Abdullah Al-Issa and Mr. Fahd Mubarak Al-Qathami act as BATIC Board Members.
- 3- The agreement (providing cleaning, maintenance and supervision services) for BATIC management building in the city of Riyadh (Al Olaya District) with AMNCO Facility Management Company (where Mr. Mohammed Al Zamil acts as Director and it is a subsidiary of the Arabian Company for Security and Safety Services – AMNCO a subsidiary of BATIC) for the purpose of providing the stipulated services. The agreement is concluded for a period of one Gregorian calendar year from 15/07/2019G to 14/07/2021G, and is subject to renewal unless one of the parties is notified of an unwillingness to renew for a similar period of time and by a written notice, accordingly the agreement was automatically renewed. The value of this agreement has reached the amount of SAR (34,853) thirty-four thousand eight hundred fifty-three Saudi riyals per month.



Related parties also consist of senior management staff, Board and committees' members and on whom they directly and indirectly have significant influence. During the normal course of business, the Group concluded many transactions with related parties, and the balance due for the Company's transactions with related parties amounted to SAR (962,000) nine hundred and sixty-two thousand Saudi riyals as of December 31, 2020G as follows:

- Remuneration of Board and Committees Members: SAR (725,000)
- Attendance allowance of Board and Committees meetings in addition to secretaries' remuneration: SAR (237,000)

The Company is committed to disclose transactions with related parties to the General Assembly of Shareholders and that all transactions are on a commercial competitive basis that guarantees the rights of shareholders, and that contracts are voted on by the Company's General Assembly without the participation of shareholders who have interests in those contracts or by the Board of Directors without the participation of the director who have interest in those contracts.

The ordinary general assembly meeting dated 20/10/1442H. (corresponding to 01/06/2021G.) approved to delegate the authorisation powers stipulated in paragraph (1) of Article 71 of the Companies Law to the company's Board of Directors in relation to the authorisation for businesses or contracts that are executed for the Company's account, in which a Board member has direct or indirect interest.

The Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Board of the Capital Market Authority pursuant to resolution No. 8-127-2016 dated 16/1/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H amended by Resolution of the Board of the Capital Market Authority Number (4-122-2020) Dated 3/4/1442H (corresponding to 18/11/2020G) stipulated in Article 56 the conditions and the requirements of delegation of authority (for further information about the conditions, please see sub-section 9.4.5 "The Continuing Obligations as Per the Requirements of the CMA" of section 9 "Legal information"). Three directors voted on the delegation of the authorisation powers stipulated in relation to the authorisation for businesses or contracts that are executed for the Company's account, in which the director has direct or indirect interest. Based on the above. A member of the Board of Directors shall not be allowed to vote on the items of delegation and the revocation (in the Ordinary General Assembly) which could allow the regulator to question the three directors.

With the exception of contracts and transactions with related parties mentioned in Paragraph (9.5.1) "Agreements and Related Parties' Transactions" of Section (9) "Legal information" of this Prospectus, the Company has not concluded any written contracts or agreements with related parties. In the absence of documentation of all contracts and transactions with related parties, by virtue of the framework agreements, or in the event of the latter not being concluded on commercial bases or not getting the General Assembly's approval, or the Company was unable to collect certain amounts of money, the Company's business would be negatively and fundamentally affected as well as its financial condition, results of operations and future prospects.

2.1.5 Risks Related to the Obsolescence of the Transport Fleet

The subsidiary Company (the Saudi Transport and Investment Company – Mubarrad) owns a land transport fleet of three hundred and fifty (350) trucks, four hundred and fifty-nine (459) trailers, with a total of eight hundred and nine (809) as on 05/31/2021G. The Saudi Transport and Investment –Mubarrad relies on this fleet to conduct its business in the paid land transport of good with an estimated revenue of SAR (65,977,536) that constitutes (13%) of BATIC's revenues according to the financial statements of the year ended December 31, 2020G. The life span of this land fleet ranges from 10 to 15 years, while the net book value is equal to SAR (94,622,411) as of 31/05/2021G.

Since these vehicles have a specific economic life, their obsolescence will lead to burdening the Group with increased maintenance expenses, and may eventually result in some or all of the fleet's vehicles being out of service, hence the Group's loss of its revenues from the Land transport fleet in whole or in part, which will negatively affect the Group's Revenue and its financial position.

2.1.6 Risks related to overcome the accumulated losses of AMNCO Facilities Management Co. Ltd. (a subsidiary of the Arabian Company for Security and Safety Services) and the Smart Cities Solutions Company (a subsidiary of the Arabian Company for Security and Safety Services to be acquired by Batic) 50% of the capital

AMNCO Facilities Management Company Limited (a subsidiary of the subsidiary Company, the Arabian Company for Security and Safety Services – AMNCO) is committed to apply the provision of Article (181) of the Companies Law, where the Company's losses amounted to half of the capital as on December 31, 2020G SAR (1,779,069). Its accumulated losses as on March 31, 2021G exceeded half of the capital with an amount of SAR (2,135,467). The partners in the Company, in their meeting held on December 28, 2020G, agreed to continue the Company's activity and provide the necessary support to cover the losses, provided that the results of the support appear in the next year's budget. The Company committed to publish the partners' decision on 13/02/1443H (corresponding to 20/09/2021G).

The total accumulated losses of the Company to be acquired (Smart City Solutions Company) reached 11,946% of the capital which is equal to SAR (100,000), i.e the amount of SAR (11,945,995) of the capital. According to the requirements of Article (181) of the Companies Law, "1- If the losses of the limited liability Company amount to half of its capital, the Company's managers must register this incident in the commercial registry and invite the partners to meet within a period not exceeding ninety days from the date of the knowledge of the loss amount; to consider the continuation or dissolution of the Company. 2- The partners' Decision- whether the Company's continuation or dissolution - must be announced by the methods stipulated in Article (158) of the Law 3- The Company is considered dissolved by the force of the law if its managers neglect the partners' invitation, or if the partners were unable to issue a Decision to continue or dissolve the Company." As of the date of this Prospectus, the Company is committed to the provisions of Article (181) of the Companies Law, as the partners in the Smart Cities Solutions Company unanimously agreed in their meeting held on December 28, 2020G to continue the Company's operations, while providing financial support to cover the accumulated losses through capital increase. The partners' Decision was published on the Ministry of Commerce website.

In the event that the Smart Cities Solutions Company is unable to reflect the results of this support in the financial statements for the following financial year and to reduce accumulated losses to a percentage of (50%) of its capital, it will have two options: to submit a new pledge from the partners to preserve the Smart Cities Solutions Company by providing it with financial support, provided that the result is shown in the next budget or its liquidation, since reducing the capital by canceling shares to extinguish losses is not allowed for limited liability companies



whose losses exceed (50%) of the capital, in accordance with the provisions of Article (177) of the Companies Law. If it is not possible to issue a resolution that allows the continuity or dissolution of these companies, they will be considered as obsolete by the force of the Law, which will negatively and fundamentally affect the Company's business, financial position and future prospects.

As noted, the Decision of His Excellency the Minister of Commerce No. (348) dated 10/04/1442H (corresponding to 25/11/2020G) was issued based on the Royal Order stipulating to suspend the validity of some provisions of the Companies Law. The Decision includes the suspension of some statutory deadlines and the introduction of some exceptions from some provisions of the Companies Law for a specific period, as follows:

- 1- As an exception to the provision of Article (181) of the Companies Law, the period during which the limited liability Company's (LLC) managers must invite partners to meet shall be extended to become (180) days instead of ninety (90) days, from the date on which they become aware of such losses, for a period of two years starting from 01/08/1441H (corresponding to 03/25/2020G) and ending on 30/07/1443H (corresponding to 03/03/2022G).
- 2- Paragraph (3) of Article (181) (which provides that the Company shall be terminated by the Law if the Company's director failed to invite the shareholders or if the shareholders failed to issue a resolution whether to support and continue or dissolve the Company) of Companies Law shall be suspended for a period of two years from 01/08/1441H (corresponding to 25/03/2022G) until 30/07/1443H (corresponding to 03/03/2022G). LLCs shall disclose the developments of their losses on an ongoing basis, when they reach the amount specified in Paragraph (1) of Article (181) of Companies Law (half of their capital), in accordance with the following controls:
 - 1- The Company's director, managers, or Board, as soon as they become aware that the Company's losses have reached half of the capital, shall submit to the Ministry a request to publish an announcement on the Ministry's website, including the number of losses, their percentage of the capital and the main reasons that led to these losses.
 - 2- The Company's director, managers, or Board shall submit to the Ministry, on a quarterly basis, a statement about the developments of the Company's losses within (15) days from the end of each quarter, and a request to publish an announcement on the Ministry's website to that effect.
 - 3- The Company's director, managers, or Board, once aware of the Decrease in the Company's losses to less than half of the capital, shall submit to the Ministry of Commerce a request to publish an announcement its website, including the measures taken by the Company to amend its conditions.

Despite the submission of a letter of support and business continuity of (Smart Cities Solutions Company), there are no guarantees that additional losses, that may exceed 50% of the capital, may not be recorded which leads to the application of procedures in accordance with Article (181) of the Companies Law. Thus, the Company and its subsidiaries' operating results and aspirations will be negatively affected.

2.1.7 Risks Related to Dependence on Key Customers

The Group's main customers are in the transport and security guard sectors of the Arabian Company for Security and Safety Services – AMNCO, and the Group's total sales to (5) key customers accounted to approximately 47.3% in 2018G, 36.5% in 2019G, 28.6% in 2020G, and 33.4% in the period ended March 13, 2021G. Accordingly, any conflict with key customers may have a negative impact on the Company's revenues, profits, operations, financial position and operational results.

2.1.8 Risks Related to Zakat Entitlements

The Group and its subsidiaries filed Zakat Declarations for all years up to the financial year ended 31/12/2020G and obtained Zakat certificates that expire on 30/04/2022G.

Batic Investment and Logistics Company received the financial Zakat assessments for the years 2008G until 2014G, the file and objection were then closed, and the Company paid the due Zakat differences. The Company obtained the Zakat assessment for the year 2018G on 31/12/2020G with an obligation to pay the difference estimated at SAR (39,879). The Company approved on this assessment and settled the zakat. On October 31, 2020G, the Company issued a Zakat assessment for the financial years 2015G until 2017G, and the Zakat differences according to this assessment estimated at a total amount of SAR (2,520,796). The Company paid an amount of SAR (105,573), representing the approved clauses. The Company submitted an objection on the rest of the outstanding amount on 12/12/2020G. However, the Zakat, Tax and Customs Authority rejected the objection on 11/02/2022G which was then submitted to the General Secretariat of Tax Committees.

The Company has a new zakat certificate No. (11107332350) issued by the Zakat, Tax and Revenue Authority and dated 24/09/1442H (corresponding to 06/05/2021G) and it is valid until 29/09/1443H (corresponding to 30/04/2022G).

For the other Group companies:

- **The Arabian Company for Security and Safety Services – AMNCO:** The Company has committed to provide Zakat declarations until the end of the financial year ended 31/12/2022G and obtained the final Zakat certificate. It also received Zakat assessments for the financial years 2008G until 2014G. The assessment and objection file were closed, and the Company paid the due Zakat differences on 18/02/2021G. Moreover, AMNCO received a data request from the Examination and Assessment Department for the financial year 2015G which resulted in a Zakat difference of SAR (513,721,39). The Company responded to the data requested by the Department of Examination and Assessment. The Zakat assessment objected by AMNCO was issued by virtue of the Authority's Declaration dated 20/05/2021G. On 02/01/1443H (corresponding to 10/08/2021G), the Company was notified to partially accept the objection. Hence, an adjusted Zakat assessment was imposed equal to SAR (485,748,59).
- **AMNCO Facilities Management Company** (a subsidiary of the Arabian Security and Safety Services Company - AMNCO) has also committed to submit Zakat Declarations until the end of the financial year ended December 31, 2020G and obtained the final Zakat certificate valid until 30/04/2022G. The Company obtained Zakat assessments for the financial years 2006G until 2016G, and the assessment file was closed after the Company settled the due Zakat differences. On 09/17/2020G, AMNCO received a Zakat assessment for the year 2018G with an amount of SAR (35,508). Thus, it lodged an objection to the full amount due, on which the Authority approved.



- **Smart Cities Solutions Company (a subsidiary of the subsidiary Company (The Arabian Company for Security and Safety Services – AMNCO):** The Company submitted its Zakat December laraions until the year 2020G, and therefore obtained a certificate bearing the number (1020762180) and valid until 30/04/2022G. The Company did not receive any Zakat assessments from the Zakat, Tax and Customs Authority.
- **AlShifa Technology Co. Ltd.:** The Company submitted its Zakat December laraions for the year 2020G and obtained a certificate valid until April 30, 2022G. It did not receive any Zakat assessments from the Zakat, Tax and Customs Authority.
- **BATIC Real Estate Company:** The Company submitted its December laraion for the period ended 31/02/2020G and obtained a Zakat certificate bearing the number (1020538335), which is valid until 30/04/2022G. It did not receive any Zakat assessments from the Zakat, Tax and Customs Authority.
- **Saudi Transport and Investment – Mubarrad:** The Company submitted its December laraion for the period ended 31/02/2020G and obtained a Zakat certificate valid until 30/04/2022G. It has received the Zakat assessment taxation for the financial period from 30/07/2017G until 30/07/2018G, and the differences of Zakat and withholding tax, estimated at SAR (59,607), were paid.
- Thus, the Company and its subsidiaries can not predict whether the Zakat, Tax and Customs Authority will approve on its Zakat estimates or request the payment of any Zakat differences. If the Zakat, Tax and Customs Authority requests the Company to pay such differences, the Company's profits, results of operations, financial position and future prospect will be substantially and negatively affected.

2.1.9 Risks Related to Capital Management

When managing capital, the Company aims to ensure its ability to continue so that it can keep on providing returns to shareholders, and to maintain adequate basic capital to support its business. It may often be exposed to the risks of capital mismanagement and loss of its ability to persevere in order to provide returns to shareholders and support its business. The Company's management manages capital by monitoring returns on net assets and the Company's total liabilities ratio to its total assets. It may make adjustments to the capital in proportion to changes in economic conditions in the future. For the purpose of preserving or adjusting the capital, the Company may increase its capital in the future to ensure the achievement of its objectives and strategic plans. In the event that the Company's management is unable to make the necessary capital adjustments, it may face the risks of its discontinuation.

2.1.10 Risks Related to Liquidity and Capital Resources (Funding Liquidity Risk)

The Company and its subsidiaries rely on credit facilities and loans to finance operations. Indebtedness amounted to SAR (150,000,000) as on December 31, 2020G, and SAR (156,000,000) as on March 31, 2021G. It represented (0.40) times as on December 31, 2020G, and (0.43) times as on March 31, 2021G of BATIC's total shareholders' rights.

Batic, the Arabian Company for Security and Safety Services - AMNCO and the Saudi Transport and Investment Company - Mubarrad have entered into credit facility agreements (for more information, please refer to subparagraph No. (9.5.4) "Loans and facilities" of Section (9) "Legal information" of this Prospectus.

These agreements include conditions and commitments undertaken by the Group, and require the provision of personal guarantees. The major points of these agreements are as follows:

(a) Risks of Non-compliance with the Credit Facilities' Terms and Commitments:

The agreement concluded between Batic and Arab National Bank limits the Company's ability to conduct specific procedures. The Company undertakes:

- 1- maintaining its financial, administrative, legal and ownership status not changing its activity as of the date of the agreement.
- 2- never allowing the issuance or issuance approval of new shares, granting options, guarantees or the right to subscribe to additional shares in its capital to any person except for a shareholder or a current partner.
- 3- not announcing or paying any dividends or distributions to partners/shareholders, or settling any loans to partners/shareholders in the event of any breach.

Committed to its undertakings, the Company sent a letter to the Arab National Bank requesting its approval on the capital increase through Rights Issue. The Bank approved the Company's request.

The agreement concluded between Batic and Riyadh Bank included acknowledgments that limit the Company's ability to change or modify its ownership structure without consulting the bank. Thus, the Company has notified the Riyadh Bank about the capital increase, and the bank confirmed that it is not necessary to grant approval since it is a matter of capital increase.

Regarding the agreement concluded between the Arabian Company for Security and Safety Services - AMNCO and the Saudi Investment Bank, it included an undertaking that there will be no change in the shares' ownership or control and the ownership structure without the Bank's prior written approval.

Regarding the two agreements concluded between the Saudi Transport and Investment Company and Riyadh Bank, the Bank may claim to pay the remaining unpaid balance from the funding provided to the Company in the event of failure to obtain the bank's written consent, if changes occur in the third party's legal form, structure of the ownership or private management (the Company), its guarantors or subsidiaries/sister companies, or to take decisions that would affect obligations with the first party or guarantees. The bank was notified by Batic about the capital increase through Rights Issue.

In the event of any breach under the Company's financing agreements, the creditors may decide to terminate the lending obligations and announce that all current loans, in addition to the accumulated and unpaid commissions, and any fees and other obligations have become due and payable, and may initiate judicial enforcement procedures on the pledged assets in favor of selling them and collecting the value of the loans from sale proceeds.



As a result, the Company's business, financial position, results of operations and future prospects would be substantially and negatively affected.

(b) Company's Personal Guarantees Under Credit Facilities:

Batic and its subsidiaries - the Arabian Company for Security and Safety Services - AMNCO and the Saudi Transport and Investment Company Mubarrad – are committed to present guarantees in accordance with the concluded credit and facilities agreements such as guarantees of fines, joint performance, order promissory notes and mortgages.

If the Group is unable to meet its repayment obligations under the loan and credit facilities agreements, or breaches any of its debt obligations or covenants in the future, the lenders may require immediate repayment of the debt and collect the guarantees provided by the Group. In this case, there is no guarantee that the Group will be able to obtain sufficient alternative financing resources to repay debts. Any of these factors will have a material negative impact on the Company and its subsidiaries' business and financial standing.

2.1.11 Risks Related to Management Decisions

The results of the Company's business depend mainly on the Board members who make strategic decisions regarding the Company's business and activities and the ability of its executive management to properly implement these decisions. In the event that the Company's management takes wrong decisions regarding its business, the Company's business, its financial position, the results of its operations and its future prospects will be negatively affected.

2.1.12 Risk Related to Liquidity

The Company faces liquidity risks when it fails to provide the necessary funds to meet on time its liabilities and financial obligations arising from operating activities. The Company's liabilities consist of loans and payables represented in trade receivables, lease contract obligations to lessors, and accrued expenses. The Company may not be able to meet current or future obligations on due dates, especially short-term ones. Its fast liquidity ratio reached 285%, 252%, 202% for the years ended 31 December, 2018G, 2019G and 2020G respectively, and 190% as in the period ended March 31, 2021G. In the event that the Company is not able to effectively manage payables and pay them on time, debtholders may resort, including but not limited to stop dealing with the Company which may face difficulties to provide the necessary revenues to conduct its business. Besides, the Company may be subject to lawsuits that may damage its reputation and result in financial losses. Therefore, these risks will negatively and fundamentally affect the Company's business, financial position, results of operations and future prospects.

2.1.13 Risks Related to Credit and Collection

The Company may face credit risks when one of the parties fails to fulfill a specific financial obligation to the other party. Credit risks may occur in several temporary or permanent cases such as the existence of customers' debit balances and the failure of creditors to fulfill their obligations to the Company. It's noteworthy that the Company's net receivables amounted to SAR (111,000,000), SAR (135,000,000) and SAR (160,000,000) as of December 31, 2018G, 2019G, 2020G respectively and SAR (172,000,000) as of the period ended March 2021G.

Hence, the Company can neither guarantee the related parties will not fail to fulfill their obligations nor predict the future ability of those parties to accurately commit. If these parties fail to fulfill their obligations and don't comply, as a result of the Company's inability to collect receivables from third parties, then its financial position and results of operations will be negatively affected.

2.1.14 Risks Related to Contingent Liabilities

Some contingent liabilities may arise on the Company, such as costs related to zakat, taxes and other obligations or expenses related to its activity, such as issuing government licenses necessary to conducting it. In such event, these obligations will negatively affect the Company's financial situation, position, operations' results and future expectations. (For more information on the continuing obligations on BATIC and its subsidiaries, please refer to sub-section (9.4) "The Continuing Obligations Imposed by The Relevant Governmental Authorities on The Company and Its Subsidiaries in Their Capacity as a "Licensee"" of Section (9) "Legal information" of this Prospectus).



2.1.15 Risks Related to Changes in Accounting Standards and Adoption of New Standards

The financial statements of the Company are prepared in accordance with the International Financial Reporting Standards (IFRS) approved in KSA and other standards and publications approved by the Saudi Organization for Certified Public Accountants (SOCPA). The Company is required to apply the amendments or the changes occurring to these standards from time to time.

The Company has applied the amendments to the following standards which were issued and became effective from 01/01/2020G:

- IAS 1 and IAS 8: Definition of Material
- IFRS 3: Business Definition
- Conceptual Framework for Financial Reporting: Amendments to the conceptual framework references in International Financial Reporting Standards (IFRS), updated definitions and recognition criteria for assets and liabilities and clarification of some concepts.

The following is a table of the major amendments to the standards that were issued but not applied by the Company and not yet effective:

Table No. (2): Amendments to the New International Financial Reporting Standards (IFRS)

| Modifications to Standards | Description | Applicable for years beginning on or after |
|----------------------------------|--|--|
| IFRS 16, 4, 7, 9 and IAS 39 | Interest Rate Index Reform - Phase 2 | January 1, 2021G |
| IAS 37 | Unfair Contracts – Contract Completion Cost | January 1, 2022G |
| IFRS 16, 9, 1 and IAS 41 | Annual Improvements to International Financial Reporting Standards 2018G - 2020G | January 1, 2022G |
| IFRS 3 | Reference to the Conceptual Framework | January 1, 2022G |
| IAS 1 | Classification of Liabilities as Current or Non-current | January 1, 2023G |
| Amendments to IFRS 10 and IAS 28 | Sale of / Investment in Assets between the Investor and the Partner or Joint Venture | Not applicable |

Source: Financial statements of BATIC Investment and Logistics Company for the year ended December 31, 2020G

Any changes in these standards or the mandatory application of some new standards could adversely affect the financial statements and, consequently, the Company's financial results and position.

2.1.16 Risks Related to the Failure of the Expansion Strategy

The Company's expected future growth depends on the success of its expansion strategy and modernization of existing activities and expansion.

The Company intends to acquire the proportion of 35.8% of the Smart City Solutions Company for Communications and Information Technology, and the acquisition of Revenue-generating assets, and the support of the working capital of AlShifa Technology Co. Ltd. (Please refer to section (6) "Use of Proceeds" of this Prospectus). Thus, inability to implement expansion plans or failure of those expansion plans will negatively affect future growth opportunities, affecting in turn the Company's financial position and operations results. Moreover, in the event of implementation these expansion plans and the achievement of the desired results is not certain, as it is linked to future expectations. Thus, in the event that the desired results are not fully or partially achieved, the Company's business, financial position, operations' results, cash flows and future expectations will be negatively affected.

2.1.17 Risks Related to Delays in Implementing Future Projects

By increasing its capital through the issuance of Rights shares, subject of this Prospectus, the Company intends to secure necessary funding to implement future plans and projects, expand various activities, raise the volume of local investments, adapt to the growth plan amidst the Saudi economic boom and prosperity within the vision of 2030, acquire profitable assets, companies and Revenue generating assets or invest in them (For more details, please refer to Section (6) "Use of Proceeds" of this Prospectus).

Although the Company has prepared an action plan to implement these projects according to a specific schedule, there are several factors that could not be controlled by it and which, if occurred, may lead to a delay or a temporary or permanent suspension in the implementation of projects. These factors include, for example: obtaining Government approvals and licenses, reaching agreements with other parties, availability of work force and other factors leading to temporary or permanent cease of work. Thus, it influences the possibility of achieving the desired benefit from these projects as planned, which will affect negatively the Company's operations and its financial position.

2.1.18 Risks Related to Future Projects' Capital Costs Exceeding the Expected Value of Financing

Although the Company has assessed the overall level of project risk relative to normal business operations by conducting studies to evaluate potential capital budget projects, it is possible, due to circumstances beyond the Company's control, that those costs exceed the expected estimated value, which may affect the projects' financial feasibility, and the Company will be forced to search for new financing resources to cover this increase. Therefore, the profitability of these projects will be negatively affected, which will adversely influence the Company's profitability and financial position. If the Company's future projects are not achieved according to the expected results and profits, or incur losses, then the Company's operations and financial position will be substantially affected.



2.1.19 Risks Related to Reliance on Major Human Resources

The Company aims to attract and employ qualified people to ensure the efficiency and quality of its business through effective management and proper operation. The Company's success depends on its ability to attract and retain qualified employees. It may however resort to employees' layoffs to cut payroll costs and reduce expenses, as happened previously.

Therefore, the Company's loss of qualified human resources or inability to retain them will negatively affect its business and profitability, notably if it is obliged to pay higher salaries and benefits to retain them.

The total number of employees as of the date of this Prospectus is equivalent to (25), and they are distributed as follows: (5) Saudis and (20) non-Saudis (of whom there are (4) expatriates and (16) migrant workers). The percentage of Saudi employees whose number is (5) represents approximately (20%) of the total number of the Company's employees.

(For more information about the number of employees at BATIC and its subsidiaries, please refer to sub-paragraph No. (3.12) "Employees and Saudization" of Section (3) "Company Overview and Nature of Business").

Among the factors that may affect the Company's ability to retain qualified non-Saudi employees is the imposition by the Saudi government of additional fees for each non-Saudi employee and financial fees for the dependents and bodyguards of non-Saudi employees (For more information, kindly refer to sub-paragraph (2.1.23) "Risks Related to Saudization" of Section (2) "Risk Factors").

2.1.20 Risks Related to Employees Errors or Misconduct

The Company is required to adopt an internal work regulation according to the form prepared by the Ministry of Human Resources and Social Development. The Company may include in its internal work regulations additional terms and provisions that do not contradict the provisions of the Labor Law, its implementing regulations and ministerial resolutions thereto. The Company must announce the aforementioned internal work regulations, as well as any amendment thereto, in a public place in its premises or via any other method that is clear to all its employees.

The Company has laid down its internal work regulations and approved by the Ministry of Human Resources and Social Development under the number (607932) dated 03/12/1440H (corresponding to 27/11/2019G) and of which all employees and affiliates to the Company have been informed upon starting in the Company. Any amendments thereto are sent via email and placed in the employees' offices. However, the Company cannot guarantee to avoid employees' misconduct or mistakes such as fraud, intentional or unintentional errors, embezzlement, theft, forgery, misuse of property and unauthorized acting on behalf of the Company. Consequently, these actions may entail consequences and responsibilities for the Company, statutory penalties, or financial liability. Therefore, the Company cannot guarantee that the misconduct of its employees will not materially harm its financial position or its operations results.

2.1.21 Risks Related to Reliance on Non-Saudi Employees

The total number of the Company's employees is equivalent to (25), and they are distributed as follows: (5) Saudis and (20) non-Saudis (of whom there are (4) expatriates and (16) migrant workers). The percentage of Saudi employees whose number is (5) represents approximately (20%) of the total employees' number, and the percentage of non-Saudi employees in leadership positions is (10%). Each of the subsidiaries of AlShifa Technology Company Ltd. and the Arabian Company for Security and Safety Services - AMNCO (in the branches of security guards and money transfer) are in the platinum rating scale. The Saudi Transport and Investment –Mubarrad was rated on average green rating scale and the Arabian Company for Security and Safety Services and its main branch on high green rating scale. Therefore, if the Company and its subsidiaries were unable to maintain the non - Saudi employees, find others with the same skills and experience, or if a change has occurred in the policies and regulations of the Ministry of Human Resources and Social Development that resulted in an increase in the proportion of the Saudization sector, the results of the Company 's business and financial position will be fundamentally and adversely influenced. For more information on non-Saudi employees, kindly refer to sub-paragraph (3.12) "Employees and Saudization" of Section No. (3) "Company Overview and Nature of Business" of this Prospectus.

2.1.22 Risks Related to Government Fees Applicable for Non-Saudi Employees

During the year 2016G, the Saudi government approved a number of Decisions aimed at carrying out comprehensive reforms of the labor market in the Kingdom of Saudi Arabia, including the approval of imposing additional fees for each non-Saudi employee working for a Saudi entity as of 01/01/2018G at SAR (400) per month in 2018G, to more than SAR (600) per month in 2019G and then to SAR (800) per month in 2020G. This will lead to an increase in the Company's costs in general, which will adversely affect its business, financial performance and results of operations.

Additionally, the government imposed fees in exchange for money on non-Saudi employees' dependents and escorts as of 01/07/2017G, at the rate of SAR (100) per month for each dependent in 2017G, and it increases annually to reach SAR (400) per month for each dependent in 2020G. Thus, the financial fees that the non-Saudi employee will bear on behalf of his families will result in an increase in his cost of living, which will encourage him to work in other countries where the cost of living is lower. In this case, the Company will face some difficulties in maintaining non- Saudi employees, and will hence be obliged to directly or indirectly bear all or part of the cost of non-Saudi employees' fees, by raising their wages. Consequently, the Company's costs will increase, and its results of its operations will be adversely affected.



2.1.23 Risks Related to Saudization

Compliance with the Saudization policy is considered to be a systematic requirement issued by the Ministry of Human Resources and Social development and implemented by the Ministry of Labor and Social Development in KSA, whereby Saudi companies and enterprises are required to fill up their workforce with Saudi nationals up to certain levels and maintain them according to Nitaqat System which is a program of Saudization, increasing the employment of Saudi nationals in the private sector. The program classifies the country's private firms into six categories: Platinum, High Green, Mid Green, Low Green, Yellow and Red. Platinum is the highest percentage category followed by High Green and so on, the yellow and red categories being the lowest. According to the Ministry of Human Resources and Social Development, Saudization rate reached approximately (20%) which is classified in the mid green category.

As for Saudization in BATIC's subsidiaries, the following table shows their classification as of the date of this Prospectus:

Table No. (3): Classification of the Company and its subsidiaries according to Nitaqat System

| Company | Number of Saudi Employees | Saudization Rate | Category |
|--|---|--|---|
| Batic Real Estate | 0 | 0.00% | Not Applicable |
| Saudi Transport and Investment Company – Mubarrad | 71 | 17.93% | Platinum (The Company's file is in the opening process in the Labor Office of the Ministry of Human Resources and Social Development) |
| AlShifa Limited Company | 2 | 100.0% | |
| Arabian Company for Security and Safety Services – AMNCO | Head Office 870 | Head Office 46.19% | Head Office High Green |
| | Security Guards and Money Transport 2345 | Security Guards and Money Transport 100.00% | Security Guards and Money Transport Platinum |
| | Cleaning Services 15 | Cleaning Services 76.47% | Cleaning Services Platinum |
| | Smart Cities Solutions Company | 24 | Platinum |
| AMNCO Facility Management | 68 | | Mid Green |

Source: The Company.

The Company and its subsidiaries are currently committed to the required Saudization rates, however if they fail to maintain them, or if the Ministry of Human Resources and Social Development December decides to impose more stringent Saudization policies in the future, yet the Company fails to comply with these requirements, then the Company will incur penalties imposed by governmental agencies, such as suspending work visa applications and transferring sponsorship to non-Saudi workers, which will have a fundamental negative impact on the Company's business, financial position, results of operations and prospects.

2.1.24 Risks Related to the Adequacy of Insurance Coverage

BATIC Investment and Business Logistics Company and its subsidiaries possesses a number of insurance policies to ward off some of the risks and preserve its assets and property.

For example, but not limited to: the health coverage, the property insurance against all risks, the breach of trust insurance and other types of insurance position (for more information about insurance coverage, kindly refer to sub-paragraph (9.12) "Insurance" from section (9) "Legal information" of this Prospectus.

Despite the keenness of Batic to ensure that the Group enjoys sufficient and multiple insurance coverage, some of its companies have not concluded any insurance policies to cover the risks that the company's assets or properties may be exposed to in the course of carrying out its activities, (such as vehicle insurance where they are used, property insurance against fire accidents and some natural catastrophes, in addition to all risks related to assets and property). These accidents, if they occur, may result in serious damages that will lead to losses on the Company's operations, and therefore due to the lack of appropriate insurance coverage, the Company may face financial problems incurring these material losses. This will have a fundamental negative impact on the Company's business, financial position, results of operations and prospects.

The aforementioned concluded insurance contracts include deductible amounts and factors excluded from the insurance coverage, in addition to other restrictions related to the insurance coverage to be negotiated with insurance companies. These contracts hugely rely on the Company's ability to obtain the compensation due to it by the relevant insurance company according to its ability to meet the compensation's value. Therefore, the insurance may not cover all the losses incurred by the Company, and no guarantee is given that the Company will not incur losses that exceed the limits of the insurance policies, or that will be outside the scope of coverage contained in these policies. Some cases may arise where the requested value may be greater than the insurance amount, the claim submitted by the Company to the relevant insurance company may be dismissed, or the claim and compensation period may be prolonged. All these factors will have a fundamental negative impact on the Company's business, financial position, results of operations and prospects.



2.1.25 Risks of Litigation

The Company and its subsidiaries are subject to lawsuits and complaints due to the nature of their activities and transactions with third parties in the framework of the business sectors in which they operate. These lawsuits include - for example but not limited to – Zakat, tax and labor issues and other damages resulting from negligence or fraud committed by persons or institutions in a manner that is outside the control of the Company. The Company and its subsidiaries are liable to take legal action against them or to be a plaintiff. Therefore, the Company and its subsidiaries are not able to expect the exact litigation or judicial proceedings cost, their final result or the compensation and sanctions that will eventually arise. Thus, any negative results of such litigations may negatively affect the Group and the results of its operations. Regardless of the outcome of these litigations, the Company and / or its subsidiaries will incur high costs, so the Group 's business, financial position, results of operations and future expectations will be substantially affected.

As of the date of this Prospectus, there are a number of claims filed against BATIC before the Labor Court pending or appealed before the Appeal Court after objections to the rendered judgement (For more information kindly refer to sub-paragraph (9.10) "Litigation" from Section No. (9) "Legal information" of this Prospectus). The total amounts of penalties imposed on the Company are estimated at SAR (1,049,852). There are also lawsuits filed by BATIC in its capacity as a plaintiff before the General Court in Riyadh to claim the amount of SAR (1,452,850). If judgements are rendered imposing penalties on BATIC and its subsidiaries the Group's business, financial position and future prospect will be substantially affected.

2.1.26 Risks Related to Intangible Assets and Goodwill

Goodwill represents the increase of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. The Group annually tests the drop in the value of goodwill arising from the acquisition of Batic Investment and Business Logistic Company and the Arabian Company for Security Services and Safety (AMNCO) amounting to SAR (70,067,220) on December 31, 2020G, and the goodwill arising from the acquisition of AMNCO facility Management Co. Ltd. (previously Hikma for Commercial and Industrial Investment) by the Arabian Company for Security Services and Safety (AMNCO) estimated at SAR (8,178,489) on December 31, 2020G. The Group considered the prementioned companies (being 1- its subsidiary (Arabian Company for Security Services and Safety (AMNCO) and 2- AMNCO Facility Management Co. LLC a subsidiary of AMNCO) as cash-generating units and allocated the entire goodwill of the cash-generating units according to the International Accounting Standard (26).

So, this goodwill is subject, as usual and required, to the annual impairment test in the goodwill value, which is a difficult matter because of the complex accounting estimates and requirements and important judgments required in determining the assumptions that should be used to estimate the recoverable amount. During year 2020G the company has conducted such exercise and the result shows that no reduction of the value of the goodwill. In case of any change or substantial reduction in the future estimates or assumptions for the two acquired companies' results, their financial position and cash flows, in addition to the estimates of future growth rates and final value, the weighted average cost of capital (WACC) (discount rate), a reduction in the value of goodwill may arise which may have an impact on the Company's profitability, results of operations and future prospects.

2.1.27 Risks Related to Trademarks

The Company registered (2) trademarks in the Kingdom of Saudi Arabia at the Ministry of Commerce (Trademarks Register): the word BATIC in Arabic and Latin letters overlapping blue gradient under category (26). It relies on its trademark in the business it conducts in the Kingdom and on its ability to continue to use it and protect its rights with respect to that trademark against any illegal use (without a license from the Company) by third parties. The trademark, that has a distinctive geometrical form in a color combination of brown and purple, below it the word Mubarrad is written in Latin and Arabic in black under categorie (39), is registered with the Ministry of Commerce.

The Arabian Company for Security and Safety Sevices (AMNCO) registered (1) trademark with the Ministry of Commerce (Trademark Register): the word AMNCO in Arabic and Latin letters in red and black colors under category (45) (For more information, kindly refer to sub-paragraph No. (9.11) of "Trademarks" Section (9) "Legal information" of this Prospectus.

The other subsidiaries (AlShifa Technology Co. Ltd. and BATIC Real Estate Company) have not registered their trademarks; therefore, their logo has not been granted the necessary legal protection in accordance with the Trademark System, which will expose their associated interests to risks and have a negative and material impact on the Group's business, financial position and the results of its operations. It should be noted that the Company and its subsidiaries have to engage in costly legal proceedings to defend its trademark. This may cause substantial damage to the trademark's reputation, which will in turn have a negative impact on the Company's ability to attract new customers, leading to a December line in revenues. Hence, the Company's business, financial position, results of operations and future prospects will be fundamentally and negatively influenced.

The ability of the Company to market its products and services, and develop its business depends on the use of its name, logo and trademark, which supports its products and its competitive position, and gives it a clear distinction in the market among customers.

The Company has and its subsidiary (The Arabian Company for Security and Safety Services AMNCO) have both registered their trademarks with the competent authorities. Thus, any breach of property rights or unlawful use of the companies' trademarks will influence their reputation and lead to lawsuits and claims before the competent courts in order to protect these rights. It is an expensive process that requires a great deal of time and effort on the part of the administration. Consequently, if the Company fails to effectively protect its trademark when renewing the registration certificate or tracing similar marks, and if the other subsidiaries do not register their trademarks with the Ministry, the Company's trademark value, business. financial position, results of operations and future prospect will be substantially and negatively affected.



2.1.28 Risks Related to the Imposition of Fines Over Labor Law Violations

The Labor Law and Regulations stipulates that the employment contract with any employee and worker must be executed in duplicate, with one copy per party. According to the Ministry of Human Resources and Social Development work contracts shall be electronically documented by uploading and updating the information related to the workers' work contracts and giving workers the opportunity to verify the validity of their contract data through the General Organization for Social Insurance's e-service portal (GOSI) pursuant to the Ministerial Resolution No. (156309) and dated 18/08/1440H (corresponding to 23/04/2019G). It should be noted that all contracts concluded after the date of this resolution must be directly documented. As for those concluded prior to that date, the contracts' documentation is mandatory and during stages that end in Q4 2020G. It should also be noted that the Company that the percentage of compliance by the Company is 11% as 1 contract has been registered and there are still 8 contracts which are not registered. The Company's failure to comply with these regulations may be considered a violation of the Labor Law, hence it will be subject to a fine of SAR (1,000) according to the number of violating workers and the table of violations and penalties issued under Ministerial Resolution No. (178743) dated 27/09/1440H (corresponding to 01/06/2019G), which will negatively affect the Company's business and results of operations.

2.1.29 Risks Related to the Application of the Companies Law

The Company complied with the Companies Law issued by Royal Decree No. (M/3) dated (28/01/1437H) corresponding to 10/11/2015G (and published in the Official Saudi Gazette Umm Al-Qura) on 22/01/1437H (corresponding to 04/12/2015G), which came into effect on 27/01/1437H (corresponding to 04/05/2016G) and amended by Royal Decree No. (M/79) dated 25/07/1439 H (corresponding to 11/04/2018G). It also adheres to Article (224) of the Companies Law in terms of bylaws' amendments. The latest version of the bylaws has been released pursuant to EGA Resolution dated on 17/09/1440H (corresponding to 22/05/2019G). It was later approved by the Ministry of Commerce on 15/10/1440H (corresponding to 18/06/2019G).

The Companies Law imposes some statutory requirements that the Company must abide by. This will require it to take procedures and measures so as to comply with such requirements, which is time-consuming and may affect its business strategy. The current Companies Law also imposed more stringent penalties for violating its mandatory regulations. According to the Companies Law (Article 213), they may reach SAR (500,000), as stipulated in Article (214).

As of the date of this Prospectus, the Company is not in compliance with Article 56 (d) of the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies which prohibits any member of the Board to vote on the items of delegation and the revocation (in the ordinary general assembly meeting pertaining to the delegation granted by the shareholders to the Board of Directors in relation Article 71 of the Companies Law which regulates the business and contracts that are executed for the Company's account and in which a Board member has direct or indirect interest). The Company will be subject to penalties as stipulated in the Companies Law.

The Company will be subject to such penalties in the event of non-compliance with those regulations and provisions, which would adversely and materially affect the Company's business, financial position and results of its operations.

2.1.30 Risks Related to Non-compliance with Corporate Governance Regulations

The Company has a Corporate Governance that was prepared in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), by virtue of the Companies Law issued by Royal Decree No. M/ 3 dated 28/01/1437H, amended pursuant to the CMA Resolution No. (5.3-2019) and dated 15/09/1440H (corresponding to 20/05/2019G). It was last modified by the Authority's Board Resolution No. (1-7 -2021) dated 01/06/1442H (corresponding to 14/01/2021G).

The amended regulation includes mandatory clauses and more detailed provisions than those mentioned in the previous regulation. It contains mandatory clauses on the formation of the Board, its committees, their competencies, responsibilities, meetings, their members' rights and duties, and the provisions that address conflict of interest cases between the Company and its members, to ensure a clear relationship between on one hand shareholders and the Board, and on the other hand the Board and the executive management team. Moreover, it accorded a great deal of importance to shareholders' rights, such as the right to fair treatment without discrimination, and to transparently obtain information in order to exercise statutory rights to the fullest.

It should be noted that the Company is committed to all the mandatory articles in the Corporate Governance Regulations issued by the Authority, (for more details about Corporate Governance and the extent of the Company's commitment, kindly refer to sub-paragraph (9.4.5) "The Continuing Obligations as Per the Requirements of the CMA" Section No. (9) "Legal information").

The Company's failure to implement the Corporate Governance Regulations issued by the Authority may expose it to fines, which may have a negative and material impact on the its business, results of operations, financial position and future prospects.



2.2 Risks Related to the Market and Sector

2.2.1 Risks Related to Regulatory Rules and Standards Governing the Group's Activity

The Company and its subsidiaries carry out activities in different sectors, according to specialized licenses obtained from competent authorities. Since every activity is governed by laws and regulations, in addition to required licenses and permits, the Group is subject to the following laws and regulations because it conducts its business activities under licenses issued by authorized and competent authorities (for more details, kindly refer to paragraph (9.2) "Licenses and Permits Obtained by the Company and its Subsidiaries" from Section No. (9) "Legal information" of this Prospectus).

- Regulations governing the transport of goods, shipping brokers, freight and cargo agents and truck rental through the Saudi Transport and Investment Company – Mubarrad: This regulation issued by the Minister of Transport and Logistics Services No. (1-41-122) dated 07/05/1441H (corresponding to 02/01/2020G) and recently amended by virtue of the Minister of Transport and Logistics Resolution No. (01/134) dated 04/09/1442H (corresponding to 16/04/2021G), aims to regulate the sector of goods transportation by trucks (road freight transport), enhance personnel productivity and performance, increase the trucks operational efficiency, upgrade road safety, preserve the environment, improve competitiveness in order to provide the best services, and organize the contractual relation between all the transport process parties. This regulation sets the terms and conditions for obtaining the required licenses in the transport sector, especially goods transportation for the facilities operating under the Saudi Transport and Investment Company – Mubarrad. This regulation specifies the conditions to obtain, renew and waive the mentioned license. It also sets general terms and conditions related to: the driver, the training, the truck, the operation, the lease, and the transport document and contract. Chapter eleven identifies all violations and penalties. This regulation was also attached to the "Violations and Penalties" table, showing the penalty imposed for each violation, which amounted to ninety-seven described violations, and the penalties that ranged from SAR (500) to SAR (5,000).
- The bylaw governing the transfer of cash, precious metals and valuable documents through the Arabian Security and Safety Services Company – AMNCO: This bylaw, issued by Royal Decree No. (M/81) dated 18/10/1428H (corresponding to 30/10/2007G) and its executive regulations, sets the regulatory frameworks for obtaining licenses to engage in the activity of transporting money, precious metals, valuable documents in addition to the conditions that must be met by the managers of institutions and companies operating in this sector, and some specific conditions for workers in the vehicle crew who take part in this activity. Article 15 of this bylaw stipulates that anyone who violates this bylaw's provisions shall be punished with one or more of the following penalties: (1) Warning. (2) A financial fine that does not exceed SAR (100). (3) The License's Temporary Suspension. (4) The License's Revocation. The person incurring a penalty without advance notice may file a grievance before the Board of Grievances.
- Private Civil Security System through the Arabian Company for Security and Safety Services – AMNCO: The bylaw, issued by Royal Decree No. (M/24) and dated 08/07/1426H (corresponding to 13/08/2005G) and its executive regulations issued by Ministerial Resolution No. (170/H/D) dated 05/05/1427H (corresponding to 01/06/2006G), aims to regulate the field of security guard in terms of determining the conditions that must be met in individual institutions and companies that are licensed to provide private civil security guards services. This bylaw also imposes on the licensed institution or Company, operating in the field of civil security guard, continuous obligations, so that all security guards shall be trained, qualified and be required to wear a uniform. Moreover, these institutions, companies and guards are subject for inspection from security authorities to ensure compliance with all regulations. Article (12) of this bylaw stipulates that anyone who violates the bylaw's provisions shall incur one or more of the following penalties: (1) Warning. (2) Temporary closure of the Company or institution's head office for a period not exceeding one month. (3) A fine not exceeding SAR (50,000), and in the case of repetition the fine shall be doubled. (4) Cancellation of the license, and it shall not be revoked except by a ruling issued by the Board of Grievances.
- A regulation for the Control of Medical Devices and Products through the Subsidiary Company, AlShifa Technology Co. Ltd: This regulation was issued by the Food and Drug Authority Board of Directors Resolution No. (1-8-1429) dated 29/12/1429H (corresponding to 27/12/2008G), and amended by the General Authority for Food and Drug Board Resolution No. (4-16-1439) dated 09/04/1439H (corresponding to 27/12/2017G). It aims to protect public health in the Kingdom through the implementation of procedures and requirements that guarantee the patient's health protection and safety. Users of medical devices and products and other parties, throughout the stages of their manufacture, marketing and use during their expected service life, also benefit from this regulation which adopts the necessary measures and determine the requisite responsibilities to ensure that medical devices and products offered for marketing and/or use in KSA comply with all its requirements. Besides, this regulation applies to the following persons and products: (1) Manufacturers and their legal representatives, importers and distributors (2) All medical devices, products and their accessories that will be offered for circulation in the Kingdom. (3) Contact lenses and surgical laser devices used for non-medical cosmetic purposes and their accessories. It defines the mechanism for supplying the Kingdom's markets with medical devices and products, in addition to the requirements for registration in the National Register of Medical Devices and Products at the Authority. Furthermore, it specifies the conditions for the applicant to obtain a license for facilities of medical devices and products, and those related to the marketing authorization. Article 42 of this regulation stipulates the Authority's right to take appropriate measures when any provision of this regulation is violated, including, for example: (1) Temporary suspension of the license (2) Revocation of the license (3) Market withdrawal (4) Revocation of marketing authorization.
- Accordingly, the Group, through its subsidiaries, shall be subject to penalties if a violation of the licenses' laws, regulations and terms occurs. Moreover, any of the subsidiaries bearing a material penalty and/ or a penalty that leads to inability to temporarily or permanently practice its business activities will have a negative impact on the Company's performance. Thus, the Company as a whole, the results of its operations and future prospects will be adversely influenced.



2.2.2 Risks Related to the Economic Performance of the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including inflation's factors and causes, the Gross Domestic Product (GDP) growth, and average per capita Revenue. The Kingdom's macro and micro economy mainly depends on oil and oil industries, which still control a large share of the GDP. Therefore, any unfavorable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general, and on the government spending rates. As a result, the Company's financial performance, given its work within the Kingdom's economic system and its impact on government spending rates, will be substantially affected.

2.2.3 Risks Related to the Increase in Energy and Water Costs

The Council of Ministers issued Resolution No. (95) dated 03/17/1437H (corresponding to December 28, 2015G) to raise the prices of energy products, the tariff for electricity consumption, the price of water and sewage services for the residential, commercial and industrial sectors, as part of the policies related to rationalizing energy consumption and reducing government's subsidies in the Kingdom. The Ministry of Energy also issued a statement on 03/24/1439H (corresponding to 12/12/2017G) regarding the financial balance program's plan to correct energy products's costs, starting on 04/14/1439H (corresponding to 01/01/2018G). The Company and its subsidiaries' operations depend on the availability of energy and electricity products; therefore, any interruption or reduction in the supply of these products or any increase in their costs would significantly affect the Company's profitability, results of operations and future prospects.

2.2.4 Risks Related to the Saudi Economy's Impact on the Company's Operations

The Group's operations and assets are centered and located in KSA, which is considered to be an emerging market. Although the Kingdom continues to implement economic diversification to increase the contributions of non-oil sectors, the oil sector is still the number one source of Revenue to implement and develop economic plans. Accordingly, any Decrease in oil prices may lead to an economic slowdown or significantly reduce government spending, which will negatively affect the Saudi economy as a whole and all sectors and businesses operating in the Kingdom. Consequently, the Company's business, results of operations and financial position will be adversely influenced.

2.2.5 Risks Related to Political and Economic Instability in the Region

Some countries in the Middle East region are suffering from economic, political or security instability at the present time. There are no guarantees that these economic, political and security conditions in those countries or any other countries will stabilize. These conditions will have a negative impact on the Company's business, the results of operations, financial position and future prospects.

2.2.6 Risks Related to Growth Opportunities

The Company's ability to develop its business depends on the competition in the market, the availability of material and human resources and the capacity of its management team, bylaws and others. There is no guarantee that a continuous growth rate will be maintained, as the Company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the Company is not able to positively manage its growth, its ability to develop its activity, increase or maintain its market share, increase the profits of its business and improve the returns to its shareholders, its business, results of operations and financial position will be substantially affected.

2.2.7 Risks Related to Competition

Competition usually occurs when other companies operate in the Company's business sector of and provide similar or competing services. The transportation sector is one of the highly competitive sectors. Some of the Company's competitors have large financial and non-financial resources, especially local companies that have large market shares and gain the confidence of local customers.

Therefore, there is no guarantee that the Company will be highly and strongly competitive while conducting its business. Moreover, any change in the competitive environment may lead to a change in costs, a Decrease in profit margins or a loss of market share, which will have an adverse effect on the Company's business, financial position, results of operations, and future prospects.

2.2.8 Risks Related to Natural Disasters

In the event of the occurrence of natural disasters that cannot be controlled by the Company, such as floods, earthquakes, storms, etc., and that may damage the Company's facilities, the Company will incur heavy costs. Natural disasters may also affect the Company's ability to continue its operations and thus reduce its Revenue from those operations. Therefore, if such disasters occur and damage the Company's facilities, the Company's business, results of operations and financial position will be negatively and substantially affected.

2.2.9 Risks Related to Changes in Relevant Laws and Regulations

Like other companies operating in the Kingdom of Saudi Arabia, the Company and its subsidiaries are subject to a number of regulations and laws such as the companies' law, the Labor law, the municipal and Civil Defense laws, the CMA laws and regulations and others, which may change or get updated by the competent authorities. Moreover, new laws and regulations may be issued by the relevant official authorities from time to time. Accordingly, the business of the Company and its subsidiaries may be adversely affected if any substantial change in any of the related systems or the development of additional systems that have a direct impact on the performance and profitability of the Company occurred.

Likewise, the Company, as a public shareholding Company, may be subject to penalties and fines if it does not fulfil the requirements of the CMA and the rules of offering securities and continuing obligations issued by the CMA and the listing rules issued by Tadawul, in terms of not disclosing some of the substantial events according to Article 62, in addition to the financial reports required on time according to Articles 64 and 65 of the rules on the offer of securities and continuing obligations or in case of delaying the time of disclosure, which will have a negative and substantial impact on the business, results of operations, financial position and future prospects of the Company.

Moreover, the subparagraph (b) of Article (54) of the rules on the offer of securities and continuing obligations also obligates public joint stock companies to disclose to the public in the event of a difference of (5%) or more between the actual use of proceeds of the issue of rights shares as set out in the relevant Prospectus as soon as becoming aware of it.



Sub-paragraph (6.2) “Use of Subtraction Proceeds” from Section (6) “Use of Proceeds”, explains how the Company uses the offering proceeds which is the subject of this Prospectus. In the event that the Company’s management does not comply with this usage or if any deviation occurs, the Company will be obliged to directly disclose that on Tadawul’s website. Following this event, the Company must also present that at the first meeting of the General Shareholders Assembly in order to approve the amendment or deviation that occurred in the method of using the proceeds disclosed in this Prospectus. In the event of failure to comply with the procedures, legal risks will be entailed on the Company if one of the shareholders protested against obtaining the approval of the General Assembly, which will negatively affect the Company’s operations and financial position.

2.2.10 Risks Related to Value-added Tax (VAT)

On 02/05/1438H, the Saudi Arabian Council of Ministers December ided to approve the unified VAT agreement for the GCC countries, which came into force on 01/01/2018G, as a new tax amounting to 5% of the sale price to be added to the rest of the taxes and other fees on specific sectors in the Kingdom, including the sectors in which the Company operates. On 17/10/1441H corresponding to 09/06/2020G, the Board of Directors of the General Authority of Zakat and Tax issued DecisionNo (2-3-20) stipulating the increase of VAT rate to 15% of the sales price starting from 01/07/2020G. The Company and its subsidiaries impose VAT in return of the services provided to customers as specified in the law.

2.2.11 Risks Related to Imposing New Duties or Taxes

The Company and its subsidiaries are currently subject to several types of taxes other than Zakat and VAT (15%). If new corporate taxes or fees other than those currently applied are imposed, the net profits of the Company will be directly affected, thus impacting its business, operations results, financial position and future prospects.

2.3 Risks Related to Shares

2.3.1 Risks Related to Potential Fluctuations in Share Price

The Company’s share price may be subject to considerable fluctuations and may not be stable due to several factors including, but not limited to: stock market conditions related to shares, any regulatory changes in the sector in which the Company operates, deterioration of the Company’s business results, inability to execute future plans, the entry of new competitors and speculation on the Company’s operations. It should be noted that the market price of the Company’s shares during the period of Rights issue offering is not an indication of its market price after the offering. Furthermore, there is no guarantee that the market price of the Company’s shares, once listed on Tadawul, will not be lower than the Offer Price, which negatively affect the investors.

2.3.2 Risks Related to Potential Fluctuation in Rights Issue

The market price of the Rights Issue may be subject to considerable fluctuations due to the change in Tadawul trends in respect of the Company’s shares. Such fluctuations may be considerable because of the difference between the daily fluctuation percentage allowed to the Rights compared to the daily fluctuation percentage allowed to Company’s shares.

The trading price of the Rights Issue depends on the Company’s current share price and the market perception of the Rights’ fair price after subscription. These factors (in addition to the abovementioned factors under the “Potential Fluctuations in the Share Price”) may also adversely affect the trading price of the Rights Issue.

2.3.3 Risks Related to Profitability or Sale of Rights Issue

There is no guarantee of the share profitability when it is traded at a higher price. Moreover, there is no guarantee that there will be sufficient demand in the market to exercise the Rights Issue or to receive compensation from the Company for not exercising the Rights Issue.

2.3.4 Risks of Lack of Demand for Rights Issue and Company Shares

There is no guarantee that there will be sufficient demand for the Rights during the trading period in order to enable the holders of such Rights (whether a Registered Shareholder or a new investor) to sell the Rights and make a profit from them. There is also no guarantee that there will be sufficient demand for Rump Shares by the Institutional Investors during the Rump Offering. If Institutional Investors do not subscribe for the Rump Shares at a price higher than the Offering Price, there will not be a sufficient compensation amount to be distributed to holders of exercised Rights and holders of the Fractional Shares. Likewise, if Institutional Investors do not subscribe for Rump shares at a price higher than the Offering Price or if they do not subscribe at all, there will not be a sufficient compensation amount to be distributed to holders of exercised Rights and holders of the Fractional Shares.

Moreover, there is no guarantee that there will be sufficient market demand for the New Shares once they are traded on the Exchange. This will negatively affect the share price, the Company and shareholders’ profitability.

2.3.5 Risks Related to Speculation in Rights Issue

Speculation in Rights Issue is subject to risks that could cause substantial losses. The range of permissible change in the Rights Issue tradable prices (“Right Indicative Value”) exceeds the percentage that the share is subject to. There is a direct relationship between the Company’s share price and the Right’s indicative value. Accordingly, the daily price limits for the tradable right are affected by the daily price limits for share trading.

In the event that the speculator does not sell the existing Rights before the end of the trading period, he will be forced to use these rights to subscribe to new shares, and will be thus exposed to losses.



2.3.6 Risks Related to Ownership Percentage December line

If the holders of the Rights do not fully exercise their Rights with respect to the acquisition of the New Shares in the Offering, their shareholding percentage and voting rights will be reduced. In case the registered holder of the Rights wishes to sell its Rights during the trading period, there can be no assurance that returns will be sufficient to fully compensate for the drop of its shareholding percentage in the Company as a result of its capital increase.

2.3.7 Risks Related to not Exercising Subscription to Rights Issue in a Timely Manner

The subscription phase starts on Monday 09/05/1443H (corresponding to 13/12/2021G) and ends on Thursday 19/05/1443H (corresponding to 23/12/2021G). Eligible shareholders and their representative financial intermediaries shall act to ensure that all necessary instructions are fulfilled before the subscription period expires. The subscription application may be rejected if Rights' holders and financial intermediaries are unable to follow the necessary procedures (Kindly refer to Section (12) "Shares Information & Offering Terms and Conditions").

If eligible shareholders are not able to properly exercise their subscription rights by the end of the subscription period according to the Rights they hold, there can be no assurance that a compensation amount will be distributed to those who neither subscribed nor exercised subscription properly.

2.3.8 Risks Related to Dividend Distribution to Shareholders

Dividend distribution depends on several factors, including future profits, financial position and cash flows, working capital requirements, capital expenditures, distributable reserves, available credit limits and investment requirements of the Company and the general economic situation, in addition to several other factors December ided by the Board of Directors. Moreover, the capital increase - if the Company is not able to achieve greater profits in the future – will lead to a Decrease in profitability of shares in the future; so, the profits of the Company will be distributed to a greater number of shares as a result of the increase in the Company's capital.

The Company does not guarantee the payment of any future profit to shareholders, nor does it provide any guarantee regarding the amount that will be paid in any year. Furthermore, dividend is subject to certain conditions and controls stipulated in the Company's By-laws.

2.3.9 Risks Related to Selling a Large Number of Shares

Selling a large number of the Company's shares in the financial market after the subscription or anticipating such process will negatively affect the prices of the Company shares in the financial market in general and the Company's shares price in particular.

2.3.10 Risks related to the Issuance of New Shares

In the event the Company December ides to issue new shares in the future (i.e rights issue for supporting the Company's projects or increasing its capital to acquire a Company or an asset) after obtaining the required approvals, the ownership of the shares will December line proportionally, as well as the voting rights and dividends, which may affect negatively the market price of the share.

2.3.11 Risks Related to the Company's Data-driven Future

The future results and performance information of the Company cannot be actually predicted, as the achievements and ability of the Company to develop are determined by actual results. The inaccuracy of information and results is one of the risks that the shareholder must know in order not to affect his investment December ision.

2.3.12 Risks Related to a Decrease in the Demand for Rights Issue and Company Shares

There is no guarantee that there will be sufficient demand for the Rights Issue during the Trading Period to enable the Rights Issue holder (whether it is a Registered Shareholder or a new investor) to sell Rights and make a profit, or to sell the Rights in general. Moreover, there is no guarantee that there will be sufficient demand for the Company's shares by institutional investors during the Rump Offering Period. If institutional investors do not submit high purchase offers for the rump shares, there may not be insufficient compensation to be distributed to Rights Issue holders who did not exercise their right to subscribe. Furthermore, there is no guarantee that there will be sufficient demand in the market for the shares obtained by a subscriber either through the exercise of the Rights Issue, the Rump Offering or the open market.



3. Company Overview and Nature of Business

3.1 Company Overview

BATIC Investment and Logistics Co. (hereinafter referred to as the "Company" or the "Parent Company" or "Batic"), was initially established as a limited liability Company with the trading name "The Saudi Company for Refrigerated Transport". The capital upon incorporation amounted to eighty million (80,000,000) Saudi riyals divided into eight hundred thousand (800,000) current shares of equal value, and the value of each share is one hundred (100) Saudi riyals distributed among fifty partners. It was registered with the Ministry of Commerce by virtue of a registration certificate in the Commercial Register No (1010052902) issued by the city of Riyadh on 04/13/1404H (corresponding to 01/16/1984G). The Company was converted from a limited liability to a joint stock Company under the name of "The Saudi Land Transport Company", under the Ministerial Decision No 21/10/1411H (corresponding to 05 / 05 / 1991) while retaining the commercial registration number and date. The head office of the Company is located in the city of Riyadh - Olaya District - Al Arz Street - Batic Building, second floor – PO Box 7939, Zip Code 11472. Note that the Company's trading name has been modified twice after it was converted into a joint stock Company. The first time, the former trading name was modified from "The Saudi Company for Land Transport - Mubarrad", to "The Saudi Company for Transport and Investment - Mubarrad", according to the approval of the Extraordinary General Assembly held on 26/01/1429 H (corresponding to 04/02/2008G). The second time, the former trading name was changed from "The Saudi Transport and Investment -Mubarrad" to become the current trading name of the Company "Batic Investments & Logistics Co.", according to the EGA's approval held on 06/07/1438H (corresponding to 03/04/2017G).

According to its bylaws, the Company is engaged in the following activities:

- Transportation, deportation, handling, storage, packaging, selling, purchasing, manufacturing, supplying and distributing various goods and materials, including refrigerated, frozen, liquid, bulk, solid, gaseous, oil, petroleum and petrochemical products, jewelry, precious metals, money, valuable documents, data, information, electronic storage, archives and related materials inside and outside the Kingdom of Saudi Arabia Saudi Arabia and its different regions, land ports, harbors and airports. Moreover, the Company has the right to buy, sell, lease, rent and use aircrafts, ships, cars, trucks, trailers, machinery and equipment, in addition to the right of transporting passengers, organizing touristic trips, transporting domestic and foreign pilgrims and visitors from and to the Kingdom, operating and maintaining metros and trains.
- Buying, renting, leasing, planning, developing, investing, maintaining, operating, building, establishing and managing lands, real estate, factories, buildings, residential, commercial and industrial projects and their facilities, in addition to warehouses, stores, hotels, furnished apartments, hospitals, museums, markets, recreational centers, workshops, gas stations and strategic stocks inside and outside the Kingdom.
- General contracting services (construction, repair, demolition and restoration), general construction of road and water works, electrical, mechanical, industrial works, marine works, dams, well drilling, maintenance, operation and management services for buildings, airports, factories, power stations, desalination, water and gas pumping, telephone networks, hospitals, medical centers, construction of residential buildings and all utilities and affiliated services such as: entertainment centers, museums, markets, restaurants, subsistence projects, building hospitals, clinics and dispensaries to provide health services for workers in factories and industrial companies, marketing factory products locally and internationally, and providing other official services.
- Engaging in general trade of all kinds and forms, trade via Internet and electronic marketing (e-commerce), and carrying out commercial agency work related to the Company's purposes and activities, as well as selling, distributing, importing, manufacturing, maintaining and packaging equipment, machines, devices, materials, goods and spare parts.
- Conducting research, studies and technical, administrative and financial development to serve the purposes of the Company, as well as preparing, printing and distributing guidelines, bulletins, information, data and other activities related to the services it provides.
- Managing its subsidiaries, or participating in the management of other companies in which it contributes and providing the necessary support for it, investing its money in shares and other securities, owning real estate and movables necessary to carry out its activity, owning industrial property rights such as patents, trademarks, industrial rights, franchises and other intangible rights, their exploitation, and their leasing to its subsidiaries or other institutions.
- In order to achieve its objectives, the Company has the right to own real estate, cars, trucks, trailers, machinery, equipment, and movable and immovable assets, and to establish and build offices, branches, factories, warehouses, stores, gas stations, and maintenance workshops. The Company is also entitled to engage in different legal actions such as: selling, purchasing, emptying or evacuating, getting paid, exchanging, renting, leasing, entering into settlement and pledge agreements, getting insurance loans and guarantees, contracting, transporting, conducting business, guarding, consulting, suing, and taking other necessary legal actions to carry out its commercial activity, as well as to perform and provide, for its account or for others, business and logistic, technical, administrative, financial, industrial and commercial services, in addition to supplying and recruiting skilled labor.
- The Company shall practice its aforementioned activities after obtaining the requisite licenses from the competent authority if any.
- The Company's Registry Data indicates that the business activity it is licensed to practice involves: general construction of residential buildings and general constructions of non-residential buildings including schools, hospitals and hotels, restoration of residential and non-residential buildings, construction and repair of roads, streets, sidewalks and road accessories and finishing buildings.



3.2 Historical Background About the Company and Major Capital Structure Developments

BATIC Company for investments and logistic services was established in 1984 and is headquartered in Riyadh, Saudi Arabia. It became a joint stock company in 1991. It is considered as one of the first Saudi joint stock companies specialized in investment and logistic services. As a limited liability Company with a modest land transport fleet and a humble vision within the trucking business. After initial success and growth; the Company was renamed BATIC to match the aspirations of its main shareholders and board of directors. Committed to continued growth, the Company is integrating many state-of-the-arts processes, like GPS tracking and advanced ERP system, to further streamline the customer experience.

Following a complete corporate restructuring in the first quarter of 2012G, BATIC is establishing and implementing a number of best-practice corporate governance measures to ensure transparency, accountability, and to serve the needs of our investors and shareholders.

BATIC Investments & Logistics Co. engages in the construction of residential and non-residential buildings. It operates through the following segments: Transportation, Real Estate, Security Guards, ATM Feeding, Insurance Money Transfer, Counting and Sorting of Money and Correspondence, Maintenance and Operation, and Medical Equipment Supply. The Transportation segment includes transportation of goods and missions, car and trailer rental services, rental of cold stores, fuel stations and maintenance workshops, and sale and maintenance of equipment and machinery related to road transport. The Real Estate segment buys and sells lands and constructing buildings. The Security Guards segment offers security guard and shift services to banks and companies. The ATM Feeding segment includes feeding and maintenance services for banks' ATMs. The Insurance Money Transfer segment comprises transportation and insurance services for the transfer of money and valuables. The Maintenance and Operation segment provides maintenance and operation of buildings, property management, and marketing for others.

BATIC Investment and Logistics Company was initially established as a limited liability Company with the trading name "The Saudi Company for Refrigerated Transport. The first time, the former trading name was modified from "The Saudi Company for Land Transport - Mubarrad", to "The Saudi Company for Transport and Investment - Mubarrad", according to the approval of the Extraordinary General Assembly held on 26/01/1429H (corresponding to 04/02/2008G). The second time, the former trading name was changed from "The Saudi Transport and Investment -Mubarrad" to become the current trading name of the Company "Batic Investments & Logistics Company", according to the EGA's approval held on 06/07/1438H (corresponding to 03/04/2017G).

- BATIC Investment and Logistics Company was initially established as a limited liability Company with the trading name "The Saudi Company for Refrigerated Transport. The first time, the former trading name was modified from "The Saudi Company for Land Transport - Mubarrad", to "The Saudi Company for Transport and Investment - Mubarrad", according to the approval of the Extraordinary General Assembly held on 26/01/1429H (corresponding to 04/02/2008G). The second time, the former trading name was changed from "The Saudi Transport and Investment -Mubarrad " to become the current trading name of the Company " Batic Investments & Logistics Company", according to the EGA's approval held on 06/07/1438H (corresponding to 03/04/2017G), and the Company's articles of incorporation dated 03/09/1404H (corresponding to 12/12/1983G) registered with the Riyadh Notary Public in the Gazette (40/47), volume (3) for the year 1404H. It was also registered with the Ministry of Commerce Commercial Register under registration certificate No. (1010052902) issued by the city of Riyadh on 04/13/1404H (corresponding to 16/01/1984G). The Company's capital upon incorporation amounted to SAR (80,000,000), split into (800,000) cash shares of equal value, and the value of each share is SAR (100) distributed among (50) partners.
- On 05/07/1405H (corresponding to 27/03/1985G), (3) partners waived their shares to other partners and consequently exited the Company, without any change in the capital. Accordingly, the Company's capital became SAR (80,000,000), divided into (800,000) cash shares of equal value, and the value of each share is SAR (100) distributed among (47) partners.
- On 26/11/1410H (corresponding to 19/06/1990G), the partners General Assembly authorized the Company's capital ncrease to reach SAR (300,000,000) and convert the Company into a joint stock Company, by the partners' entry with their in-kind shares as founders of the joint stock Company with in-kind and cash shares equivalent to (40%) of the capital, and the acceptance of new partners representing (20%) of the capital with in-kind or cash shares, and the offering of (40%) of the shares for public subscription.
- The Company was transformed into a joint stock Company pursuant to Ministerial Resolution No. (861) dated 10/21/1411H (corresponding to 05/05/1991G), while retaining the commercial registration certificate number and date, with a capital of SAR (300,000,000) split into (6,000,000) shares with a nominal value of SAR (50) per share.
- On 22/12/1423H (corresponding to 23/02/2003G), the Extraordinary General Assembly (EGA) Decided to Decrease the Company's capital from SAR (300,000,000) to SAR (180,000,000) split into (3,600,000) shares of equal value, and the nominal value of each share is SAR (50).
- On 27/02/1427H (corresponding to 27/03/2006G), the Capital Market Authority (CMA) Resolution No. (4-145-2006) was issued to divide the shares of joint stock companies in four stages, pursuant to the Council of Ministers Resolution, stipulating that the nominal value of joint stock companies' shares is SAR (10) per share. Hence, the Company's shares equivalent to (3,600,000) shares with a nominal value of SAR (50) per share were split into (18,000,000) shares of equal value, and the nominal value of each share is SAR (10), all of which are ordinary cash shares.
- On 21/02/1438H (corresponding to 21/11/2016G), the Extraordinary General Assembly (EGA) Decemder ided to increase the capital from SAR (180,000,000) to SAR (240,000,000) split into (24,000,000) shares with a nominal value of SAR (10) each, by granting bonus shares and issuing 33.33% of the current number of shares, equivalent to (1) bonus share for every (3) owned shares.
- On 13/08/1439H (corresponding to 29/04/2018G), the Extraordinary General Assembly (EGA) Decemder ided to increase the capital from SAR (240,000,000 to SAR (300,000,000) split into (30,000,000) shares with a nominal value of SAR (10) each, by granting bonus shares and issuing 25% of the current number of shares, equivalent to (1) bonus share for every (4) owned shares.
- On 02/09/1442H (corresponding to 14/04/2021G), the Board of Directors recommended to the EGA of shareholders to increase the capital by an amount of SAR (300,000,000), to become SAR (600,000,000) by offering rights issue of (30,000,000) new shares.



3.3 The Company's Main Activities

Batic is engaged in five (5) main activities:

Logistics Activity

This activity includes the following sectors:

- **Transport Sector:** The transport sector is represented in the land transportation of goods and tasks services in the Kingdom, car and trailer rental services, rental of cold stores, gas stations, maintenance workshops, purchase, sale and maintenance of equipment and machinery related to road transport in KSA.
- **Security Guards Sector:** provides security guards and shift services for banks and companies.
- **ATM Cash Replenishment Sector:** includes replenishment and maintenance of ATM machines and banks.
- **Secure Money Transport Sector:** comprises secure money and valuables transport services.
- **Money Counting & Sorting and Correspondence Service Sector:** includes money counting and sorting and postal correspondence services.

Real estate Activity

Real estate activity consists of buying and selling lands, constructing buildings and investing by selling or renting for the benefit of the Group, and establishing and operating commercial and industrial projects.

General Contracting Activity

This activity is represented by the maintenance and operation sector, which includes maintenance and operation of buildings, property management and marketing for third parties.

Commercial Activity

The Group is engaged in selling and supplying medical equipment to third parties.

3.4 Company Branches

The Company certifies that it does not have any branches or substantial assets outside KSA.

3.5 Company Subsidiaries

The Company may establish limited liability or joint stock companies on its own, and it may also own shares in other existing companies or merge with them. It is also entitled to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the required regulations and instructions. The Company may also dispose of these shares, provided that this does not include brokerage/mediation in their trading.

As of the date of this Prospectus, the Company has four (4) subsidiaries in KSA through which it carries out the abovementioned activities.

3.5.1 Subsidiaries in the Kingdom of Saudi Arabia

3.5.1.1 Batic Real Estate Company

Incorporation

Batic Real Estate Company is a Private Limited Company that was established in 2017G in Riyadh, Saudi Arabia. The organisation operates in the Real Estate Investment & Services sector. Ownership of the organisation is held by Saudi based enterprises.

Batic Real Estate Company was established, under a certificate of registration in the Commercial Registry dated 26/05/1438H (corresponding to 23/02/2017G), as a One-Person Company (with limited liability), and it bears Commercial Registration Certificate No. 1010468252 issued in Riyadh, and its head office is located in Riyadh – Olaya District - Al - Arz Street, Building No. 8862. It should be noted that Batic Real Estate Company does not have any branches.

Company Activities

Batic Real Estate Company carries out the activities of buying, selling, and subdividing land and real estate into more than one lot, in addition to off-plan sale activities, management and leasing of owned or leased (residential) properties, management and leasing of owned or leased (non-residential) properties, management and operation of hotel apartments, and real estate management activities for a commission.

Ownership Structure and Company Management

The current capital of Batic Real Estate Company is SAR (100,000) divided into (10,000) shares, the value of each share is SAR (10). Batic Investment and Logistics Company owns 100% of Batic Real Estate Company shares.



Batic Real Estate is managed by a Board of Managers consisting of two managers, namely:

- 1- Mohammed Saud Abdulaziz Al - Zamil
- 2- Firas Khaled Abdullah Al Bawardi

Mohammed Saleh Abdulrahman Al Mazid is the Chief Executive Officer (CEO) of the company.

3.5.1.2 Saudi Transport and Investment Company - Mubarrad

Incorporation

The Saudi Transport and Investment Company - Mubarrad is a transportation and logistics Company with a rich history spanning almost 30 years. Starting with a modest land transport fleet and a humble vision within the trucking business, Mubarrad has now grown into a limited liability Company.

The Saudi Transport and Investment Company - Mubarrad was established by virtue of a registration certificate in the Commercial Register on 16/05/1438H (corresponding to 13/02/2017G) as a One-Person Company (with limited liability), and it bears the Commercial Registration Certificate No. 1010468091 issued in Riyadh, and its head office is located in Riyadh, PO Box 15522, Zip Code 12611, Telephone 8255911. As of the date of this Prospectus, the Company has one branch inside the Kingdom of Saudi Arabia registered in the Commercial Registry in Dhurma City under registration certificate No. (1110100581) dated 24/03/1442H (corresponding to 10/11/2020G) and valid until 24/03/1444H (corresponding to 10/20/2022G).

Company Activities

Land transportation is at the core of Mubarrad logistics services, which are designed to meet the needs of the clients' supply chain across many industries. This Company offers Full-Truckload [FTL] services for point-to-point delivery of most commodities.

With continuous trucks movement between the major cities of Saudi Arabia and to most cities within the GCC, Mubarrad allows customers to efficiently manage their stock levels between origin and destination, thanks to its network across the region. To serve critical time-bound delivery schedules of large corporations with their own in-house supply chain management, where transit time is crucial, the Company offers Leased Trucks of various configurations, thus ensuring customers a significant cost advantage and continuous availability of dedicated trucks and drivers.

Ownership Structure and Company Management

The Company's current capital is estimated at SAR (90,000,000) divided into SAR into (9,000,000) shares with a value of SAR (10) each. Batic Investment and Logistics Company owns all the shares of the Saudi Transport and Investment Company - Mubarrad.

The Saudi Transport and Investment Company - Mubarrad is managed by a board of managers consisting of two managers, namely:

- 1- Mohammed Saud Abdulaziz Al - Zamil
- 2- Firas Khaled Abdullah Al Bawardi
- 3- Ahmed Idan Moqbel Al- Khathami is the designated General Manager.

3.5.1.3 AlShifa Technology Co. Ltd.

Incorporation

AlShifa Technology Company Ltd. was established under a registration certificate in the Commercial Register dated 02/01/1437H (corresponding to 13/02/2017G), as a limited liability Company and bears the Commercial Registration No. 1010438136 issued in Riyadh, with headquarters in Riyadh, Olaya District – Al Arz Street, Building number: 8862. Noting that this Company was established between Batic Investment and Logistics Company and AlShifa Medical Technology Company by converting the aforementioned branch of the Company into a limited liability Company called "AlShifa Technology Company Limited". It is worth noting that AlShifa Technology Co., Ltd. does not have any branches.

It should be noted that AlShifa owns a subsidiary which operates under the name of Josor Al Taawon Medical Company LLC (for further information please see sub-section 4.2.5.3 of this Prospectus).

Company Activities

AlShifa Technology Co. Ltd. is engaged in the wholesale activity of medical devices, equipment and supplies. It operates in the Healthcare Equipment & Services sector. Ownership of the organisation is held by Saudi based enterprises.

Ownership Structure and Company Management

The Company's current capital is SAR (100,000) divided into 910,000 shares, the value of each share is SAR (10). Batic Investment and Logistics Company owns all the shares of AlShifa Technology Co. Ltd., after the other partner, AlShifa Medical Technology Company, waived all shares according to the partners' resolution audited by the Ministry of Commerce No. (145462) dated 01/06/1442H (corresponding to 14/01/2021G) and approved by No. (100003688) on 29/06/1442H (corresponding to 11/02/2021G).

The Company is managed by a board of managers consisting of two managers, namely:

- 1- Mohammed Saud Abdulaziz Al - Zamil
- 2- Firas Khaled Abdullah Al - Bawardi
- 3- Muslet Munahi Melfi AlMarzoqi is the Chief Executive Officer (CEO) of the company.



3.5.1.4 The Arabian Company for Security and Safety Services - AMNCO

Incorporation

The Arabian Company for Security and Safety Services - AMNCO, was established as a limited liability company pursuant to commercial registration certificate number (1010061647) dated 03/05/1406H (corresponding to 14/01/1986G) issued in Riyadh, and the head office is located in the city of Riyadh - Olaya District - Al - Arz Street, Building No. 8862. It is worth noting that the Arabian Company for Security and Safety Services AMNCO has three subsidiaries:

1- AMNCO Facilities Management Company Limited, which is owned (70%) by the Arabian Company for Security and Safety Services - AMNCO and (30%) by the Family Investment Company. The Company's capital is SAR (6,000,000), and it is registered in the commercial register in the city of Riyadh under a certificate bearing the number 1010172169 and dated 16/09/1422H (corresponding to 01/12/2001G). The Company's activity as specified in the commercial registration certificate is the general cleaning of buildings. The head office is located in the city of Riyadh - Olaya District – Aba Al-Khail Commercial Center. The Company is managed by a board of managers composed of two managers, namely: Mohammed Saud Abdulaziz Al - Zamil, Adnan Abdulrahman Abdullah Al – Rashed, and a general manager: Khalid Abdul Rauf Rabah Rimawi.

2- Smart Cities Solutions Company, whose capital amounts to SAR (100,000), distributed as follows: Batic owns (37.8%) of the shares, The Arabian Company for Security and Safety Services - AMNCO owns 35% of the shares, Jasara Holding Company owns (10%) of the shares, Amnco Facilities Management owns (8%), Smart Solutions Limited owns (4%) of the shares, and AlWalid Khalid AlMoqbel owns (2.60%) of the shares and Moteb Mohamed Kraidiss owns (1.6%) of the shares and Adnan Abdul Rahman Abdullah Al-Murshed owns (1%) of the shares. It should also be noted that BATIC has executed a shares purchase agreement on 18/01/1443H (corresponding to 26/08/2021G.) to acquire 35% of the Smart Cities Solutions which is partially owned by AMNCO (a subsidiary of BATIC) for a consideration of SR35,000 which represents the nominal value of the share. The completion of this acquisition transaction is subject to the below pre-conditions:

- 1- AMNCO to settle the sale shares at book value (losses) to BATIC;
- 2- BATIC to replace AMNCO in all facilities and loans contracts that are granted by banks to Smart Cities Solutions Company.
- 3- to transfer to BATIC all liabilities and dues registered and due to AMNCO in its capacity as shareholders in Smart Cities Solutions Company.
- 4- the remaining shareholder of AMNCO to waive all pre-emptive rights or a call for any right pertaining to this sales purchase arrangement.
- 5- obtaining the required approvals to effect the changes of shareholders in Smart Cities Solutions Company.

It should also be noted that Batic will have further controlling interest in Smart Cities Solutions Company following the acquisition of the shares of Aminco (35%) which will effect changes of the shareholders in Smart Cities Solutions Company (for further information, please see sub-section 3.5.2 "Other Investments").

3-Alistijaba Communications & IT Company with a paid-up capital of SR100,000 divided amongst the following shareholders: 1) AMNCO owns 60% and Adnan AbdulRahman Abdallah AlMarshid owns (40%) of the shares. It should be noted that the acquisition of shares by the BATIC's subsidiary AMNCO was executed pursuant to Alistijaba Communications & IT Company's shareholders resolution dated 14/01/1443H. (corresponding to 22/08/2021G.) effecting the changes of shareholders as provided in the updated articles of association of the company dated 13/01/1443H. (corresponding to 21/08/2021G.). Alistijaba Communications & IT Company is currently managed by two managers being: Mohamad Saudi Abdulaziz AlZamel and Adnan AbdulRahman Abdullah AlMarshid.

The Company has 38 branches distributed over the various regions and cities of the Kingdom. The following table is an overview of the main branches in the Company's activity:

Table No. (4): Main Branches of the Arabian Company for Security and Safety Services AMNCO

| Number | Number of Registration Certificate in Commercial Register | Date of Registration Certificate in Commercial Register | Expiry Date | Activity | Location |
|------------|---|---|--|--|-------------------------------|
| 1010428640 | Private civil security guard | 16/02/1436H (corresponding to 28/12/2014G) | 16/02/1447H (corresponding to 10/08/2025G) | Private civil security guard | Riyadh, Sulaymaniyah District |
| 1010428818 | Transfer of cash, precious metals and valuable documents | 22/02/1436H (corresponding to 14/12/2014G) | 22/02/1446H (corresponding to 26/08/2024G) | Transfer of cash, precious metals and valuable documents | Riyadh, Sulaymaniyah District |

Source: The Company.

Company Activities

In addition to security, the Company provides services such as the transfer of funds and precious metals, the replenishment and maintenance of ATM machines, cash processing and counting, risk management, correspondence services, monitoring and protection.



Ownership Structure and Company Management

The Company's current capital SAR (100,000,000) divided into (10,000,000) shares, the value of each share is SAR (10) distributed as follows:

Table No. (5): Ownership Structure of the Arabian Company for Security and Safety Services

| | Partner | Partners Ownership in the Arabian Company for Security & Safety Services-AMNCO | | |
|--------------|-----------------------------------|--|--------------------|----------------------|
| | | Shares Number | Share Value (SAR) | Ownership Percentage |
| 1 | Batic Investment & Logistics Co. | 9,488,888 | 94,888,880 | 94.88% |
| 2 | AbdulRahman bin Ibrahim Al Dawood | 155,556 | 1,555,560 | 1.56% |
| 3 | Abdullah bin AbdulRahman Al Salem | 155,556 | 1,555,560 | 1.56% |
| 4 | Mohamad bin Mustafa Al Jehni | 200,000 | 2,000,000 | 2.00% |
| Total | | 10,000,000 | 100,000,000 | 100% |

Source: The Company.

The Company is managed by a board of managers consisting of five (5) members:

- 1- Ahmed Mohamed Ali Al-Sanie (Chairman of the Board of Managers)
- 2- Fahad Mubarak Thabet Alguthami
- 3- Majed Abdullah Suleiman Alissa
- 4- Mohammed Saud bin Abdulaziz Al-Zamil
- 5- Feras Khaled Abdullah Albawardi

Adnan Abdul Rahman Abdullah Al Murshid is the CEO of the Company.

3.5.2 Other Investments

3.5.2.1 Smart Cities Solutions Company (Information Technology & Services)

Incorporation

Smart Cities Solutions Company was established as a limited liability Company pursuant to the commercial registration certificate No. 1010901033 dated 22/08/1438H (corresponding to 18/05/2017G) issued in the city of Riyadh. The head office is located in Riyadh PO Box: 552, Zip Code 11351.

Company's Activities

Smart City Solutions is a Company specialized in providing services and advanced solutions for cities to be classified as smart cities according to the seven technologies that have been classified by the World Bank for smart cities, and to keep pace with the global progress in this industry and its application in Saudi cities, from which the project has been awarded construction and operation of smart parking in Khobar, Dhahran and Dammam Company, which is responsible for raising the classification of these cities to be one of the cities that the Kingdom seeks to classify among 100 smart cities around the world and achieve one of the goals of the Kingdom's vision 2030. Smart City Solutions undertakes general construction activities for residential buildings, general construction of non-residential buildings, including (schools, hospitals, and hotels), parking lots in yards, parking lots in multi-storey buildings, traction and roadside assistance activities, including (towing of broken cars), building maintenance services activities, repair and maintenance of wireless telephone equipment.

Ownership Structure and Company Management

The Company's current capital is SAR (100,000), divided into (1,000) shares, the value of each share is SAR (100) as follows:

Table No. (6): Ownership Structure of Smart Cities Solutions Company prior to the acquisition of 37.8% by Batic

| | Partner | Partners Ownership in the Arabian Company for Security&Safety Services-AMNCO | | |
|--------------|--|--|-------------------|----------------------|
| | | Shares Number | Share Value (SAR) | Ownership Percentage |
| 1 | Smart Parking Holding Company | 400 | 40,000 | 40% |
| 2 | The Arabian Company for Security and Safety Services – AMNCO | 350 | 35,000 | 35% |
| 3 | AMNCO Facility Management Co. Ltd. | 80 | 8,000 | 8% |
| 4 | Jasara Holding Company | 70 | 7,000 | 7% |
| 5 | Smart Parking Company Limited | 40 | 4,000 | 4% |
| 6 | Ahmed Mohammed Al-Sanie | 30 | 3,000 | 3% |
| 7 | Hazon Holding Company | 20 | 2,000 | 2% |
| 8 | Adnan Abdul Rahman Al Murshid | 10 | 1,000 | 1% |
| Total | | 1,000 | 100,000 | 100% |

Source: The Company.



On 18/01/1443H. (corresponding to 26/08/2021G.) BATIC has entered into an agreement with its subsidiary AMNCO to acquire all its shares (representing 35% of the paid-up capital) in Smart Cities Solutions Company at the nominal value of the shares for consideration of SR35,000. As of the date of this prospectus the changes did not take effect in the constituent documents of Smart Cities Co.

It should be noted that on 01/05/2021G, a share sale and purchase agreement was signed between Batic Investment and Logistics Company (the buyer) and the Smart Parking Holding Company (the seller), in order to acquire 358 shares (out of 400 shares owned by the seller) in Cities Solutions Company. On 03/10/2021G, the Company completed all the procedures to effect the changes of shareholders following the acquisition of 35.8% from Smart Parking Holding (please see section 6 "Use of Proceeds" of this prospectus).

Further, the Company acquired on 03/10/2021G. the entire shares of Hazon Holding Company for a cash consideration of SAR 6million which was funded through a bank facility available to the Company.

Table No. (7): The following table summarize the sale and purchase transactions that took place between the Company and certain shareholders in Smart Cities Co.:

| Seller | Acquirer | Notes |
|-------------------------------|----------|--|
| Smart Parking Holding Company | Batic | On 26/02/1443H (corresponding to 03/10/2021G) all regulatory procedures have been completed effecting changes of shareholders in Smart Cities Co in relation to the purchase by Batic of 35.8% from Smart Parking Holding Company who used to own 40% (400 shares) in the Smart Cities Co. for a consideration in cash. In accordance with the amended articles of association effecting the changes of shareholders with the withdrawal of Smart Parking Holding Company and the entry of new shareholders being: <ul style="list-style-type: none"> Batic buying 358 shares transfer of 26 shares to Mr. Khalid AlMoqbel transfer 16 shares to Mr. Metab Kraidiss |
| AMNCO | Batic | On 18/01/1443H (corresponding to 26/08/2021G) Batic and its subsidiary Amnco has entered into a shares sale and purchase agreement to acquire the entire shares of AMNCO in Smart Cities Co representing 35% of the share capital for a consideration as per the nominal value of the shares SR35K. It should be noted that Smart Cities Co did not effect the changes in its constituent documents as of the date of this prospectus |
| Hazon Holding Company | Batic | On 26/02/1443H (corresponding to 03/10/2021G) all regulatory procedures have been completed to effect the changes of shareholders following the acquisition transaction representing 2% of the share capital in Smart Cities for cash consideration of SR 6million. |

Since this acquisition transaction is completed and all the conditions stipulated in the agreement are fulfilled the ownership become in accordance with the following:

Table No. (8): Ownership Structure of Smart Cities Solutions for Communications and Information Technology after the completion of the acquisition of 37.8% of the shares by Batic

| | Partner | Partners Ownership in the Arabian Company for Security&Safety Services-AMNCO | | |
|--------------|----------------------------------|--|-------------------|----------------------|
| | | Shares Number | Share Value (SAR) | Ownership Percentage |
| 1 | Batic Investment & Logistics Co. | 378 | 37,800 | 37.8% |
| 2 | AMNCO | 35 | 35,000 | 35% |
| 3 | AMNCO Facilities Management Ltd. | 80 | 8,000 | 8% |
| 4 | Jasara Holding | 100 | 1,000 | 10% |
| 5 | Smart Parking Co. Ltd. | 40 | 4,000 | 4% |
| 6 | AlWaleed Khalid Almoqbel | 26 | 2,600 | 2.6% |
| 7 | Metab Mohamad Kraidiss | 16 | 1,600 | 1.6% |
| 8 | Adnan Abdulrahman AlMurshid | 10 | 1,000 | 1% |
| Total | | 1,000 | 100,000 | 100% |

Source: The Company.

The Smart City Solutions Company is currently managed by a Board of Managers composed of five (5) members:

- 1- Al-Waleed Khaled Abdel Aziz AlMoqbel.
- 2- Mohammed Saud bin Abdulaziz Al-Zamil.
- 3- Hashem Hassan Ahmed Barga.
- 4- Turki Muhammad Hamad Al-Madi
- 5- Adnan Abdul Rahman Abdullah Al Murshid (Member and CEO)



3.5.2.2 AMNCO Facilities Management Limited

Foundation

AMNCO Facilities Management Company Ltd., No. (1010172169) was established in Riyadh on 16/09/1422H (corresponding to 01/12/2001G), as a limited liability Company. The head office is located in the city of Riyadh - Olaya - Aba Al-Khail Commercial Center.

Company Activities

AMNCO Facilities Management Co. Ltd. carries out general cleaning activities for buildings.

Ownership Structure and Company Management

The Arabian Company for Security and Safety Services AMNCO owns (70%) and Ahmed Muhammed AlSanei owns (30%) of AMNCO Facilities Management Company Ltd. capital, which is estimated at SAR (6,000,000), according to the latest amended articles of incorporation, and confirmed by the notary public on 07/17/ 1439H (corresponding to 14/04/2017G).

The Company is managed by a board of managers consisting of two managers, namely:

- 1- Mohammed Saud Abdulaziz Al-Zamil
- 2- Adnan Abdul Rahman Abdullah Al-Rashed

Khaled Abdel Raouf Rabah Al-Rimawi is the General Manager of the Company.

3.5.2.3 Alistijaba Communications & IT Company

Alistijaba Communications & IT Company was established as a limited liability company pursuant to commercial registration certificate No. (10101572268) dated 07/02/1438H (corresponding to 07/11/2016G) issued in Riyadh, and the head office is located in the city of Riyadh.

Company Activities

Alistijaba Communications & IT Company provides fire, burglary and robbery alarm systems, remote and motion sensor electronic alarm systems, in addition to other security systems to protect and maintain buldings that were not mentioned above.

Ownership Structure and Company Management

The Company's current capital is SR (100,000) divided into (10,000) shares, each share of SR (10) as follows:

Table No. (9): Ownership Structure of Al-Istijabah for Communications and Information Technology Company

| | Partner | Partners Ownership in Alistijaba Communications & IT Company | | |
|--------------|--|--|-------------------|----------------------|
| | | Shares Number | Share Value (SAR) | Ownership Percentage |
| 1 | Adnan Abdul Rahman Abdullah Al-Morshed | 4,000 | 40,000 | 40% |
| 2 | AMNCO Facilities Management Company Ltd. | 6,000 | 60,000 | 60% |
| Total | | 10,000 | 100,000 | 100% |

Source: The Company.

The subsidiary AMNCO Facilities Management Company Ltd. has acquired (60%) of Alistijaba Communications & IT Company after AMNCO's partners' approval pursuant to the partners' decision dated 14/01/1443H (corresponding to 22/08/2021G) that approved the entry of AMNCO as a partner in Alistijaba Communications & IT Company (prior to its conversion into a LLC and in accordance with the incorporation contract dated 13/01/1443H (corresponding to 31/08/2021G).

The Company is managed by a board of managers consisting of two managers, namely:

- 1- Mohammed Saud Abdulaziz Al-Zamil
- 2- Adnan Abdul Rahman Abdullah Al-Morshed



3.5.2.4 Josor AlTaawon Medical Company

Josor AlTaawon Medical Company was established as a limited liability company pursuant to commercial registration certificate No. (1010900961) dated 26/02/1439H (corresponding to 15/11/2017G) issued in Riyadh, and the head office is located in the city of Riyadh – AlOlaya District – Al Arz Street, Building No. 8862.

Company Activities

Josor AlTaawon Medical Company provides human healthcare and social work services.

Ownership Structure and Company Management

The Company's current capital is SR (50,000) divided into (5,000) shares, each share of SR (10) as follows:

Table No. (10): Ownership Structure of Josor AlTaawon Medical Company

| | Partner | Partners Ownership in Josor AlTaawon Medical Company | | |
|--------------|--------------------------------------|--|-------------------|----------------------|
| | | Shares Number | Share Value (SAR) | Ownership Percentage |
| 1 | AlShifa Technology Co., Ltd. | 3,750 | 37,500 | 75% |
| 2 | Abdallah Abdul Aziz Mohamad Al Ziyab | 1,000 | 10,000 | 20% |
| 3 | Musallat Monahi Molfi Al Marzouky | 250 | 2,500 | 5% |
| Total | | 5,000 | 50,000 | 100% |

Source: The Company.

On 29/10/1442H (corresponding to 10/06/2021G), Mrs. Rima Abdallah Abdul Aziz Al Ziyab conceded Josor AlTaawon Medical Company to the aforementioned parties and it was converted into a LLC by the concessionaire.

The Company is managed by a board of managers consisting of two managers, namely:

- 1- Mohammed Saud Abdulaziz Al-Zamil
- 2- Feras Khaled Abdullah Al Bawadri

Musallat Monahi Molfi Al Marzouky is the CEO of the Company.

3.5.2.5 Truck-In Company

Foundation

Truck-In is a British Virgin Islands (BVI) offshore company established under No. (1922040) on 22/11/1437H (corresponding to 05/08/2016G) as a limited liability company. It headquarters in the United Arab Emirates.

Company Activities

Truck-in Company carries out transportation activities.

Ownership Structure and Company Management

Pursuant to the shareholders' agreement dated 10/09/2019G, Track-In is a limited liability Company authorized to issue (26,625,000) shares, the value of each share is \$ (1). As of December 31, 2020G, BATIC Investment and Logistics Company has (1,751,906) shares, approximately (14.2%) of the shares. The Company's total participation value is SAR (1,742,704). The Company is managed by a board of directors consisting of (9) members nominated by shareholders. It should be noted that BATIC has appointed Mr. Firas Khaled Abdullah Albawardi as its representative in the aforementioned Board.

3.5.2.6 United Dairy Farms Company

Foundation

The United Dairy Farms Company was established under a certificate of registration in the Commercial Register dated 11/11/1408H (corresponding to 25/07/1988G), as a limited liability Company and bears Commercial Registration No. 1010069324 in Riyadh. The headquarters are located in Riyadh, PO Box 5611, Zip Code 11466.

Company Activities

The Company's activities include veterinary medicine storage according to the Food and Drug Authority (FDA) No. 060100123 dated 12/08/1433H (corresponding to 02/07/2012G).



Ownership Structure and Company Management

The capital of the United Dairy Farms Company is SAR (7,250,000) divided into (72,500) shares, and the value of each share is SAR (100). BATIC owns (3,000) shares of the total number of shares of this Company representing (4.16%). The Company's total participation value is SAR (300,000) of the total capital of the United Dairy Farms Company.

The Company is managed by a Board of Directors consisting of six (6) members:

- 1- Abdulaziz Mansour Al-Saghir
- 2- Nasser Abdul Rahman Al-Rasheed
- 3- Mohammed Abdullah Al-Tokhaim
- 4- Khaled Mohammed Al-Aqeel
- 5- Abdullah Mohammed Al Mufdi
- 6- Muhammad AhmG Al-Rahma

3.6 Major Shareholders

The Company has one major shareholder: The Family Investment Company (it owns 4,500,000 shares representing 15% of the Company's total shares prior to the offering).

3.7 Vision

The Company strives to be a leader in its business field and the favourite partner in providing integrated logistics and security solutions in the Middle East.

3.8 Mission

The Company aims to maximize stakeholder value by investing in high-quality companies and a committing to growth and innovation.

3.9 Strategy

The Company's stated strategy is as follows:

- The Company is committed to continuous growth. Having been equipped with a modest land transportation fleet, it was able to complete many modern operations such as adopting GPS and advanced ERP systems, in an attempt to further facilitate the customers' experience.
- After undergoing a complete restructuring in the first quarter of 2012G, the Company is establishing and implementing a number of best corporate governance procedures to ensure transparency and accountability, and serve the needs of investors and shareholders.
- The Company strives to meet the high expectations of its stakeholders at all times.
- The Company is committed to expanding its investments. It intends to invest and acquire a controlling stake in the Smart City Solutions Company (through the purchase of 35% of the shares of Amnco in Smart City) which is specialized in providing advanced services and solutions for cities to be classified as smart cities according to the seven technologies approved by the World Bank for Smart Cities.

3.10 Strengths and Competitive Advantages

The strengths and competitive advantages of the Company are as follows:

- BATIC is considered one of the first Saudi joint stock companies specialized in investment and logistics.
- The Company has won many awards and honors for its services in the private and public sectors.
- The Company has a balanced and diversified customer base
- The Company is characterized by a senior management with a wide experience and expertise to manage its activities and investments.

3.11 Business Interruption

There was no interruption in the Company's business that could have affected or had a noticeable impact on its financial position during the past (12) months.



3.12 Employees and Saudization

According to the Nitaqat program issued by the Ministry of Human Resources and Social Development, the Saudization rate was (20%) classified within the (low green) category (B) of Nitaqat program, and it falls under "Intercity Land Freight Transport " sector.

The following table shows the numbers of the employees for the past three years of 2018G, 2019G and 2020G:

Table No. (11): Company and its Subsidiaries Employees Distribution for the past three (3) years (2018G, 2019G, 2020G:

| Company / Subsidiaries | 2018G | | | | 2019G | | | | 2020G | | | |
|--|-------------|-------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|------------|-------------|
| | Saudi | | Non-Saudi | | Saudi | | Non-Saudi | | Saudi | | Non-Saudi | |
| | No | % | No | % | No | % | No | % | No | % | No | % |
| BATIC Investment and Logistics Company | 10 | 0.2% | 6 | 1.3% | 13 | 0.3% | 6 | 1.3% | 10 | 0.2% | 10 | 3.1% |
| BATIC Real Estate Company | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Saudi Transport and Investment Company – Mubarrad | 79 | 1.7% | 240 | 51.2% | 48 | 1.0% | 253 | 55.4% | 64 | 1.6% | 179 | 54.9% |
| AlShifa Technology Co., Ltd. | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3 | 0.1% | 1 | 0.3% |
| The Arabian Company for Security and Safety Services – AMNCO | 4670 | 98.1% | 223 | 47.5% | 4664 | 98.6% | 196 | 42.9% | 3978 | 97.6% | 131 | 40.2% |
| Smart Cities Company | 0 | 0.0% | 0 | 0.0% | 4 | 0.1% | 2 | 0.4% | 19 | 0.5% | 5 | 1.5% |
| Total | 4759 | 100% | 469 | 100% | 4729 | 100% | 457 | 100% | 4074 | 100% | 326 | 100% |

Source: The Company.

Table No. (12): Distribution of the numbers of the Company and its subsidiaries' employees according to government data entities

| Company / Subsidiaries | Social Insurance Certificate | | Nitaqat | | Resident | Pay roll | |
|--|------------------------------|------------|-------------|------------|------------|-------------|------------|
| | Saudi | Non-Saudi | Saudi | Non-Saudi | Non-Saudi | Saudi | Non-Saudi |
| BATIC Investment and Logistics Company** | 5 | 4 | 5 | 20 | 4 | 5 | 5 |
| BATIC Real Estate Company | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Saudi Transport and Investment Company – Mubarrad | 71 | 170 | 71 | 170 | 170 | 71 | 170 |
| AlShifa Technology Co., Ltd. | 2 | 0 | 2 | 0 | 0 | 2 | 0 |
| | -- | -- | -- | -- | 184 | 3809 | 88** |
| | 389 | 186 | 870 | 180 | | | |
| The Arabian Company for Security and Safety Services – AMNCO | 3186 | 0 | 2345 | 0 | | | |
| | 14 | 2 | 15 | 4 | | | |
| Smart Cities Company | 70 | 210 | 68 | 215 | 218 | 68 | 271 |
| Total | 3761 | 582 | 3400 | 583 | 586 | 4051 | 559 |

Source: The Company.

* There is a variation of the number of 387 employees as: the number of 173 employees working in other establishments, the number of 46 students, the number of 10 public employees, the number of 156 employees with special needs, and the number of 2 migrant workers. While the turnover rate in the security sector is high, which affects the addition and exclusion of social insurance in AMNCO.

50 ** residents working for AMNCO Facilities Company, registered with the Arabian Company for Security and Safety Services – AMNCO - and 30 residents under the sponsorship transfer procedures.

*** There are certain discrepancies in the number of non-Saudi employees as it appears that the company has 16 employees registered in the Ajir system (outsourcing) and they don't appear in the extract of Muqem and in the pay roll.

As of 19/09/2021G, the number of Batic employees is equal to twenty-five (25) employees five (5) of whom are Saudis and twenty (20) non-Saudis out of which 4 are sponsored by the Company and 16 under Ajeer. Saudization rate is at (20%) of the total number of employees.



4. Organizational Structure of the Company

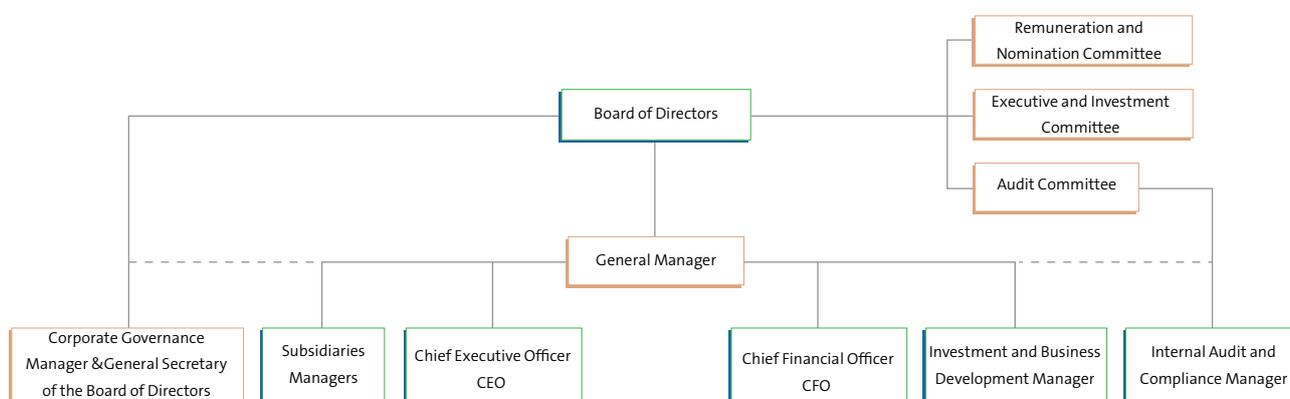
4.1 Organizational Structure

The Company has an organizational structure that lay down the different departments and delegation of powers and works among them. The Company's administrative structure consists of the Board of Directors and a team of senior executives (senior management). The organizational structure is headed by the Board of Directors and supported by the senior management, which is responsible for supervising the daily management of the Company. The Board is responsible for the general guidance, supervision and control of the Company. The Board has delegated the responsibility to implement the strategic plans and the the Company's day-to-day business operations to the senior management, headed by the CEO. Moreover, the Board is responsible in laying down the necessary policies and procedures to ensure the efficiency and effectiveness of the Company's management and its internal control system and to ward off risks as much as possible.

In addition to the audit committee, the Company established an executive committee and remuneration and nomination committee, whose task is to submit reports to the board of directors. The executive management, who have been delegated by the Board of Directors with specific executive power, has the responsibility for managing the daily operations of the Company.

The following chart, which is approved by the Board of Directors in its meeting held on (31/08/2020G), sets out the organizational structure of the Company.

Figure No. (2): Organizational Structure Chart of the Company



Source: Company

4.2 The Company's Board of Directors

The following table sets forth the names and details of the current Board Members:

Table No. (13): Employees of the Company and its subsidiaries according to government agencies data

| Members of Board Board of Directors appointed on 10/08/1441H (corresponding to 03/04/2020G) * | | | | | | | | | |
|--|-----------------|-------------------------------|--------------|-------------|-----|---------------|-------------------|-----------|------------|
| Name | Position | Membership Status** | On behalf of | Nationality | Age | Owned Shares | | | |
| | | | | | | Direct Number | Indirect** Number | Total | % |
| Mr. Ahmed Mohammed Al Sanei | Chairman | Non-Executive Non-Independent | Himself | Saudi | 53 | 1,375,000 | 4,500,000 | 5,875,000 | 19.5833333 |
| Eng. Majed Abdullah Suleiman Alissa | Vice-Chairman | Non-Executive Non-Independent | Himself | Saudi | 44 | 0 | 0 | 0 | 0% |
| Eng. Mohammed Saoud AlZamil | Delegate Member | Executive Non-Independent | Himself | Saudi | 35 | 0 | 0 | 0 | 0% |
| Dr. Sultan AbdulAziz AlMubarakMr. | Board Member | Non-Executive Independent | Himself | Saudi | 55 | 1 | 0 | 1 | 0.0000033 |
| Mr. Taha Mohammad Azhari | Board Member | Non-Executive Independent | Himself | Saudi | 52 | 100 | 0 | 100 | 0.0003333 |
| Mr. Feras Khaled Albawardi | Board Member | Non-Executive Non-Independent | Himself | Saudi | 32 | 1,250 | 0 | 1,250 | 0.0041666 |
| Mr. Fahad Mubarak Alguthami | Board Member | Non-Executive Independent | Himself | Saudi | 50 | 1,250 | 0 | 1,250 | 0.0041666 |



| Members of Board Board of Directors appointed on 10/08/1441H (corresponding to 03/04/2020G) * | | | | | | | | | |
|--|--------------|---------------------------|--------------|-------------|-----|---------------|-------------------|-------|-----------|
| Name | Position | Membership Status*** | On behalf of | Nationality | Age | Owned Shares | | | |
| | | | | | | Direct Number | Indirect** Number | Total | % |
| Mr. Moussa Abdul Aziz bin Akrash | Board Member | Non-Executive Independent | Himself | Saudi | | 1,000 | 0 | 1,000 | 0.0033333 |

Source: The Company.

* The Ordinary General Assembly held on 09/08/1441H (corresponding to 02/04/2020G) agreed to elect the abovementioned members of the Board for the current session, which started from 10/08/1441H (corresponding to 04/03/2020G) and ended 11/09/1444H (corresponding to 02/04/2023G).

** The shares indirectly owned by members of the Board of Directors in the Company through their ownership in companies holding shares in the Company or shares owned by relatives of Board members, either directly or through their ownership in companies holding shares in the Company.

4.3 Mandatory Board Positions

According to Article (20) of the Company's By-laws, the Board of Directors shall appoint from among its members a chairman and a vice chairman, and it may appoint a managing director. It is not permissible to combine the position of the chairman of the Board of Directors with any executive position in the Company. The Board of Directors shall have the powers listed in Article (20) of the By-laws, whereas the powers of chairman, vice chairman, the managing director or the CEO, and the secretary, are set out in Article (20) of the By-laws. The Board's Secretary shall undertake the tasks and powers assigned thereto by the Board. The Company is in compliance with the By-laws and the Corporate Governance Regulations with respect to the mandatory appointment in the following compulsory positions.

Table No. (14): Summary of the Board's resolutions to fill the Mandatory Positions

| Position | Date of Board Resolution | Appointee |
|-------------------------|---|---------------------------------|
| Chairman of the Board | Board Meeting Minutes (Session 14/225) dated 13/08/1441H (corresponding to 06/04/2020G) | Mr. Ahmed bin Mohammed AlSanei |
| Vice Chairman | Board Meeting Minutes (Session 14/225) dated 13/08/1441H (corresponding to 06/04/2020G) | Eng. Majed bin Abdullah Alissa |
| Chief Executive Officer | Board Meeting Minutes (Session 14/225) dated 13/08/1441H (corresponding to 06/04/2020G) | Eng. Mohammad bin Saoud AlZamil |
| Secretary of the Board | Board Meeting Minutes (Session 14/225) dated 13/08/1441H (corresponding to 06/04/2020G) | Mr. Mohammad bin Saleh AlMazid |

Source: The Company.

Board meetings

- According to Article (21) of the By-laws, the Board shall be convened at least (2) twice per year upon a written invitation given by the Chairman. The Chairman shall call a meeting of the Board by written invitation, delivered personally, by mail, fax or e-mail. The Chairman must call a meeting of the Board if requested by any two Directors.
- The minutes of the Board of Directors' meetings for the years 2018G, 2019G, 2020G show that the Company is in compliance with the provisions of the By-laws.
- The following table sets forth the Company's commitment to the By-laws in terms of the number of meetings (in addition to certain meetings conducted via phone).

Table No. (15): Number of Board Meetings During the Past Three Years

| Administrative Authority | 2018G | 2019G | 2020G* |
|--------------------------|-------|-------|--------|
| Board of Directors | 4 | 4 | 5 |

Source: The Company.



4.4 Company's Board Committees

The Board has formed a number of specialized committees, whether in accordance with the requirements of the Companies Law, the Capital Market Authority Law and Regulations, or in light of the Company's business need, to assist the Board in managing its tasks more effectively. They are as follows:

4.4.1 Audit Committee

The Board has formed an audit committee according to article (35) of the Company's Bylaws and the first paragraph (1) of Article (2) of this committee's Regulations. This committee must be made up of a number of members not less than three (3) or more than five (5) members from outside the Executive Board of Directors. They shall be shareholders or others, and the number of the current members of the Committee is three (3) members, in addition to the Secretary of the Committee (A. Hossam Al-Afra) The members of the Audit Committee were appointed from by the ordinary General Assembly held on 09/08/1441H (corresponding to 02/04/2020G), according to the Board's resolution No. (13/87) on 15/07/1441H (corresponding to 10/03/2020G), and for a new term starting from 10/08/1441H (corresponding to 03/04/2020G) and ending at the end of the current Board term on 11/09/1444H (corresponding to 02/04/2023G). It is formed of the following members:

Table No. (16): Members of the Audit Committee

| Name | Position | Membership Status | Appointment Date |
|------------------------------|---------------------|--------------------------------|--|
| Mr. Taha bin Muhammad Azhari | Committee Chairman | Independent Board Member | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Musa bin Akrash | Committee Member | Independent Board Member | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Abdul Rahman Al-Sultan | Committee Member | Non-Board Member (Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Hossam Al-Afara | Committee Secretary | Non-Board Member (Independent) | 10/08/1441H (corresponding to 03/04/2020G) |

4.4.1.1 Duties and Responsibilities of the Audit Committee

The audit committee is responsible to oversee the Company's business and fully review reports, financial statements and internal control systems. The Committee's responsibilities include, in particular, the following:

First: Financial Reports

- Review the Company's interim and annual financial statements and the related announcements, and to present them to the Board.
- Provide its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable and contain information that allows shareholders and investors to assess the Company's financial position and performance.
- Review any important or emerging issues included in the financial reports.
- Examine the accounting estimates in respect of significant matters that are contained in the financial reports.
- Study the accounting policies applied in the Company and express believes and recommendation regarding them to the Board.
- Ensure that the financial statements are prepared in accordance with generally accepted accounting principles in the Kingdom.

Second: Internal Control System

- Examine and review of the Company's internal and financial control and manage the risk within the Company.
- Consider the efficiency of the Company's assessment of the substantial risks that it may be exposed to and the steps taken by the Company to oversight and confront these risks.
- Study and approve the annual review plan of the internal audit department.
- Follow up on the implementation of the internal audit department of the tasks entrusted to it and the extent to which the internal audit department conducts its work according to the approved annual plan.
- Review the internal audit reports and pursue the implementation of corrective measures in respect of the comments included in such reports.
- Oversee and supervise the performance and the activities of the Company's internal audit to ensure they have access to the necessary resources and ensure their effectiveness in performing the activities and duties assigned to it.
- Recommend to the Board Decisions regarding the appointment of internal auditor and suggest his /her remuneration.
- Prepare a written annual report on its opinion on the adequacy and effectiveness of the Audit Committee and the Company's internal and financial control system in the Company, and other activities it has undertaken within its functions. Sufficient copies of this report shall be deposited in the Company's headquarters at least ten days before the date of the General Assembly meeting in order to provide all shareholders with a copy of it. The report shall be read out at the meeting.



Third: The Auditor

- Recommend to the Board the appointment, dismissal, and compensation of the external auditor, after verifying its independence and reviewing its scope of work and terms of engagement.
- Verify the independence, objectivity, and fairness of the external auditor and the effectiveness of the audit work, taking into account the relevant rules and standards.
- Review the external auditor's services and verify that it is not providing any technical or management services outside of the scope of the audit and make recommendation in respect of the same.
- Review the reports, qualifications and comments of the external auditor in relation to the Company's financial statements and follow up on the actions taken in relation to the same.
- Discuss the auditor's comments periodically, ensure that they are addressed with the Company's management, and refer to the Board if necessary.

Fourth: Compliance

- Review the reports and results of investigations of any supervisory or regulatory authorities, and ensure that the Company has undertaken the necessary actions in relation to the same;
- Review and monitor the Company's compliance with the applicable laws, regulations, policies and instructions;
- Review the contracts and transactions to be entered into by the Company with Related Parties, and make recommendations to the Board in relation to the same;
- Report to the Board any matters or issues which should be brought to the attention of the Board, and any related recommendations.

4.4.1.2 Audit Committee Meetings for the Past Three Years

- According to Article (57) of the Corporate Governance Regulations and Article (6) of the Audit Committee Internal Regulations, the Audit Committee periodically meets at least four (4) times during the Company's financial year.
- The table below sets forth the number of the Audit Committee meetings during 2018G, 2019G, and 2020G:

Table No. (17): Number of Audit Committee Meetings during the past 3 years:

| Audit Committee | 2018G | 2019G | 2020G |
|-----------------|-------|-------|-------|
| | 5 | 4 | 4 |

Source: The Company.

4.4.2 Remuneration & Nomination Committee (R&NC)

The Remuneration & Nomination Committee (R&NC) was created in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the R&NC Regulations. It is formed by a resolution of the Board of Directors and shall consist of three (3) members who are not Board Executive Members, whether from shareholders or others, provided that one of them at least is an independent member. The current R&NC consists of three (3) members in addition to the Secretary (Mr. Mohammed AlMazid). Members were nominated during the Board of Directors' meeting held on 13/08/1441H (corresponding to 06/04/2020G). The new Committee's term starts on 10/08/1441H (corresponding to 03/04/2020G) and expires at the end of the current Board term on 11/09/1444H (corresponding to 02/04/2023G). It consists of the following members:

Table No. (18): Members of the Remuneration and Nominations Committee

| Name | Position | Membership Status | Appointment date |
|--------------------------|---------------------|------------------------------------|--|
| Dr. Sultan Al Mubarak | Committee Chairman | Board Member (Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Taha Muhammad Azhari | Committee Member | Board Member (Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Musa bin Akrash | Committee Member | Board Member (Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Mohammad Al Mazid | Committee Secretary | Non-Board Member (Non-Independent) | 10/08/1441H (corresponding to 03/04/2020G) |

Source: The Company.



4.4.2.1 Duties and Responsibilities of the Nomination and Remuneration Committee

- Develop, review and update the policies regarding the compensation and remunerations for the members of the Board, its committees and executive management, and submit any recommendations regarding them to the Board of Directors in preparation for submitting them to the General Assembly for approval.
- Clarify the relationship between the remunerations granted and the applicable policy, and indicate any substantial deviations from the policy and the causes beyond these deviations.
- Review periodically the remuneration policies, and evaluate their effectiveness in achieving their desired goals. Recommend to the Board of Directors regarding the remuneration of Board Members, its committees and senior executives in accordance with the approved policies.
- Recommend to the Board of Directors to remunerate Board Members, committees and senior executives in accordance with the approved policies submit the regarding recommendations to the Board of Directors.
- Review The CEO, General Director's contracts and annual remunerations in subsidiaries according to relevant regulations and policies and submit the regarding recommendations to the Board of Directors.
- Suggest clear policies and criteria to the Board and Executive Board membership.
- Recommend to the Board of Directors to appoint and re-elect Board members according to the relevant criteria, taking into consideration that they have never before been indicted for or convicted of a crime or a felony prejudicial to honour and integrity.
- Prepare a description of the capabilities and qualifications required to fill executive management positions.
- Providing the Board members with information and reports about important topics related to the scope of its work upon request.
- Determine the time that members must devote to the Board's agenda.
- Review periodically the required skills and competencies needs for Board and Committee membership.
- Review the Board and Executive Board's structure and submit recommendations regarding the possible and adequate changes.
- Determine whether a member has an independent member status, taking into consideration the minimum requirements that must be met for the independence status. The committee annually confirms the independence of the independent members, and ensure that there is no interest conflict if the member is a member of the Board of Directors of another Company.
- Develop job descriptions for executive and non-executive members, independent members and senior executives of the Company.
- Establish special procedures to resolve the position vacancy of a member of the Board of Directors, Committees or senior executives in the Company.
- Identify the weaknesses and strengths in the Board of Directors and Committees, and submit the recommendations and proposals regarding a mechanism to address weaknesses and take advantage of strengths in accordance with the Company's interest.

4.4.2.2 N&RC Meetings for the Past Three Years

- In accordance with the Corporate Governance Regulations and Article (79) of the Company's Corporate Governance Regulations, the N&RC shall meet periodically at least every six (6) months and whenever deemed necessary.
- The table below sets forth the N&RC's number of meetings during the years 2018G, 2019G and 2020G:

Table No. (19): Nnumber of Meetings of the N&RC During the Past Three Years:

| Nomination and Remuneration Committee | 2018G | 2019G | 2020G |
|---------------------------------------|-------|-------|-------|
| | 2 | 4 | 3 |

Source: The Company.



4.4.3 Executive and Investment Committee

The Board of Directors formed the Executive and Investment Committee in accordance with the requirements of the Companies Law and the policy of the Company's Executive and Investment Committee. This Committee consists of at least three (3) members, Board or Non-Board members appointed by the Board according to a nomination by the R&NC. The current Executive and Investment Committee consists of four (4) members in addition to the Secretary of the Committee (Mr. Muhammad Al-Mazid), and was formed at the Board of Directors meeting held on 13/08/1441H (corresponding to 06/04/2020G), provided that the new Committee's term begins on 10/08/1441H (corresponding to 03/04/2020G) and ends at the end of the current Board term on 11/09/1444H (corresponding to 02/04/2023G). It consists of the following members:

Table No. (20): Members of the Executive Committee

| Name | Position | Membership Status | Appointment date |
|---------------------------------|---------------------|--|--|
| Mr. Ahmed bin Mohammad Al-Sanie | Committee Chairman | Chairman of the Board (Non-Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Eng. Majed Alissa | Committee Member | Vice Chairman of the Board (Non-Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Eng. Mohammad Al Zamil | Committee Member | Board Member (Non-Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Feras Albawardi | Committee Member | Member of the Board (Non-Independent) | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Mohammad Al Mazid | Committee Secretary | Non-Board Member (Independent) | 10/08/1441H (corresponding to 03/04/2020G) |

Source: The Company.

4.4.3.1 Functions and Powers of the Executive and Investment Committee

The Committee shall assume the entrusted powers in accordance with the policy of the Company's Executive and Investment Committee, its functions and powers are as follows:

- Study the Company's comprehensive strategy, main and interim action plans, investment policies and mechanisms, financing, risk management, and emergency management plans, based on the proposal of the executive management.
- Review the Company's optimal capital structure, its strategies and financial objectives.
- Review the Company's main capital expenditures, own and dispose of assets, and review all kinds of discretionary budgets.
- Recommend entering into investment projects and new partnerships, or acquire companies related to the Company's business, or to vertically and horizontally
- develop the current activities.
- Conduct the necessary studies for the Company's new investments and submit the necessary recommendations in this regard.
- Submit a recommendation to the Board of Directors to take a Decision regarding the following:
 - Increase or Decrease the Company's capital.
 - Dissolve the Company before the term fixed in its Bylaws or December of its business continuity.
 - Use of the Company's consensual reserve in case it was created by the Extraordinary General Assembly and not allocate it for a specific purpose.
 - Create additional reserves or financial allocations for the Company.
 - The method of distributing the Company's net profits.
 - Oversee the implementation of internal control systems and rules, including:
 - Implement a conflict-of-interest policy.
 - Apply appropriate control systems to measure and manage risks, by developing a general perception of the risks that the Company may face, creating an environment familiar with the culture of risk reduction at the Company's level, and transparently discussing it with the Board of Directors and other stakeholders and parties related to the Company.
 - View internal control systems and risk management, and verify their effectiveness and efficiency, and to ensure compliance with risks' level approved by the Board of Directors.
 - Follow-up and review all important issues related to lawsuits brought before the judiciary, emergency cases and claims that must appear in the accounting statements.
 - Follow up on important recommendations made by the internal auditor and the chartered accountant.
 - Participate actively in building and developing a culture of ethical values within the Company.
 - Review the Company's organizational and functional structures and submit them to the Board of Directors for approval based on the executive management's proposal.
 - Review internal regulations related to the Company's business and develop them, define the functions, powers and responsibilities entrusted to the different organizational levels and suggest its amendment as required.
 - Review the business delegation policy to the executive management and its implementation method.
 - Review the powers delegated to the executive management, the Decision-making procedures and the mandate period, and study periodic reports on the executive management's exercise of those powers.



- Study the policy and types of remuneration granted to employees, such as fixed bonuses, performance-related bonuses, and bonus shares.
- Review the periodic financial and non-financial reports drafts concerning the progress made in the Company's activity, in light of its strategic plans and objectives, and then present them to the Board of Directors.
- Examine the executive management's reports and information that are submitted to the the Board members, non-executive members, independent members in particular, the committees emanating from the Board of Directors. In addition to all necessary information, data, documents and records, to ascertain they are complete, accurate and timely in order to enable them to properly perform their duties.

4.4.3.2 Executive Committee and Investment Meetings

- In accordance with Article (9) Paragraph (1) of the Company's Executive and Investment Committee policy, the Committee shall hold at least three (3) meetings per year at the invitation of its Chairman.
- The table below shows the number of meetings of the Executive and Investment Committee during the years 2018G, 2019G, 2020G.

Table No. (21): Number of Executive Committee and Investment Meetings During the Past Three Years:

| Executive Committee | 2018G | 2019G | 2020G |
|---------------------|-------|-------|-------|
| | 0 | 3 | 3 |

Source: The Company.

4.5 Executive Management

The current Executive Management is headed by the Managing Director Eng / Mohammed Bin Saud Al - Zamil from 15/12/1441H (corresponding to 05/08/2020G) according to the Board's resolution issued on 14/12/1441H (corresponding to 04/08/2020G). The following table sets forth the Company's Executive Management Employees' details:

Table No. (22): List of Information for the Executive Management Employees

| Executive Management | | | | | | | | |
|---------------------------------|--|-------------|-----|--|---------------|----|-----------------|----|
| Name | Position | Nationality | Age | Date of Joining the Company | Owned Shares | | | |
| | | | | | Direct Number | % | Indirect Number | % |
| Eng. Mohammad bin Saoud AlZamil | Delegate Member | Saudi | 35 | 15/12/1441H (corresponding to 05/08/2020G) | 0 | 0% | 0 | 0% |
| Mr. Mohammad bin Saleh AlMazid | CEO of Corporate Governance & Public Affairs | Saudi | 42 | 29/03/1431H (corresponding to 15/03/2010G) | 3 | 0% | 0 | 0% |
| Mr. Mohammad Mahmoud Tantawi | Chief Financial Officer CFO | Egyptian | 35 | 17/05/1442H (corresponding to 01/01/2021G) | 0 | 0% | 0 | 0% |
| Mr. Hossam raef AlAfra | CEO of Internal Audit | Jordanian | 41 | 05/02/1439G) | 0 | 0% | 0 | 0% |

Source: The Company.



4.6 Compensation and Remuneration of Board Members and Senior Executives

The Board of Directors remunerations, as provided for in Article (19) of the Bylaws, is composed of a lump sum paid annually, meetings' attendance allowance, benefits in kind (BIK), or a specific percentage of the net profit after deducting reserves fixed by the General Assembly in application the provisions of the Companies Law and the Company's Bylaws, as long as they don't exceed 10%, and after the distribution of dividends to shareholders at a minimum rate (5%) of the paid-up capital. The entitlement of these remunerations should be proportional to the number of attended meetings by the member, and every estimate that contradicts what was mentioned is void. In all cases, the total remuneration and financial benefits a member of the Board of Directors gets should not exceed SAR (500,000) annually and proportionate to the number of meetings attended by the member.

The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all remunerations, expenses allowances and other benefits that Board members earned during the financial year. It should also include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in return for technical, administrative works or consultations. It should also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last meeting of the General Assembly.

Table No. (23): Compensation and Remuneration of Board Members and Senior Executives

| Statement (SAR 1000) | 2018G | 2019G | 2020G |
|----------------------|------------------|------------------|------------------|
| Board Members | 1,680,000 | 1,340,000 | 962,000 |
| Senior Executives | 5,495,242 | 4,785,906 | 4,392,67 |
| Total | 7,175,242 | 6,125,906 | 5,354,676 |

Source: The Company.

*The Chairman of the Board of Directors, Mr. Ahmed ALSanei, Vice-Chairman of the Board of Directors, Eng. Majed Bin Alissa, and Managing Director, Mr. Mohamed Al-Zamil, waived the annual bonuses for the Board membership for the year 2020G.

The value of the remunerations, allowances and compensation allocated to Senior Executives (including the CEO and the Chief Financial Officer) amounted to SAR (1,073,814), as on 31/03/2021G.

4.7 Employees

4.7.1 Employee Stock Purchase Plan (ESPP) before Submitting the Application for Registration and Offering of Securities that are Subject to this Prospectus

ESPP is a Company-run program in which participating employees can purchase Company stock at a discounted price.

As of the date of this Prospectus, the Company does not have any share allocation programs for its employees.

4.7.2 Employees Capital Sharing Arrangements

As the date of this Prospectus, there are no arrangements to share capital with employees.



5. Financial Information & Management Discussion and Analysis

5.1 Introduction

The Management Discussion and Analysis section of Batic Investment and Logistics Company and its subsidiaries (the “Company” or “Group”) provides an analytical view of the Company’s operational performance and financial position during the years ended December 31, 2018G, 2019G and 2020G and the three months ended March 31, 2020G and 2021G. This section and the attached notes have been prepared based on the unaudited consolidated financial statements for the financial years 2018G, 2019G and 2020G, and the interim condensed consolidated financial statements for the three-month period ended March 31, 2020G and 2021G. The financial statements have been audited in accordance with international auditing standards approved in the Kingdom of Saudi Arabia and other issuances delivered by the Saudi auditors and chartered accountants, and the Company’s auditors; Dr. Muhammad Al-Omari and Partners Company (a member of BDO International National Limited) for the financial years 2018G and 2019G, and Ibrahim Ahmed Al-Bassam and Partners Company - chartered accountants for the financial years 2010G, 2020G and the first quarter of the financial year 2021G. The Group has adopted International Financial Reporting Standards IFRS approved in the Kingdom of Saudi Arabia, and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (together referred to as “International Financial Reporting Standards approved in the KSA”), and in accordance with the Companies Law and the Company’s Bylaws in the preparation of the consolidated financial statements for the years ended December 31, 2018G, 2019G and 2020G, and in accordance with the International Accounting Standard 34 “Initial Financial Report” approved in the KSA for the interim condensed consolidated financial statements for the three-month period ended March 31, 2020G and 2021G. And this section has been prepared on the basis of the information extracted from the financial statements without any changes, and the analysis herein are the key information and statements in relation to the financial status of the company and its business operations without any changes.

Neither Dr. Mohammed Al-Omari & Co., nor Ibrahim Ahmed Al-Bassam & Co. - Legal Accountants (who are part of the team working for the Company), nor any of the subsidiaries or employees’ relatives own any shares of any type in the Company that may affect its independence as of the issue date of the consolidated financial statements report. Dr. Mohammed Al-Omari & Partners Company (a member of BDO International National Limited) and Ibrahim Ahmed Al-Bassam & Partners Company - Chartered Accountants as of the date of this Prospectus have provided their written consent to make reference in this Prospectus to their role as auditors of the Company’s accounts for the financial years ended December 31, 2018G and 2019G and 2020G, and for the three-month period ended March 31, 2020G and 2021G.

All amounts in this section have been rounded to the nearest thousand Saudi riyals unless otherwise noted, and numbers and percentages have been rounded to the nearest decimal place. Therefore, the sum of these numbers may differ from those mentioned in the tables. Accordingly, all ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures. The financial information for the financial year ended December 31, 2018G was used from the comparative financial information presented in the audited consolidated financial statements of the Company for the financial years ended December 31, 2019G. The financial information for the fiscal years ended December 31, 2019G and 2020G was used from the audited consolidated financial statements of the Company for the financial years ended December 31, 2020G. The financial information for the three-month period ended March 31, 2020G and 2021G was used from the Company’s interim consolidated financial statements for the three-month period ended March 31, 2021G.

This section may include forward-looking statements regarding the future capabilities of the Company, based on the management’s plans and expectations regarding the Company’s growth, results of operations and financial position, as well as the risks and uncertainties associated with them. The Company’s actual results may differ materially from the expected results as a consequence of many factors, risks and future events, including those discussed in this section of the Prospectus or elsewhere, particularly Section No. (2) “Risk Factors” of this Prospectus.

The Company is a Saudi joint stock Company registered in the KSA and operates under Commercial Registration No. 1010052902 issued in Riyadh on Rabi’ al-Thani 13, 1404H corresponding to January 16, 1984G. The Company headquarters in Riyadh - Olaya District - Al Arz Street - PO Box 7939, KSA. The Company’s shares are traded on the Saudi Stock Exchange “Saudi Tadawul”.

5.2 Board Members Approval of the Consolidated Financial Statements

- 1- The Board members acknowledge that the information contained in this section is extracted without substantial change and is presented in accordance with the audited consolidated financial statements for the years ended December 31, 2018G, 2019G and 2020G, and the Company’s interim consolidated financial statements for the three-month period ended March 31, 2020G and 2021G and the attached notes prepared by the Company, in accordance with the International Financial Reporting Standards. The previously mentioned lists were prepared by the Company in accordance with the International Financial Reporting Standards approved in the Kingdom, and reviewed by the Company’s auditors: Dr. Mohammed Al-Omari & Partners Company for the financial years 2018G and 2019G, and Ibrahim Ahmed Al-Bassam & Partners Company - chartered accountants for the financial year 2020G and the first quarter of the financial year 2021G.
- 2- The Board members acknowledge that the Company - alone or jointly with its subsidiary Company - owns a working capital sufficient for at least the twelve-month period following the date of this Prospectus.
- 3- The Board members acknowledge that there is no significant negative changes in the financial or commercial position of the Company and its subsidiaries in the three financial years directly preceding the date of submitting an application for registration and offering of the securities that are the subject of this Prospectus, in addition to the end of the period included in the auditor’s report until the date of issuance of this Prospectus, with the exception of the information mentioned in this section or any other section of this Prospectus, especially the factors mentioned in Section No. (2) “Risk Factors” of this Prospectus.
- 4- The Board members acknowledge that all material facts related to the Company and its subsidiaries and the financial performance have been disclosed in this Prospectus, and no excluded information, documents or other facts would make any statement misleading.
- 5- The Board members acknowledge that the Company and its subsidiaries do not have any property, including contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of its financial position.



- 6- The Board members acknowledge that the Company and its subsidiary have not provided any commissions, discounts, brokerage fees or any other non-cash compensation in connection with the issuance or offering of any securities during the three years directly preceding the date of submitting an application for approval and offering of securities, subject to this Prospectus, except Tadawul's announcement, on 15/12/1438H (corresponding to 06/09/2017G), regarding the signing of a memorandum of understanding with the aim of acquiring the entire ownership shares in Al Muhaidib Land Transport Company and Al Himma Logistics Company .
- 7- The Board members acknowledge that the Company and its subsidiaries have no loans or other liabilities, whether covered by a personal or non-personal guarantee, or covered by a mortgage, including any overdrafts from bank accounts, and has no secured liabilities, liabilities under acceptances, acceptance credits or any liabilities for rental property, as disclosed in paragraph No. (9.5.4) "**Loans and facilities**" from Section No. (9) "**Legal information**" and Section No. (2) "**Risk Factors**" and sub-section (5.6.18) "**Promissory note - Current and Non-Current Part**" - Section No. (5) "**Financial Information & Management Discussion and Analysis**" of this Prospectus.
- 8- The Board members acknowledge that the Company and its subsidiaries has no intention of making any material change in its business activity.
- 9- The Board members acknowledge that the Company and its subsidiaries' operations have not been interrupted in a way that significantly affected its financial position during the past twelve months.
- 10- The members of the Board of Directors acknowledge that the Company and its subsidiaries capital is not subject to any option contract.
- 11- The Board members acknowledge that the Company and its subsidiaries have provided comprehensive details in this section of any potential liabilities, has calculated and recorded a provision for the obligations contained in the management's discussion and analysis of the financial position and results of operations. For more information, kindly refer to paragraph (2.1.14) "**Risks Related to Contingent Liabilities**" and Section No. (2) "**Risk Factors**" and sub-section (5.6.26) "**Potential Liabilities & Paid-up Capital Commitments**" of Section (5) "**Financial Information & Management Discussion and Analysis**" of this Prospectus.
- 12- The Board members acknowledge that the properties of the Company and its subsidiaries are not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.
- 13- The Board members acknowledge that the Company and its subsidiaries have provided comprehensive details in this section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.
- 14- The Board members acknowledge that the Company has not issued debt instruments, term loans, secured or unsecured mortgages, current or approved but not issued, except for the information disclosed in paragraph No. (9.5.4) "**Loans and facilities**" from Section No. (9) "**Legal information**".
- 15- The Board members acknowledge that the Company and its subsidiaries have no information about any governmental, economic, financial, monetary or political policies, or any other factors that have affected or could materially affect (directly or indirectly) the Company and its subsidiaries operations except the information disclosed in Section No. (2) "**Risk Factors**" of this Prospectus.
- 16- The Board members acknowledge that the Company and its subsidiaries have not experienced any changes in the capital during the past three years directly before the date of submission of the registration application and offering of securities subject to this Prospectus.
- 17- The Board members acknowledge that the Company and its subsidiaries have no information about any seasonal factors or economic cycles related to its business activity and that may have an impact on the Company and its subsidiaries business and financial position, except for the information disclosed in Section No. (2) "**Risk Factors**" of this Prospectus.
- 18- There are no important fixed assets to be purchased or leased, except for the information disclosed in Section No. (6) "**Use of Proceeds**" of this Prospectus.
- 19- Unlike the information included in this Prospectus, the Board members or their relatives don't have any shares or any kind of interest in the issuer or any of its subsidiaries, if any.



5.3 Foundations of Preparation

(a) Commitment Statement

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards applicable in the KSA and other standards and issuances approved by the Saudi Organization for Auditors and Accountants.

(b) Measurement Basis

The consolidated financial statements have been prepared on a historical cost basis, except for recognition of the defined benefit obligation accruals at the present value of the future obligations using the projected unit credit method, and investments at fair value through profit or loss.

(c) Basis of Consolidation of Financial Statements

1- Group Structure

The consolidated financial statements include the parent Company and its subsidiaries' financial statements (referred to as the "Group") as follows:

| Subsidiaries | Incorporation Country | Investment Rate |
|--|-----------------------|-----------------|
| The Arabian Company for Security and Safety Services - AMNCO | KSA | 94.88% |
| The Saudi Transport and Investment Company – Mubarrad | KSA | 100% |
| Batic Real Estate Company | KSA | 100% |
| AlShifa Technology Company* | KSA | 60% |

* Batic Investment Company and Business Logistics announced on 14 Ramadan 1442H (April 26, 2021G) announced the acquisition of additional shares representing 40% of the capital of its subsidiary (AlShifa Technology Co. Ltd.) to be fully owned by Batic at a 100% rate.

- **The Arabian Company for Security and Safety Services - AMNCO**

It is a limited liability Company that operates under a separate commercial register issued by the city of Riyadh. BATIC owns 94.88% of its capital. The subsidiary Company's activity is in wholesale and retail trade, monitoring and safety devices, security guard services, money transfer, money sorting and counting and correspondence services.

- **AMNCO Facilities Management Company (a subsidiary of the Arabian Company for Security and Safety Services – AMNCO)**

AMNCO Facilities Management Company Limited, previously "Al-Hikma Company for Commercial and Industrial Investment" (a limited liability Company), registered in the city of Riyadh under Commercial Registration No. 1010172169 dated 16 Ramadan 1422H. The subsidiary Company AMNCO owns 70% of its capital. The Company is engaged in purchasing lands, constructing buildings, investing in them by selling or renting for the benefit of the Company, wholesale and retail trade in industrial equipment, heavy machinery, trucks and tools, managing and operating industrial and commercial centers and residential complexes, and supplying security and military equipment and security systems for the purpose of entering government tenders.

- **Smart Cities Solutions Company, formerly Fast Parking Company for Car Services (a subsidiary of the Arabian Company for Security and Safety Services – AMNCO)**

On April 28, 2019G, the Arabian Company for Security and Safety Services - AMNCO (a subsidiary Company) completed the process of owning 40.6% of the total capital shares of the "Smart Cities Solutions Company" through its direct ownership of 35% and 5.6% of the shares indirectly through its subsidiary "AMNCO Facilities Management Company". It should also be noted that on 12/02/1443H (corresponding to 19/09/2021G), the Ordinary general assembly of BATIC has approved the acquisition of 35.8% of the shares of Smart Parking Holding Company in Smart Cities Solutions Company and the transaction is conducted in accordance with the applicable commercial terms without any preferential terms.

The process of acquiring the abovementioned shares was made through the founding partners of the Smart Cities Solutions Company ceding some of their shares at a nominal value without compensation to other partners, including the Arabian Company for Security and Safety Services - AMNCO - and AMNCO Facility Management.

Smart Cities Solutions Company (LLC) was established on May 18, 2017G, with a capital of SAR (100,000), formerly "Fast Parking Company for Car Services" (LLC) registered in Riyadh under Commercial Registration No. 1010901033 on 22 Shaaban 1438H corresponding to May 18, 2017G, the Company's purpose is to establish, develop, invest and operate multi-storey car parks and smart parking spaces in all cities of the KSA.

On April 9, 2019G, a bid was awarded to establish, develop, invest and operate multi-storey car parks and smart parking lots in the cities of Khobar, Dhahran and Dammam for a period of 25 Hijri years, at an annual rent of SAR (52,000,000). On January 23, 2020G, the signing of lease contracts with the Eastern Province Municipality, regarding the smart car parking project for the city of Dammam and the cities of Khobar and Dhahran was completed, and a payment was made under the annual rental value of SAR (28,000,000) on October 6, 2019G, and some sites were received. Letters of guarantee were renewed and issued as a guarantee for the annual rental value of SAR (65,000,000).



- **Saudi Transport and Investment Company - Mubarrad**

It is a LLC operating under a separate commercial registration issued from Riyadh, and Batic owns 100% of its capital. It is engaged in land transportation of goods and equipment under the license of the Ministry of Transport and Logistics Services number (010111049000), which expires on 24/03/1445H. The Board of Directors of BATIC approved the transfer of the Company's branch called the Saudi Transport and Investment Company (Mubarrad) to a wholly owned subsidiary of BATIC, provided that the assets and liabilities of the transport sector are transferred to it as of 01/01/2018G. BATIC Board also approved by Resolution No. 216-4/13 on 19/12/2017G the signing of an agreement between BATIC and Mubarrad, related to the transfer of assets and liabilities according to their book values on 31/12/2017G. This agreement is effective from 01/01/2018G.

- **BATIC Real Estate Company**

It is One Person Company (LLC) registered in the city of Riyadh under Commercial Registration No. 1010468252 dated 26/05/1438H corresponding to 23/02/2017G. BATIC owns 100% of its capital. It is engaged in the purchase of lands for buildings construction and investment by selling or renting for the benefit of the Company, and the management and lease of owned or leased real estate, both residential and non-residential.

- **AlShifa Medical Technology Company**

The branch of AlShifa Medical Technology Company, which is registered in the Commercial Registry in Riyadh No. 1010428983 and dated 26/2/1436H, under the name of AlShifa Technology Co. Ltd., and in the Commercial Registry in Riyadh No. 1010438136 dated 2/1/1437H, was converted to LLC with its rights, obligations, and staff, classification, licenses and all its financial, technical and administrative elements, with the participation of BATC Investment and Logistics Company (a listed joint-stock Company) while retaining the name, number and date of current register of the Company's branch as headquarters. The Company's establishment was approved on 7/11/1441H, and its commercial registration was issued starting from 8/11/1441H corresponding to 29/06/2020G. AlShifa Medical Technology Company is engaged in the wholesale sale of medical devices, equipment and supplies.

2- Subsidiaries

Subsidiaries are entities (including special purpose entities) controlled by the Group. The group controls an entity when it has rights or variable returns as a result of its participation and has the ability to affect those returns, through its power over this entity. Subsidiaries are fully consolidated from the date control is transferred to the Group and are discontinued from the date that control ceases. A subsidiary is an entity controlled by the Company. Control exists when the Company:

- has power over the investee.
- is exposed to loss, or has rights to variable returns from its involvement with the investee.
- has the ability to use its power to affect the returns of the investee.
- reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

The Group uses the acquisition method of accounting to calculate business combinations acquired by the Group. The consideration transferred for the acquisition of a subsidiary represents the fair values of the transferred assets, the incurred liabilities and the equity interests issued by the Group.

The consideration includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. The acquired identifiable assets, liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes, on an acquisition-by-acquisition basis, any non-controlling interest in the acquire, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any consideration likely to be transferred by the Group is recorded at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration to be classified as assets or liabilities are calculated in accordance with the requirements of the International Financial Reporting Standards No. (9) "Financial Instruments", in either profit or loss, or are charged to other comprehensive Revenue. The expected consideration, which is classified as equity and recognized within the subsequent settled property rights, is not remeasured.

The excess of the consideration transferred over the value of the non-controlling interest in the acquired Company, and the acquisition-date fair value of any previous ownership interests in the acquired Company over the fair value of the Group's share of the acquired identifiable net assets is included under goodwill. In the event that the sum of the transferred consideration, the calculated non-controlling interest and the previously owned calculated interest, are less than the fair value of the net assets of the subsidiary acquired through a swap purchase agreement, the difference is calculated directly in the profit and loss in the consolidated statement of comprehensive Revenue.

3- Eliminated Transactions During the Consolidation of Financial Statements

All internal transactions, balances and unrealized profits on transactions between the Group's companies are eliminated, in addition to unrealized losses. The amounts reported by the subsidiaries, where applicable, have been adjusted to conform to the Group's accounting policies.



5.4 Significant Accounting Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates is uploaded when estimates are revised and in the future affected periods.

(a) Impairment Test of the Goodwill Book Value

The Group tests the goodwill calendar to determine whether it is subject to any impairment on an annual basis. The Group's management has contracted with an independent consultant to test the impairment of goodwill by determining the recoverable amount of goodwill, based on the value in use of the cash-generating unit associated with the goodwill. This determination of the recoverable amount requires the use of assumptions based on historical experience and other factors, including expectations of future events, believed to be reasonable under the circumstances, and that may have a financial impact on the Group. Elements of significant judgments and assumptions include the following:

- Cash flows forecast based on financial budgets approved by management.
- Assumptions relating to expected economic conditions, particularly growth in markets where the Group primarily operates.
- Assumptions of the impact of the Group's major competitors' actions on the revenue assumptions and expected gross profit margin.
- Revenue growth rate and terminal value growth rate used in the model value in use.

(b) Estimation of Residual Values and Useful Lives of Property and Equipment

The Company bases the determination of the useful lives of property and equipment on historical experience with property and equipment of similar specifications and characteristics, as well as on the nature of the intended use of the asset. The estimation of the residual value of property and equipment is based on the selling prices of similar property and equipment that are fully depreciated by the Company in an active residual market for the assets considered to be insignificant.

(c) Useful lives of Intangible Assets

The Company carries its intangible assets, excluding goodwill, at cost less accumulated amortization and impairment losses. Intangible assets are amortized over their useful lives. Determining the useful lives of intangible assets requires the use of assumptions about the method that the Company will rely on to record the assets. These assumptions are based on historical experience, the contractual terms of agreements relating to intangible assets, and other factors, including expectations of future events that may have a financial impact on the Company, and that are believed to be reasonable under the circumstances. The key assumption on which management has made its estimates of the useful lives of assets is the possibility of renewal of the related contracts and future management plans.

(d) Provision for Obsolete, Slow-moving and Defective Inventory

The provision reflects estimates of obsolete, slow-moving and defective inventories. The provision is made based on the ages of the inventory items, current conditions and historical experience. It may be necessary to make changes to the estimated provisions, in the event of a Decrease in the demand for slow-moving inventory in comparison with the expected levels at the present time, or due to unexpected changes that may negatively affect the sale of some products. Management believes that the provision for slow-moving and obsolete inventories is appropriate.

(e) Actuarial Valuation of Employees' End-of-Service Benefits (ESB) Obligations

The value of the employees' end-of-service benefit compensation obligation, under the unfunded defined benefit program, is determined using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and employee turnover. Given the complexity of the valuation and its long-term nature, the unfunded defined benefit obligation is highly sensitive to changes in these assumptions. Therefore, all assumptions are reviewed once a year when necessary. IAS 19 requires the use of actuarial assumptions to measure the obligation for end-of-service benefits (the provision for end-of-service benefits), which is a defined benefit obligation. These assumptions include Company management's estimates of variables such as final salaries that will be used as the basis for calculating end-of-service benefits. The Company has prepared these actuarial assumptions by an actuarial expert based on the best estimate of the Company's management for these variables.

(f) Fair Value Measurement

Fair value is the price that would be received if an asset were sold, or will be paid if a liability were transferred in an orderly transaction between market participants at the measurement date, under prevailing market conditions, regardless of whether that price is directly observable or estimated using another evaluation method.

The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability occurs either:

- through the principal market for the asset or liability, or
- through the most advantageous market for the asset or liability in the absence of a principal market.

The principal market (or the most advantageous market) must be available to the Company on the measurement date.

The fair value of an asset or a liability is measured based on the assumptions that market participants would use in the market when pricing the asset or liability, assuming that market participants act in their economic best interest. For non-financial assets (real estate investing), the measurement takes into account the ability of market participants to generate economic benefits, by using the asset for its best benefit or by selling it to market parties for its best use.



The Company uses valuation methods appropriate to the circumstances and other methods that have sufficient data to measure fair value, so that appropriate observable inputs are used and the use of unobservable inputs is limited.

All assets and liabilities that are either measured at fair value or whose fair value is disclosed in the consolidated financial statements are categorized according to a hierarchy of levels of fair value measurement shown below, based on the lowest level of measurement input considered to be significant to the fair value measurement as a whole.

The inputs used in the fair value measurement techniques are categorized according to the below hierarchy:

- **Level One:** Quoted (unadjusted) prices in active markets for assets or liabilities identical to those being measured.
- **Level Two:** Inputs that can be directly or indirectly observed or monitored for the asset or liability, other than the December lared prices listed within the level one.
- **Level Three:** Unobservable inputs to the asset or liability.

5.5 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the presented year, unless otherwise stated.

(a) Classification of Current and Non-Current Liabilities

Assets and liabilities are presented in the consolidated statement of financial position classified into current and non-current. An asset is current when:

- The Company expects to realize the asset or intends to sell or use it in the normal operating cycle.
- The Company primarily holds the asset for the purpose of trading.
- The Company expects to realize the asset within twelve months after the financial year (period).
- The asset shall be cash or cash equivalent, unless it is subject to restrictions on its exchange or use, to settle a liability for a period of more than twelve months after the financial period.
- All other assets are classified as non-current assets.

The liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is primarily held for the purpose of trading.
- It is due to be settled within twelve months after the financial period.
- The Company shall not have an unconditional right to defer the settlement of the obligation for a period of more than twelve months after the financial period.
- All other liabilities are classified as non-current.

(b) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). The cost includes all costs directly associated with constructing or acquiring the asset in the location and condition necessary for it to be ready for its intended use. Significant parts of property and equipment are depreciated separately from other parts.

When a major examination is performed, its cost is recorded within the carrying amount of an item of property and equipment as a replacement, if the recognition criteria in the consolidated financial statements are met. Other maintenance and repair costs are charged to the consolidated statement of comprehensive Revenue when incurred.

Depreciation is calculated on a straight-line basis over its expected useful life at rates calculated to reduce the cost of the asset down to its estimated residual value as follows:

| Classification of Property and Equipment | Years |
|--|--------|
| Right to Use Assets | 5-25 |
| Buildings and Constructions | 20 |
| Locomotives/Trailers/Rrefrigeration Units/Cars | 4-15 |
| Equipment for workshops and prefabricated houses | 6,5-20 |
| Machinery and Equipment | 5 |
| Furniture | 5 |

The residual values and useful lives of the assets are reviewed, and adjusted as necessary, at the end of each reporting period, when the carrying amount of the asset is greater than its estimated recoverable amount, written down directly to its recoverable amount.

Profits and losses resulting from disposal operations are determined by comparing the returns with the book value, and are calculated under the item (other net Revenue / expenses) in the consolidated statement of comprehensive Revenue.



Capital work in progress is shown, and they include the cost of property and equipment that are being developed for future use. When they are ready for use, they are transferred to the appropriate category and depreciated in accordance with the Company's policy.

Relationships with clients are established by continuous communication and past transactions between the acquiring Company and its clients and are very valuable.

(c) Real Estate Investments

Investment properties are non-current assets held either to earn rental Revenue or for capital appreciation or for both, but not for sale in the ordinary course of operations. They might be used in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost upon initial recognition and subsequently at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognised when they are sold, occupied by the owner, or if they are not held for an increase in value.

(d) Intangible Assets

Intangible assets that have a finite useful life and were separately acquired, are stated at cost less accumulated amortization and accumulated impairment losses, and amortization is recognized on a straight-line basis over the estimated useful life. Their useful life is re-estimated at the end of the financial period, and accounting for the impact of any changes in estimates are on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately, are stated at cost less accumulated impairment losses.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss resulting from derecognition of intangible assets is measured as the difference between the net disposal proceeds and the carrying value of the asset, and is recognized in the consolidated statement of comprehensive Revenue when the asset is derecognised.

Goodwill

Goodwill is an intangible asset that accounts for the excess purchase price of another Company. It is calculated by taking the purchase price of a Company and subtracting the difference between the fair market value of the assets and liabilities. Goodwill arising on acquisitions of subsidiaries is included in intangible assets. It is not amortized, but is subject to impairment testing annually, or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is stated at cost less accumulated impairment losses. Gains and losses resulting from disposal of an entity include the carrying value of goodwill relating to the entity being sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that gives rise to the goodwill. Units or groups of units are identified at the lowest level at which goodwill is monitored for internal management reporting.

Trade Name

A trade name consists of the trademark's value acquired through the business combination process. This value is determined by calculating the present value of the future economic benefits expected to arise from the use of these trademarks in the market. The subsidiary's trade name is expected to be used over a period of 20 years, so it is subsequently carried at cost less accumulated depreciation and impairment losses.

Technology

Technology consists of the combination of systems and devices used to increase security and positioning systems acquired through a business combination process. These costs are amortized over the period during which the Company is expected to use technology and estimated to be 5 years. Therefore, technology is subsequently carried at cost less accumulated depreciation and impairment losses.

Relationships with Customers

Relationships with customers are established by continuous communication and past transactions between the acquiring Company and its customers. Its value is determined by calculating the present value of the future economic benefits that are expected to arise from these relationships. While amortization is calculated using the straight-line method to allocate costs over the estimated useful lives of eight years.

Unfinished Business

Relationships with customers also arise from the work-in-progress and unfinished business that were contracted at the acquisition date. Its value is determined by calculating the present value of the future economic benefits that are expected to arise from these relationships. Amortization is calculated using the straight-line method to allocate costs over the estimated useful lives of 44 months.

Projects in Progress

Projects in progress are recorded at cost. Cost includes all direct expenses related to bringing the asset to a condition that allows it to be utilized for its intended use. A project in progress is transferred to property and equipment when completed and ready for its intended use.



(e) Right to Use Lease Assets and Liabilities

The Company as a Tenant

The Company assesses whether the contract's inception contains a lease. It recognizes a right-of-use asset and a corresponding lease liability in respect of all lease agreements in which the Company is the lessee, except for short-term leases (which are recognized as leases of 12 months or less), and leases of low-value assets. For such leases, the Company acknowledges lease payments as an operating expense on a straight-line basis over the term of the contract, unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased asset are exhausted.

The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be easily determined, the Company uses an implicit interest rate.

The lease payments included in the lease liability's measurement include:

- Fixed lease payments (including fixed principal payments), less any lease incentives.
- Variable lease payments that depend on an index or a price, initially measured using the index or the price at the start date,
- Amount expected to be payable by the lessee under residual value guarantees,
- The exercise price of the purchase options, if the lessee is reasonably certain to exercise those options, and
- Payment of fines to terminate the lease, if it indicates the exercise of the option to terminate the lease
- The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method), and by reducing the carrying value to reflect the made lease payments.

The Company remeasures the lease liability (and makes the corresponding adjustment to the related right-of-use asset) when:

- The terms of the lease have changed or there has been a modification in the assessment of exercise of the purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments have changed due to changes in an index or rate, or a change in the expected payment according to the guaranteed residual value, in which case the lease liability is remeasured by discounting the adjusted lease payments using the initial discount rate (unless the lease payments change due to a modification in the prevailing interest rate, in this case a modified discount rate is used).
- The lease was modified and was not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the modified lease payments using a modified discount rate.

The Company has not made any such adjustments during the periods presented.

Right-of-Use Assets

This section includes the right to use the initial measurement assets for the corresponding lease liability, lease payments made on or before the commencement day and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Right-of-use assets are amortized over the shorter of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset, or if the cost of the right-of-use asset shows that the Company expects to exercise the purchase option, the related right-of-use asset is amortized over the useful life of the underlying asset. Depreciation begins on the start date of the lease.

The Company applies International Accounting Standard No. (36) "Impairment of Assets" to determine whether there has been any impairment in the value of the right-of-use assets.

Variable Lease Payments

In the case of lease contracts that contain variable payments related to the use or performance of the leased assets, such payments are recognized in the consolidated statement of other comprehensive Revenue.

Extension and Termination Options

In determining the term of the lease, management considers all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. Extension options or periods following termination options are included in the lease term only if the lease extension or non-termination is reasonably certain. The Company assesses whether it is reasonably certain to exercise the extension options when evaluating the lease. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or change in circumstances within its control.



(f) Inventory

Inventories are stated at cost or net realizable value, whichever is lower. The cost of inventory is determined using the weighted average method. It includes the expenses incurred in acquiring the inventory and bringing it to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories are written down to their net realizable value, or a provision is made for obsolescence if there is a change in the pattern of use or physical appearance of the related inventories.

(g) December line in the Value of Non-Financial Assets

Assets that do not have a finite useful life such as goodwill to amortization are annually tested on the date of each financial position statement in order to measure the December line in value, if there were any indications of a December line in the value of non - financial assets. If there are indications in relation to an asset, or when annual impairment testing is required, the Group annually estimates the asset's recoverable amount (the recoverable amount) and goodwill (if any). The recoverable amount is determined from the individual asset, or the cash-generating unit to which the asset belong if it does not generate cash inflows that are largely independent of inflows from other assets or groups of assets. The recoverable amount is measured as (a) the fair value of the asset (or cash-generating unit) subtracted from its disposal cost or (b) the value in use of the asset (that is, the present value of future cash flows expected to be received from the asset or cash-generating unit) whichever is greater. The carrying value of the asset is reduced to its recoverable amount only when its recoverable amount is less than its carrying value, and such reduction is considered an impairment loss. The impairment loss is immediately recognized in profit or loss. An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have Decreased.

An impairment loss recognized in prior periods for an individual asset or cash-generating unit is reversed only when there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit since the last impairment loss was recognized. In this case, the carrying value is added to the recoverable amount. If the reversal of the impairment loss relates to a single asset, it should not exceed the carrying value that would have been determined if no impairment loss had been recognized in previous years. The reversal of the impairment loss is recognized as revenue in the consolidated statement of comprehensive Revenue for the financial period in which it occurs.

(h) Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity, and financial liabilities or equity instruments of another entity. They are assets that can be traded. They can be cash, contractual rights to deliver and receive cash or another type of financial instruments, or evidence of one's ownership of an entity.

The Group recognizes its financial assets and financial liabilities in the consolidated statement of financial position only when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

When the Company acquires a financial asset, the financial asset is classified at amortized cost, at fair value through other comprehensive Revenue, or at fair value through profit or loss on the basis of both (a) the business model for managing a group of financial assets and (b) the contractual cash flow characteristics of the financial asset.

Initial Measurement of a Financial Asset

A financial asset is measured at initial recognition at fair value plus transaction costs, except for financial assets at fair value through profit or loss, which are measured at fair value without adding transaction costs.

Amounts receivable from trade debtors are measured at their transaction rate (as defined in IFRS 15 Revenue from Contracts with Customers) if the amounts receivable from trade debtors do not have a significant financing component in accordance with IFRS 15.

Subsequent Measurement of the Financial Asset

After the initial recognition, the Group makes the subsequent measurement of financial assets based on the classification of financial assets as follows:

- At amortized cost using the effective interest method, if the Company's objective is to hold a group of financial assets to collect contractual cash flows on specified dates, which are only payments of principal and interest on the outstanding principal amount.
- At fair value through other comprehensive Revenue, if the objective of the Company is to maintain a group of financial assets to collect contractual cash flows and sell the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are - only - payments of principal and no interest on the outstanding principal amount.
- At fair value through other comprehensive Revenue, if the Company uses this measurement option provided in IFRS 9 "Financial Instruments", in relation to equity instruments. Subsequent changes in fair value and sale gain/(loss) are recognized in other comprehensive Revenue. The resulting dividends are recognized in profit or loss.



Derecognition of a Financial Asset

Derecognition refers to the removal of an asset or liability (or a portion thereof) from an entity's balance sheet. The Group derecognises a financial asset only when:

- Contractual rights to the cash flows from the financial asset have expired, or
- Transfer of the contractual rights and substantially all ownership risks of the financial asset is made to receive cash flows from the financial asset, or
- Contractual rights are retained to receive cash flows from the financial asset while assuming a contractual obligation to pay the cash flows to one or more recipients and transferring substantially all the risks of ownership of the financial asset, or
- Contractual rights are transferred to receive cash flows from the financial asset without substantially transferring or retaining all the risks of ownership of the financial asset if it has not retained control of the financial asset, or
- Retaining the contractual rights to receive cash flows from a financial asset, while assuming a contractual obligation to pay the cash flows to one or more recipients without transferring and not retaining nearly all of the risk of ownership of the financial asset if it did not retain control of the financial asset.

When a financial asset is derecognised in its entirety, the difference between the carrying value at the date of derecognition and the consideration received (including any new acquired asset subtracted from any new incurred liability) is recognized in profit or loss.

Depreciation of Financial Assets

Depreciation, i.e., a Decrease in an asset's value, may be caused by a number of other factors as well as such as unfavourable market conditions, etc. Machinery, equipment, currency are some examples of assets that are likely to depreciate over a specific period of time.

The Group assesses the expected credit losses related to its financial assets on the basis of forecasts of future economic conditions. The method of impairment applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 which requires expected losses to be recognized over the lives of these receivables from initial recognition.

Financial Obligations

The Group classifies all financial liabilities as being subsequently measured at amortized cost.

Derecognition of Financial Obligations

The Group derecognises a financial liability (or part of a financial liability) from its consolidated statement of financial position when it is amortized; that is, when the obligation specified in the contract is paid, canceled or expired.

The Amortized Cost of a Financial Asset or Liability

Amortized Cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Amortised cost is a cost-based measure. The carrying value of a financial asset recorded in the statement of financial position at any given point in time does not provide information about the fair value of the future cash flows.

(i) Cash & Cash Equivalents

Cash and cash equivalents refer to the line item on the balance sheet that reports the value of a Company's assets that are cash or can be converted into cash immediately. They include bank accounts and marketable securities such as commercial paper and short-term government bonds.

Cash equivalents should have maturities of three months or less and they are subject to an insignificant risk of changes in value.

(j) Employee Benefits

1- Employees End-of-Service Benefits

Article 84 of the KSA Labor law states as follows regarding end-of-service settlement; Upon the end of the work relation, the employer shall pay the worker an end-of-service award of a half-month wage for each of the first five years and a one-month wage for each of the following years. The end-of-service award shall be calculated on the basis of the last wage and the worker shall be entitled to an end-of-service award for the portions of the year in proportion to the time spent on the job. Gratuity is a token of appreciation for all the hard work and commitment an employee has shown towards one's workplace. It is usually calculated at the time of resignation or termination. In KSA, an employee is entitled to an end of service benefit upon completion of two years of service if he is resigning from work. In the case of termination, the employee is entitled to a full accrual if the service period is more than one year. Gratuity is a monetary payment eligible to an employee as a lump sum at the end of his tenure provided that the period of service exceeds one year. Gratuity payment is a liability to the employer which accrues as the employee service period progresses. The liabilities recognized in the consolidated statement of financial position in respect of end-of-service benefits are the present value of the defined benefit liability at the end of the financial reporting period, and the defined benefit obligation is calculated annually by management using the projected unit credit method.



The current service cost of the defined benefit plan recognized in the consolidated statement of comprehensive Revenue is included in employee benefits expense, unless it is contained in the cost of the asset, reflecting the increase in the defined benefit obligation resulting from employee service in the current year and cases of change, curtailment and settlement of benefits.

Past service costs are recognized immediately in the consolidated statement of comprehensive Revenue. The present value of defined benefit liabilities is determined by discounting the estimated future cash outflows using rates of return on corporate bonds with a high credit rating, denominated in the currency in which the benefits are paid and with maturities approximating the relevant benefit liabilities, and in the absence of a broad market for these companies. Government bond market rates are applied. Actuarial gains or losses resulting from previous adjustments and changes in actuarial assumptions are charged to the consolidated statement of comprehensive Revenue in the period in which they occur.

2- Short-term Employee Benefits

Short-term employee benefits are employee benefits that are expected to be fully settled within twelve months after the end of the annual financial reporting period in which employees render the service to which those benefits relate. Undiscounted amounts for service rendered by an employee to the Company during an accounting period are recognized as an expense, and the related liability (accrued expense) is measured by the undiscounted amount of short-term employee benefits, expected to be paid in exchange for services rendered by the employee.

A liability relating to expected bonus payments is recognized only when there is a present legal or constructive obligation that the Group will make such payments as a result of past service rendered by the employee and a reliable estimate can be made of the obligation.

(k) Loans and Borrowing Costs

Loans are initially recognized at fair value, net of transaction costs incurred, and subsequently recognized at amortized cost, deducting any difference between proceeds (net of transaction costs) and the recoverable amount in the consolidated statement of comprehensive Revenue over the period of the loans using the effective commission method.

Fees paid for entering into loan facilities are accounted for as transaction costs of the loan, provided that there is a possibility that some or all of the facilities will be drawn down. In this case, the calculation of fees will be deferred until the withdrawal takes place. In the absence of evidence that some or all of the facilities may be withdrawn, the fees shall be capitalized and recorded within the amounts paid in advance for liquidity services, and shall be amortized over the period of the related facilities.

Finance costs mainly represent expenses payable on loans obtained from financial institutions at normal commercial rates, and are included as expenses in the consolidated statement of comprehensive Revenue in the period in which they are incurred.

Borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset during the required period of time to complete and prepare the asset for its intended use. All borrowing costs are expensed on a time-ratio basis using the effective interest rate method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the obligation for a period of not less than twelve months, after the issue date of the consolidated statement of financial position.

(l) Receivables and Other Credit Balances

Credit balance refers to the outstanding loans that are owed to a Company by virtue of granting credit to customers. A credit balance is normal and expected for the following accounts:

Liability accounts such as Accounts Payable, Notes Payable, Wages Payable, Interest Payable, Revenue Taxes Payable, Customer Deposits, Deferred Revenue Taxes, etc. Hence, a credit balance in Accounts Payable indicates the amount owed to vendors. (If a liability account would have a debit balance it indicates that the Company has paid more than the amount owed, has made an incorrect entry, etc.). Other credits are commitments to pay suppliers, employee benefits, and other Receivables. Other payables are classified as current liabilities if they are due within one year or less, otherwise they are presented as non-current liabilities. Financial liabilities included in accounts payable and other liabilities are initially recognized at fair value and subsequently at amortized cost. The fair values of the Company's payables are equal to its amortized cost when collected within a year or less.

(m) Accounting Provisions

An accounting provision is an amount of money that a Company sets aside to pay for future expenses or liabilities, depending on the accounting guidelines followed. According to the International Financial Reporting Standards (IFRS), a provision is a liability. There are many items that companies must take into account when examining their financial health and drafting their balance sheets. In many cases, a Company may choose to create accounting provisions to help them better understand their financial position and make informed decisions about the future operations, expenses and processes of their enterprise.

Accounting provisions can help companies accurately understand their obligations and protect against varying levels of unforeseen losses by providing foresight.

Provisions are acknowledged when the Group has liabilities (legal or contractual) on the date of the consolidated statement of financial position arising from past events. The payment of liabilities will likely result in an outflow of economic benefits, and their value can be reliably measured. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the money's time value and the obligation's specific risks.



(n) Value-added Tax (VAT)

Revenues, expenses and assets are recognized after deducting the VAT except for:

Where VAT that is incurred on the purchase of assets or services is not recoverable from the Zakat, Tax and Customs Authority, in which case the transaction tax is recognized as a part of the asset purchase cost, or as a part of the expense items, where applicable; and

Accounts receivable and payable that have been included with the transaction tax amount.

The net amount of VAT recoverable from, or payable to the Zakat, Tax and Customs Authority is included as a part of accounts receivable, or payable in the consolidated statement of the financial position.

(o) Revenues

Revenue is recognized according to the following five-step approach:

| | |
|---------------------|--|
| First step | <p>The group determines the contract with the customer in the following cases:</p> <ul style="list-style-type: none"> • The contract is approved and obligated by the parties • The rights of each party are determined • Payment terms are defined • The contract has commercial content • Revenue can be collected |
| Second step | <p>The group identifies all of the promised goods or services in the contract and determines whether to account for each promised good or service as a separate performance obligation.</p> <p>The good or service is considered distinct, and is separated from other obligations in the contract if:</p> <ul style="list-style-type: none"> • The customer can make use of the good or service separately or with other resources that are readily available to the customer. • The good or service is defined separately from the other goods or services mentioned in the contract. |
| Third step: | The group sets the transaction price, which is the consideration amount expected in exchange for transferring promised goods or services to a customer. |
| Fourth step: | The transaction price is allocated in an arrangement to each standalone performance obligation on the basis of the relative standalone selling prices of the goods or services provided to the customer. |
| Fifth step: | <p>Revenue is recognized when the control of the goods or services is transferred to the customer. The group transfers a good or service when a customer obtains the control of that good or service. The customer obtains control of a good or service if it has the ability to guide the use of the benefit of the good or service.</p> <p>In the comparative period, revenue is recognized to the extent that it is probable that the economic benefits will flow to the group, and the revenue can be measured reliably, regardless of when the payment was received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of the payment, excluding taxes or duties. The Company has concluded that, in all of its revenue arrangements, it has free pricing, and is subject to the inventory and credit risk.</p> <p>Dividend Revenue is recognized when the Company right to receive the dividends from its various investments can be demonstrated, usually when the dividend has been formally approved by the Shareholders.</p> <p>Revenue comprises the fair value of the consideration received or the receivable from the sale of goods and services in the ordinary course of the Group's activities. Revenue is reported net of returns, rebates and discounts. The Company records revenue when the amount of revenue can be measured reliably; it is probable that the future economic returns will flow to the Group, when specific criteria are met for each of the Group's activities as described below. The amount of revenue is only reliably measurable after all the contingent liabilities associated with the sale have been settled.</p> |

Transportation Sector Revenue

Revenue from the transport sector is recognized in the accounting period in which the group provides the agreed transport service to its customers; the revenue is calculated for the fixed-value and the incomplete contracts at the end of the period, in proportion to the service provided until the end of the same period from the agreed total service in the contract.

Real Estate Sector Revenue

Revenue from the real estate segment includes rental Revenue, property management Revenue, as well as real estate sale Revenue.

Real estate rental Revenue is recognized on a straight-line basis over the lease term. When the Group provides a rent discount as an incentive to its customers, whether at the beginning or the end of the term, the discount cost is distributed in a straight-line manner over the contract term, and is deducted from the rental Revenue.

Real estate management revenue is recognized during the accounting period in which the service is provided to its customers. In the event that the Group acts as an intermediary, only the commission value is recognized as revenue, not the total value of the contract.

Security Guards Sector Revenue

Revenue from the security guards sector includes the revenue from providing security guards and shift services to the Banks and the companies.

Exchange Feed Sector Revenue

Revenue from ATM feeding segment includes the revenues from the ATM feeding and maintenance services for the Banks.



Insured Money Transfer Sector, Counting and Sorting Money, and Correspondence Revenues

Revenues from the insured money transfer sector, counting and sorting money, and correspondence revenues include the revenues from money, valuables transportation, insurance services, money counting, sorting services and postal correspondence.

Maintenance and Operation Sector Revenue

Revenues from the maintenance and operation sector include the revenues from the building maintenance, as well as the operation services, the property management, and the third-party marketing.

City Solutions Company Revenue

Revenue from City Solutions includes the revenue from the parking rental services in Khobar, Dhahran and Dammam, supplying medical equipment to third parties, and the medical equipment supply to others.

Dividend Revenue

Dividend Revenue is recognized when the Company right to receive dividends from its various investments can be demonstrated, usually when the dividend has been formally approved by the Shareholders.

Revenue Cost

Revenue cost includes all the direct operating expenses associated with the transportation revenue generation, including the costs of the outsourced services (security, maintenance, repair, rental services, etc.), the costs of the security guards sector, the ATM feeding, the money transfer, the money counting, the maintenance, the operation, the fuel, the oil, the labor, the rent of the transportation and locations. To note that labor, transportation fleet depreciation, insurance, all other direct and operating expenses are considered general and administrative expenses.

Expenses

General and administrative expenses include the direct and indirect expenses that are not directly related to the costs of the provided services. They are distributed, if necessary, between the general and the administrative expenses, the cost of the services and the other expenses, on a consistent basis.

Zakat Provision

Zakat provision is calculated annually in the consolidated financial statements in accordance with the instructions of the Zakat, Tax and Customs Authority in the KSA; any adjustments that may result when the final assessment of zakat, is recorded in the consolidated statement of the comprehensive Revenue in the year in which the final assessment is received, whenever the provision is settled.

Earnings Per Share

The Company presents the basic earnings per share data for its common stock. The basic earnings per share is calculated by dividing the earnings attributable to the Company common stockholders by the weighted average number of the unpaid common shares during the same period. Diluted earnings per share are calculated by adjusting the weighted average number of the unpaid equity shares to reflect the effects of converting all the dilutive potential ordinary shares. The Company does not have any potential dilutive ordinary shares.

Information Sector

The operating sector is a component of the Group engages in the business activities from which it may earn revenue and incur expenses, including the transactions revenue and expenses with the other components of the Group, and for which the separate financial information is available. The operating results of each operating sector are reviewed by the Company CEO to make decisions about owing the resources to the segment, and to assess its performance.

Regular Reserve

In line with the requirements of the Companies Law and the Company Bylaws, 10% of the annual net profits are set aside to form the Company statutory reserve. This deduction may be discontinued when the said reserve reaches (30%) of the paid-up capital.

Operations in Foreign Currencies

Transactions designated in the foreign currencies are translated into the functional currency using the exchange rates ruling at the dates of the transactions or valuation when items are re-measured. The foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities designated in foreign currencies at the exchange rates prevailing at the end of the year, are calculated through the consolidated statement of the comprehensive Revenue.

Foreign exchange gains and losses are presented through the consolidated statement of the comprehensive Revenue under other Revenue / expenses, net.



Potential Obligations

They are obligations that are likely to arise from previous events and are confirmed only by the occurrence or absence of one or more unconfirmed future events.

It is within the full control of the Group, or the current commitment that is being restricted, because it is unlikely that there will be a need for a flow of resources to settle the obligation. In case of inability to measure the amount of commitment with sufficient reliability, it is not included in the potential withdrawals but is disclosed in the Consolidated Comprehensive Revenue Statement.

5.6 Consolidated Comprehensive Revenue Statement

Table No. (24): Consolidated Comprehensive Revenue Statement for the Financial Years ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) | Quarter Change 2020G 2021G |
|---|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|----------------------|----------------------|----------------------------|
| Revenues | 507,627 | 463,948 | 497,855 | (8.6%) | 7.3% | (1.0%) | 105,670 | 109,290 | 3.4% |
| Cost of Revenue | (430,064) | (403,827) | (438,100) | (6.1%) | 8.5% | (0.9%) | (91,307) | (100,474) | 10.0% |
| Gross profit | 77,563 | 60,121 | 59,755 | (22.5%) | (0.6%) | (12.2%) | 14,363 | 8,816 | (38.6%) |
| General and administrative expenses | (50,471) | (43,875) | (44,224) | (13.1%) | 0.8% | (6.4%) | (11,016) | (10,653) | (3.3%) |
| Operating profit | 27,092 | 16,247 | 15,531 | (40.0%) | (4.4%) | (24.3%) | 3,346 | (1,837) | (154.9%) |
| Losses/Gains on Sale of Property and Equipment | (287) | (883) | 277 | 207.5% | (131.4%) | 0.0% | 125 | - | (100.0%) |
| Provision for Expected Credit Losses | (5,372) | (2,330) | (17,751) | (56.6%) | 661.7% | 81.8% | (5,955) | (1,195) | (79.9%) |
| Investment Revenue at fair value through profit or loss | (1,050) | - | 90 | (100.0%) | N/A | N/A | - | 91 | N/A |
| Other revenue | 1,393 | 795 | 2,428 | (42.9%) | 205.5% | 32.0% | 757 | 12 | (86.4%) |
| Financing costs | (649) | (2,477) | (7,703) | 281.4% | 211.0% | 244.4% | (1,394) | (2,760) | (98.0%) |
| Net profit/(loss) before zakat | 21,127 | 11,352 | (7,128) | (46.3%) | (162.8%) | N/A | (3,121) | (5,689) | 82.3% |
| Zakat | (5,440) | (4,508) | (6,266) | (17.1%) | 39.0% | 7.3% | (1,057) | (1,300) | 23.0% |
| Net profit/(loss) for the period | 15,687 | 6,844 | (13,394) | (56.4%) | (295.7%) | N/A | (4,178) | (6,989) | 67.3% |
| Net profit (loss) attributable to the Shareholders of the Company | 14,189 | 6,900 | (12,855) | (51%) | N/A | N/A | (3,113) | (3,763) | 20% |
| Actuarial losses for employees' end of service benefits | 3,995 | (4,574) | (2,903) | (214.5%) | (36.5%) | N/A | - | - | N/A |
| Total comprehensive Revenue/(loss) | 19,681 | 2,270 | (16,296) | (88.5%) | (817.9%) | N/A | (4,178) | (6,989) | 67.3% |
| Total comprehensive Revenue (loss) attributable to the Shareholders of the Company | 17,973 | 2,595 | (15,542) | (85.6%) | N/A | N/A | (3,113) | (3,763) | 20% |
| As a percentage of revenue | | | | | 1% | | | | 1% |
| Gross profit | 15.3% | 13.0% | 12.0% | (2.3) | (1.0) | (3.3) | 13.6% | 8.1% | (5.5) |
| Operating profit | 5.3% | 3.5% | 3.1% | (1.8) | (0.4) | (2.2) | 3.2% | (1.7%) | (4.8) |
| Net profit/(loss) for the period | 3.1% | 1.5% | (2.7%) | (1.6) | (4.2) | (5.8) | (4.0%) | (6.4%) | (2.4) |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.



Revenues

BATIC Revenues mainly consist of:

- 1- AMNCO revenues constituting 88.2%, 84.7% and 69.1% of the total revenues for the financial years 2018G, 2019G and 2020G, respectively, while it constituted 84.3% and 81.3% of the total revenues for the first quarter of the financial years 2020G and 2021G, respectively. AMNCO activity is represented in providing the security guards services, feeding ATMs, transferring money to and from Banks, counting and sorting money, as well as correspondence.
- 2- MUBARRAD revenues constituting 11.3%, 14.1% and 13.3% of the total revenues of the financial years 2018G, 2019G and 2020G, respectively, while it constituted 14.6% and 15.8% of the total revenues of the first quarter of the financial years 2020G and 2021G, respectively. MUBARRAD activity is represented in transporting goods and tasks for a fee on the land roads in the KSA.

Revenues Decreased by 8.6% from SAR 507.6 million in the financial year 2018G to SAR 463.9 million in the financial year 2019G; this is mainly due to the Decrease in AMNCO revenues by SAR 55.1 million, as a result of a Decrease in the money exchange feeding revenues; this is mainly due to the presence of one of the Company clients in the Banking sector who reduced his business part with the Company (- SAR 30.6 million), while another Bank's contract with the Company expired and was not renewed, as the Bank concluded another contract with a competing Company due to the better pricing (- SAR 9.5 million).

Revenues increased by 7.3% to reach SAR 497.9 million in the financial year 2020G; this is mainly due to the increase in the revenues of AlShifa Technology Co. Ltd. by SAR 82.4 million as a result of supplying medical equipment mainly related to respirators and medical covers used in combating the Covid-19 pandemic for the National Unified Procurement Company (NUPCO) where the group acquired 60% of AlShifa Technology Co. Ltd., in the financial year 2020G to contribute to enhancing the Company activity; the rise was offset by a Decrease in AMNCO revenues by SAR 48.9 million as a result of the Decrease in the revenues of security; this is mainly due to the presence of one of the Company clients in the Banking sector who reduced his business part with the Company (- SAR 31.9 million), as well as the Decrease in the revenues of another client in the construction and contracting sector (SAR 14.8 million) as a result of the end of the contract within being renewed.

Revenues increased by 3.4% from SAR 105.7 million in the first quarter of the financial year 2020G to SAR 109.3 million in the first quarter of the financial year 2021G; this is mainly due to the increase in MUBARRAD revenues (+ SAR 1.8 million) as a result of the Company acquisition of several new customers in the third quarter of the financial year 2020G, coupled with City Solutions Company for Communications and Information Technology (City Solutions Company Co.) revenues (+ SAR 1.3 million), where the partial operation was started by the end of 2020G.

Revenues Cost

Revenue's cost is mainly related to the salaries, the wages, and the like (constituting 72% of the total cost of revenue in the past period), followed by the depreciation, the spare parts, the maintenance, and others. Revenue's cost decreased by 6.1% from SAR 430.1 million in the financial year 2018G to SAR 403.8 million in the financial year 2019G; this is mainly due to the decrease in AMNCO salaries, wages and like (SAR 33.4 million) in line with the Decrease in the revenue.

The cost of the revenue increased by 8.5% to reach SAR 438.1 million in the financial year 2020G; this is mainly due to AlShifa Technology Co. Limited operating costs (+ SAR 64.4 million), representing the cost of the sales for the supply of medical equipment value of SAR 55.5 million, the customs clearance fees and the shipping with a value of SAR 8.3 million. This increase was offset by a continuous decrease in AMNCO salaries, wages and like (SAR 35.9 million) in line with the continuous Decrease in the revenues.

The cost of the revenue increased by 10.0% from SAR 91.3 million in the first quarter of the financial year 2020G to SAR 100.5 million in the first quarter of the financial year 2021G; this is mainly due to the high cost of the depreciation and the amortization (+ SAR 3.1 million), especially in City Solutions Company related to receive and operate part of some parking lots of the Eastern Region project, as well as the increase in MUBARRAD depreciation and amortization as a result of purchasing a new fleet by the end of 2020G.

General and Administrative Expenses

General and administrative expenses relate mainly to the salaries, the wages and the like (constituting 65% of the total public and administrative expenses in the financial years 2018G, 2019G and 2020G, and 73% of the total public and administrative expenses in the first quarter of the financial years 2020G and 2021G), followed by the professional and advisory fees, the depreciation and the amortization expenses. General and administrative expenses Decreased by 13.1% from SAR 50.5 million in the financial year 2018G to SAR 43.9 million in the financial year 2019G; this is mainly due to the Decrease in the rental expenses (- SAR 4.4 million) as a result of some group companies canceling lease contracts for some of their administrative offices and move to BATIC building, as well as to the decrease in the cost of depreciation and amortization (- SAR 1.8 million).

General and administrative expenses remained relatively constant at SAR 44.2 million in the financial year 2020G compared to the previous period (SAR 43.9 million in the financial year 2019G).

General and administrative expenses Decreased by 3.3% from SAR 11.0 million in the first quarter of the financial year 2020G to SAR 10.7 million in the first quarter of the financial year 2021G; this is mainly due to the Decrease in the value of the depreciation and the amortization of the intangible assets resulting from the acquisition of AMNCO by BATIC.

Losses/Gains on Sale of Property and Equipment

Losses/gains on the sale of property and equipment of subsidiaries: AMNCO and MUBARRAD as a result of selling their units, whether due to the accidents, or to the obsolescence of their models that are not suitable for the Company operational operations.

Losses on the sale of property and equipment increased by 207.5% from SAR 287,000 in the financial year 2018G to SAR 883 thousand in the financial year 2019G; this is mainly due to the losses from selling MUBARRAD aging fleet. Losses on the sale of property and equipment Decreased by 131.4% to reach a profit of SAR 277 thousand in the financial year 2020G as a result of the profits obtained from AMNCO sale of property and equipment.



To note there were no profits or losses from the sale of property and equipment in the first quarter of the financial year 2021G, while the profits from the sale of property and equipment were SAR 125 thousand in the first quarter of the financial year 2020G.

Provision for Expected Credit Losses

The provision for expected credit losses relates to the trade and the other receivables. Management believes that the over this, due balances are not impaired, and they still fully collectible based on the past payment behavior and the comprehensive analysis of the customer's credit risk including the key credit ratings of the customer. The Group has calculated the estimated provisioning ratios for each period of time/category of customers, according to the simplified expected credit loss approach of the IFRS 9.

The provision for the expected credit losses Decreased by 56.6% from SAR 5.4 million in the financial year 2018G to SAR 2.3 million in the financial year 2019G as a result of responding to the doubtful debts amounting to SAR 2.3 million, mainly belonging to MUBARRAD client (UNITED MINING INVESTMENTS CO) after recalculation according to the IFRS 9, while the provision for expected credit losses increased by 661.7% to reach SAR 17.8 million in the financial year 2020G as a result of the increase in the provision for the doubtful debts to AMNCO; this is mainly due to the increase in the balances of some customers, and the irregularity in payment due to the related circumstances because of the Covid-19.

The provision for expected credit losses Decreased by 79.9% from SAR 5.9 million in the first quarter of the financial year 2020G to SAR 1.2 million in the first quarter of the financial year 2021G; this is mainly due to the increase in the formation of the provision for the expected credit losses during the first quarter of 2020G as a result of the conditions related to the Covid-19.

Other Revenue

Other revenue relates mainly to the bad debts and the other collections. Other revenue decreased by 42.9% from SAR 1.4 million in the financial year 2018G to SAR 795 thousand in the financial year 2019G; this is mainly due to the decrease in the bad debts collected.

Other Revenue increased by 205.5% to reach SAR 2.4 million in the financial year 2020G; this is mainly due to an increase in the bad debt collections of SAR1.6 million.

Other revenue decreased by 86.4% from SAR 757 thousand in the first quarter of the financial year 2020G to SAR 103 thousand in the first quarter of the financial year 2021G as a result of the decrease in the bad debt collections compared to the previous period (SAR 749 thousand).

Financing Costs

Financing costs consist of the interest on Bank facility financing and the interest on the lease obligation. Financing costs increased by 281.4% from SAR 649 thousand in the financial year 2018G to SAR 2.6 million in the financial year 2019G; this is mainly due to the increase in the benefits of the financing Bank facilities for BATIC related to the financing of the Arab Bank for the purpose of buying an investment property.

Financing costs increased by 211% to reach SAR 7.7 million in the financial year 2020G; this is mainly due to the increase in the benefits of the financing Bank facilities for City Solutions Company related to a Tawarruq facility Agreement for the purpose of financing an investment in the smart parking project in the Eastern Province, in addition to the financing expenses resulting from the lease commitment related to the land parking spaces leased by City Solutions Company.

Financing costs increased by 98.0% from SAR 1.4 million in the first quarter of the financial year 2020G to SAR 2.8 million in the first quarter of the financial year 2021G; this is mainly due to the increase in the interest expenses on the lease commitment related to the land and parking spaces leased by City Solutions Company.

Zakat

Zakat has increased by a cumulative rate of 7.3% from SAR 5.4 million in the financial year 2018G to SAR 6.3 million in the financial year 2020G, while it remained relatively stable at SAR 1.2 million in the first quarter of the financial years 2020G and 2021G.

The group has committed to submit its zakat returns independently until the end of the financial year ending on, 31/12/2020G, and obtained the final zakat certificate valid until 30/04/ 2022G. The zakat position was as follows:

• BATIC - the parent Company

- The Company submitted its zakat Declaration until the financial year ending on 31/12/2020G; it has obtained a final certificate valid until 30/04/2022G.
- The Company obtained the zakat assessments for the financial years from 2008G to 2014G; the assessment and objection file was closed; the Company paid the due zakat differences.
- The Company obtained the zakat assessment for 2018G on 31/12/2020G, according to which the Company was entitled to a zakat difference of SAR 39,879; the Company agreed to this assessment and paid the due zakat.
- Later on, on 21/09/2020G, the Company issued a zakat assessment from 2015G to 2017G; the zakat differences due under this assessment amounted to SAR 2,520,796.
- The Company paid SAR 105,573, representing the unobjectionable items, and submitted an objection to the remaining amount due on 12/12/2020G; the Authority rejected the objection on 11/02/2021G; the objection was worsened to the General Secretariat of the Tax Committees.



- **AMNCO - a subsidiary Company**
 - The Company submitted its zakat returns until the end of the financial year ending on 31/12/2020G.
 - The Company obtained the zakat assessment from 2008G to 2014G; the assessment and objection file was closed; the Company paid the due zakat differences.
 - On 29/03/2021G, the Company obtained a zakat assessment for 2015G with differences of SAR 513,721. On 20/05/2021G, the Company submitted an objection to the Zakat, Tax and Customs Authority.
- **City Solutions Company - a subsidiary of AMNCO**
 - The Company submitted its zakat returns until 2020G; it obtained a valid certificate until 30/04/2022G, and did not receive any zakat or tax assessments from the Zakat, Tax and Customs Authority.
- **AMNCO Facilities Management Company - a subsidiary of AMNCO**
 - The Company submitted its zakat returns until 2020G, and obtained a certificate valid until 30/04/2022G.
 - The Company obtained the zakat assessments from 2006G until 2016G; the assessment file was closed; the Company paid the this is mainly due zakat differences.
 - On 17/19/2020G, the Company received a zakat assessment for the year 2018G, amounting to SAR 35,508; the Company submitted an objection to the full amount; the Authority approved the objection.
- **AlShifa Technology Co. Ltd. - a subsidiary Company**
 - The Company submitted its zakat December luration for 2020G and obtained a valid certificate until 30/04/2022G; it did not receive any Zakat assessments from the Zakat, Tax and Customs Authority.
- **Batik Real Estate Company - a subsidiary Company**
 - The Company submitted its Zakat December luration for 202G0 and obtained a valid certificate until 30/04/2022G.
- **MUBARRAD - a subsidiary Company**
 - The Company submitted its returns to the General Authority of Zakat and Revenue up to the year ending on 31/12/2020G; it obtained a certificate from the Authority valid until 30/04/2022G. The Company obtained the zakat tax assessment for the financial period from 30/07/2017G until 31/12/2018G; the differences in zakat and withholding tax (amounting to SAR 59,607) were paid.

Actuarial Gains/Losses for Employees' end of Service Benefits

The Company recorded gains/losses remeasurement of employees' end-of-service benefits obligations according to the actuarial valuation conducted by SHMA Consulting for 2018G, and Al-Khwarizmi Company for Actuarial Services for 2019G and 2020G. Profits of SAR 4.0 million were recorded in 2018G, according to IAS 19, while the Company recorded losses of SAR 4.6 million and SAR 2.9 million in 2019G and 2020G, respectively, according to the assessment conducted by Al-Khwarizmi Company for Actuarial Services.



5.6.1 Company Revenues

Table No. (25): Revenues Issued by the Company for the Financial Years Ended 31 December 2018G, 2019G and 2020G and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) | Quarter Change 2020G 2021G |
|---|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|----------------------|----------------------|----------------------------|
| AMNCO | 448,170 | 393,074 | 344,174 | (12.3%) | (12.4%) | (12.4%) | 89,118 | 88,896 | (0.2%) |
| Security guards | 203,476 | 209,111 | 160,253 | 2.8% | (23.4%) | (11.3%) | 42,659 | 41,237 | (3.3%) |
| ATM Feeding | 168,053 | 119,875 | 129,437 | (28.7%) | 8.0% | (12.2%) | 32,271 | 33,653 | 4.3% |
| Transfer of funds, counting and sorting of money and correspondence | 76,642 | 64,087 | 54,483 | (16.4%) | (15.0%) | (15.7%) | 14,187 | 14,005 | (1.3%) |
| MUBARRAD | 57,232 | 65,446 | 65,978 | 14.4% | 0.8% | 7.4% | 15,447 | 17,284 | 11.9% |
| Transport | 57,232 | 65,446 | 65,978 | 14.4% | 0.8% | 7.4% | 15,447 | 17,284 | 11.9% |
| BATIC | - | 3,458 | 3,703 | N/A | 7.1% | N/A | 877 | 976 | 11.3% |
| Real estate investment | - | 3,458 | 3,703 | N/A | 7.1% | N/A | 877 | 976 | 11.3% |
| AlShifa Technology Co. Ltd. | - | - | 82,353 | N/A | N/A | N/A | - | - | N/A |
| Medical Equipment Supply | - | - | 82,353 | N/A | N/A | N/A | - | - | N/A |
| AMNCO Facilities Management Company | 2,225 | 3,841 | 7,359 | 72.7% | 91.6% | 81.9% | 1,569 | 2,757 | 75.8% |
| Maintenance and operation | 2,225 | 3,841 | 7,359 | 72.7% | 91.6% | 81.9% | 1,569 | 2,757 | 75.8% |
| Smart Cities Solutions | - | - | 809 | N/A | N/A | N/A | - | 1,312 | N/A |
| Smart car parking | - | - | 809 | N/A | N/A | N/A | - | 1,312 | N/A |
| Others and adjustments | - | (1,871) | (6,520) | N/A | 248.5% | N/A | (1,341) | (1,935) | 44.3% |
| Total | 507,627 | 463,948 | 497,855 | (8.6%) | 7.3% | (1.0%) | 105,670 | 109,290 | 3.4% |
| As a percentage of revenue | | | | | | 1% | | | 1% |
| AMNCO | 88.3% | 84.7% | 69.1% | (3.6) | (15.6) | (19.2) | 84.3% | 81.3% | (3.0) |
| Security guards | 40.1% | 45.1% | 32.2% | 5.0 | (12.9) | (7.9) | 40.4% | 37.7% | (2.6) |
| ATM Feeding | 33.1% | 25.8% | 26.0% | (7.3) | 0.2 | (7.1) | 30.5% | 30.8% | 0.3 |
| Transfer of funds, counting and sorting of money and correspondence | 15.1% | 13.8% | 10.9% | (1.3) | (2.9) | (4.2) | 13.4% | 12.8% | (0.6) |
| MUBARRAD | 11.3% | 14.1% | 13.3% | 2.8 | (0.9) | 2.0 | 14.6% | 15.8% | 1.2 |
| Transport | 11.3% | 14.1% | 13.3% | 2.8 | (0.9) | 2.0 | 14.6% | 15.8% | 1.2 |
| BATIC | N/A | 0.7% | 0.7% | 0.7 | (0.0) | 0.7 | 0.8% | 0.9% | 0.1 |
| Real estate investment | N/A | 0.7% | 0.7% | 0.7 | (0.0) | 0.7 | 0.8% | 0.9% | 0.1 |
| AlShifa Technology Co. Ltd. | N/A | N/A | 16.5% | N/A | 16.5 | 16.5 | N/A | N/A | N/A |
| Medical Equipment Supply | N/A | N/A | 16.5% | N/A | 16.5 | 16.5 | N/A | N/A | N/A |
| AMNCO Facilities Management Company | 0.4% | 0.8% | 1.5% | 0.4 | 0.7 | 1.0 | 1.5% | 2.5% | 1.0 |
| Maintenance and operation | 0.4% | 0.8% | 1.5% | 0.4 | 0.7 | 1.0 | 1.5% | 2.5% | 1.0 |
| City Solutions Company | N/A | N/A | 0.2% | N/A | 0.2 | 0.2 | N/A | 1.2% | 1.2 |
| Smart car parking | N/A | N/A | 0.2% | N/A | 0.2 | 0.2 | N/A | 1.2% | 1.2 |
| Others and adjustments | N/A | (0.4%) | (1.3%) | (0.4) | (0.9) | (1.3) | (1.3%) | (1.8%) | (0.5) |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.



- **AMNCO**

AMNCO revenues consist of the following:

1- Security Guards

It provides a private civil security guard service for the sites and the facilities in all regions of the KSA. Revenues of security guards increased by 2.8% from SAR 203.5 million in the financial year 2018G to SAR 209.1 in the financial year 2019G; this is mainly due to an increase in the requirements of the security guards for four of the largest companies in the construction and contracting sector of the Company (+ SAR 31.3 million) as a result of the start projects on their sites, in addition to an increase in the requirements of the security guards for a Bank (+ SAR 3.8 million). The Company also secured two new contracts in the trade sector value SAR 5.4 million. This increase was offset by a Decrease of SAR 33.3 million due to the fact that two major companies in the Banking sector reduced their business with the Company as a result of the current competitors offering competitive prices or terms.

Revenues of security guards Decreased by 23.4% to reach SAR 160.3 million in the financial year 2020G; this is mainly due to the continued December line by two major companies in the Banking sector by reducing their business with the Company (- SAR 40.6 million) and contracting with competitive companies with competitive prices, as well as to the Decrease in revenues from: 1) one of the construction and contracting companies (- SAR 10.7 million) as a result of not renewing the contract with the client, as the Company faced continuous delays in paying this is mainly dues from him, and 2) one of the investment companies (- SAR 10.6 million) as a result of the end and unrenovable contract, while the Decrease was offset by an increase in a construction and contracting Company (SAR 15.0 million) as a result of its contract with the Company at the end of 2019G.

Revenues of the security guards Decreased by 3.3% from SAR 42.7 million in the first quarter of the financial year 2020G to SAR 41.2 million in the first quarter of the 2021G because of the expiry of two contracts of the Company major clients that were not renewed (- SAR 5.9 million) as a result of non-compliance with the payment of the value of the monthly bills, and the expiry date of another contract with a medium Company amounting to SAR 1.0 million. The Decrease was offset by an increase of SAR 5.9 million as a result of a new contract with one of the largest construction and contracting companies.

2- ATM Feeding

It provides ATM feeding service in all the regions of the KSA. ATM feeding revenues Decreased by 28.7% from SAR 168.1 million in the financial year 2018G to SAR 119.9 million in the financial year 2019G; this is mainly due to a Bank reducing part of their business with the Company (SAR 30.6 million), coupled with the expiry of a contract for another Bank that was not renewed (- SAR 9.5 million) as a result of the highly competitive environment in the ATM feeding sector.

ATM feeding revenues increased by 8.0% to reach SAR 129.4 million in the financial year 2020G as a result of the increase in the revenues from a Bank (+ SAR 19.8 million) this is mainly due to the increase in the number of the ATMs allocated to the Company, while the rise was offset by a Decrease of SAR 10.7 million from one of the Banks as a result of continuing to reduce their business with the Company and turn to competing companies.

ATM feeding revenues increased by 4.3% from SAR 32.3 million in the first quarter of the financial year 2020G to SAR 33.7 million in the first quarter of the financial year 2021G as a result of the increase in the revenues from a Bank (+ SAR 3.4 million) mainly due to the increase in the number of the ATMs allocated to the Company, while this was offset by a Decrease of SAR 2.4 million from one of the other Banks as a result of the Decrease in the number of the ATMs allocated to the Company.

3- Transfer of Funds, Counting and Sorting Money and Correspondence

It provides the service of transferring money to and from the Banks, the ATMs, counting and sorting money, and correspondence. Revenues from transferring money, counting and sorting money and correspondence Decreased by 16.4% from SAR 76.6 million in the financial year 2018G to SAR 64.1 million in the financial year 2019G; this is mainly due to a Bank reducing part of its business with the Company (- SAR 7.6 million). This was also coupled with the expiry of a contract with one of the major Banks (- SAR 4.0 million) as a result of the highly competitive environment in the sector.

Revenues from transferring money, counting and sorting money, and correspondence Decreased by 15.0% in the financial year 2020G, as a result of one of the Banks continuing to reduce its business with the Company (SAR 10.5 million). This was also coupled with the total closures in the KSA this is mainly due to the pandemic (Covid-19).

Revenues from transferring money, counting and sorting money and correspondence remained relatively constant at SAR 14.1 million in the first quarter of the financial years 2020G and 2021G.

- **MUBARRAD**

Transport

It provides the service of transporting goods and missions on land roads. Transportation revenue increased by 14.4% from SAR 57.2 million in the financial year 2018G to SAR 65.4 million in the financial year 2019G as a result of entering into a contract with one of the Company main customers in the food production sector for an additional 3 years (+ SAR 5.8 million).

Transportation revenue increased slightly by 0.8% to reach SAR 65.9 million in the financial year 2020G; this is mainly due to the increase in the revenues from 4 customers in the food production sector (+ SAR 4.2 million) and 1 Company in the logistics sector (+ SAR 1.3 million). This was offset by a Decrease in one of the mining and metals companies (- SAR 2.5 million) and another Company in the logistics sector (- SAR 2.4 million) as a result of the non-compliance with paying the monthly bills; the number of the fleet was reduced and operated with the other customers.

Revenue increased by 11.9% from SAR 15.4 million in the first quarter of the financial year 2020G to SAR 17.3 million in the first quarter of the financial year 2021G because of the Company signed several contracts with new customers in the third quarter of the financial year 2020G (+ SAR 1.2 million).



- **BATIC**

Real Estate Investment

BATIC has purchased a building in Olaya neighborhood of King Fahd Street that represents the main building of the Company (the parent Company). Accordingly, the investment of the real estate Revenue relates to renting part of the main building to related parties (representing 50% of the investment of the real estate Revenue), while the remaining part represents the Revenue from the other tenants. The revenues of the investment of the real estate increased by 7.1% from SAR 3.5 million in the financial year 2019G to SAR 3.7 million in the financial year 2020G as a result of leasing 2 offices that were not rented in 2019G at SAR 302 thousand.

The revenues of the investment of the real estate increased by 11.3% from SAR 877 thousand in the first quarter of the financial year 2020G to SAR 976 thousand in the first quarter of the financial year 2021G as a result of renting some offices in the main building that were used by BATIC in the first quarter of 2020G.

- **AlShifa Technology Co. Ltd.**

Medical Equipment Supply

The Company acquired 60% of AlShifa Technology Co. Ltd. in the third quarter of the financial year 2020G, to contribute in enhancing the Company activity and supplying equipment used to combat the COVID-19 pandemic. Revenues from supplying medical equipment amounted to SAR 82.4 million in the financial year 2020G, as the Company secured the suppliers, and signed contracts with them to supply the required equipment, which, in turn, contributed to an increase in the medical equipment sales during the same period.

It is worth noting that BATIC acquired additional shares of the capital of its subsidiary (AlShifa Technology Co. Ltd.), representing 40%, to be wholly owned by BATIC at a percentage of 100% on Ramadan 14, 1442H corresponding to 26/04/2021G.

- **AMNCO Facility Management Co.**

Maintenance and Operation

It provides ATMs maintenance and operation and some other support services. Maintenance and operating revenues increased by 72.7% from SAR 2.2 million in the financial year 2018G to SAR 3.8 million in the financial year 2019G; this is mainly due to new contracts during the same period. Maintenance and operating revenues continued to increase by 91.6% to reach SAR 7.4 million in the financial year 2020G as a result of the new contracts obtained by the Company with the related parties, such as MUBARRAD and others.

Maintenance and operating revenues increased by 75.8% from SAR 1.6 million in the first quarter of the financial year 2020G to SAR 2.8 million in the first quarter of the 2021G as a result of the new contracts during the same period.

- **City Solutions Company**

Smart Car Parking

Smart car parking revenue mainly consists of multiple car parks and smart car parks in the Eastern Province. The revenues of smart car parks amounted to SAR 809 thousand in the financial year 2020G; they increased to SAR 1.3 million in the first quarter of the financial year 2021G, as the Company started its activities during the financial year 2019G, and began generating the revenues at the end of the financial year 2020G.

Adjustments

The settlements relate to the related party transactions. The settlements increased from SAR 1.9 million in the financial year 2019G to SAR 6.5 million in the financial year 2020G as a result of the increase in the transactions between the related parties, mainly regarding the signing of a contract between AMNCO Facilities Management Company and MUBARRAD to operate its technical workforce. The settlements also increased from SAR 1.3 million in the first quarter of the financial 2020G to SAR 1.9 million in the first quarter of the financial year 2021G, as a result of the increase in the transactions between the related parties, mainly regarding the contract between AMNCO Facilities Management and Smart City Solutions.



5.6.2 Cost of Revenue

Table No. (26): Cost of Revenue for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Administration) | Q1 2021G (Administration) | Quarter Change 2020G 2021G |
|---|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|----------------------------|
| Salaries, wages, and like | 340,734 | 308,404 | 269,926 | (9.5%) | (12.5%) | (11.0%) | 68,235 | 70,490 | 3.3% |
| Cost of Goods Sold - Healing Technology | - | - | 55,523 | N/A | N/A | N/A | - | - | N/A |
| consumptions | 24,448 | 27,615 | 29,949 | 13.0% | 8.4% | 10.7% | 6,698 | 9,806 | 46.4% |
| Spare parts and maintenance | 17,760 | 16,613 | 13,637 | (6.5%) | (17.9%) | (12.4%) | 3,784 | 3,585 | (5.2%) |
| Consumable materials and equipment | 1,958 | 4,260 | 11,966 | 117.5% | 180.9% | 147.2% | 906 | 3,471 | 283.3% |
| fuels and oils | 8,810 | 10,692 | 11,548 | 21.4% | 8.0% | 14.5% | 2,707 | 3,015 | 11.4% |
| Clearance office fees | 176 | 144 | 8,608 | (17.9%) | 5858.8% | 599.3% | 55 | 51 | (7.3%) |
| flight allowance | 3,310 | 4,202 | 4,297 | 26.9% | 2.3% | 13.9% | 976 | 1,068 | 9.5% |
| medical insurance | 8,322 | 7,558 | 7,470 | (9.2%) | (1.2%) | (5.3%) | 2,016 | 1,814 | (13.9%) |
| Insurance of fleet, goods and real estate | 5,558 | 5,512 | 5,930 | (0.8%) | 7.6% | 3.3% | 1,196 | 1,626 | 36.0% |
| Feedback and confirmation fees | 3,792 | 3,878 | 3,807 | 2.3% | (1.8%) | 0.2% | 552 | 1,387 | 151.1% |
| Transportation rental | 1,808 | 2,355 | 1,555 | 30.3% | (34.0%) | (7.3%) | 225 | 156 | (30.8%) |
| Rents | 1,456 | 1,567 | 1,282 | 7.6% | (18.2%) | (6.2%) | 512 | 396 | (22.7%) |
| Stationery and hospitality supplies | 2,147 | 1,201 | 741 | (44.0%) | (38.3%) | (41.3%) | 167 | 102 | (38.7%) |
| Bank expenses | 514 | 268 | 88 | (47.9%) | (67.3%) | (58.7%) | 120 | 71 | (40.8%) |
| Other | 9,269 | 9,557 | 11,773 | 3.1% | 23.2% | 12.7% | 3,070 | 3,436 | 11.9% |
| Total | 430,064 | 403,827 | 438,100 | (6.1%) | 8.5% | 0.9% | 91,307 | 100,474 | 10.0% |
| Key Performance Indicators | | | | Change | | | Change | | |
| Number of employees at the end of the period [†] | 4,880 | 5,913 | 4,360 | 313 | (833) | (520) | 4,247 | 4,382 | 135 |
| Average monthly salary per employee (SAR) | 5,819 | 4,949 | 5,159 | (870) | 210 | (659) | 5,356 | 5,362 | 7 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.

[†]The number of employees does not include AMNCO Facilities Management Company Ltd. number of employees.

Salaries, Wages, and Like

Salaries, wages and like are mainly related to the basic salaries, the transportation allowances, the housing allowances, the bonuses and others. The costs of salaries, wages and like Decreased by 9.5% from SAR 340.7 million in the financial year 2018G to SAR 308.4 million SAR in the financial year 2019G; this is mainly due to the Decrease in AMNCO costs of salaries, wages and like (SAR 33.4 million), in line with the Decrease in the revenue. It is worth noting that the increase in its employees (from 4,880 employees to 5,913 employees during the same period) was the result of signing contracts at the end of the financial year 2019G, where the shown number of employees represents the numbers at the end of the year.

The costs of salaries, wages and like Decreased by 12.5% to reach SAR 269.9 million in the financial year 2020G.

The costs of salaries, wages and like increased by 3.3% from SAR 68.2 million in the first quarter of the financial year 2020G to SAR 70.5 million in the first quarter of the financial year 2021G; this is mainly due to the increase in the AMNCO and MUBARRAD costs of salaries, wages and like (+ SAR 1.5 million) as a result of the increase in the number of the operating staff (+107 employees) to meet the requirements of the new contracts.



Goods Sold Cost - AlShifa Technology Co. Ltd.

AlShifa Technology Co. Ltd. cost of sales concerns the supply of the medical equipment. The cost of goods sold amounted to SAR 55.5 million in the financial year 2020G; this is mainly due to the sale of the respirators and medical covers and their accessories to NUPCO and King Salman Humanitarian Aid and Relief Center during the same period against the backdrop of the Covid-19 pandemic.

Consumptions

Consumptions represent the depreciation expense of the fixed assets used in the operation. Depreciations increased by 13.0% from SAR 24.4 million in the financial year 2018G to SAR 27.6 million in the financial year 2019G; this is mainly due to the increase in AMNCO (+ SAR 2.2 million) as a result of adding a new fleet during the same period.

Depreciation continued to rise by 8.4% to reach SAR 29.9 million in the financial year 2020G; this is mainly due to the increase AMNCO in consumptions (+ SAR 2.1 million) as a result of adding a new fleet and security equipment and supplies during the same period.

Depreciation increased by 46.4% from SAR 6.7 million in the first quarter of the financial year 2020G to SAR 9.8 million in the first quarter of the financial year 2021G; this is mainly due to the increase in City Solutions consumption (+ SAR 2.2 million) as a result of the application of the IFRS16 on some of the leased parking spaces in the Eastern Province that were received during the same period.

Spare parts and Maintenance

Spare parts and maintenance mainly relate to the ATM spare parts and maintenance, and the spare parts needed to maintain the fleet of subsidiaries. Spare parts and maintenance Decreased by 6.5% from SAR 17.8 million in the financial year 2018G to SAR 16.6 million in the financial year 2019G; this is mainly due to the Decrease in AMNCO costs of the spare parts and maintenance (- SAR 2.3 million) in line with the Decrease in AMNCO revenues in the financial year 2019G by 12.3% compared to the financial year 2018G.

Spare parts and maintenance continued to December line by 17.9% to reach SAR 13.6 million in the financial year 2020G; this is mainly due to the Decrease in AMNCO spare parts and maintenance costs (- SAR 2.8 million) in line with the Decrease in AMNCO revenues in the financial year 2020G by 12.4% compared to the financial year 2019G.

Spare parts and maintenance Decreased by 5.2% from SAR 3.8 million in the first quarter of the financial year 2020G to SAR 3.6 million in the first quarter of the financial year 2021G; this is mainly due to the Decrease in AMNCO and MUBARRAD spare parts and maintenance costs (- SAR 430 thousand) as a result of the Decrease in the operating revenues for the first quarter of the financial year 2021G compared to the first quarter of the financial year 2020G.

Consumable Materials, Equipment and Supplies

Consumable materials, equipment and supplies relate to the supplies used in the operational operations of the money transfer, the automatic exchange and security guards' sector (such as cables, security bags, security guards' clothes, and others). Consumable materials, equipment and supplies increased by 117.5% from SAR 2.0 million in the financial year 2018G to SAR 4.3 million in the financial year 2019G. They are consumed for the preparation of projects expected to be obtained to ensure the Company readiness before receiving those projects in sufficient time, coupled with the high cost of some of those supplies.

Consumable materials, equipment and supplies continued to increase by 180.9% to reach SAR 11.9 million in the financial year 2020G; this is mainly due to the precautionary measures against the Covid-19 virus, coupled with the high prices of these consumable materials and equipment due to their high demand from all sides, as well as to the high prices of supplies of materials and other consumable equipment for the same conditions.

Consumable materials, equipment and supplies increased by 283.3% from SAR 906 thousand in the first quarter of the financial year 2020G to SAR 3.5 million in the first quarter of the financial year 2021G; this is mainly due to the increase in AMNCO)costs of materials, consumable equipment and supplies (+ SAR 2.5 million) due to the application of the precautionary measures for the Covid-19 virus after the first quarter of the financial year 2020G; they are still ongoing for the first quarter of the financial year 2021G, as well as to the increase in the prices during the first quarter of the financial year 2021G compared to the first quarter of the financial year 2020G this is mainly due to these circumstances.

Fuels and Oils Costs

Fuel and oil costs relate to the trucks used for MUBARRAD. The costs of the fuel and the oil increased by 21.4% from SAR 8.8 million in the financial year 2018G to SAR 10.7 million for the financial year 2019G; this is mainly due to the increase in MUBARRAD costs of the fuel and the oil (+ SAR 1.9 million) in line with the increase in MUBARRAD revenues in the financial year 2019G by 14.4% compared to the financial year 2018G.

Fuel and oil costs continued to rise by 8.0% to reach SAR 11.5 million in the financial year 2020G; this is mainly due to the increase in MUBARRAD costs of fuel and oils (+ SAR 856 thousand) in line with the increase in MUBARRAD revenues for the financial year 2020G compared to the financial year 2019G.

Fuel and oil costs increased by 11.4% from SAR 2.7 million in the first quarter of the financial year 2020G to SAR 3.0 million in the first quarter of the financial year 2021G. The operating Revenue for the first quarter of the financial year 2021G increased by 11.9% compared to the first quarter of the financial year 2020G.



Clearance Office Fees

Clearance office fees are related to the customs office fees for the clearing import procedures from abroad or the clearance procedures for the international flights that MUBARRAD implements for its customers by land. Clearance office fees decreased by 17.9% from SAR 176 thousand in the financial year 2018G to SAR 144 thousand in the financial year 2019G as a result of the decrease in MUBARRAD clearance offices fees (- SAR 32 thousand).

Clearance office fees increased by 5858.8% to reach SAR 8.6 million in the financial year 2020G; this is mainly due to the increase in AISHifa Technology Co. Ltd. fees for the clearance offices, regarding the import of the medical equipment during the Covid-19 pandemic from abroad; mainly from China (+ SAR 8.3 million).

Clearance office fees Decreased slightly by 7.3% from SAR 55 thousand in the first quarter of the financial year 2020G to SAR 51 thousand in the first quarter of the financial year 2021G as a result of the Decrease in MUBARRAD clearance offices fees.

Flight Allowance

Trip allowances relate to the amounts paid to MUBARRAD transport drivers for operational trips carried out to its customers. Travel allowance costs increased by 26.9% from SAR 3.3 million in the financial year 2018G to SAR 4.2 million in the financial year 2019G in line with the increase in MUBARRAD revenues for the financial year 2019G by 14.4% compared to the financial year 2018G.

Flight allowance costs continued to increase by 2.3% to reach SAR 4.3 million in the financial year 2020G, in line with the increase in MUBARRAD revenues for the financial year 2020G compared to the financial year 2019G.

Flight allowance costs increased by 9.5% from SAR 976 thousand in the first quarter of the financial year 2020G to SAR 1.1 million in the first quarter of the financial year 2021G.

Medical Insurance

Medical insurance relates to the insurance provided by the Arab Cooperative Insurance Company licensed in the KSA, to the employees. Medical insurance costs Decreased by 9.2% from SAR 8.3 million in the financial year 2018G to SAR 7.6 million in the financial year 2019G, because of the Decrease in the number of employees during the same year. To note that the increase in the number of employees from 4,880 employees to 5,913 employees represents the number of employees at the end of the year.

Medical insurance costs continued to Decrease by 1.2% to reach SAR 7.5 million in the financial year 2020G; this is mainly due to AMNCO and MUBARRAD Decrease in the medical insurance costs (- SAR 88 thousand) as a result of the Decrease in the number of employees during the same period.

Medical insurance costs Decreased by 13.9% from SAR 2.0 million in the first quarter of the financial year 2020G to SAR 1.8 million in the first quarter of the financial year 2021G.

Goods and Real Estate Insurance

Goods and real estate insurance mainly relate to the amounts paid to insure the fleet and vehicles of subsidiaries and insurance on movable goods and property owned by customers. The costs of ensuring the fleet, the goods and the real estate Decreased slightly by 0.8% from SAR 5.6 million in the financial year 2018G to SAR 5.5 million in the financial year 2018G, as a result of the Decrease in MUBARRAD costs of insuring the fleet and the goods (- SAR 217 thousand).

The costs of ensuring the fleet, the goods and the real estate increased by 7.6% to reach SAR 5.9 million in the financial year 2020G; this is mainly due to the increase in AMNCO fleet, goods and real estate insurance (+ SAR 453 thousand) as a result of the increase in the prices of some insurance policies.

The costs of ensuring the goods and the real estate increased by 36.0% from SAR 1.2 million in the first quarter of the financial year 2020G to SAR 1.6 million in the first quarter of the financial year 2021G; this is mainly due to the increase in MUBARRAD goods insurance (+ SAR 368 thousand), because of the Company has purchased new trucks and trailers.

Feedback and Confirmation Fees

The processing and approval fees mainly relate to the amounts paid for the employee visas for the exit and the return, the multiple visas for the transport drivers for the international trips, and the renewal of the residence permits for the employees.

Feedback and confirmation fees increased slightly by 2.3% from SAR 3.8 million in the financial year 2018G to SAR 3.9 million in the financial year 2019G, then Decreased by a slight 1.8% to reach SAR 3.8 million in the financial year 2020G; this is mainly due to the Decrease in MUBARRAD approvals costs (-SAR 1.2 million) because of the Decrease in the number of employees during the same year (while the increase in the number of employees from 4,880 to 5,913 employees represents the number of employees at the end of the year). This was offset by an increase in AMNCO costs of feedback and approvals (+ SAR 1.1 million) as a result of the increase in the fees of the labor offices and the increase in AMNCO Utilities Company Ltd. number of workers, where most of the workers in the projects are non-Saudis, in addition to the fees for attracting, sometimes, such workers from abroad.

Feedback and confirmation fees increased by 151.1% from SAR 552 thousand in the first quarter of the financial year 2020G to SAR 1.4 million in the first quarter of the financial year 2021G; this is mainly due to the increase in MUBARRAD, AMNCO and AMNCO Utilities Company Ltd. approvals expenses (+ SAR 833 thousand) as a result of the increase in the number of the foreign workers in AMNCO Utilities Company Ltd.



Transportation Lease

Lease of transportation relates to truck rentals of a refrigerated Company from a third parties. The rent of the means of transportation increased by 30.3% from SAR 1.8 million in the financial year 2018G to SAR 2.4 million in the financial year 2019G. The Company trucks are rented.

The rent of the transportation Decreased by 34% to reach SAR 1.6 million in the financial year 2020G; this is mainly due to the Decrease in MUBARRAD renting costs of fleet (- SAR 800 thousand) because of the Company has added new fleet in the second half of 2020G, and relied on its owned fleet more than the lessor.

The rent of the means of transportation Decreased by 30.8% from SAR 225 thousand in the first quarter of the financial year 2020G to SAR 156 thousand in the first quarter of the financial year 2021G; this is mainly due to the Decrease in the rent of the means of transportation (- SAR 69 thousand) as a result of the Company dependence on its fleet.

Rents

They mainly relate to the rent of the main building of the Company, the branches and sites of subsidiaries in the cities and the regions of the KSA. Rents increased slightly by 7.6% from SAR 1.5 million in the financial year 2018G to SAR 1.6 million in the financial year 2019G; this is mainly due to AMNCO and MUBARRAD increase in rental costs (+ SAR 110 thousand).

Rents Decreased by 18.2% to reach SAR 1.3 million in the financial year 2020G; this is mainly due to AMNCO and MUBARRAD Decrease in the rental costs (- SAR 258,000) as a result of the reduction of some AMNCO rent values sites due to the conditions of the Covid-19 pandemic.

Rents Decreased by 22.7% from SAR 512 thousand in the first quarter of the financial year 2020G to SAR 396 thousand in the first quarter of the financial year 2021G as a result of AMNCO Decrease in rental costs (- SAR 101 thousand).

Stationery and Hospitality Supplies

Stationery and hospitality supplies are related to the office supplies, the hospitality and the celebration supplies. The costs of stationery and the hospitality supplies Decreased by 44.0% from SAR 2.1 million in the financial year 2018G to SAR 1.2 million in the financial year 2019G. The Company revenue and profitability December lined during the same period.

The costs of stationery and hospitality supplies continued to December line by 38.3% to reach SAR 741 thousand in the financial year 2020G.

The costs of the stationery and the hospitality supplies Decreased by 38.7% from SAR 167 thousand in the first quarter of the financial year 2020G to SAR 102 thousand in the first quarter of the financial year 2021G, as a result of AMNCO Decrease in costs of the stationery and the hospitality supplies (- SAR 65 thousand).

Bank expenses

Bank charges include the Bank fees, the commissions and the transfer of fees. Bank expenses Decreased by 47.9% from SAR 514 thousand in the financial year 2018G to SAR 268 thousand in the financial year 2019G, while the increase in the number of employees (from 4,880 employees to 5,913 employees) represents the number of employees at the end of the year, is mainly related to the transfer of fees to the employees' salaries.

Bank expenses continued to December line by 67.3% to reach SAR 88 thousand in the financial year 2020G as a result of the Decrease in AMNCO Bank expenses (- SAR 180 thousand) as a result of the Decrease in the number of employees, mainly related to the transfer of fees to the employees' salaries.

Bank expenses Decreased by 40.8% from SAR 120 thousand in the first quarter of the financial year 2020G to SAR 71 thousand in the first quarter of the financial year 2021G; this is mainly due to AMNCO Decrease in Banking expenses.

Other

Other costs relate to the costs of the public services such as water, electricity, internet, mail and other incidental costs related to the operation. Other costs increased slightly by 3.1% from SAR 9.3 million in the financial year 2018G to SAR 9.6 million in the financial year 2019G, and increased by 23.2% to reach SAR 11.8 million in the financial year 2020G, mainly due to the BATIC and AMNCO increase in other costs (+ SAR 1.8 million) as a result of charging some fines and violations under this item.

Other costs increased by 11.9% from SAR 3.1 million in the first quarter of the financial year 2020G to SAR 3.4 million in the first quarter of the financial year 2021G; this is mainly due to MUBARRAD increase in other costs (+ SAR 1.7 million SAR) as a result MUBARRAD exposure to violations and fines mainly due to the delay in renewing the transport license. This was offset by a Decrease in AMNCO other costs (- SAR 1.4 million) because of the Company still bearing fines and violations.



5.6.3 General and Administrative Expenses

Table No. (27): General and Administrative Expenses for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Administration) | Q1 2021G (Administration) | Quarter Change 2020G 2021G |
|--|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|----------------------------|
| Salaries, wages, etc | 28,472 | 30,049 | 30,577 | 5.5% | 1.8% | 3.6% | 7,886 | 8,008 | 1.5% |
| Professional fees and advice | 4,560 | 3,907 | 3,102 | (14.3%) | (20.6%) | (17.5%) | 142 | 328 | 131.2% |
| Rents | 4,850 | 494 | 23 | (89.8%) | (95.3%) | (93.1%) | 533 | 319 | (40.1%) |
| Remunerations of members of the BOD and committees and allowances for attending sessions | 1,680 | 1,340 | 962 | (20.2%) | (28.2%) | (24.3%) | 465 | - | (100.0%) |
| Depreciation and amortization | 4,937 | 3,096 | 2,423 | (37.3%) | (21.7%) | (29.9%) | 658 | 140 | (78.8%) |
| Shareholder registration fee | 516 | 447 | 395 | (13.5%) | (11.5%) | (12.5%) | - | - | N/A |
| Medical insurance and treatment | 1,440 | 1,389 | 1,948 | (3.6%) | 40.3% | 16.3% | 400 | 493 | 23.0% |
| Advertising | 1,008 | - | - | (100.0%) | N/A | 0.0% | 26 | 37 | 45.6% |
| Other | 3,008 | 3,153 | 4,793 | 4.8% | 52.0% | 26.2% | 906 | 1,329 | 46.6% |
| Total | 50,471 | 43,875 | 44,224 | (13.1%) | 0.8% | (6.4%) | 11,016 | 10,653 | (3.3%) |
| Key Performance Indicators | Change | | | | | | | | Change |
| Number of employees at the end of the period * | 217 | 211 | 216 | (6) | 5 | (1) | 215 | 210 | (5) |
| Average monthly salary per employee (SAR) | 10,934 | 11,868 | 11,797 | 934 | (71) | 863 | 12,227 | 12,711 | 484 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.

*The number of employees does not include AMNCO Facilities Management Company Ltd. number of employees.

Salaries, Wages, and Like

Salaries, wages and like consist mainly of the basic salaries, the allowances and the bonuses. Salaries, wages and like increased by 5.5% from SAR 28.5 million in the financial year 2018G to SAR 30.0 million in the financial year 2019G, mainly due to the increase in AMNCO salaries, wages and like (+ SAR 3.3 million) as a result of the increase in the number of the administrative employees during the same year (while the Decrease in the number of the administrative employees of the group from 217 employees to 211 employees represents the number of the employees at the end of the year), as well as to the increase in the average of the monthly salary for each employee. This was offset by a Decrease in BATIC salaries, wages and like expenses (- SAR 1.8 million) as a result of the changes in the senior management personnel, in the salaries, as well as in the annual bonuses.

Salaries, wages and like continued to increase slightly by 1.8% from SAR 30.0 million in the financial year 2019G to SAR 30.6 million in the financial year 2020G; this is mainly due to the increase in BATIC salaries, wages and like (+ SAR 2.2 million). This was offset by a Decrease in AMNCO salaries, wages and like expenses (- SAR 1.9 million) as a result of transferring some of the administrative employees from the subsidiaries to BATIC under joint services before the joint services were canceled again in September 2020G.

Salaries, wages, and like increased slightly by 1.5% from SAR 7.9 million in the first quarter of the financial year 2020G to SAR 8.0 million in the first quarter of the financial year 2021G.

Professional and Consulting Fees

Professional and consulting fees Decreased by 14.3% from SAR 4.6 million in the financial year 2018G to SAR 3.9 million in the financial year 2019G as a result of the Decrease in BATIC and AMNCO professional and consulting fees (SAR 685 thousand Saudi) as a result of the Decrease in BATIC consulting fees related to the acquisition deals, as well as AMNCO some consultancy contracts.

Professional and consulting fees continued to Decrease by 20.6% from SAR 3.9 million in the financial year 2019G to SAR 3.1 million in the financial year 2020G, mainly as a result of BATIC professional and consulting fees Decrease (- SAR 1.2 million) as a result of the termination of some consulting contracts. This Decrease was offset by an increase in AMNCO professional and consulting fees (+ SAR 558 thousand) as a result of the consultations in subsidiaries, as well as to the consultations related to the studies of some projects for some clients.



Professional and consulting fees increased by 131.2% from SAR 142 thousand in the first quarter of the financial year 2020G to SAR 328 thousand in the first quarter in the financial year 2021G. This increase is attributed to AMNCO (+SAR 187 thousand) as a result of contracting with an external law firm to manage the Company legal affairs.

Rents

Rents Decreased by 89.8% from SAR 4.9 million in the financial year 2018G to 494 thousand SAR in the financial year 2019G this is mainly due to AMNCO rents Decrease (-SAR 2.3 million) as a result of the completion of the lease contract for AMNCO headquarters in Smart Tower.

Rents continued to December line by 95.3%, from SAR 494 thousand in the financial year 2019G to SAR 23 thousand in the financial year 2020G; this is mainly due to the Decrease in BATIC and MUBARRAD rents as a result of moving the former headquarters of BATIC in Al Anoud Tower to a new administrative building during the same period; a cooler Company has also rented the new administrative building.

Rents Decreased by 40.1% from SAR 533 thousand in the first quarter in the financial year 2020G to SAR 319 thousand in the first quarter in the financial year 2021G, mainly due to BATIC rents Decrease (- SAR 157 thousand).

Remunerations of BOD Members, Committees and Allowances for Attending Sessions

The remuneration of the BOD members, the committees and the allowance for attending sessions Decreased by 20.2% from SAR 1.7 million in the financial year 2018G to SAR 1.3 million in the financial year 2019G; they continued to December line by 28.2% to reach SAR 962 thousand in the financial year 2020G. This December line is mainly attributed to BATIC as a result of some board members waiving their bonuses, in addition to reducing the value of the bonuses in 2020G.

There was no distribution of remunerations for the BOD members, committees and an allowance for attending sessions in the first quarter of the financial year 2021G, while the remunerations for the BOD members, committees and allowance for attending sessions amounted to SAR 465 thousand in the first quarter of the financial year 2020G.

Depreciation and Amortization

Depreciation and amortization Decreased by 37.3% from SAR 4.9 million in the financial year 2018G to SAR 3.1 million in 2019G, and continued to December line by 21.7% to reach SAR 2.4 million in the financial year 2020G; this is mainly due to the amortization of the book value of some intangible assets resulting from the acquisition of AMNCO by BATIC during the financial year 2015G.

Depreciation and amortization Decreased by 78.8% from SAR 134 thousand in the first quarter of 2020G financial year 2020G to SAR 36 thousand in the first quarter of 2021G; this is mainly due to BATIC (- SAR 177 thousand) as a result of the amortization of the remaining book value of some intangible assets resulting from the acquisition of AMNCO by BATIC during 2015G.

Shareholder Registration Fees

Shareholder registration fees Decreased by 13.5% from 516 SAR thousand in the financial year 2018G to SAR 447 thousand in the financial year 2019G, and continued to December line by 11.5% to reach SAR 395 thousand in the financial year 2020G. They represent fixed and variable fees, as well as subscriptions from the CMA.

Medical Insurance and Treatment

Medical insurance and treatment expenses remained relatively constant at SAR 1.4 million between the financial years 2018G and 2019G, while the medical insurance and treatment expenses increased by 40.3% to reach SAR 1.9 million in the financial year 2020G; this increase is mainly attributed to BATIC (+ SAR 408 thousand) as a result of the increase in the administrative staff in the common services department.

Medical insurance and treatment expenses increased by 23.0% from SAR 400,000 in the first quarter of the financial year 2020G to SAR 493 thousand in the first quarter of 2021G; this increase is attributed to BATIC (+ SAR 67 thousand).

Advertising

The group recorded an advertising expense of SAR 1.0 million in the financial year 2018G, mainly related to the advertising expenses carried out by BATIC, amounting to SAR 445,000, which is sponsoring conferences, magazines and printing advertising documents, and SAR 562,000 in AMNCO.

Advertising expenses increased by 45.6% from SAR 26 thousand in the first quarter of the financial year 2020G to SAR 37 thousand in the first quarter of the financial year 2021G; this increase is attributed to City Solutions Company (+ SAR 27 thousand).

Other Expenses

Other expenses increased by 4.8% from SAR 3.0 million in the financial year 2018G to SAR 3.2 million in the financial year 2019G; they continued to increase by 52.0% to reach SAR 4.8 million in the financial year 2020G.

Other expenses increased by 46.6% from SAR 906 thousand in the first quarter of the financial year 2020G to SAR 1.3 million in the first quarter of 2021G financial year; this is mainly due to City Solutions Company increase in the Bank commissions (+ SAR 593 thousand).



5.6.4 Other Revenues

Table No. (28): Table No. (27): Other Revenues for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Administration) | Q1 2021G (Administration) | Quarter Change 2020G 2021G |
|------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|----------------------------|
| Bad Debts Result | 254 | 550 | 2,147 | 116.5% | 290.5% | 190.8% | 749 | - | (100.0%) |
| Other | 1,139 | 245 | 281 | (78.5%) | 14.8% | (50.3%) | 8 | 103 | 1189.5% |
| Total | 1,393 | 795 | 2,428 | (42.9%) | 205.5% | 32.0% | 757 | 103 | (86.4%) |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.

Bad Debts Result

Collected bad debts increased by 116.5% from SAR 254 thousand in the financial year 2018G to SAR 550 thousand in the 2019G; they continued to rise by 290.5% to reach SAR 2.1 million in 2020G as a result of previously bad debt collections related mainly to receivables tellers in AMNCO money transfer and automatic exchange sector.

The collected bad debts amounted to SAR 749,000 in the first quarter of the financial year 2020G; there were no bad debts collected in the first quarter of 2021G financial year.

Other

Other miscellaneous Revenue Decreased by 78.5% from SAR 1.1 million in the financial year 2018G to SAR 245 thousand in the 2019G financial year, while other miscellaneous Revenue increased by 14.8% to SAR 281 thousand in 2020G.

Other miscellaneous Revenue increased by 1189.5% from SAR 8 thousand in the first quarter of the financial year 2020G to SAR 103 thousand in the first quarter of 2021G.

5.6.5 Financing Costs

Table No. (29): Financing Costs for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Administration) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Administration) | Q1 2021G (Administration) | Quarter Change 2020G 2021G |
|---|---------------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|----------------------------|
| Bank Facility Financing Expenses | 649 | 2,203 | 6,040 | 239.4% | 174.1% | 205.0% | 1,345 | 1,266 | (5.9%) |
| Interest Expense on The Rental Obligation | - | 273 | 1,663 | N/A | 508.6% | N/A | 49 | 1,494 | 2945.9% |
| Total | 649 | 2,477 | 7,703 | 281.4% | 211.0% | 244.4% | 1,394 | 2,760 | 98.0% |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.

Bank Facility Financing Expenses

Bank facilities financing expenses increased by 239.4% from SAR 649 thousand in the financial year 2018G to SAR 2.2 million in 2019G, as a result of the increase in the group's Bank facilities.

Bank facilities financing expenses increased by 174.1% from SAR 2.2 million in the financial year 2019G to SAR 6.0 million in the financial year 2020G, as a result of the increase in the group's Bank facilities.

Financing expenses for Bank facilities remained relatively stable at SAR 1.3 million in the first quarter of 2020G and 2021G financial years.

Interest Expense on The Rental Obligation

Interest expense on the lease commitment increased by 508.6% from SAR 273 thousand in the financial year 2019G to SAR 1.7 million in 2020G, as a result of the application of IFRS 16 on the Company leased sites.

The interest expense on the lease obligation increased by 2,945.9% from SAR 49 thousand in the first quarter of the financial year 2020G to SAR 1.5 million in the first quarter of 2021G, as a result of the application of the IFRS 16 on the parking lots leased from the Eastern Province Municipality.



5.6.6 Consolidated Statements of Financial Position

Table No. (30): Consolidated Statements of Financial Position for Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---|--|--|--|---|
| Assets | | | | |
| Non-current assets | | | | |
| Property and equipment, net | 168,361 | 169,239 | 202,609 | 199,549 |
| Right to use assets, net | - | 4,920 | 198,101 | 195,973 |
| Investment properties, net | 24,795 | 41,404 | 41,236 | 38,664 |
| Intangible assets, net | 86,489 | 85,097 | 83,981 | 83,653 |
| Investments at fair value through profit or loss | 1,895 | 1,895 | 2,043 | 2,043 |
| Advance payments for the purchase of property and equipment | - | 151 | 14,474 | 27,151 |
| Total non-current assets | 281,540 | 302,706 | 542,443 | 547,033 |
| Current assets | | | | |
| Inventory | 11,660 | 9,721 | 9,858 | 9,931 |
| Trade receivables, net | 111,786 | 135,767 | 160,774 | 172,086 |
| Other debit balances, net | 49,195 | 78,700 | 56,500 | 55,425 |
| Investments at fair value through profit or loss | - | - | - | 10,091 |
| Criticism and its ruling | 47,595 | 34,172 | 55,917 | 54,599 |
| Total current assets | 220,235 | 258,361 | 283,049 | 302,133 |
| total assets | 501,775 | 561,067 | 825,493 | 849,166 |
| Equity and Liabilities | | | | |
| Property rights | | | | |
| Capital | 300,000 | 300,000 | 300,000 | 300,000 |
| regular reserve | 48,307 | 48,997 | 48,997 | 48,997 |
| Retained earnings | 22,697 | 25,056 | 12,201 | 8,438 |
| Losses of remeasurement of employee benefits | - | (465) | (3,152) | (3,152) |
| Non-controlling interest | 15,329 | 14,544 | 13,472 | 10,247 |
| Total Equity | 386,332 | 388,132 | 371,518 | 364,529 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| long term loans | 5,625 | 32,488 | 94,145 | 105,490 |
| Checks | 386 | - | 8,310 | 7,123 |
| Lease obligations | - | 3,599 | 180,586 | 181,532 |
| Commitment to employees' end of service benefits | 36,188 | 38,128 | 35,985 | 36,741 |
| Total non-current liabilities | 42,200 | 74,215 | 319,026 | 330,887 |
| current liabilities | | | | |
| The current portion of long-term loans, short-term loans | 1,500 | 38,658 | 55,894 | 50,894 |
| Checks | 744 | 386 | 4,748 | 4,748 |
| Lease obligations | 503 | 1,151 | 3,364 | 3,540 |
| Shareholders' this is mainly dues | 18,944 | 18,919 | 18,894 | 18,891 |



| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| trade creditors | 10,922 | 9,514 | 12,847 | 13,416 |
| Other credit balances | 34,017 | 25,065 | 32,895 | 54,654 |
| Zakat provision | 6,613 | 5,027 | 6,306 | 7,606 |
| Total current liabilities | 73,244 | 98,720 | 134,949 | 153,750 |
| Total Liabilities | 115,443 | 172,935 | 453,975 | 484,637 |
| Total Equity and Liabilities | 501,776 | 561,067 | 825,493 | 849,166 |
| Key Performance Indicators | | | | |
| return on assets | | | | |
| return on equity | 3.1% | 1.2% | (1.6%) | (0.8%) |
| Pending sales days | 4.1% | 1.8% | (3.6%) | (1.9%) |
| Pending stock days | 85 | 103 | 120 | 156 |
| Payment this is mainly due days | 10 | 10 | 8 | 9 |
| cash transfer cycle | 9 | 9 | 9 | 12 |
| the findings | 86 | 104 | 118 | 154 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Non-Current Assets

Non-current assets increased from SAR 281.5 million as on December 31, 2018G to SAR 302.7 million as on December 31, 2019G; this is mainly due to an increase in the investment properties value SAR 16.6 million wholly related to BATIC to purchase the Company main building (this amount represents the portion of the building classified as investment property), in addition to the increase in the right-of-use assets balance amounting to SAR 4.9 million, as a result of the application of IFRS 16.

Non-current assets increased from SAR 302.7 million as on December 31, 2019G to SAR 542.4 million as on December 31, 2020G; this is mainly due to an increase in the right to use assets balance of SAR 193.2 million related to City Solutions Company as a result of receiving part of the project positions Smart Parking in the Eastern Province. This was also coupled with an increase in the property and equipment value SAR 33.4 million as a result of the additions of locomotives, trailers, refrigeration units and vehicles mainly related to MUBARRAD because of the purchase of 100 refrigerated trailers and 60 new trucks.

Non-current assets increased from SAR 542.4 million as on December 31, 2020G to SAR 547.0 million as on March 31, 2021G; this is mainly due to an increase in the balance of advance payments for the purchase of property and equipment amounting to SAR 12.7 million they are mainly related to City Solutions Company as a result of payments to Huawei and IDEX to purchase electronic devices and operating equipment for smart parking in the Eastern Province. This was offset by a Decrease in: 1) the property and equipment of SAR 3.1 million as a result of depreciation for the same period; 2) the real estate investments of SAR 2.6 million, and 3) the right-of-use assets of SAR 2.2 million.

Current Assets

Current assets increased from SAR 220.2 million as on December 31, 2018G to SAR 258.4 million as on December 31, 2019G; this is mainly due to the increase in the trade and other receivable balances of SAR 53.5 million; they are mainly related to the increase in rents paid in advance to the Eastern Province (+ SAR 28.0 million) related to the parking lot of City Solutions Company, in addition to the increase in the balance of trade receivables (+ SAR 25.1 million) as a result of the increase in trade receivables related to AMNCO customers.

Current assets increased from SAR 258.4 million as on December 31, 2019G to SAR 283.0 million as on December 31, 2020G; this is mainly due to an increase in cash and cash equivalents (+ SAR 21.7 million) as a result of realizing cash generated from operating activities during 2020G compared to cash used during 2019G, in addition to the cash generated from financing activities paid with the amounts received from loans and notes payable.

Current assets increased from SAR 283.0 million as on December 31, 2020G to SAR 302.1 million as on March 31, 2021G; this is mainly due to the increase in the investments at fair value through profit or loss (SAR +10.1 million) related to managed investment portfolio investments by Al-Istithmar Capital. This was also coupled with an increase in trade and other receivables (SAR +11.3 million) as a result of an increase in the trade receivables related to AMNCO customers due to the relative increase in revenues during the same period.



Property Rights

Equity increased from SAR 386.3 million as on December 31, 2018G to SAR 388.1 million as on December 31, 2019G, in line with the increase in retained earnings (+ SAR 2.4 million) driven by an annual net profit of SAR 6.8 million. This was offset by a Decrease in non-controlling interests (- SAR 785 thousand).

Equity Decreased from SAR 388.1 million as on December 31, 2019G to SAR 371.5 million as on December 31, 2020G, in line with the Decrease in the retained earnings (SAR 12.9 million) driven by an annual net loss of SAR 13.4 million. The annual loss was mainly due to the increase in the provision for expected credit losses (SAR +15.4 million) mainly related to AMNCO clients.

Equity Decreased from SAR 371.5 million as on December 31, 2020G to SAR 364.5 million as on March 31, 2021G, in line with the Decrease in the retained earnings (- SAR 3.7 million) driven by a net loss for the first quarter of 2021G of SAR 3.8 million, in addition to a Decrease in the non-controlling interests (- SAR 3.2 million) driven by a net loss for the first quarter.

Non-Current Liabilities

Non-current liabilities increased from SAR 42.2 million as on December 31, 2018G to SAR 74.2 million as on December 31, 2019G; this is mainly due to the increase in the long-term loans (+ SAR 26.9 million) mainly related to Arab Bank and Riyadh Bank loans to BATIC.

Non-current liabilities increased from 74.2 million SAR as on December 31, 2019G to 319.0 million SAR as on December 31, 2020G; this is mainly due to the increase in the lease commitment (+ SAR 177.0 million) driven by the parking lots leased from the Eastern Region Municipality of City Solutions Company; this was also coupled with an increase in the long-term loans (+ SAR 61.7 million) mainly related to Emirates NBD loan to Smart Cities Solutions.

Non-current liabilities increased from SAR 319.0 million as on December 31, 2020G to SAR 330.9 million as on March 31, 2021G; this is mainly due to the increase in long-term loans (SAR +11.3 million) mainly related to Emirates NBD loan to Smart City Solutions; this was offset by a Decrease in promissory note (- SAR 1.2 million) as a result of the amounts paid.

Current Liabilities

Current liabilities increased from SAR 73.2 million as on December 31, 2018G to SAR 98.7 million as on December 31, 2019G; this is mainly due to the increase in the current portion of the long-term and short-term loans (+ SAR 37.2 million) mainly related to a short loan (the term in AMNCO is SAR 30 million from the Investment Bank, the Arab Bank loan for BATIC, and the Riyadh Bank loan for two refrigeration companies).

Current liabilities increased from SAR 98.7 million as on December 31, 2019G to SAR 134.9 million as on December 31, 2020G; this is mainly due to the increase in the current portion of the long-term and short-term loans (SAR +17.2 million) mainly related to the short-term loans with Riyadh Bank for BATIC, and a short-term loan from the French Bank for AMNCO; this was also coupled with an increase in the balance of the trade creditors and the other credit balances (+ SAR 11.2 million) mainly related to the increase in the balance of the trade creditors as a result of the increase in the balances of 5 suppliers and the increase in the other credit balances related to the leave allowance.

Current liabilities increased from SAR 134.9 million as on December 31, 2020G to SAR 153.8 million as on March 31, 2021G; this is mainly due to the increase in the trade and the other credit balances (+ SAR 22.3 million) mainly related to the increase in the other credit balances related to March leave allowance and accrued salaries; they were paid in April, to AMNCO.

5.6.7 Property and Equipment

Table No. (31): Property and Equipment for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|---|------------------------------------|------------------------------------|------------------------------------|--|
| Lands | 34,184 | 42,416 | 46,916 | 48,130 |
| Buildings, December orations and equipment | 1,006 | 10,227 | 9,503 | 15,337 |
| Locomotives, trailers, refrigeration units and cars | 115,068 | 95,305 | 118,106 | 112,605 |
| Equipment for workshops and prefabricated houses | 3,477 | 3,642 | 3,252 | 948 |
| Security machines, equipment and supplies | 9,241 | 8,177 | 11,050 | 9,888 |
| Furniture, furnishings and office equipment | 5,386 | 9,473 | 13,783 | 12,641 |
| Total | 168,361 | 169,239 | 202,609 | 199,549 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



Lands

As on March 31, 2021G, the lands mainly relate to the Al-Kharj land owned by the BATIC, with a value of SAR 21.3 million. The land is mortgaged to a local Bank (Riyadh Bank) as a real estate guarantee, in addition to the lands owned by AMNCO and MUBARRAD, in addition to the classified part of the land of the administrative building of BATIC, where the Company signed a credit facilities Agreement securitization with the Arab Bank on December 18, 2018G; this Agreement ends on 31 December 2023G (sixty months), with a value of SAR 34.0 million, to finance the purchase of a property representing the administrative offices in Al-Ma'athar neighborhood, in the center of Riyadh.

The land balance increased from SAR 34.2 million as on December 31, 2018G to SAR 42.4 million as on December 31, 2019G; this is mainly due to the addition of SAR 8.2 million, which represent approximately 50% of the value of the land acquired in the Al-Ma'athar neighborhood (administrative building), while the remainder of the value represents the real estate investments in accordance with the requirements of IAS 40.

The land balance increased from SAR 42.4 million as on December 31, 2019G to SAR 46.9 million as on December 31, 2020G; this is mainly due to the additions in MUBARRAD amounting to SAR 4.5 million, which were entirely related to the settlements for part of the debit balances of the client, the Mining Investment Company (Youmak) land in Al-Manakh district in Riyadh in the second quarter of the financial year 2020G. It represented a land mortgage from the client in exchange for services provided by MUBARRAD; this is mainly due to the client's inability to pay the dues, the part of the mortgage debit balances was settled, and the ownership was transferred to MUBARRAD.

The land balance increased to SAR 48.1 million as of March 31, 2021G; this is mainly due to the increase in the area used by the group in the group's new main building located on the land of the Al-Ma'athar neighborhood (reclassifying part of the administrative building lands from investment properties to land).

Buildings, December orations and Equipment

Buildings, December orations and furniture mainly relate to the new main building of the group located on the land of Al-Ma'athar district, in addition to the necessary December orations, furniture and finishes for the buildings. The balance of buildings, December orations and equipment increased from SAR 1.0 million as on December 31, 2018G to SAR 10.2 million as on December 31, 2019G; this is mainly due to additions of SAR 10.0 million mainly related to the group's new main building in Al Ma'athar district, offset by depreciation of SAR 812.

The balance of buildings, December orations and equipment Decreased from SAR 10.2 million as on December 31, 2019G to SAR 9.5 million as on December 31, 2020G; this is mainly due to the depreciation for the same period amounting to SAR 726 thousand.

The balance of buildings, December orations and equipment increased from SAR 9.5 million as on December 31, 2020G to SAR 15.3 million as on March 31, 2021G; this is mainly due to the additions of SAR 4.0 million related to settlements from investment properties to buildings and December orations, as well as the additions of SAR 1.9 million attached to City Solutions Company as a result of construction work, contracting and installation of shades for the car park headquarters.

Locomotives, Trailers, Refrigeration Units and Vehicles

Locomotives, trailers, refrigeration units, and vehicles consist of armored vehicles related to the transportation of money and precious metals for the benefit of AMNCO customers, in addition to trucks and trailers for the transportation of goods and errands for the benefit of MUBARRAD customers, as well as other vehicles used in the group's operational process. The balance of locomotives, trailers, refrigeration units and vehicles Decreased from SAR 115.1 million as on December 31, 2018G to SAR 95.3 million as on December 31, 2019G; this is mainly due to the depreciation for the same period amounting to SAR 21.4 million. In addition to the exclusions amounting to SAR 4.2 million mainly related to MUBARRAD and AMNCO fleet and obsolete vehicle, it was offset by SAR 5.9 million related to MUBARRAD (SAR 3.7 million) which includes the purchase of 10 new refrigerated trailers, and AMNCO (SAR 2.2 million) which includes the purchase of new armored vehicles.

The balance of locomotives, trailers, refrigeration units and vehicles increased from SAR 95.3 million as on December 31, 2019G to SAR 118.1 million as on December 31, 2020G; this is mainly due to the additions of SAR 44.0 million as the following: SAR 39.6 million.

related to MUBARRAD that purchased 100 refrigerated trailers and 60 new trucks, and SAR 4.4 million related to AMNCO that purchased new armored vehicles; it is offset by depreciation of SAR 19.9 million for the same period, in addition to the disposals of SAR 1.3 million mainly related to MUBARRAD and AMNCO.

The balance of locomotives, trailers, refrigeration units and vehicles Decreased from SAR 118.1 million as on December 31, 2020G to SAR 112.6 million as on March 31, 2021G; this is mainly due to the depreciation for the year amounting to SAR 5.3 million.

Equipment for Workshops and Prefabricated Houses

Equipment, workshops and prefabricated houses mainly consist of prefabricated houses, maintenance workshop equipment and electric generators, mainly belong to the MUBARRAD. Equipment, workshops and prefabricated homes increased from SAR 3.5 million as on December 31, 2018G to SAR 3.6 million as on December 31, 2019G; this is mainly due to additions of SAR 620,000 that were entirely related to MUBARRAD Company and consisted of a building and equipment workshop; it is offset by depreciation of SAR 454 thousand.

Equipment, workshops and prefabricated homes Decreased from SAR 3.6 million as on December 31, 2019G to SAR 3.3 million as on December 31, 2020G; this is mainly due to the depreciation for the same period amounting to SAR 603 thousand, while this was offset by the additions of SAR 213,000.

Equipment, workshops and prefabricated homes Decreased from SAR 3.3 million as on December 31, 2020G to SAR 948 thousand as on March 31, 2021G; this is mainly due to a reclassification among the groups of assets in addition to the depreciation for the same period.



Security Machines, Equipment and Supplies

Machines and equipment mainly related to security equipment such as surveillance devices, cameras and money-counting machines; they mainly belong to the consolidated AMNCO. The balance of machinery, equipment and security supplies Decreased from SAR 9.2 million as on December 31, 2018G to 8.2 SAR million as on December 31, 2019G; this is mainly due to the depreciation for the same period amounting to SAR 1.5 million.

The balance of machinery, equipment and security supplies increased from SAR 8.2 million as on December 31, 2019G to SAR 11.1 million as on December 31, 2020G; this is mainly due to AMNCO additions (+ SAR 4.5 million) as a result of purchasing Counting and sorting machines and computers. It offset the depreciation for the same period of SAR 1.8 million.

The balance of machinery, equipment and security supplies Decreased from SAR 11.1 million as on December 31, 2020G to 9.9 million SAR as on March 31, 2021G; this is mainly due to the depreciation for the same period offset by AMNCO additions (+ SAR 51 thousand).

Furniture, Furnishings and Office Equipment

Furniture, furnishings and office equipment mainly relate to chairs, tables, cabinets, sofas and other office equipment. The balance of furniture, furnishings and office equipment increased from SAR 5.4 million as on December 31, 2018G to SAR 9.5 million as on December 31, 2019G; this is mainly due to the additions of SAR 6.4 million, mainly relates to AMNCO (SAR 6.2 million); it includes purchases furniture for the main building. It was offset by the depreciation for the same period amounting to SAR 2.3 million.

The balance of furniture, furnishings and office equipment increased from SAR 9.5 million as on December 31, 2019G to SAR 13.8 million as on December 31, 2020G; this is mainly due to the additions of SAR 8.2 million related to AMNCO (SAR 7.6 million); it includes furniture and furnishings for the main building. It was offset by the depreciation for the same period amounting to SAR 3.7 million, in addition to the disposals amounting to SAR 153 thousand, that mainly relates to AMNCO.

The balance of furniture, furnishings and office equipment Decreased from SAR 13.8 million as on December 31, 2020G to 12.6 million SAR as on March 31, 2021G; this is mainly due to the depreciation for the same period amounting to SAR 1.2 million.

5.6.8 Right-of-use Assets

Table No. (32): Right-of-use Assets for the Financial years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Cost | | | | |
| Balance at the beginning of the period | - | - | 6,055 | 202,735 |
| Extras | - | 6,055 | 196,680 | 106 |
| End of period balance | - | 6,055 | 202,735 | 202,841 |
| accumulated consumption | | | | |
| Balance at the beginning of the period | - | - | (1,135) | (4,634) |
| bearing during the period | - | (1,135) | (3,499) | (2,234) |
| End of period balance | - | (1,135) | (4,634) | (6,868) |
| Net book value | - | 4,920 | 198,101 | 195,973 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

As on March 31, 2021G, the right to use assets mainly relates to the parking lot related to City Solutions Company (SAR 191.7 million) and the right to use assets for the leased sites and offices related to the unconsolidated AMNCO Company (SAR 3.3 million), a well as the right to use MUBARRAD premises (SAR 3.3 million).

The right to use assets balance increased from SAR 4.9 million as on December 31, 2019G to SAR 198.1 million as on December 31, 2020G; this is mainly related to City Solutions Company, which increased by SAR 193.4 million as a result of receiving part of the rented parking spaces from the Eastern Province Municipality during 2020G. It was offset by the depreciation for the same period amounting to SAR 3.5 million.

The right to use assets balance Decreased from SAR 198.1 million as on December 31, 2020G to SAR 196.0 million as on March 31, 2021G as a result of the depreciation for the same period amounting to SAR 2.2 million.



5.6.9 Investment Properties

Table No. (33): Investment Properties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|---|------------------------------------|------------------------------------|------------------------------------|--|
| Cost | | | | |
| Balance at the beginning of the period | - | 25,027 | 42,048 | 42,375 |
| Add-ons | - | 17,021 | 327 | - |
| Transferred from real estate and equipment | 23,027 | - | - | - |
| Transferred from investments at fair value through profit or loss | 2,000 | - | - | - |
| End of period balance | 25,027 | 42,048 | 42,375 | 42,375 |
| accumulated consumption | | | | |
| Balance at the beginning of the period | (99) | (232) | (644) | (1,139) |
| bearing during the period | (133) | (412) | (495) | (118) |
| End of period balance | (232) | (644) | (1,139) | (1,256) |
| Reclassification from investment properties to fixed assets | - | - | - | (2,454) |
| Net book value | 24,795 | 41,404 | 41,236 | 38,664 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Investment properties are represented in the land and buildings intended for the investment and leased to third parties; they are evaluated by a qualified and independent expert (Estnad Valuation). The real estate appraisal mechanism applied in evaluating the investment real estate is in compliance with the International Valuation Standards Board and with the directives of the Saudi Authority for Accredited Valuers (TAQEEM).

The cost of the investment properties as of March 31, 2021G amounted to SAR 42.4 million; it mainly consists of :1) the investment properties value SAR 22.5 million, representing the winery land in Jeddah, 2) the investment properties value SAR 2.0 million, represented by a contribution in the lands of northeastern Jeddah, and 3) the investment properties value SAR 16.7 million, representing lands, buildings and equipment in Al-Ma'athar neighborhood in Riyadh.

The balance of the investment properties increased from SAR 24.8 million as on December 31, 2018G to SAR 41.4 million as on December 31, 2019G; this is mainly due to the additions of SAR 17.0 million, mainly related to the new main building (SAR 8.5 million) and the land in Al-Ma'athar district (SAR 8.3 million). These values represent 50% of the total value of the asset, with the remaining portion of the value being classified as fixed assets, in accordance with the requirements of IAS 40.

The balance of the investment properties Decreased from SAR 41.4 million as on December 31, 2019G to SAR 41.2 million as on December 31, 2020G; this is mainly due to the depreciation for the same period amounting to SAT495. It was offset by the additions value SAR 327 thousand related to December orations in the administrative building.

The balance of the investment properties Decreased from SAR 41.2 million as on December 31, 2020G to SAR 38.7 million as on March 31, 2021G; this is mainly due to a reclassification from the investment properties to the fixed assets with a value of SAR 2.5 million according to the change in the areas used by the group.

5.6.10 Intangible Assets

Table No. (34): Intangible Assets for the Financial Years ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|------------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Fame | 78,246 | 78,246 | 78,246 | 78,246 |
| Trade Name | 2,226 | 2,090 | 1,954 | 1,920 |
| Existing customer base | 1,112 | 855 | 599 | 535 |
| technology and systems | 4,905 | 3,906 | 3,183 | 2,953 |
| Total | 86,489 | 85,097 | 83,981 | 83,653 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



Reputation

IAS 36 "Impairment of assets" requires that goodwill shall be tested annually regardless of whether there is any indication that goodwill is impaired. The Group annually conducts an impairment test for the goodwill resulting from the acquisition of AMNCO by BATIC, amounting to SAR 70.1 million as on December 31, 2018G, 2019G and 2020G and March 31, 2021G. Moreover, the goodwill arises from the acquisition of AMNCO Facility Management Co. amounting to SAR 8.2 million as on December 31, 2018G, 2019G, 2020G and March 31, 2021G. The Group has considered the two companies as the cash-generating units in their own right; all the goodwill has been allocated to the cash-generating units in accordance with IAS 36.

The goodwill balance remained fixed at SAR 78.2 million as on December 31, 2018G, 2019G, 2020G and March 31, 2021G, after excluding the goodwill losses resulting from AMNCO Facility Management Co. amounting to SAR 1.5 million during 2018G; it did not result in any impairment losses in the book value of the goodwill during 2019G and the financial year 2020G s, and the first quarter of 2021G financial year.

Trade Name

The trade name resulted from the acquisition of AMNCO in 2015G. The balance of the trade name Decreased from SAR 2.2 million as on December 31, 2018G, to SAR 2.1 million as on December 31, 2019G, and then to SAR 2.0 million as on December 31, 2020G. It continued to December line to SAR 1.9 million as of March 31, 2021G as a result of the amortization period.

Existing Customer Base

The existing customer base resulted from the acquisition of AMNCO in 2015G. The balance of the existing customer base Decreased from SAR 1.1 million as on December 31, 2018G to SAR 855 thousand as on December 31, 2019G, and then to SAR 599 thousand as on December 31, 2020G, and to SAR 535 thousand as on March 31, 2021G as a result of the amortization period.

Technology and Systems

Technology and systems are mainly related to the enterprise resource planning system and projects under implementation, as a result of the acquisition of AMNCO in 2015G. The balance of the technology and systems Decreased from SAR 4.9 million as on December 31, 2018G to SAR 3.9 million as on December 31, 2019G this is mainly due to the amortization of the period amounting to SAR 2.2 million. It was offset by the additions of SAR 1.2 million related to the "TRANSTRACK INTERNATIONAL" program for AMNCO.

The balance of technology and systems Decreased from SAR 3.9 million as on December 31, 2019G to SAR 3.2 million as on December 31, 2020G; this is mainly due to the amortization of the period amounting to SAR 1.2 million. It was offset by the additions of SAR 499 thousand.

The balance of technology and systems Decreased from SAR 3.2 million as on December 31, 2020G to SAR 3.0 million as on March 31, 2021G as a result of the amortization period of SAR 230 thousand.

5.6.11 Investments at Fair Value Through Profit or Loss - Non-Current Assets

Table No. (35): Fair Value Financial Investments Through Profit or Loss for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---|
| Shares in Track-In | 1,595 | 1,595 | 1,743 | 1,743 |
| United Dairy Farms Company | 300 | 300 | 300 | 300 |
| Contribution to the lands of Northeast Jeddah | 2,000 | - | - | - |
| Converted into investment properties | (2,000) | - | - | - |
| Total | 1,895 | 1,895 | 2,043 | 2,043 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Track-In shares

The investment of BATIC which took place during 2018G, is represented in the purchase of 22,675 shares of the shares of TRACK-IN, where the percentage of investment reached 21.50%. BATIC classified the investment as a financial investment at fair value through profit or loss. The shares of Track-In remained stable at SAR 1.6 million as of December 31, 2018G and 2019G.

The shares of Track-In increased from SAR 1.6 million as on December 31, 2019G to SAR 1.7 million as on December 31, 2020G, as a result of the Company increasing its shares by 78,989 shares, with a value of SAR 147,5 thousand. The shares of Track-In remained stable at SAR 1.7 million, or 14.02%, as on March 31, 2021G.

The cost price has been adopted as the administration does not have the inputs required to use the valuation methods (levels 1 & 2) based on the market value; the administration has found that the discounted cash flow approach or the replacement cost approach may result in an unreliable fair value. Accordingly, the management has adopted the cost price of the investment, and does not expect a December line in the value of the investment.



United Dairy Farms Company

The investments of the United Dairy Farms Company remained stable at SAR 300,000 as on December 31, 2018G, 2019G, 2020G and March 31, 2021G, as a result of the management's reliance in BATIC on the cost price of investment in the United Dairy Farms Company mainly due to the lack of fair value for this investment. The Company expects that there will be no December line in the value of the investment.

Shareholding in North East Jeddah Lands and Converted into Investment Properties

The shareholding in North East Jeddah lands amounting to SAR 2.0 million has been reclassified to the real estate investments as on December 31, 2018G. It is represented in BATIC to the land in North East of Jeddah in an investment in land with another party by a contract. The Company received a letter from the Real Estate Contributions Committee No. 1207, dated 17/04/1442H, stating that the committee is still working on liquidating the contribution through the Execution Court to collect the amount of the bond for the order submitted by the land purchaser at a value higher than the cost price; the situation still as it is until the date of the non-consolidated statement of financial position is March 31, 2021G.

5.6.12 Advance Payments for The Purchase of Property and Equipment

The advance payments for the purchase of property and equipment are in contracts for the purchase of property and equipment, consisting of equipment and devices for establishing and operating (electronic devices and operating equipment for parking from IDEX) for the smart parking project in Khobar, Dhahran and Dammam cities; the balance amounted to SAR 27.2 million on March 31, 2021G (SAR 151 thousand, and SAR 14.5 million as on December 31, 2019G and 2020G, respectively).

5.6.13 Trade Receivables

Table No. (36): Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Trade receivables | 118,842 | 143,900 | 182,409 | 193,346 |
| Provision for expected credit losses for trade receivables | (7,056) | (8,133) | (21,634) | (21,260) |
| Total trade receivables, net | 111,786 | 135,767 | 160,774 | 172,086 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Trade receivables

Trade receivables increased from SAR 118.8 million as on December 31, 2018G to SAR 143.9 million as on December 31, 2019G; this is mainly due to the increase in AMNCO customers trade receivables by SAR 24.1 million, mainly as a result of the increase in the trade receivables for five major clients in the construction, contracting and investment sector (+ SAR 31.3 million) in line with the increase in its revenues, in addition to the higher revenue for other customers; so, their trade receivables rise. It was offset by a Decrease of SAR 10.7 million related to a Bank as a result of reducing the volume of business with the Company.

Trade receivables increased from SAR 143.9 million as on December 31, 2019G to SAR 182.4 million as on December 31, 2020G this is mainly due to an increase in the receivables related to AMNCO customers by an amount of SAR 31.9 million, mainly this is mainly due to an increase in the trade receivables from one of the main clients of the construction and contracting sector (+ SAR 12.4 million) as a result of the increase in operating business with the Company (increase in revenues), in addition to the increase in the balance of another client in the construction and contracting sector (+ SAR 4.0 million) for his failure to pay the monthly bills values that contributed to the increase in the balance. The Company new contracts with several other companies, the most important of which are the Banking sector, the cultural sector and the technology sector (+ SAR 9.0 million) contributed to an increase in the balance of the trade receivables during the same period.

Trade receivables increased from SAR 182.4 million as on December 31, 2020G to SAR 193.3 million as on March 31, 2021G; this is mainly due to an increase in the trade receivables related to AMNCO customers by an amount of SAR 10.2 million; this is mainly due to the increase in the receivable trade of 3 local Banks (+ SAR 8.0 million) in line with the rise in the ATM feeding revenues, as well as to the increase in the balance of one of the main construction and contracting sector clients (+ SAR 3.6 million) because of the continuous increase business with the same client.

Provision for Expected Credit Losses for Trade Receivables

The Group calculates the estimated provisioning ratios, according to the simplified expected credit loss approach included in IFRS 9.

The provision for trade receivables increased from SAR 7.1 million as on December 31, 2018G to 8.1 million SAR as on December 31, 2019G; this is mainly related to the increase in AMNCO provision by SAR 3.4 million as a result of the increase in receivable balances and the aging of some balances for lack of the ability of some customers to commit to paying the this is mainly dues periodically. It was offset by a Decrease in MUBARRAD provision of SAR 2.3 million.

The provision for trade receivables increased from SAR 8.1 million as on December 31, 2019G to SAR 21.6 million as on December 31, 2020G; this is mainly due to an increase in AMNCO provision by SAR 12.3 million as a result of the increase in the balances of some customers and the irregular payments as a result of conditions related to the COVID-19 virus.



The provision for trade receivables Decreased from SAR 21.6 million as on December 31, 2020G to SAR 21.3 million as on March 31, 2021G; this is mainly due to the use of SAR 769 thousand from the provision and the formation of SAR 395 thousand in the provision of the expected credit losses.

Table No. (37): Action in the Provision for Contingent Liabilities for Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| balance at the beginning of the period | 5,593 | 7,055 | 8,133 | 21,634 |
| bearing during the period | 2,487 | 1,879 | 13,501 | 395 |
| Transfer from/to other debit balance allowance | (1,000) | 1,607 | - | - |
| user during the period | (25) | (98) | | (769) |
| Reply during the period | - | (2,310) | - | - |
| End of period balance | 7,056 | 8,133 | 21,634 | 21,260 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

5.6.14 Other Liabilities

Table No. (38): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Receivable money changers | 28,217 | 29,176 | 28,881 | 32,642 |
| Prepaid expenses | 12,147 | 14,068 | 9,539 | 11,639 |
| Prepaid rents to the Eastern Province Municipality | - | 27,990 | 10,650 | 10,650 |
| Guarantee Letters of Guarantee | 6,898 | 6,665 | 9,188 | 8,899 |
| Business Assurance Retains | 15,184 | 11,857 | 10,772 | 5,886 |
| Advance payments to suppliers | 3,360 | 1,988 | 1,328 | 980 |
| Other debit balances | 6,932 | 10,844 | 12,963 | 12,110 |
| Total | 72,737 | 102,587 | 83,321 | 82,806 |
| Provision for expected credit losses for other debit balances | (23,542) | (23,887) | (26,821) | (27,380) |
| Receivable money changers | 49,195 | 78,700 | 56,500 | 55,425 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Receivable from Money Exchanges

Receivable from money exchanges relate only to AMNCO; they mainly represent embezzlement that occurs when transferring money or feeding money changers. The majority of receivable from money exchanges are receivables for more than one year; the management leads to the formation of a provision for them according to the ages of those balances using previous collection practices.

Receivables from money exchanges increased from SAR 28.2 million as on December 31, 2018G to SAR 29.2 million as on December 31, 2019G; this is mainly due to an increase in the embezzlement incidents with a value of SAR 921,000.

Receivable from money exchanges Decreased from SAR 29.2 million as on December 31, 2019G to SAR 28.9 million as on December 31, 2020G; this is mainly due to a Decrease in the embezzlement incidents by a value of SAR 294 thousand as a result of the circumstances related to the Covid-19 virus.

Receivable from money exchanges increased from SAR 28.9 million as on December 31, 2020G to SAR 32.6 million as on March 31, 2021G as a result of: 1) damage of funds amounting to SAR 2.0 million, as black ink is sprayed on the money inside smart bags when they are opened incorrectly by Cashier Feeding Officer, and 2) embezzlement of SAR 1.0 million. It is worth noting that the money damaged as a result of the wrong opening of the smart bags is replaced with new money from the Saudi Central Bank. With regard to the embezzled amount of SAR 1 million, the administration reports that the amount is under collection, as the embezzler was caught by the police.



Prepaid Expenses

Prepaid expenses mainly relate to advance payments for the government procedures for non-Saudi employees of exit and re-entry visas, multiple visas for international transport drivers, and residency renewals, as well as to advisory services fees and prepaid rents to which IMPS 16 does not apply.

Prepaid expenses increased from SAR 12.1 million as on December 31, 2018G to SAR 14.1 million as on December 31, 2019G; this is mainly due to the increase in the prepaid expenses for AMNCO Consolidated Company amounting to SAR 3.7 million as a result of the prepaid rents and the residency fees. It was offset by BATIC Decrease by SAR 2.2 million as a result of converting the consulting expenses paid in advance to the expenses this is mainly due to the non-completion of the acquisition deals.

Prepaid expenses Decreased from SAR 14.1 million as on December 31, 2019G to SAR 9.5 million as on December 31, 2020G; this is mainly due to the Decrease in AMNCO prepaid expenses by SAR 4.2 million.

Prepaid expenses increased from SAR 9.5 million as on December 31, 2020G to SAR 11.6 million as on March 31, 2021G; this is mainly due to the increase in AMNCO prepaid expenses, amounting to SAR 2.0 million, as a result of the increase in the advance payments related to rents.

Prepaid rents to the Eastern Province Municipality

The rents paid in advance to the Eastern Province Municipality relate to only City Solutions Company; they represent the advance payments for the rent of the parking lot, started during 2019G, and amounted to SAR 27.9 million as on December 31, 2019G.

The rents paid in advance to the Eastern Province Municipality Decreased from SAR 27.9 million as on December 31, 2019G to 10.7 million SAR as on December 31, 2020G as a result of transferring part of the amounts paid in advance to the Eastern Province Secretariat to a right-of-use asset account.

The rents paid in advance to the Eastern Province Municipality is settled on SAR 10.7 million as on March 31, 2021G.

Letters of Guarantee Insurance

Letters of guarantee bonds mainly relate to AMNCO guarantees to the potential customers when participating in tenders, in addition to the insurances paid to the drivers' suppliers hired by the human resources. The insurance of letters of guarantee Decreased slightly from SAR 6.9 million as on December 31, 2018G to SAR 6.7 million as on December 31, 2019G as a result of the Decrease in the participation in tenders during the same period.

The insurance of letters of guarantee increased from SAR 6.7 million as on December 31, 2019G to SAR 9.2 million as on December 31, 2020G; this is mainly due to the increase in AMNCO letters of guarantee insurance with SAR 1.9 million as a result of the increase in the participation in the tenders during the same period, as well as of issuing letters of guarantee at AlShifa Technology Co. Ltd.

The insurance of letters of guarantee Decreased slightly from SAR 9.2 million as on December 31, 2020G to SAR 8.9 million as on March 31, 2021G; this is mainly due to the Decrease in AMNCO letters of guarantee insurance by SAR 817,000 as a result of the Decrease in the participation in the tenders during the same period.

Business Assurance Retains

Business Assurance Retentions relate to some AMNCO clients, where contracts entered into with them stipulate withholding a certain percentage of the invoice/contract value as a good performance guarantee.

Business guarantee retentions Decreased from SAR 15.2 million as on December 31, 2018G to SAR 11.9 million as on December 31, 2019G, and then, to SAR 10.8 million as on December 31, 2020G in line with AMNCO Decrease in revenues, in addition to the expiry of some customer contracts that require a business guarantee retention.

Business guarantee retentions also Decreased from SAR 10.8 million as on December 31, 2020G to SAR 5.9 million as on March 31, 2021G as a result of the expiration of a customer contract and the collection of part of these retentions during the first quarter of 2021G financial year.

Advance Payments to Suppliers

Advance payments to suppliers relate to AMNCO, which consisted of amounts paid in advance to different suppliers to provide the required supplies (smart bags, bag locks, guard clothing, etc.) in AMNCO and its subsidiaries operational activities.

Payments made to suppliers Decreased from SAR 3.3 million as on December 31, 2018G to SAR 1.9 million as on December 31, 2019G as a result of AMNCO not needing to purchase additional supplies in the Decrease in revenues.

Advances to suppliers Decreased from SAR 1.9 million as on December 31, 2019G to SAR 1.3 million as on December 31, 2020G as a result of the continuous Decrease in AMNCO revenues of and the lack of the need to purchase new supplies (- SAR 1.1 million), while the advance payments increased to the suppliers of City Solutions Company (+ SAR 415 thousand) as a result of the amounts paid in advance to the consultants in the smart parking project.

Payments made to suppliers Decreased from SAR 1.3 million as on December 31, 2020G to SAR 980,000 as on March 31, 2021G as a result of the Decrease in the amounts paid in advance to the consultants in the smart parking project.



Other Debit Balances

Other debit balances mainly relate to AMNCO and include amounts paid to the Ministry of Interior for violations, the majority of which are carried over from previous years, and the administration forms a provision of those receivables and previous collection practices. It is worth noting that the Company is objecting to a number of these violations, but they are still under review; a provision has been made to cover cases that are not subject to objection. The fines from the Ministry of Interior are fines for carrying a weapon by members of the security guards; they were objected to, as the Company submitted a request to allow the import of weapons and the delay in obtaining approval from the Ministry.

Other debit balances increased from SAR 6.9 million as on December 31, 2018G to SAR 10.8 million as on December 31, 2019G; this is mainly due to AMNCO increase in the other debit balances amounting to SAR 3.5 million as a result of the increase in the violations related to the employees in the Money transfers, as well as to the high fines that are acceptable to the Ministry of Interior.

Other debit balances increased from SAR 10.8 million as on December 31, 2019G to SAR 12.9 million as on December 31, 2020G; this is mainly due to AMNCO increase in other debit balances with SAR 1.1 million because of the increase in the fines that are acceptable to the Ministry of Interior, and MUBARRAD other debit balances by SAR 1.0 million as a result of the increase in the balance of employee and advances claims, pending compensation from insurance companies and the balance of value-added tax.

Other debit balances Decreased from SAR 12.9 million as on December 31, 2020G to SAR 12.1 million as on March 31, 2021G. this is mainly due to the Decrease in AMNCO other debit balances by SAR 502 thousand as a result of settling fines with the Ministry of Interior that was not completed accepting its objection to the provisions that have been created, as well as to the Decrease in MUBARRAD other debit balances by SAR 104 thousand as a result of the Decrease in the balances of the employee claims and advances.

Provision for Expected Credit Losses for Other Debit Balances

The provision for expected credit losses for other debit balances relates to AMNCO accounts receivables from money changers and receivables with the Ministry of Interior. These balances are analyzed and evaluated by the legal counsel of the Company depending on the status of the case. The ratios shown below represent the ratios used by the Company to calculate the allowance for expected credit losses for receivables.

| Lawsuit situation | Ratio in favor of the Company | Ratio is in favor of the Company |
|---|-------------------------------|----------------------------------|
| Open lawsuit | 50% | 50% |
| Primary in favor of the Company / objection to the Ministry of the Interior | 80% | 20% |
| Primary call back Company | 20% | 80% |
| Final | 100% | - |

Source: The Company.

The provision for expected credit losses for the other debit balances increased from SAR 23.5 million as on December 31, 2018G to SAR 23.9 million as on December 31, 2019G as a result of the charge for the same period amounting to SAR 2.8 million after recalculating the legal status of the cases. It was offset by amounts transferred from a provision for other receivable balances to a provision for trade receivables amounting to SAR 1.6 million.

The provision for expected credit losses for the other debit balances also increased from SAR 23.9 million as on December 31, 2019G to SAR 26.8 million as on December 31, 2020G as a result of the charge for the same period amounting to SAR 4.3 million after recalculating the judicial status of the cases. It was offset by recoveries of SAR 1.3 million during the same period.

The provision for expected credit losses for the other debit balances also continued to rise slightly from SAR 26.8 million as on December 31, 2020G to SAR 27.4 million as on December 31, 2020G as a result of the charge for the same period of SAR 800,000. It was offset by amounts transferred from a provision for the other debit balances to a provision for the trade receivables, amounting to SAR 240 thousand.

Table No. (39): Table No. (38): Action in the Provision for Contingent Liabilities for Other Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | 20,251 | 23,543 | 23,887 | 26,821 |
| bearing during the period | 2,885 | 2,761 | 4,250 | 800 |
| Transfer from/to provision for trade receivables | 1,000 | (1,607) | - | - |
| user during the period | (593) | (810) | (1,317) | (240) |
| Balance at the beginning of the period | 23,543 | 23,887 | 26,820 | 27,380 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



5.6.15 Investments at Fair Value Through Profit or Loss - Current Assets

These investments represent the value of the portfolio, the investments managed by Al-Istithmar Capital Company. The investment was classified as a short-term in accordance with the Decision of the BOD dated March 9, 2021G.

5.6.16 Cash And Cash Equivalent

Table No. (40): Cash for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|-------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Bank cash | 47,595 | 34,172 | 55,334 | 53,496 |
| cash in hand | - | - | 581 | 1,103 |
| monetary contract | - | - | 3 | - |
| Total | 47,595 | 34,172 | 55,917 | 54,599 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Cash and cash equivalents mainly consist of cash in Banks and cash in hand.

The balance of cash and cash equivalents Decreased from SAR 47.6 million as on December 31, 2018G to SAR 34.2 million as on December 31, 2019G; this is mainly due to the cash used in operational activities amounting to SAR 25.2 million, in addition to an increase in cash used in investing activities by a value of SAR 25.2 million. 47.2 million SAR. This was offset by the cash generated from financing activities of SAR 59.1 million.

The balance of cash and cash equivalents increased from SAR 34.2 million as on December 31, 2019G to SAR 55.9 million as on December 31, 2020G; this is mainly due to cash generated from operating activities amounting to SAR 11.1 million, in addition to an increase in cash generated from financing activities with SAR 85.6 million. This was offset by the cash used in investment activities amounting to SAR 75.0 million.

The balance of cash and cash equivalents Decreased from SAR 55.9 million as on December 31, 2020G to SAR 54.6 million as on March 31, 2021G; this is mainly due to the increase in the cash used in investment activities by SAR 24.7 million, while this was offset by the cash generated from operational activities amounted to SAR 17.4 million, and from financing activities amounted to SAR 6.0 million.

5.6.17 Loans - Current and Non-Current Portion

Table No. (41): Loans for the financial years ended 31 December 2018G, 2019G and 2020G, and the first quarter ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | - | 8,004 | 75,656 | 155,470 |
| Additions during the period | 8,551 | 71,492 | 85,448 | 12,433 |
| repaid during the period | (547) | (3,840) | (7,747) | (6,246) |
| End of period balance | 8,004 | 75,656 | 153,357 | 161,657 |
| Deduct: deferred financing cost | (879) | (4,510) | (3,318) | (5,272) |
| net loan amount | 7,125 | 71,146 | 150,039 | 156,384 |
| Non-circulating part | 5,625 | 32,488 | 94,145 | 105,490 |
| rolling part | 1,500 | 38,658 | 55,894 | 50,894 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

The balance of net loans increased from SAR 7.1 million as on December 31, 2018G to SAR 71.1 million as on December 31, 2019G, as a result of additions amounting to SAR 71.5 million mainly related to the following:

- 1- A Tawarruq loan from the Arab Bank to BATIC, amounting to 34.0 million SAR, in order to finance the purchase of an investment property;
- 2- A Tawarruq loan from the Saudi Investment Bank to AMNCO amounting to SAR 30.0 million, in order to finance the working capital requirements;
- 3- This repaid during the period amounted to SAR 3.8 million, mainly related to MUBARRAD loans (SAR 2.1 million). This was also coupled with deduction of deferred financing cost (SAR 4.5 million).



The balance of net loans increased from SAR 71.1 million as on December 31, 2019G to SAR 150.0 million as on December 31, 2020G, as a result of additions amounting to SAR 85.4 million mainly related to the following:

- 1- A Sharia-compliant credit facility Agreement with Emirates NBD for City Solutions Company, and SAR 44.5 million was used in order to finance the smart parking project in the Eastern Province;
- 2- An Islamic financing Agreement with Riyad Bank for MUBARRAD, where SAR 20.9 million was used from the Agreement to finance the purchase of 100 trailers;
- 3- An Islamic financing Agreement with Riyad Bank for BATIC, where SAR 7.0 million from the Agreement was used to cover working capital requirements;
- 4- This repaid during the period amounted to 7.7 million SAR, which mainly relates to BATIC. This was also coupled with a deferred financing cost deduction (SAR 3.3 million).

The balance of net loans continued to increase from SAR 150.0 million as on December 31, 2020G to SAR 156.4 million as on March 31, 2021G, as a result of using SAR 12.4 million mainly related to the following:

- 1- A Sharia-compliant credit facility Agreement from Emirates NBD to City Solutions Company, where SAR 12.4 million was used in order to finance the smart parking project in the Eastern Province;
- 2- This repaid during the period amounted to SAR 6.2 million, which mainly relates to AMNCO consolidated loans of SAR 5.0 million. This was also coupled with deduction of deferred financing cost (SAR 5.3 million).

Table No. (42): Loan Maturity Schedule for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| within one year | 1,500 | 38,658 | 55,894 | 50,894 |
| Between one to two years | 1,500 | 17,316 | 14,190 | 14,190 |
| Between 2 to 5 years | 4,125 | 15,172 | 79,955 | 91,300 |
| Total | 7,125 | 71,146 | 150,039 | 156,384 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



Table No. (43): Table No. (40): Loan Summary As on 31 March 2021G

| Company | Due date | Party of the contract | Total value of the facilities (SAR thousand) | Current part of the loan (SAR thousand) | Non-current portion of loan (in SAR thousand) | Purpose of the loan | Guarantees | Financial commitments |
|---------|-------------|-----------------------|--|---|---|------------------------------|--|--|
| AMNCO | 30/09/2021G | Saudi Investment Bank | 40,000 | 25,000 | - | Working Capital Financing | Guarantee provided by Batic | <ul style="list-style-type: none"> The client's liquidity ratio shall not be less than 1:1.5 The client's financial leverage ratio should not exceed 1:1.5 To maintain a net tangible value of at least SAR 150 million The customer deposits 50% of his sales proceeds into his account with the Bank Not to modify the ownership structure of the Company before obtaining the prior written approval of the Bank Withdrawal / distribution of up to 50% of the net profit for any of the years is allowed and conditional on the customer's commitment to the mentioned financial commitments |
| AMNCO | 20/09/2021G | Banque Saudi Fransi | 5,000 | 5,000 | - | Working Capital Financing | Guarantee provided by Batic | <ul style="list-style-type: none"> Directing all contract proceeds for any performance bonds issued by Banque Saudi Fransi to any contract with a value of less than SAR 50 million The issuance of any performance bonds will be subject to the submission of an award letter from the contract owner to Banque Saudi Fransi Maintaining a maximum leverage ratio of 1.5x Not to modify the ownership structure of the Company before obtaining the prior written approval of the Bank |
| AMNCO | 31/02/2022G | Arab National Bank | 30,000 | - | - | Issuing letters of guarantee | Guarantee given by Batic in addition to waivers for the benefit of projects that issue guarantee letters through the facility agreement. | <ul style="list-style-type: none"> For the purpose of issuing Islamic letters of guarantee (primary and final payment) in favor of beneficiaries acceptable to the Bank from the public and private sectors No amounts were withdrawn from them |



| Company | Due date | Party of the contract | Total value of the facilities (SAR thousand) | Current part of the loan (SAR thousand) | Non-current portion of loan (in SAR thousand) | Purpose of the loan | Guarantees | Financial commitments |
|----------|-------------|-----------------------|--|---|---|-------------------------------|--|--|
| BATIC | 30/06/2021G | Riyad Bank | 20,000 | 7,000 | - | Working Capital Financing | The loan is guaranteed by a real estate mortgage of Batic's piece of land on AlKharj Street. | <ul style="list-style-type: none"> Allowing BATIC to use the facilities under its responsibility Mortgage for real estate guarantees under a mortgage December loration dated 01/05/2020G with a coverage rate of at least 100% |
| BATIC | 05/01/2023G | Arab national Bank | 34,000 | 6,800 | 23,800 | Purchasing an office building | The loan is guaranteed by a real estate mortgage of Batic's administrative building in Riyadh. | <ul style="list-style-type: none"> A fundamental assignment in favor of the Arab Bank by AMNCO for the rental returns of the property being financed Providing the Bank with an insurance policy in which the Arab Bank is the first beneficiary Mortgage registered in favor of the Bank or its legal representative for the deed of the financing subject |
| MUBARRAD | 11/06/2023G | Riyad Bank | 15,000 | 2,745 | 9,557 | Buying a new fleet | The loan is guaranteed by waivers of the specific contracts' revenues from Mubarrad's clients, in addition to a guarantee provided by Batic. | <ul style="list-style-type: none"> Payment is made to suppliers by transfers under the supervision of the Riyad Bank Waiver of the Company dues to customers in favor of Riyad Bank in contracts that cover the entire value of the financing in terms of value |
| MUBARRAD | 17/03/2025G | Riyad Bank | 24,500 | 4,349 | 15,221 | Buying a new fleet | The loan is guaranteed by waivers of the specific contracts' revenues from Mubarrad's clients, in addition to a guarantee provided by Batic. | <ul style="list-style-type: none"> Assignment of specific transfer contracts with the acceptable parties in favor of the Bank and covering any financing withdrawn within the prescribed limit of 125% or financing invoices at 80% of the value of invoices for transfers with the acceptable parties in favor of the Bank |



| Company | Due date | Party of the contract | Total value of the facilities (SAR thousand) | Current part of the loan (SAR thousand) | Non-current portion of loan (in SAR thousand) | Purpose of the loan | Guarantees | Financial commitments |
|------------------------|----------|-----------------------|--|---|---|---|---|---|
| City Solutions Company | | Emirates NBD Bank | 74,000 | - | 56,913 | Financing the smart parking project in the Eastern Province | <ul style="list-style-type: none"> -A promissory note of SR (79,000,000) -Guarantee provided by Smart Cities Solutions worth SR (79,000,000) consolidated by the guarantor and the appropriate authorization to sign on behalf of the Company. -Companies' guarantee provided by Batic equal to SR (79,000,000), consolidated by the guarantor's confirmation of the appropriate authorization to sign on behalf of the Company. | <ul style="list-style-type: none"> • Not to distribute any profits until the full funding of AMNCO is paid • No dividends will be distributed without a prior approval from the Bank • Debt priority cannot be reduced at the Company level • No change in the ownership of the Company will be made without the official approval of the Bank • When the POS service / payment solutions suitable for the project are available, the Company must use it in its counters / locations • The Company account with the Bank must be used for all payments / settlement of traffic violations through SADAD system |
| Total | | | 227,500 | 50,894 | 105,490 | | | |

Source: The Company.

5.6.18 Promissory note - Current and Non-Current Part

Table No. (44): Promissory note for the financial years ended 31 December 2018G, 2019G and 2020G, and the first quarter ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|------------------|------------------------------------|------------------------------------|------------------------------------|--|
| rolling part | 744 | 386 | 4,748 | 4,748 |
| Non-rolling part | 386 | - | 8,310 | 7,123 |
| Total | 1,130 | 386 | 13,058 | 11,871 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Promissory notes are entirely related to a cooler Company to purchase trucks from a supplier. Payment notes Decreased from SAR 1.1 million as on December 31, 2018G to SAR 386 thousand as on December 31, 2019G, as a result of paying the circulating part of the payment notes after receiving 9 trucks from Zahid Company.

Promissory notes increased from SAR 386 thousand as on December 31, 2019G to SAR 13.1 million as on December 31, 2020G, as a result of the signing of an Agreement between MUBARRAD and Hajj Hussein Ali Reda & Partners Company at the end of the third quarter of 2020G to supply 60 trucks.

Promissory notes Decreased from SAR 13.1 million as on December 31, 2020G to SAR 11.9 million as on March 31, 2021G; this is mainly due to paid SAR 1.3 million for supplying 60 trucks.



5.6.19 Lease Commitments

Table No. (45): Lease Commitments for the financial years ended 31 December 2018G, 2019G and 2020G, and the first quarter ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Balance at the beginning of the period | 586 | 503 | 4,740 | 183,950 |
| The Impact of Applying IFRS 16 "Lease Contracts" | - | 4,403 | 1,373 | - |
| Additions during the period | - | 1,082 | 178,016 | 296 |
| Interest charged during the period | - | 273 | 1,663 | 1,485 |
| Paid during the period | (83) | (1,512) | (1,842) | (659) |
| End of period balance | 503 | 4,750 | 183,950 | 185,072 |
| Long-term lease commitments | - | 3,599 | 180,586 | 181,532 |
| Short term lease commitments | 503 | 1,151 | 3,364 | 3,540 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Lease commitments represent commitments against a finance lease. The lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease commitments increased from SAR 503 thousand as on December 31, 2018G to SAR 4.8 million as on December 31, 2019G, as a result of applying IFRS 16 "Leasing Contracts" on 01/01/2019G; this matter caused a financial impact of SAR 4.4 million.

Lease contract obligations increased from SAR 4.8 million as on December 31, 2019G to SAR 184.0 million as on December 31, 2020G, as a result of additions amounting to SAR 178.G million; this is mainly due to receiving part of the rented parking spaces from the Eastern Province Municipality during 2020G (the parking lot of City Solutions Company).

5.6.20 Commitment to Employees' End of Service Benefits

Table No. (46): Commitment to Employees' End-of-service Benefits for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Balance at the beginning of the period | 43,998 | 36,188 | 38,128 | 35,985 |
| Current service cost and interest cost | 4,241 | 9,846 | 9,927 | 3,837 |
| Actuarial losses/(profits) | (3,995) | 4,574 | 2,903 | - |
| Paid during the period | (8,056) | (12,481) | (14,972) | (3,080) |
| End of period balance | 36,188 | 38,128 | 35,985 | 36,742 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

The cost of the employees' end-of-service benefit compensation obligation under the unfunded defined benefit program is determined using actuarial valuation. The actuarial valuation includes many assumptions that may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and employee turnover. Given the complexity of the valuation and its long-term nature, the unfunded defined benefit obligation is highly sensitive to changes in these assumptions. Therefore, all assumptions are reviewed once a year when necessary. IAS 19 requires the use of actuarial assumptions to measure the obligation for end of service benefits (end of service indemnity provision), which is a defined benefit obligation. These assumptions include Company management's estimates of variables such as final salaries that will be used as the basis for calculating end-of-service benefits. The Company has prepared these actuarial assumptions by an actuarial expert based on the best estimate of the Company management for these variables.

Employees' end-of-service benefits obligations increased from SAR 36.2 million as on December 31, 2018G to SAR 38.1 million as on December 31, 2019G, as a result of actuarial losses from reassessment and calculation of employees' end of service benefits by an actuarial expert. This was offset by amounts paid during the period amounting to SAR 12.5 million.

Employees' end-of-service benefits obligations Decreased from SAR 38.1 million as of December 31, 2019G to SAR 36.0 million as of December 31, 2020G, as a result of the increase in amounts paid during the period amounting to SAR 15.0 million. This was offset by additions, as a result of actuarial losses resulting from the re-evaluation and calculation of employee end-of-service benefits by an actuary.

Employees' end-of-service benefits obligations increased slightly from SAR 36.0 million as on December 31, 2020G to SAR 36.7 million as on March 31, 2021G, as a result of additions to the provision during the first quarter of the financial year 202G, amounting to SAR 3.8 million, offset by amounts paid during the period in the amount of SAR 3.1 million.



5.6.21 Shareholders' Entitlements

Table No. (47): Shareholders' Entitlements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|---|------------------------------------|------------------------------------|------------------------------------|--|
| Oversubscription payables | 1,293 | 1,293 | 1,293 | 1,293 |
| Dividend payables | 15,763 | 15,738 | 15,713 | 15,710 |
| Fractional reduction and capital increase | 1,888 | 1,888 | 1,888 | 1,888 |
| Total | 18,944 | 18,919 | 18,894 | 18,891 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Shareholders' entitlements consist of oversubscription payables, dividends payables, which relate to dividend balances for previous years (between 1991G - 2017G), capital reduction and increase fractions. The balance of the Shareholders' this is mainly dues remained relatively stable at SAR 18.9 million as on December 31, 2018G, 2019G, 2020G and as on March 31, 2021G, as a result of the weak movement in the Shareholders' receipt of the amounts owed to them.

5.6.22 Trade Creditors

Table No. (48): Trade Creditors for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|--|
| Trade suppliers | 4,668 | 3,202 | 6,055 | 7,624 |
| fuel suppliers | 2,437 | 3,057 | 3,099 | 2,906 |
| spare parts suppliers | 1,415 | 1,405 | 1,723 | 1,161 |
| tire suppliers | 940 | 1,230 | 1,117 | 1,081 |
| asset suppliers | 317 | 263 | 311 | 298 |
| Other suppliers | 1,146 | 357 | 543 | 346 |
| Total | 10,922 | 9,514 | 12,847 | 13,416 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Trade Suppliers

Service providers relate to multiple suppliers to all parties to the group. It mainly consists of human resource providers, insurance companies, consulting offices and other service providers. The balance of service suppliers Decreased from SAR 4.7 million as on December 31, 2018G to SAR 3.2 million as on December 31, 2019G, determined by a Decrease in the balance of service suppliers of AMNCO Consolidated Company by SAR 1.2 million, as a result of the Decrease in the receivables of the Arabia Insurance Cooperative Company.

The balance of service suppliers increased from SAR 3.2 million as on December 31, 2019G to SAR 6.1 million as on December 31, 2020G, determined by an increase in the balance of AMNCO consolidated service suppliers by SAR 2.6 million, as a result of concluding a new contract with Malath Cooperative Insurance Company (+ SAR 14.8 million), while the balance of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) and the Arabia Insurance Cooperative Company Decreased (SAR 12.1 million) during the same period.

The balance of service suppliers continued to rise from SAR 6.1 million as on December 31, 2020G to SAR 7.6 million as on March 31, 2021G, determined by an increase in the balance of AMNCO service suppliers by SAR 1.5 million, as a result of the increase in the cost of medical insurance in line with the increase in the number of employees during the same period.

Fuel Suppliers

Fuel suppliers are primarily related to MUBARRAD. The balance of fuel suppliers increased from SAR 2.4 million as on December 31, 2018G to SAR 3.1 million as on December 31, 2019G, determined by an increase in MUBARRAD balance of fuel suppliers, with SAR 676 thousand, as a result of the nature of contracts with fuel companies - it is a deferred payment. The balance of fuel suppliers remained fixed at SAR 3.1 million as of December 31, 2020G.

The balance of fuel suppliers Decreased from SAR 3.1 million as on December 31, 2020G to SAR 2.9 million as on March 31, 2021G, determined by a Decrease in MUBARRAD balance of fuel suppliers of SAR 190 thousand, as a result of the Company settling the amounts owed with the fuel companies.



Spare Parts Suppliers

Spare parts suppliers are related to MUBARRAD and AMNCO; they mainly include spare parts for vehicles. The balance of spare parts suppliers remained constant at SAR 1.4 million as on December 31, 2018G and December 31, 2019G, as the increase in AMNCO balance of spare parts suppliers (+ SAR 179 thousand) was offset by MUBARRAD Decrease (- SAR 189 thousand), as a result of purchasing new trucks for MUBARRAD Company, which have low maintenance costs in the first years.

The balance of spare parts suppliers Decreased from SAR 1.7 million as on December 31, 2020G to SAR 1.2 million as on March 31, 2021G, as a result of a Decrease in AMNCO balance by SAR 755,000; this is mainly due to faster payment dues to improve the Company cash flow.

Tire Suppliers

Tire suppliers relate only to MUBARRAD. The balance of tire suppliers increased from SAR 940 thousand as on December 31, 2018G to SAR 1.2 million as on December 31, 2019G in line with the increase in the Company revenues and the increase in the need to change the tires of the Company trucks.

The balance of tire suppliers Decreased slightly from SAR 1.2 million as on December 31, 2019G to SAR 1.1 million as on December 31, 2020G, as a result of purchasing new trucks for MUBARRAD, which do not require changes. The balance of tire suppliers remained constant at SAR 1.1 million as of March 31, 2021G.

Asset Suppliers

Asset suppliers relate to multiple suppliers to all parties to the group. It includes suppliers of computers and equipment needed for the Group's various activities. The balance of asset suppliers Decreased from SAR 317 thousand as on December 31, 2018G to SAR 263 thousand as on December 31, 2019G; then, it increased to SAR 311 thousand as on December 31, 2020G in line with the changes in the requirements of the group companies.

The balance of asset suppliers Decreased to SAR 298 thousand as on March 31, 2021G, as a result of the Decrease in the requirements of the group companies.

Other Suppliers

The balance of other suppliers mainly relates to AMNCO, which is not consolidated. It includes the guards' clothing suppliers, the Company internal communication and internet networks, in addition to several contracts for one-time services. The balance of other suppliers Decreased from SAR 1.1 million as on December 31, 2018G to 357 SAR thousand as on December 31, 2019G; this is mainly, as a result of the Decrease in the balance of electronic locks suppliers for money bags in line with the Decrease in revenues and the absence of new projects.

The balance of other suppliers increased from SAR 357 thousand as on December 31, 2019G to SAR 543,000 as on December 31, 2020G, mainly, as a result of the increase in the balance of the Dar Al-Isdar Office for Commercial Services for Internet networks in line with the needs of the Company main building.

The balance of other suppliers Decreased from SAR 543 thousand as on December 31, 2020G to SAR 346 thousand as on March 31, 2021G, as a result of the Decrease in the balances of several suppliers.

5.6.23 Other Liabilities

Table No. (49): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Deserved payments | 6,546 | 3,912 | 8,368 | 28,535 |
| Employee entitlements | 22,414 | 18,541 | 17,285 | 18,443 |
| Third party insurances and advance payments from clients | 1,926 | 31 | 1,358 | 739 |
| Provision for lawsuits | 503 | 503 | 503 | 503 |
| Eligible insurance expenses | 488 | 13 | - | - |
| Other | 2,140 | 2,065 | 5,382 | 6,435 |
| Total | 34,017 | 25,065 | 32,895 | 54,654 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



Deserved Payments

The accrued expenses relate to all parties to the group. It consists of expenses payable to social insurance and employee expenses. The accrued expenses Decreased from SAR 6.5 million as on December 31, 2018G to SAR 3.9 million as on December 31, 2019G; this is mainly due to the Decrease in AMNCO balance by SAR 4.1 million, as a result of the Decrease in the balance of salaries payable to employees. This is coupled with paying the salaries this is mainly due at the end of 2019G.

The accrued expenses increased from SAR 3.9 million as on December 31, 2019G to 8.4 million SAR as on December 31, 2020G; this is mainly due to the increase in AMNCO and BATIC balances by SAR 2.6 million and SAR 1.2 million, respectively, as a result of the increase in the balance of salaries owed to employees, in addition to proof of attendance allowances for the Board meetings.

The accrued expenses increased from SAR 8.4 million as on December 31, 2020G to SAR 28.5 million as on March 31, 2021G; this is mainly due to the increase in AMNCO balance of expenses amounting to SAR 19.7 million, as a result of the employee salaries balance due for March 2021G, that was paid in April 2021G.

Employee Entitlements

Employee entitlements relate to all parties to the group, which include employee bonuses and leave allowance. The accrued employee entitlements Decreased from SAR 22.4 million as on December 31, 2018G to SAR 18.5 million as on December 31, 2019G, as a result of the Decrease in the recognition of employee rewards for 2019G in line with the Decrease in the revenues.

The employee entitlements owed Decreased from SAR 18.5 million as on December 31, 2019G to SAR 17.3 million as on December 31, 2020G; this is mainly due to the Decrease in the employee benefits; this is mainly due to AMNCO (-SAR 1.7 million) and MUBARRAD (- SAR 239 thousand) in line with AMNCO Decrease in the revenues, in addition to the Decrease in the number of employees.

This is mainly due to the employees increased from SAR 17.3 million as on December 31, 2020G to SAR 18.4 million as on March 31, 2021G, because of AMNCO increase in employee benefits (+ SAR 1.4 million), as a result of the increase in the leave allowance provision annual staff.

Third-Party Insurances and Advance Payments from Clients

Third party insurances and advance payments from clients as on December 31, 2018G are mainly related to MUBARRAD trucks leased to the client Mining Investments Company. Third party insurances as on December 31, 2020G and March 31, 2021G were related to AMNCO, in respect of the balance of various debtors resulting from insurances for the purchase of obsolete vehicles from the Company.

Third party insurances and advance payments from customers Decreased from SAR 1.9 million as on December 31, 2018G to SAR 31 thousand as on December 31, 2019G, as a result of a Decrease in MUBARRAD third-party insurance balance (- SAR 1.9 million) after settling the balance of the mining investment Company between the credit balance and the debtor.

Third party insurances and advance payments from clients increased from SAR 31 thousand as on December 31, 2019G to SAR 1.4 million as on December 31, 2020G, as a result of the increase in AMNCO third-party insurance balance (+ SAR 1.3 million) due to payments made by some customers under the account Others are with deposits under settlement until the full deposit details are received and the name of the customer is determined.

Third party insurances and payments made by customers Decreased from SAR 1.4 million as on December 31, 2020G to SAR 739 thousand as on March 31, 2021G, as a result of a Decrease in AMNCO third-party insurance balance (- SAR 620 thousand) due to the closure of deposits that were unknown directly to the customer's account.

Provision For Lawsuits

The litigation provision relates only to MUBARRAD, and represents the Company old lawsuits. The balance of the litigation provision remained fixed at SAR 503 thousand as on December 31, 2018G, 2019G, 2020G and March 31, 2021G.

Eligible Insurance Expenses

The insurance charges payable relate only to MUBARRAD. It mainly consists of car insurance expenses. The payable insurance expenses Decreased from SAR 488 thousand as on December 31, 2018G to SAR 13 thousand as on December 31, 2019G, as a result of advance payments.

Others

Other receivables relate to all parties to the group and consist of fines balances for the Ministry of Interior and balances of the money transfer cases. The balance of other receivables remained relatively constant at SAR 2.1 million as of December 31, 2018G and 2019G.

Other this is mainly dues increased from SAR 2.1 million as on December 31, 2019G to SAR 5.4 million as on December 31, 2020G, determined by an increase in AMNCO balance (+ SAR 3.0 million), as a result of the increase in fines related to the Ministry of Interior.

Other accruals increased from SAR 5.4 million as on December 31, 2020G to SAR 6.4 million as on March 31, 2021G, determined by an increase in BATIC balance (+ SAR 936 thousand) and MUBARRAD (+ SAR 520 thousand), as a result of the recognition of revenues provided by the activity real estate investment (SAR 975 thousand), in addition to the value-added tax this is mainly dues in MUBARRAD Company (SAR 506,000).



5.6.24 Zakat Provision

Table No. (50): Zakat for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | 5,943 | 6,614 | 5,028 | 6,306 |
| bearing during the period | 5,441 | 4,508 | 6,266 | 1,300 |
| Paid during the period | (4,770) | (6,093) | (4,987) | - |
| End of period balance | 6,614 | 5,028 | 6,306 | 7,606 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

The balance of the zakat provision Decreased from SAR 6.6 million as on December 31, 2018G to SAR 5.0 million as on December 31, 2019G, as a result of amounts paid during the period amounting to SAR 6.1 million, while this was offset by the amounts charged during the period amounting to SAR 4.5 million.

The balance of the zakat provision increased from SAR 5.0 million as on December 31, 2019G to 6.3 million SAR as on December 31, 2020G, as a result of the amounts charged during the period in the amount of SAR 6.3 million, while this was offset by the amounts paid during the period in SAR 5.0 million.

The balance of the zakat provision also increased to SAR 7.6 million as on March 31, 2021G, as a result of the amounts charged during the period, amounting to SAR 1.3 million, while there were no amounts paid during the same period.

5.6.25 Consolidated Statements of Cash Flows

Table No. (51): Cash Flows Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|----------------------|----------------------|
| operational activities | | | | | |
| net profit before zakat | 21,127 | 11,352 | (7,128) | (3,121) | (5,689) |
| Modifications in: | | | | | |
| Depreciation and amortization | 29,385 | 30,711 | 32,272 | 7,538 | 10,360 |
| Provision for expected credit losses | 5,372 | 4,640 | 17,751 | 5,955 | 1,195 |
| Revenue from investments at fair value in profit or loss | - | - | (90) | - | (91) |
| End of service payable | - | 9,846 | 9,927 | 2,924 | 3,589 |
| financing expenses | 649 | 2,477 | 7,703 | 1,394 | 2,760 |
| Losses from the sale of real estate and equipment | 287 | 883 | (277) | (125) | - |
| A December line in the value of intangible assets | 1,050 | - | - | - | - |
| changes in: | | | | | |
| Inventory | (5,210) | 1,938 | (137) | 460 | (73) |
| Trade and other receivables | (13,480) | (60,053) | (37,860) | (39,948) | (11,560) |
| Creditors and other credit balances | (9,297) | (8,429) | 8,932 | (761) | 19,702 |
| Employee end-of-service gratuity obligation | (3,815) | (12,481) | (14,972) | (5,761) | (2,832) |
| zakat paid | (4,770) | (6,093) | (4,987) | (40) | - |
| Net cash flow from (used in) operating activities | 21,299 | (25,208) | 11,134 | (31,484) | 17,361 |
| investment activities | | | | | |
| Paid for the purchase of investment properties and December orations | - | (49,223) | (61,671) | (2,549) | (1,977) |
| Paid for the purchase of real estate and equipment | (21,084) | (151) | (14,474) | (5,961) | (12,677) |



| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|----------------------|----------------------|
| Proceeds from the sale of real estate and equipment | 1,506 | 3,318 | 1,740 | 465 | - |
| Paid for adding investments at fair value through profit or loss | (1,595) | - | (148) | (148) | (10,000) |
| Revenue from investments at fair value in profit or loss | - | - | 90 | - | - |
| Paid for additions to projects in progress | (349) | - | - | - | - |
| Change in intangible assets | (1,097) | (1,230) | (499) | (175) | - |
| The net cash flow used in investing activities | (22,619) | (47,285) | (74,962) | (8,367) | (24,654) |
| financing activities | | | | | |
| Paid from Shareholders' this is mainly dues | 73 | (25) | (25) | (2) | (3) |
| Recipient of loans | 19,500 | 65,700 | 82,988 | 30,812 | 12,433 |
| repaid loans | (22,790) | (3,840) | (7,747) | (1,318) | (6,246) |
| Receipt of payment papers | - | - | 14,245 | - | - |
| Paying bills | (792) | (792) | (1,729) | - | (1,330) |
| Paid for lease obligations | (275) | (1,512) | (1,842) | (373) | 1,122 |
| Share of non-controlling interest in dividends | (1,370) | (460) | (318) | - | - |
| Net cash flows (used in) from financing activities | (5,653) | 59,071 | 85,572 | 29,119 | 5,976 |
| Net change in cash and cash equivalents | (6,973) | (13,423) | 21,744 | (10,732) | (1,318) |
| Cash and cash equivalents at the beginning of the period | 54,568 | 47,595 | 34,172 | 34,172 | 55,917 |
| Cash and cash equivalents at the end of the period | 47,595 | 34,172 | 55,917 | 23,441 | 54,599 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.

Net Cash Used in Operating Activities

The net cash generated from operating activities Decreased by SAR 21.3 million in the financial year 2018G to the net cash used in operating activities by SAR 25.2 million in the financial year 2019G, mainly this is mainly due to the Decrease in the annual net profit from SAR 21.1 million to SAR 11.4 million during the same period, in addition to the increase in trade and other receivable balances (+ SAR 46.6 million); this is mainly due to AMNCO, as a result of the increase in the trade receivable balances for its main clients in the construction, contracting and investment sectors, and the increase in revenues from other clients. This was also coupled with an increase in the end-of-service gratuity obligation for employees of SAR 12.5 million, as a result of the increase in the service reward payments to AMNCO employees.

The net cash used from operating activities increased by SAR 25.2 million in the financial year 2019G to the net cash generated from operating activities amounted to SAR 11.1 million in the financial year 2020G; this is mainly due to the Decrease in the trade and the other receivables (- SAR 22.2 million); this is mainly due to AMNCO, as a result of a Decrease in the rents paid in advance to the Eastern Province Municipality, as a result of transferring the value to the right-of-use asset account. This was coupled with an increase in the balance of creditors and other credit balances at a value of (+ SAR 17.4 million); this is mainly due to AMNCO, as a result of the lack of cash flow to pay this is mainly dues this is mainly due to the conditions of the Covid-19 virus.

Net cash used from operating activities increased by SAR 31.5 million in the first quarter of the financial year 2020G to a net cash generated from operating activities amounted to SAR 17.4 million in the first quarter of 2021G; this is mainly due to the Decrease in trade and other receivables (- SAR 28.4 million). This is mainly due to AMNCO, as a result of collecting part of the business guarantee retentions. This was also coupled with an increase in the balance of creditors and other credit balances (+ SAR 20.5 million); this is mainly due to AMNCO, as a result of the balance of employee salaries this is mainly due for the month of March 2021G, which were paid in the month of April 2021G. In addition to the increase in the leave allowance for employees this is mainly due to the circumstances of the Covid-19 virus.

Net Cash Used in Investing Activities

The net cash used in investment activities increased from SAR 22.6 million in the financial year 2018G to SAR 47.3 million SAR in the financial year 2019G; this is mainly due to the increase in the amounts paid for the purchase of investment properties and December orations at a value of SAR 49.2 million, which was entirely related to Batik Gere. Consolidated result of purchasing the land and the main building of the Company. This was offset by a Decrease in payments made for the purchase of property and equipment.

The net cash used in investment activities also increased from SAR 47.3 million in the financial year 2019G to SAR 75.0 million in the financial year 2020G; this is mainly due to the increase in the amounts paid for the purchase of investment properties and December orations with a value of SAR 61.7 million, as a result of property and equipment additions amounting to SAR 44.4 million. (SAR 1 million related to MUBARRAD, and SAR 16.5 million related to AMNCO), in addition to the increase in the amounts paid for the purchase of real estate and equipment value



SAR 14.5 million, which were entirely related to AMNCO, as a result of the purchase of equipment and devices for the establishment and operation of the smart parking project at Smart Cities Solutions.

The net cash used in investing activities increased from SAR 8.4 million in the first quarter of the financial year 2020G to SAR 24.7 million in the first quarter of 2021G; this is mainly due to the increase in payment for adding investments at fair value through profit or loss of 10.0. (SAR 1 million, wholly related to BATIC, represents the value of the investment portfolio managed by Al Istithmar Capital). It was also coupled with the increase in the amounts paid for the purchase of real estate and equipment value SAR 12.7 million; this is mainly related to AMNCO, as a result of payments to suppliers to prepare and purchase equipment necessary to operate the smart parking project for Smart Cities Solutions.

Net Cash Used in Financing Activities

The net cash used in financing activities increased from SAR 5.7 million in the financial year 2018G to the net cash generated from financing activities of SAR 59.1 million in the financial year 2019G; this is mainly due to the increase in the amounts received from loans amounting to SAR 65.7 million, as a result of new loans related to the tawarruq loan from the Arab Bank for BATIC and the tawarruq loan from the Saudi Investment Bank for AMNCO. This was also coupled with a Decrease in the amounts repaid from loans during the same period, amounting to SAR 3.8 million, mainly this is mainly due to the Decrease in BATIC repayments, as a result of the Company settlement of the remaining amounts of the short-term loan entered into in 2017G and 2018G financial years.

The net cash generated from financing activities increased from SAR 59.1 million in the financial year 2019G to SAR 85.6 million in the financial year 2020G; this is mainly due to the increase in the amounts received from loans amounting to SAR 83.0 million related to the initiation of a credit facility Agreement for AMNCO with the Saudi Investment Bank, and the beginning of a credit facility Agreement for BATIC with the Riyadh Bank. This was also coupled with the increase in the amounts received from the payment papers amounting to SAR 14.2 million; this is entirely this is mainly due to the MUBARRAD Company with the Hajj Hussein Ali Reda Company for the purchase of the trucks.

The net cash generated from financing activities Decreased from SAR 29.1 million in the first quarter of the financial year 2020G to SAR 6.0 million in the first quarter of 2021G financial year; this is mainly due to the amounts received from loans amounting to SAR 12.4 million, as a result of a Decrease in concluded contracts, in the first quarter of 2021G financial year. This was offset by an increase in loan repayments amounting to SAR 6.2 million related to the repayment of the Banque Saudi Fransi loan by AMNCO.

5.6.26 Potential Liabilities & Paid-up Capital Commitments

As of March 31, 2021G, the Group has potential commitments in the form of bank guarantees of SR 100,6 million issued in the context of normal activity (December 31, 2020G: SR 101.7 million, December 31, 2019G: SR 85.1 million). The bank guarantees as of March 31, 2021G are equivalent to SR 65 million issued for the benefit of the Eastern Region in exchange for the lease contract (dated December 31, 2020G: SR 65 million, December 31, 2020G: SR 65 million) .

The Group has paid-up capital commitments to establish electronic programs and systems with balances reaching as of March 31, 2021G SR 47.9 million, (December 31, 2020G: 47.9 million, December 31, 2019G: SR 208,426 million).

Batic Investment and Logistics Company has indirectly pledged to support its subsidiary, Arab Security and Safety Services Company (AMNCO).

From the companies of Aamco and represented by The Smart Solutions Company and Aamco Management Company by providing the necessary support to face the accumulated losses of AMNCO's subsidiaries: Smart Cities Solutions Company and AMNCO Facilities Management Company.



5.7 Results of Operations for AMNCO

5.7.1 Consolidated Comprehensive Revenue Statement

Table No. (52): Consolidated Comprehensive Revenue Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) | Quarter Change 2020G 2021G |
|--|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|----------------------|----------------------|----------------------------|
| Revenues | 450,395 | 396,915 | 352,341 | (11.9%) | (11.2%) | (11.6%) | 90,687 | 92,965 | 2.5% |
| revenue cost | (379,000) | (345,818) | (319,224) | (8.8%) | (7.7%) | (8.2%) | (78,615) | (84,211) | 7.1% |
| gross profit | 71,395 | 51,097 | 33,117 | (28.4%) | (35.2%) | (31.9%) | 12,071 | 8,753 | (27.5%) |
| General and administrative expenses | (25,207) | (25,938) | (25,896) | 2.9% | (0.2%) | 1.4% | (6,566) | (7,975) | 21.4% |
| operating profit | 46,188 | 25,159 | 7,222 | (45.5%) | (71.3%) | (60.5%) | 5,505 | 779 | (85.9%) |
| Gain on sale of property and equipment | 3 | 91 | 257 | 2978.2% | 181.4% | 830.7% | 125 | - | (100.0%) |
| Provision for expected credit losses | (5,372) | (4,640) | (16,508) | (13.6%) | 255.8% | 75.3% | (4,926) | (1,195) | (75.7%) |
| Depreciation of goodwill | (1,050) | - | - | (100.0%) | 0.0% | (100.0%) | - | - | N/A |
| financing expenses | (139) | (273) | (5,429) | 96.2% | 1886.8% | 524.3% | (935) | (2,185) | 133.8% |
| Other Revenue | 1,114 | 559 | 2,147 | (49.8%) | 284.1% | 38.8% | 749 | - | (100.0%) |
| Net profit/(loss) before zakat | 40,744 | 20,895 | (12,312) | (48.7%) | (158.9%) | N/A | 518 | (2,602) | (602.4%) |
| Zakat | (4,540) | (3,724) | (4,699) | (18.0%) | 26.2% | 1.7% | (907) | (1,025) | 13.0% |
| Net profit/(loss) after zakat | 36,203 | 17,171 | (17,010) | (52.6%) | (199.1%) | N/A | (389) | (3,627) | 831.7% |
| return on: | | | | | | | | | |
| Company Shareholders | 36,383 | 18,050 | (10,549) | (50.4%) | (158.4%) | N/A | 686 | (528) | (177.0%) |
| Non-controlling interests | (179) | (878) | (6,462) | 390.0% | 635.5% | 500.4% | (1,075) | (3,099) | 188.3% |
| comprehensive Revenue | | | | | | | | | |
| Actuarial remeasurement gains (losses) for employees' end-of-service benefits obligation | 4,116 | (5,257) | (3,098) | (227.7%) | (41.1%) | N/A | - | - | N/A |
| Total comprehensive profit/(loss) for the period | 40,319 | 11,915 | (20,108) | (70.4%) | (268.8%) | N/A | (389) | (3,627) | 831.7% |
| return on: | | | | | | | | | |
| Company Shareholders | 40,499 | 12,793 | (13,587) | (68.4%) | (206.2%) | 0.0% | 686 | (528) | (177.0%) |
| Non-controlling interests | (179) | (878) | (6,521) | 390.0% | 642.4% | 503.1% | (1,075) | (3,099) | 188.3% |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.



Revenues

The revenues Decreased by 11.9% from SAR 450.4 million the financial year 2018G to SAR 396.9 million in the financial year 2019G; this is mainly due to the Decrease in:

- 1- ATM feeding revenues (- SAR 48.2 million); this is mainly due to a Bank reducing part of their business with the Company (- SAR 30.6 million), as this was coupled with the expiry of a contract for another Bank that was not renewed (- SAR 9.5 million), as a result of the highly competitive environment in the ATM feeding sector; and
- 2- The revenues from transferring money, counting and sorting money and correspondence (- SAR 12.6 million); this is mainly due to a Bank reducing part of their business with the Company (- SAR 7.6 million), as was coupled with the termination of a contract with one of the major Banks (- SAR 4.0 million), as a result of the highly competitive environment in the sector.

While this Decrease was offset by an increase in:

- 1- The ATM feeding revenues (+ SAR 9.6 million), as a result of the increase in revenues from a Bank (+ SAR 19.8 million) this is mainly due to the increase in the number of ATMs allocated to the Company. The rise was offset by a Decrease (- SAR 10.7 million) from one of the Banks, as a result of continuing to reduce their business with the Company and moving to competing companies; and
- 2- The maintenance and the operating Revenue - of AMNCO Facilities Management Company Ltd. - (+ SAR 3.5 million), as a result of new contracts obtained by the Company with the related parties, such as MUBARRAD and other clients.

Revenues increased by 2.5% from SAR 90.6 million in the first quarter of the financial year 2020G to SAR 92.9 million in the first quarter of 2021G mainly this is mainly due to the increase in:

- 1- The ATM feeding revenues (+SAR 1.4 million), as a result of the increase in revenues from one of the Banks (+ SAR 3.4 million) this is mainly due to the increase in the number of ATMs allocated to the Company. While this was offset by a Decrease of SAR 2.4 million from one of the other Banks, as a result of the Decrease in the number of ATMs allocated to the Company;
- 2- The maintenance and the operating Revenue (+ SAR 1.2 million), as a result of new contracts during the same period; and
- 3- The revenues of smart car parks - of City Solutions Company - (+ SAR 1.3 million), as the Company started its activities during the financial year 2019G and began using revenues at the end of the financial year 2020G.

While this increase was offset by a Decrease in the revenues of security guards (- SAR 1.4 million), as a result of the expiry of two contracts of the Company major clients that were not renewed (- SAR 5.9 million), as a result of non-compliance with paying the monthly bills, and the expiry of another contract with a medium-sized Company with a value of SAR 1.0 million. The Decrease was offset by an increase of SAR 5.9 million, as a result of a new contract with one of the largest constructions and contracting companies.

Cost of Revenues

The cost of revenues mainly relates to salaries, wages and the like (constituting the equivalent of 87%, 86% and 81% of the total cost of revenues for 2018G, 2019G and the financial year 2020G s, respectively). While it constitutes the equivalent of 84% and 81% of the total revenues of the first quarter from 2020G and 2021G financial years, respectively), followed by the depreciation, spare parts, maintenance and others.

The cost of revenues Decreased by 8.8% from SAR 379.0 million in the financial year 2018G to SAR 345.8 million in 2019G; this is mainly due to the Decrease in salaries, wages and like (SAR 33.4 million) in line with the Decrease in the operating revenues at a value of SAR 53.5 million.

The cost of revenues continued to December line by 11.2% in order to reach SAR 319.2 million in the financial year 2020G; this is mainly due to the continuous Decrease in salaries, wages and like (- SAR 35.9 million) in line with the Decrease in the operating revenues by SAR 44.6 million.

The cost of revenues increased by 7.1% from SAR 78.6 million in the first quarter of the financial year 2020G to SAR 84.2 million in the first quarter of 2021G; this is mainly due to the high cost of depreciation and amortization (+ SAR 2.2 million), especially in Cities Solutions, related to partial operation of some positions of the Eastern Region Project, in addition to the increase in the cost of consumable materials and equipment, as a result of the increased demand for consumables and equipment related to the implementation of the precautionary measures for the Covid-19 virus, coupled with the increase in the cost of those supplies determined by the increase in demand during the same period.

General and Administrative Expenses

General and administrative expenses relate mainly to the salaries, wages and like (they constitute 69%, 80% and 71% of the total general and administrative expenses for the financial years 2018G, 2019G and 2020G, respectively, while they constitute the equivalent of 78% and 72% of the total expenses general and administrative in the first quarter of 2020G and 2021G financial years, respectively), followed by the professional and advisory fees.

General and administrative expenses increased slightly by 2.9% from SAR 25.2 million in the financial year 2018G to SAR 25.9 million in the financial year 2019G. This is mainly due to the increase in the salaries and wages and the like (+ SAR 3.3 million), as a result of the increase in the number of administrative employees during the year, while the Decrease in the number of administrative employees from 185 to 173 represents the number of employees at the end of the year, in addition to the increase in the average monthly salary for each employee. The rise was offset by a Decrease in rental expenses (- SAR 2.3 million), as a result of the completion of the lease contract for AMNCO headquarters in Smart Tower, while the general and administrative expenses remained relatively constant at SAR 25.9 million in the financial year 2020G.

General and administrative expenses increased by 21.4% from SAR 6.5 million in the first quarter of the financial year 2020G to SAR 8.0 million in the first quarter of 2021G; this is mainly due to an increase in the salaries, wages and the like (+ SAR 739 thousand).



Profits from Sale of Property and Equipment

Profits from the sale of property and equipment relate to the sale of units of the fleet, whether this is mainly due to major accidents or the obsolescence of its models and not suitable for the Company operations. Profits from the sale of property and equipment increased by 2978% from SAR 3 thousand in the financial year 2018G to SAR 91 thousand in the financial year 2019G, then increased by 181.4% to reach SAR 257 thousand in the financial year 2020G, as a result of profits obtained from the sale of property and equipment.

There were no profits or losses from the sale of property and equipment in the first quarter of 2021G financial year, while the profits from the sale of property and equipment were SAR 125 thousand in the first quarter of the financial year 2020G.

Provision for Expected Credit Losses

The provision for expected credit losses Decreased by 13.6% from SAR 5.4 million in the financial year 2018G to SAR 4.6 million in the financial year 2019G, as a result of the Decrease in provision for trade receivable balances, while the provision for expected credit losses, increased by 255.8% to reach SAR 16.5 million in the financial year 2020G, as a result of the increase in the balances of some customers and the irregularity in payments this is mainly due to the circumstances related to Covid-19.

The expected credit loss provision Decreased by 75.7% from SAR 5.0 million in the first quarter of the financial year 2020G to SAR 1.2 million in the first quarter of 2021G financial year this is mainly due to the increase in the formation of the provision for expected credit losses during the first quarter of the financial year 2020G, as a result of conditions related to Covid-19.

Other Revenue

The other Revenue relates mainly to bad debts and other collections, they Decreased by 49.8% from SAR 1.2 million in the financial year 2018G to SAR 560,000 in the financial year 2019G; this is mainly due to the Decrease in bad debt collections.

The other revenues increased by 158.9% to reach SAR 2.15 million in the financial year 2020G; this is mainly due to the increase in bad debt collections amounting to SAR 1.6 million.

The other Revenue Decreased by 100% from SAR 750,000 in the first quarter of the financial year 2020G to SAR 0 in the first quarter of 2021G financial year, as a result of the Decrease in bad debt collections compared to the previous period.

Financing Costs

Financing costs consist of interest on Bank facility financing and interest on the lease obligation. Financing costs increased by 96.2% from SAR 139 thousand in the financial year 2018G to SAR 273 thousand in the financial year 2019G, then to SAR 5.4 million in 2020G, mainly this is mainly due to the increase in the benefits of financing Bank facilities for City Solutions Company related to the Agreement Tawarruq facilities for the purpose of financing an investment in the smart parking project in the Eastern Province, in addition to the financing expenses resulting from the lease commitment related to the land and parking spaces leased by City Solutions Company.

The financing costs increased from SAR 935 thousand in the first quarter of the financial year 2020G to SAR 2.2 million in the first quarter of 2021G; this is mainly due to the increase in interest expenses on the lease commitment related to the land and parking spaces leased by City Solutions Company.

Zakat

Zakat has increased by a cumulative rate of 1.7% from SAR 4.5 million in the financial year 2018G to SAR 4.7 million in the financial year 2020G, while it increased by 13.0% from SAR 907 thousand in the first quarter of 2020G to SAR 1.0 million in the first quarter in 2021G.

The zakat position of the Company and its subsidiaries is as follows:

- AMNCO - Parent Company
 - The Company has committed to submit its zakat returns until the end of the financial year ending on December 31, 2020G.
 - The Company obtained the Zakat assessment for 2008G to 2014G financial years; the assessment and objection file were closed; the Company paid Zakat differences.
 - On March 29, 2021G, the Company obtained a zakat assessment for 2015G financial year with differences of SAR 513,721. On May 20, 2021G, the Company submitted an objection to the zakat assessment to the Zakat, Tax and Customs Authority.
 - City Solutions Company - Subsidiary
 - The Company submitted its zakat returns until 2020G; it obtained a valid certificate until April 30, 2022G; it did not receive any zakat or tax assessments from the Zakat, Tax and Customs Authority.
- AMNCO Facilities Management Company - Subsidiary
 - The Company submitted its zakat returns until 2020G and obtained a valid certificate until April 30, 2022G.
 - The Company obtained zakat assessments for 2006G - 2016G financial years; the assessment file was closed; the Company paid the this is mainly due zakat differences.
 - On September 17, 2020G, the Company received a Zakat assessment for 2018G, amounting to SAR 35,508; it submitted an objection to the full amount; the Authority approved the objection.



5.7.2 Consolidated Statements of Financial Position

Table No. (53): Consolidated Statements of Financial Position for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Real estate and equipment, net | 44,201 | 40,139 | 43,879 | 42,618 |
| Right to use assets, net | - | 4,920 | 197,041 | 194,989 |
| Intangible assets, net | 1,896 | 2,815 | 2,869 | 2,679 |
| The fame | 8,178 | 8,178 | 8,178 | 8,178 |
| Advance payments for the purchase of property and equipment | - | - | 14,474 | 27,151 |
| Total non-current assets | 54,275 | 56,051 | 266,441 | 275,616 |
| Current assets | | | | |
| Stock | 10,625 | 8,820 | 8,752 | 8,794 |
| Trade receivables, net | 86,794 | 109,396 | 127,140 | 137,701 |
| Other debit balances, net | 44,091 | 75,971 | 52,464 | 51,081 |
| This is mainly due from related parties | 2,614 | 153 | 246 | - |
| Criticism and the like | 38,421 | 17,424 | 22,189 | 43,872 |
| Total current assets | 182,543 | 211,762 | 210,791 | 241,448 |
| Total assets | 236,819 | 267,814 | 477,232 | 517,064 |
| Equity and Liabilities | | | | |
| Property rights | | | | |
| Capital | 100,000 | 100,000 | 100,000 | 100,000 |
| Regular reserve | 19,756 | 21,561 | 21,561 | 21,561 |
| Retained earnings | 48,473 | 50,461 | 29,874 | 29,347 |
| Total equity attributable to the parent Company | 168,229 | 172,022 | 151,435 | 150,907 |
| Non-controlling interest | 2,317 | 1,439 | (5,083) | (8,181) |
| Total Equity | 170,546 | 173,461 | 146,353 | 142,726 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Long term loans | - | - | 44,480 | 56,913 |
| Lease commitments | - | 3,589 | 179,801 | 180,899 |
| Commitment to employees' end of service benefits | 28,780 | 31,212 | 29,839 | 30,556 |
| Total non-current liabilities | 28,780 | 34,801 | 254,120 | 268,368 |
| Current liabilities | | | | |
| The current portion of long-term loans | - | 30,000 | 35,000 | 30,000 |
| Lease commitments | 503 | 1,151 | 3,066 | 3,238 |
| trade creditors | 5,255 | 3,448 | 7,000 | 7,586 |
| Other credit balances | 27,013 | 20,754 | 26,676 | 46,907 |
| This is mainly due to related parties | - | 186 | 289 | 12,484 |
| Zakat provision | 4,721 | 4,013 | 4,730 | 5,755 |



| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Total current liabilities | 37,492 | 59,551 | 76,760 | 105,970 |
| Total Liabilities | 66,272 | 94,353 | 330,880 | 374,338 |
| Total Equity and Liabilities | 236,819 | 267,814 | 477,232 | 517,064 |
| Key Performance Indicators | | | | |
| Return on assets | 15.6% | 6.8% | (4.1%) | (0.2%) |
| Return on equity | 21.6% | 10.5% | (7.0%) | (0.3%) |
| Pending sales days | 73 | 95 | 138 | 617 |
| Pending stock days | 10 | 101 | 10 | 40 |
| Payment this is mainly due days | 5 | 5 | 6 | 34 |
| Cash transfer cycle | 78 | 101 | 142 | 624 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Non-Current Assets

Non-current assets increased from SAR 54.2 million as on December 31, 2018G to SAR 56.1 million as on December 31, 2019G, mainly this is mainly due to an increase in the right to use assets (+ SAR 4.9 million) as a result of applying the IFS 16. Moreover, a Decrease in real estate and equipment (- SAR 4.1 million) as a result of the period's depreciation of vehicles was mentioned.

Non-current assets increased from SAR 56.1 million as on December 31, 2019G to SAR 266.4 million as on December 31, 2020G, mainly this is mainly due to an increase in the right to use assets (+ SAR 192.1 million) related to City Solutions Company as a result of proving the value of the receiving 400 parking spots in the eastern region. In addition to the increase in the advance payments for the purchase of the property and equipment (+ SAR 14.5 million) represented in contracts for the purchase of the real estate and equipment related to the equipment and devices for establishing and operating the smart parking project in Khobar and Dhahran.

Non-current assets increased from SAR 266.4 million as on December 31, 2020G to SAR 275.6 million as on March 31, 2021G, mainly this is mainly due to the increase in the advance payments for the purchase of the property and equipment from Huawei at a value of SAR 11.4 million; this is mainly related to Huawei and City Solutions Company; it was offset by a Decrease in the right to use assets (- SAR 2.1 million) as a result of the depreciation for the same period.

Current Assets

Current assets increased from SAR 182.5 million as on December 31, 2018G to SAR 211.8 million as on December 31, 2019G, mainly this is mainly due to the increase in the trade and other receivable balances by SAR 53.5 million; this is mainly due to the increase in the balance of the other debit (+ SAR 31.9 million) as a result of the increase in the rents paid in advance to the Eastern Municipality related to the parking lot of the City Solutions Company, as well as in the trade receivables (+ SAR 22.6 million) as a result of an increase in the trade receivables, mainly for five major clients in the construction, contracting and investment sector in line with the increase in their revenues. It was offset by a Decrease in the cash and cash equivalents (- SAR 21.0 million) this is mainly due to the cash used in the operating and investing activities.

Current assets Decreased from SAR 211.8 million as on December 31, 2019G to SAR 210.8 million as on December 31, 2020G, mainly this is mainly due to a Decrease in the other debit balances (- SAR 23.5 million) as a result of transferring part of the advance payments to the Eastern Province Municipality to the account for the origin of the right of use; it was offset by an increase in trade receivables (+ SAR 17.7 million) as a result of an increase in the receivables from a major construction and contracting sector client; an increase in its revenues; as well as an increase in the cash and cash equivalents (+ SAR 4.8 million) as a result of the cash generated from the financing activities.

Current assets increased from SAR 210.8 million as on December 31, 2020G to SAR 241.4 million as on March 31, 2021G, mainly this is mainly due to an increase in the cash and cash equivalents (+ SAR 21.7 million) as a result of cash generated from the operating activities, in addition to the cash generated from financing activities. This was coupled with an increase in the trade receivables (+ SAR 10.6 million) as a result of an increase in the trade receivables from three local Banks in line with the increase in the ATM feeding revenues.

Partners' Rights

Partners' equity increased from SAR 170.5 million as on December 31, 2018G to SAR 173.5 million as on December 31, 2019G, in line with the increase in the retained earnings (+ SAR 30.7 million) driven by an annual net profit of SAR 17.2 million; it was offset by a Decrease in the statutory reserve (- SAR 26.9 million).

Partners' equity Decreased from SAR 173.5 million as on December 31, 2019G to SAR 146.4 million as on December 31, 2020G as a result of a Decrease in the retained earnings (- SAR 20.6 million) in addition to a Decrease in the non-controlling interests (SAR 6.5 million) paid with an annual net loss of SAR 17.0 million.

Partners' equity Decreased from SAR 146.4 million as on December 31, 2020G to SAR 142.7 million as on March 31, 2021G; this is mainly due to the Decrease in the non-controlling interests (SAR 3.1 million) driven by a net loss for the first quarter of SAR 3.6 million.



Non-Current Liabilities

Non-current liabilities increased from SAR 28.8 million as on December 31, 2018G to SAR 34.8 million as on December 31, 2019G; this is mainly due to the increase in the lease commitments (+ SAR 3.6 million) as a result of the application of IFRS 16 "Leasing contracts" dated January 1, 2019G, in addition to an increase in the employees' end-of-service benefits obligation (+ SAR 2.4 million) as a result of the amounts paid during the same period.

Non-current liabilities increased from SAR 34.8 million as on December 31, 2019G to SAR 254.1 million as on December 31, 2020G; this is mainly due to an increase in the lease contract commitment (+ SAR 176.2 million) as a result of the receiving part of the leased parking lots from the Eastern Province Municipality during 2020G, related to the parking lot of City Solutions Company. It was also coupled with the increase in the long-term loans (+ SAR 44.5 million) mainly related to Emirates NBD loan to City Solutions Company.

Non-current liabilities increased from SAR 254.1 million as on December 31, 2020G to SAR 268.4 million as on March 31, 2021G; this is mainly due to the increase in the long-term loans (SAR 12.4 million), mainly related to the Emirates NBD loan to City Solutions Company. It was also coupled with an increase in the lease contract commitment (+ SAR 1.1 million).

Current Liabilities

Current liabilities increased from SAR 37.5 million as on December 31, 2018G to SAR 59.6 million as on December 31, 2019G; this is mainly due to the increase in the current portion of the long-term loans (+ SAR 30.0 million) mainly related to a short loan from a Bank investment. It was offset by a Decrease in the other credit balances (- SAR 6.3 million) as a result of a Decrease in the accrued expenses this is mainly due to the Decrease in the balance of employees' salaries.

Current liabilities increased from 59.6 million SAR as on December 31, 2019G to 76.8 million SAR as on December 31, 2020G; this is mainly due to the increase in the trade creditors (+ SAR 5.9 million) as a result of the increase in the balance of the service suppliers this is mainly due to the conclusion of a new contract with Malath Cooperative Insurance. It was coupled with the increase in other the credit balances (+ SAR 3.6 million) mainly related to the increase in the fines for the Ministry of Interior.

Current liabilities increased from 76.8 million SAR as on December 31, 2020G to 106.0 million SAR as on March 31, 2021G; this is mainly due to the increase in the other credit balances (+ SAR 20.2 million) as a result of the increase in the accrued expenses this is mainly due to an increase in the balance of employees' salaries for March 2021G, which was paid in April 2021G. It was also coupled with an increase in dues to the related parties (+ SAR 12.2 million) as a result of the increase in AlShifa Technology Co. Ltd. dues related to the payments made on behalf of a subsidiary.

5.7.3 Real Estate and Equipment

Table No. (54): Real estates and Equipment for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|---|------------------------------------|------------------------------------|------------------------------------|--|
| Vehicles | 25,905 | 19,001 | 16,226 | 14,764 |
| Security machines, equipment and supplies | 8,333 | 7,300 | 10,045 | 9,561 |
| Computer | 1,313 | 1,466 | 6,946 | 6,499 |
| Furniture, furnishings and office equipment | 3,834 | 7,690 | 6,112 | 5,442 |
| Buildings, December orations and equipment | 2,179 | 2,046 | 1,913 | 3,715 |
| Lands | 2,637 | 2,637 | 2,637 | 2,637 |
| Total | 44,201 | 40,139 | 43,879 | 42,618 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Vehicles

Vehicles consist of armored vehicles related to the transportation of the money and the precious metals for the benefit of AMNCO customers, in addition to the vehicles used by the Company executive management. The value of vehicles Decreased from SAR 25.9 million as on December 31, 2018G to 19.0 million SAR as on December 31, 2019G mainly due to the depreciation for the same period (- SAR 8.3 million) and the exclusions (- SAR 792 thousand) related to the obsolete vehicles. It was offset by the additions (+ SAR 2.2 million) related to the purchase of the new vehicles.

Value of vehicles also Decreased from SAR 19.0 million as on December 31, 2019G to SAR 16.2 million as on December 31, 2020G; this is mainly due to the depreciation for the same period (- SAR 6.8 million) and the exclusions (- SAR 359 thousand) related to the obsolete vehicles. It was offset by the additions (+ SAR 4.4 million) related to the purchase of the new armored vehicles.

Value of vehicles continued to December line from SAR 16.2 million as on December 31, 2020G to SAR 14.8 million as on March 31, 2021G as a result of the depreciation for the same period (- SAR 1.4 million).



Security Machines, Equipment and Supplies

Machines and equipment are mainly related to security equipment such as surveillance devices, cameras, and money-counting machines. Machinery, equipment and security supplies Decreased from SAR 8.3 million as on December 31, 2018G to SAR 7.3 million as on December 31, 2019G; this is mainly due to depreciation for the same period (- SAR 1.5 million). It was offset by the additions (+ SAR 449 thousand) related to the purchase of the new devices.

Machinery, equipment and security supplies increased from SAR 7.3 million as on December 31, 2019G to SAR 10.0 million as on December 31, 2020G; this is mainly due to the additions (+ SAR 4.5 million) mainly related to the unconsolidated AMNCO Company (SAR 4.5 million) as a result of the purchase of the counting and sorting machines and computers. It was offset by the depreciation for the same period (- SAR 1.8 million).

Machinery, equipment and security supplies Decreased from SAR 10.0 million as on December 31, 2020G to SAR 9.6 million as on March 31, 2021G as a result of the depreciation for the same period (- SAR 541 thousand).

Computers

Value of computers slightly increased from SAR 1.3 million as on December 31, 2018G to SAR 1.5 million as on December 31, 2019G this is mainly due to the additions (+ SAR 606 thousand) offset by the depreciation for the same period (- SAR 454 thousand).

Value of computers increased from SAR 1.5 million as on December 31, 2019G to SAR 6.9 million as on December 31, 2020G; this is mainly due to the additions (+ SAR 6.3 million) mainly related to the purchase of the new computers for City Solutions Company with a value of SAR 4.7 million; and for AMNCO with a value of SAR 1.6 million related to the equipment of the main building. This is offset by the depreciation for the same period (- SAR 778 thousand).

Value of computers Decreased slightly from SAR 6.9 million as on December 31, 2020G to SAR 6.5 million as on March 31, 2021G as a result of the depreciation for the same period (SAR 454 thousand).

Furniture, Furnishings and Office Equipment

Furniture, furnishings and office equipment mainly relate to desks, chairs, tables, cabinets, sofas and other office equipment. Furniture, furnishings and office equipment increased from SAR 3.8 million as on December 31, 2018G to SAR 7.7 million as on December 31, 2019G this is mainly due to the additions (+ SAR 5.6 million) and consisted of furniture purchases for the main building. It was offset by the depreciation for the same period (- SAR 1.8 million).

Furniture, furnishings and office equipment Decreased from SAR 7.7 million as on December 31, 2019G to SAR 6.1 million as on December 31, 2020G as a result of the depreciation for the same period (- SAR 2.8 million), coupled with the exclusions (- SAR 147 thousand). It was offset by additions (+ SAR 1.3 million) related to the furniture and furnishings for the main building.

Furniture, furnishings and office equipment Decreased from SAR 6.1 million as on December 31, 2020G to SAR 5.4 million as on March 31, 2021G as a result of the depreciation for the same period (- SAR 681 thousand).

Buildings, December orations and Equipment

Buildings, December orations and fittings mainly relate to the new main building of the group located on the land of Al-Ma'athar district, in addition to the necessary December orations, fixtures and finishes for the buildings.

Buildings, December orations and equipment Decreased slightly from SAR 2.2 million as on December 31, 2018G to SAR 2.0 million as on December 31, 2019G, and then to SAR 1.9 million as on December 31, 2020G as a result of the depreciation charged for the two periods (- SAR 266 thousand).

Buildings, December orations and equipment increased from SAR 1.9 million as on December 31, 2020G to SAR 3.7 million as on March 31, 2021G; this is mainly due to the additions (+ SAR 1.9 million) related to City Solutions Company as a result of the construction, contracting and installation of shades for the headquarters of the car parks.

Lands

Lands mainly relate to a plot of land in Sulaymaniyah on Al-Ma'athar Street, with an area of 1,000 square meters, and two plots of land in Al-Nazim; with an area of 2,500 square meters each, and Dammam land, with an area of about 1073 square meters. The value of the lands remained stable at SAR 2.6 million as on December 31, 2018G, 2019G, 2020G and March 31, 2021G.



5.7.4 Right to Use Assets

Table No. (55): Right-of-use Assets for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---|
| Cost | | | | |
| Balance at the beginning of the period | - | - | 6,055 | 201,411 |
| Extras | - | 6,055 | 195,356 | 296 |
| Exclusions | - | - | - | - |
| End of period balance | - | 6,055 | 201,411 | 201,707 |
| accumulated consumption | | | | |
| Balance at the beginning of the period | - | - | (1,135) | (4,370) |
| bearing during the period | - | (1,135) | (3,235) | (2,348) |
| Exclusions | - | - | - | - |
| End of period balance | - | (1,135) | (4,370) | (6,718) |
| Net book value | - | 4,920 | 197,041 | 194,989 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

As on March 31, 2021G, the right to use assets mainly relates to the parking lot land related to City Solutions Company (SAR 191.7 million) and the leased offices related to AMNCO (SAR 3.3 million).

The right to use assets increased from SAR 4.9 million as on December 31, 2019G to SAR 197.0 million as on December 31, 2020G, it is mainly related to City Solutions Company, where it increased by SAR 193.4 million as a result of the receiving part of the rented parking spaces from the Eastern Province Municipality during the 2020G. It was offset by the depreciation for the same period of SAR 3.2 million.

Right to use assets Decreased from SAR 197.0 million as on December 31, 2020G to SAR 195.0 million as on March 31, 2021G as a result of the depreciation for the same period (SAR 2.3 million).

5.7.5 Intangible Assets

Table No. (56): Intangible Assets for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---|
| Technology and systems | 1,547 | 1,238 | 2,145 | 2,679 |
| Projects under implementation | 349 | 1,577 | 724 | - |
| Total | 1,896 | 2,815 | 2,869 | 2,679 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Technology and Systems

Technology and systems are mainly related to the ERP system. Technology and systems Decreased from SAR 1.5 million as on December 31, 2018G to SAR 1.2 million as on December 31, 2019G; this is mainly due to the amortization of the same period (- SAR 309 thousand).

Technology and systems increased from SAR 1.2 million as on December 31, 2019G, to SAR 2.1 million as on December 31, 2020G; this is mainly due to the additions (+ SAR 1.4 million) mainly related to the payment to Invincible Solution Corporation. It was offset by the amortization period (- SAR 445 thousand).

Technology and systems increased from SAR 2.1 million as on December 31, 2020G to SAR 2.6 million as on March 31, 2021G as a result of the additions (+ SAR 724 thousand) related to the new systems that began working on it, which is Microsoft Dynamics, operations programs, sales and marketing systems. It was offset by the amortization period (SAR 190 thousand).



Projects Under Implementation

Projects in progress mainly relate to technology and systems projects in progress. The projects under implementation increased from SAR 349,000 as on December 31, 2018G to SAR 1.6 million as on December 31, 2019G; this is mainly due to the additions (+ SAR 1.2 million) related to "TRANSTRACK INTERNATIONAL" program.

Projects under implementation Decreased from SAR 1.6 million as on December 31, 2019G to SAR 724 thousand as on December 31, 2020G; this is mainly due to the transfer from the balance of the implementation projects to the balance of the technology and systems (- SAR 1.4 million). This is offset by the additions (+ SAR 449 thousand).

The rest of the value from the projects under implementation was transferred to a technology and systems balance of SAR 724 thousand million immediately after the systems were installed as on March 31, 2021G.

5.7.6 Fame

On July 23, 2017G, the parent Company acquired 70% of AMNCO Facilities Management Company, which resulted in the acquisition of the goodwill value SAR 9.7 million, provided that a test for a December line in the value of the goodwill is annually prepared.

Goodwill Impairment Test

The group considered AMNCO Facility Management Ltd. to be a cash-generator in its own right; all the goodwill was allocated to the cash-generating unit in accordance with the IAS 36; this test resulted in a December line in the value of the investment during 2018G by SAR 1.1 million. The goodwill balance as of December 31, 2019G, 2020G and March 31, 2021G amounted to SAR 8.2 million.

The management conducted an annual impairment test on December 31, 2020G; the study resulted in no impairment in goodwill.

5.7.7 Inventory

Table No. (57): Inventory for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Electronic locks for automated teller machines | 4,154 | 4,072 | 3,526 | 3,264 |
| Money transfer and automated teller machines | 2,562 | 1,979 | 2,780 | 2,939 |
| Clothes and uniforms for employees | 3,908 | 2,769 | 2,446 | 2,591 |
| Total | 10,625 | 8,820 | 8,752 | 8,794 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

The inventory relates entirely to AMNCO, which is not consolidated. Inventory Decreased from SAR 10.6 million as on December 31, 2018G to 8.8 million SAR as on December 31, 2019G, mainly this is mainly due to the Decrease in the stock of the clothes and the staff uniforms (- SAR 1.1 million), in addition to the Decrease in the money transfer inventory and the automatic exchange requirements (- SAR 583 thousand) as a result of the Decrease in the purchases in line with the Decrease in the revenues.

The inventory balance remained relatively constant at SAR 8.8 million as on December 31, 2019G, 2020G and March 31, 2021G.

5.7.8 Trade Receivables

Table No. (58): Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Trade receivables | 89,260 | 115,249 | 145,251 | 155,438 |
| Provision for expected credit losses for trade receivables | (2,466) | (5,853) | (18,111) | (17,737) |
| Trade receivables, net | 86,794 | 109,396 | 127,140 | 137,701 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Trade receivables increased from SAR 89.3 million as on December 31, 2018G to SAR 115.2 million as on December 31, 2019G, as a result of an increase in the trade receivables mainly for five major clients in the construction, contracting and investment sector (+ SAR 31.3 million) in line with rise in their revenue, as well as the higher revenue for the other customers; so, their trade receivables rise. It was offset by a Decrease of SAR 10.7 million related to a Bank as a result of reducing the volume of its business with the Company.

Trade receivables increased from SAR 115.2 million as on December 31, 2019G to SAR 145.3 million as on December 31, 2020G; this is mainly due to the increase in the trade receivables from one of the main clients of the construction and contracting sector (SAR +12.4 million) as a result of the increase in the operating business with the Company (increase in revenues), in addition to the increase in the balance of another client



in the construction and contracting sector (+ SAR 4.0 million) for his failure to pay the monthly the bills values that contributed to the increase in the balance. The Company new contracts with several other companies, the most important of which are the Banking sector, the cultural sector and the technology sector (+ SAR 9.0 million) contributed to an increase in the balance of the trade receivables during the same period.

Trade receivables increased from SAR 145.3 million as on December 31, 2020G to SAR 155.4 million as on March 31, 2021G; this is mainly due to an increase in the trade receivables from three local Banks (+ SAR 8.0 million) in line with the increase in the feed Revenue of the automated teller machines., in addition to the increase in the balance of one of the main construction and contracting sector clients (+ SAR 3.6 million) as a result of the continuous increase in the volume of its business with this client. It was offset by the end of the contract with a client in the cultural sector (- SAR 4.6 million).

Provision for Expected Credit Losses for Trade Receivables

The provision for trade receivables increased from SAR 2.5 million as on December 31, 2018G to SAR 5.9 million as on December 31, 2019G as a result of the increase in the receivable balances and the obsolescence of some balances this is mainly due to the inability of some customers to commit to paying periodically the this is mainly dues.

The provision for trade receivables increased from SAR 5.9 million as of December 31, 2019G, to SAR 18.1 million as of December 31, 2020G, as a result of the high balances of some customers and the irregularity in the payments as a result of the circumstances related to Covid-19.

The provision for trade receivables Decreased from SAR 18.1 million as on December 31, 2020G to SAR 17.7 million as on March 31, 2021G, mainly this is mainly due to the balance used during the period amounting to SAR 769 thousand.

Table No. (59): Action in the Provision for Contingent Liabilities for Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | 999 | 2,466 | 5,853 | 18,111 |
| Bearing during the period | 2,487 | 1,879 | 12,258 | 395 |
| Transfer from/to provision for other debit balances | (1,000) | 1,607 | - | - |
| User during the period | (21) | (98) | - | (769) |
| End of period balance | 2,466 | 5,853 | 18,111 | 17,737 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

5.7.9 Other Debit Balances

Table No. (60): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Receivable money changers | 28,217 | 29,176 | 28,881 | 32,642 |
| Prepaid expenses | 9,289 | 40,983 | 19,463 | 21,452 |
| Business assurance retains | 15,184 | 11,857 | 10,772 | 6,617 |
| Guarantee letters of guarantee | 5,801 | 5,565 | 7,434 | 5,886 |
| Slandered workers | 3,340 | 3,172 | 3,157 | 3,155 |
| Advance payments to suppliers | 2,728 | 1,988 | 1,328 | 959 |
| Other debit balances | 3,075 | 7,118 | 8,250 | 7,750 |
| Total | 67,633 | 99,858 | 79,285 | 78,461 |
| Provision for expected credit losses for other debit balances | (23,542) | (23,887) | (26,821) | (27,380) |
| Other debit balances, net | 44,091 | 75,971 | 52,464 | 51,081 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



Receivable Money Changers

Money changers' receivables mainly relate to the embezzlement when transferring the money or feeding the money changers. The majority of money changers' receivables are receivables for more than one year; the management creates a provision for them according to the ages of those balances using past collection practices.

Receivables from money changers increased from SAR 28.2 million as on December 31, 2018G to SAR 29.2 million as on December 31, 2019G; this is mainly due to an increase in the embezzlement incidents with a value of SAR 921,000.

Receivables from money changers Decreased from SAR 29.2 million as on December 31, 2019G to 28.9 million SAR as on December 31, 2020G; this is mainly due to a Decrease in the embezzlement incidents by a value of SAR 294 thousand as a result of the circumstances related to the Covid-19 virus.

Money changers' receivables increased from SAR 28.9 million as on December 31, 2020G to 32.6 million SAR as on March 31, 2021G as a result of 1) damage of the funds amounting to SAR 2.0 million, as black ink is sprayed on the money inside the smart bags when they are opened incorrectly by the Cashier Feeding Officer. and 2) the embezzlement of SAR 1.0 million. It is worth noting that the money damaged as a result of the wrong opening of the smart bags is replaced with the new money from the Saudi Central Bank. Regarding the embezzled amount of SAR one million, the administration reports that the amount is under collection, as the embezzler was caught by the police.

Prepaid Expenses

Prepaid expenses mainly relate to the advance payments for government procedures for non-Saudi employees of the exit and re-entry visas, the multiple visas for international transport drivers, and residency renewals, in addition to the advisory services fees and prepaid rents to which ISPM No. 16 does not apply.

Prepaid expenses increased from SAR 9.3 million as on December 31, 2018G to SAR 41.0 million as on December 31, 2019G; this is mainly related to City Solutions Company as a result of the prepaid rent for the parking lots rented from the Eastern Province Municipality.

Prepaid expenses Decreased from SAR 41.0 million as on December 31, 2019G to SAR 19.5 million as on December 31, 2020G; this is mainly due to the transfer of the part of the amounts paid in advance to the Eastern Province Municipality to the right-of-use asset account.

Prepaid expenses increased from SAR 19.5 million as on December 31, 2020G to SAR 21.5 million as on March 31, 2021G as a result of the increase in the advance payments related to rents.

Business Assurance Retains

Business Assurance Retentions relate to some clients where the contracts entered into with them stipulate withholding a certain percentage of the invoice/contract value as a performance guarantee. Business guarantee reserves Decreased from SAR 15.2 million as on December 31, 2018G to SAR 11.9 million as on December 31, 2019G, then to SAR 10.8 million as on December 31, 2020G in line with the Decrease in AMNCO revenues, in addition to the expiration of the contracts of some client that require a business collateral hold.

Business guarantee retentions Decreased from SAR 10.8 million as on December 31, 2020G to SAR 6.6 million as on March 31, 2021G in line with the Decrease in revenues, in addition to the expiration of a client's contract and the collection of the part of these retentions during the first quarter of 2021G.

Insurance for Letters of Guarantee

Insurance for letters of guarantee mainly relates to AMNCO and City Solutions Company clients for the Eastern Province Municipality. Insurance for letters of guarantee Decreased from SAR 5.8 million as on December 31, 2018G to SAR 5.6 million as on December 31, 2019G as a result of the Decrease in the participation in the tenders during the same period.

Insurance for letters of guarantee increased from SAR 5.6 million as on December 31, 2019G to SAR 7.4 million as on December 31, 2020G as a result of the increase in the participation in the tenders during the same period.

Insurance for letters of guarantee Decreased from SAR 7.4 million as on December 31, 2020G to SAR 5.9 million on March 31, 2021G as a result of the Decrease in the participation in the tenders during the same period.

Slandered Employees

Employees' receivables Decreased slightly from SAR 3.3 million as on December 31, 2018G to SAR 3.2 million as on December 31, 2019G in line with the Decrease in the number of the employees during the same period.

Employees' receivables remained stable at SAR 3.2 million as of December 31, 2020G and March 31, 2021G.

Advance Payments to Suppliers

Advance payments to suppliers relate to AMNCO, which consisted of the amounts paid in advance to different suppliers to provide the required supplies (smart bags, bag locks, guard clothing, etc.) in AMNCO and its subsidiaries operational activities.

Advances to suppliers Decreased from SAR 2.0 million as on December 31, 2019G to SAR 1.3 million as on December 31, 2020G as a result of the continuous December line in AMNCO revenues and the lack of the need to purchase new supplies (- SAR 1.1 million), while the advance payments increased to the suppliers of City Solutions Company (+ SAR 415 thousand) as a result of the advance payments to the consultants in the smart parking project.



Payments made to suppliers Decreased from SAR 1.3 million as on December 31, 2020G to SAR 959 thousand as on March 31, 2021G as a result of the Decrease in the amounts paid in advance to the project consultants of City Solutions Company.

Other debit balances

Other debit balances include the amounts paid to the Ministry of Interior for violations; most of which are carried over from previous years, and the administration forms a provision for them in light of the ages of those the receivables and previous collection practices. It is worth noting that the Company objects to a number of these violations, but it is still designated to cover the cases that are not subject to objection. The fines from the Ministry of Interior are the fines for carrying a weapon by the members of the security guards; they were objected to, as the Company submitted a request to allow the import of the weapons and the delay in obtaining approval from the Ministry.

Other debit balances increased from SAR 3.1 million as of December 31, 2018G to SAR 7.1 million as of December 31, 2019G as a result of an increase in the violations receivables related to the workers in the money transfers, in addition to the high fines that are acceptable to the Ministry of Interior.

Other debit balances increased from SAR 7.1 million as on December 31, 2019G to SAR 8.3 million as on December 31, 2020G as a result of the increase in the fines that are acceptable to the Ministry of Interior.

Other debit balances Decreased from SAR 8.3 million as on December 31, 2020G to SAR 7.8 million as on March 31, 2021G as a result of the settlement of the fines with the Ministry of Interior, whose objection was not accepted with the provisions that were created.

Provision for Expected Credit Losses for Other Debit Balances

The provision for expected credit losses for other debit balances relates to AMNCO accounts receivables from money changers and the receivables with the Ministry of Interior. These balances are analyzed and evaluated by the legal counsel of the Company depending on the status of the case. The ratios shown below represent the ratios used by the Company in order to calculate the allowance for the expected credit losses for the receivables.

| Lawsuit | Ratio for the Company | Ratio against the Company |
|---|-----------------------|---------------------------|
| Open case | 50% | 50% |
| Primary in favor of the Company / objection to the Ministry of the Interior | 80% | 20% |
| Primary call back Company | 20% | 80% |
| Final for the Company | 100% | - |
| Final Refused the lawsuit | - | 100% |

Source: The Company.

The provision for the expected credit losses for the other debit balances increased from SAR 23.5 million as on December 31, 2018G to SAR 23.9 million as on December 31, 2019G as a result of the charge for the same period amounting to SAR 2.8 million after recalculating the legal status of the cases. It was offset by the amounts transferred from a provision for the other receivable balances to a provision for the trade receivables amounting to SAR 1.6 million.

The provision for the expected credit losses for the other debit balances also increased from SAR 23.9 million as on December 31, 2019G to SAR 26.8 million as on December 31, 2020G as a result of the charge for the same period amounting to SAR 4.3 million after recalculating the judicial status of the cases. It was offset by the recoveries of SAR 1.3 million during the same period.

The provision for the expected credit losses for the other debit balances also continued to rise slightly from SAR 26.8 million as on December 31, 2020G to 27.4 million SAR as on December 31, 2020G as a result of the charge for the same period of SAR 800,000. This is offset by the refunds of SAR 240 thousand.

Table No. (61): Action in the Provision for Contingent Liabilities for other Accounts Payable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | 20,251 | 23,542 | 23,887 | 26,821 |
| Bearing during the period | 2,885 | 2,761 | 4,250 | 800 |
| Transfer from/to provision for trade receivables | 1,000 | (1,607) | - | - |
| User during the period | (593) | (810) | (1,317) | (240) |
| Total | 23,542 | 23,887 | 26,821 | 27,380 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



5.7.10 This is mainly due From Related Parties

Table No. (62): Receivables from Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| BATIC | 2,000 | 18 | - | - |
| Family investment Company | 44 | 135 | 189 | - |
| MUBARRAD | - | - | 57 | - |
| City Solutions Company | 570 | - | - | - |
| Total | 2,614 | 153 | 246 | - |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

This is mainly dues from the related parties Decreased from SAR 2.6 million as on December 31, 2018G to SAR 153 thousand as on December 31, 2019G; this is mainly due to the Decrease in BATIC balance (- SAR 2.0 million) as a result of dividends and the belonging share, in addition to the Decrease in the balance of City Solutions Company (- SAR 570 thousand) as a result of the expenses on the behalf of a subsidiary that were later settled.

This is mainly dues from the related parties increased slightly from SAR 153 thousand as on December 31, 2019G to SAR 246 thousand as on December 31, 2020G; this is mainly due to MUBARRAD increase (+ SAR 57 thousand), in addition to the family investment Company (+ SAR 54 thousand).

5.7.11 Cash and cash equivalents

Table No. (63): Cash for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--------------|------------------------------------|------------------------------------|------------------------------------|--|
| Bank cash | 38,421 | 17,424 | 21,608 | 42,798 |
| Cash in hand | - | - | 581 | 1,074 |
| Total | 38,421 | 17,424 | 22,189 | 43,872 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Cash and cash equivalents Decreased from SAR 38.4 million as on December 31, 2018G to SAR 17.4 million as on December 31, 2019G; this is mainly due to the cash used in the operating activities amounting to SAR 30.1 million, in addition to the cash used in the investment activities amounting to SAR 9.8 million. It was offset by the cash generated from the financing activities of SAR 19.7 million.

Cash and cash equivalents increased from SAR 17.4 million as on December 31, 2019G to SAR 22.2 million as on December 31, 2020G; this is mainly due to the cash generated from the financing activities amounting to SAR 41.1 million. It was offset by the cash used in the investment activities amounting to SAR 30.7 million, and in the operating activities amounting to SAR 5.7 million.

Cash and cash equivalents increased from SAR 22.2 million as on December 31, 2020G to SAR 43.9 million as on March 31, 2021G; this is mainly due to an increase in the cash generated from the operating activities by SAR 27.9 million, in addition to an increase in the cash generated from the financing activities by a value of SAR 8.7 million. It was offset by a Decrease in the cash used in the investing activities by SAR 15.0 million.

5.7.12 Loans

On 05/09/2019G, AMNCO signed a credit facility Agreement under the Islamic Tawarruq system with one of the local Banks (Investment Bank), with a maximum amount of SAR 55 million; the terms and conditions for using the credit facilities as follows:

- Murabaha to finance the purchase and sale of the goods to refinance the letters of credit through the Bank.
- Short-term Murabaha financing the purchase and the sale of the commodities to finance the working capital requirements.
- Guarantee facilities for the issuance of primary guarantees / performance guarantees / payment guarantees for the benefit of the beneficiaries acceptable to the Bank.
- The Company used SAR 30 million to finance the working capital requirements; the Agreement was renewed with a maximum of SAR 40 million, and expires on September 30, 2021G.

On 08/12/2019G, AMNCO signed a credit facility Agreement with one of the local Banks (Bank Saudi Fransi), with a maximum amount of SAR 80 million; the terms and conditions for using the credit facilities are as follows:

- General facilities, including the guarantee facilities for issuing the guarantees with a maximum of SAR 10 million, and the short-term loan facilities with a maximum of SAR 5 million (with SIBOR commission + 75.1% annually) to the finance working capital.



- Specific facilities including the payment guarantees of a maximum of SAR 25 million for Dammam parking project.
- Specific facilities including the payment guarantees of a maximum of SAR 40 million for Khobar parking project.
- The Company used an amount of SAR 5 million to finance the working capital requirements; the payment was made during the first quarter of 2021G.

On 17/10/2019G, AMNCO, which is a partner, signed a long-term financing credit facility Agreement "Tawarruq", guarantees and hedging in compliance with the provisions of Islamic Sharia, with a total amount of SAR 79 million, and a financing period of 7 years, with the purpose of financing investment in the project Smart Parking in the Eastern Province of Smart Cities Solutions (subsidiary Company).

On 03/12/2019G, an Agreement was signed to transfer the Agreement and its terms, obligations and clauses to City Solutions Company for Communications and Information Technology.

Until 31/12/2020G, the Company received installments of the loan in the amount of SAR 44,479,898 (to be paid semi-annually after the lapse of an availability period of one year from the date of the facility offer letter dated October 17, 2019G and a grace period of one year) at the rate of SIBOR + 2.25% commission.

5.7.13 Lease Obligations

Table No. (64): List of Lease Commitments for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Balance at the beginning of the period | 586 | 503 | 4,740 | 182,867 |
| The Impact of Applying IFRS 16 "Lease Contracts" | - | 4,393 | - | - |
| Additions during the period | - | 1,082 | 179,462 | 296 |
| Interest charged during the period | - | 273 | 178 | 1,485 |
| Paid during the period | (83) | (1,512) | (1,513) | (511) |
| End of period balance | 503 | 4,740 | 182,867 | 184,137 |
| Long-term lease commitments | - | 3,589 | 179,801 | 180,899 |
| Short-term lease commitments | 503 | 1,151 | 3,066 | 3,238 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Lease obligations increased from SAR 503 thousand as on December 31, 2018G to SAR 4.7 million as on December 31, 2019G as a result of the application of IFRS 16 "Leasing Contracts" on January 1, 2019G; this resulted in a financial impact of SAR 4.4 million.

Lease contract obligations increased from SAR 4.8 million as on December 31, 2019G to SAR 182.9 million as on December 31, 2020G as a result of the additions of SAR 178 million as a result of receiving the part of the rented parking spaces from the Eastern Province Municipality during 2020G related to the parking lot of City Solutions Company.

Lease commitments increased from SAR 182.9 million as on December 31, 2020G to SAR 184.1 million as on March 31, 2021G as a result of the increase in the interest charged during the period.

5.7.14 Employees' End-of-Service Benefits Obligation

Table No. (65): Commitment to Employees' End-of-service for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|--|------------------------------------|------------------------------------|------------------------------------|--|
| Balance at the beginning of the period | 36,949 | 28,781 | 31,212 | 29,839 |
| Current service cost and interest cost | 3,284 | 8,915 | 8,778 | 3,260 |
| Actuarial losses/(profits) | (4,116) | 5,257 | 3,098 | - |
| Paid during the period | (7,337) | (11,740) | (13,249) | (2,544) |
| End of period balance | 28,780 | 31,213 | 29,839 | 30,556 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

End of service benefits obligations increased from SAR 28.8 million as of December 31, 2018G to SAR 31.2 million as of December 31, 2019G as a result of the actuarial losses from the reassessment and the calculation of the employees' end of service benefits by an actuary. It was offset by the amounts paid during the same period amounting to SAR 11.7 million.

End of service benefits obligations Decreased from SAR 31.2 million as of December 31, 2019G to SAR 29.9 million as of December 31, 2020G; this is mainly due to the amounts paid during the same period amounting to SAR 13.2 million. It was offset by the additions as a result of the actuarial losses from the re-evaluation and the calculation of the employees' end-of-service benefits by an actuary.



End of service benefits obligations Decreased from SAR 29.9 million as of December 31, 2020G to SAR 30.6 million as of March 31, 2021G as a result of the additions to the provision amounting to SAR 3.8 million. It was offset by the amounts paid during the same period amounting to SAR 2.5 million.

5.7.15 Trade Creditors

Table No. (66): Trade Creditors for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Administration) |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|--|
| service suppliers | 3,696 | 2,509 | 5,093 | 6,633 |
| spare parts suppliers | 305 | 483 | 1,213 | 458 |
| asset suppliers | 51 | 95 | 143 | 145 |
| fuel suppliers | 58 | 2 | 7 | 4 |
| Other | 1,146 | 357 | 543 | 346 |
| Total | 5,255 | 3,448 | 7,000 | 7,586 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Service Suppliers

Service providers are related to several suppliers from the human resource providers, insurance companies, consulting offices and other service providers. The balance of the service suppliers Decreased from SAR 3.7 million as on December 31, 2018G to SAR 2.5 million as on December 31, 2019G as a result of the Decrease in the receivables of the Arab Insurance Cooperative Company.

The balance of the service suppliers increased from SAR 2.5 million as on December 31, 2019G to SAR 5.1 million as on December 31, 2020G as a result of concluding a new contract with Malath Cooperative Insurance Company (SAR +14.8 million), while the balance of the Gulf Cooperative Insurance and Reinsurance Company Decreased (SAR 12.1 million) during the same period.

The balance of the service suppliers continued to rise from SAR 5.1 million as of December 31, 2020G to SAR 6.6 million as on March 31, 2021G as a result of the increase in the cost of medical insurance in line with the increase in the number of employees during the same period.

Spare Parts Suppliers

Spare parts suppliers mainly include the auto parts. The balance of the spare parts suppliers increased from SAR 305 thousand as on December 31, 2018G to SAR 483,000 on December 31, 2019G, as a result of purchasing new vehicles, which have few maintenance costs in the first years.

The balance of the spare parts suppliers increased from SAR 483 thousand as on December 31, 2019G to SAR 1.2 million as on December 31, 2020G as a result of the Decrease in the Company cash flow this is mainly due to the conditions of the Covid-19 virus.

The balance of the spare parts suppliers Decreased from SAR 1.2 million as on December 31, 2020G to SAR 458 thousand as on March 31, 2021G as a result of the faster payment of the dues to improve the Company cash flow.

Asset Suppliers

Asset suppliers relate to the several suppliers, including the suppliers of computers and equipment needed for various activities. The balance of the asset suppliers increased from SAR 51 thousand as on December 31, 2018G to SAR 95 thousand as on December 31, 2019G, and then increased to SAR 143 thousand as on December 31, 2020G in line with the changes in the Company requirements.

The balance of the asset suppliers increased to SAR 145 thousand as on March 31, 2021G as a result of the increase in the Company requirements.

Fuel Suppliers

The balance of the fuel suppliers Decreased from SAR 58 thousand as on December 31, 2018G to SAR 4 thousand as on March 31, 2021G, as there were no contracts with the fuel companies with the deferred payment.

Other Suppliers

The balance of the other suppliers mainly relates to AMNCO, which is not consolidated. It includes the guards' clothing suppliers, the Company internal communication and the internet networks, in addition to the several contracts for one-time services. The balance of the other suppliers Decreased from SAR 1.1 million as on December 31, 2018G to SAR 357 thousand as on December 31, 2019G as a result of the Decrease in the balance of the electronic locks suppliers for money bags in line with the Decrease in the revenues and the absence of the new projects.

The balance of the other suppliers increased from SAR 357 thousand as on December 31, 2019G to SAR 543,000 as on December 31, 2020G as a result of the increase in the balance of Dar Al-Isdar Office for Commercial Services for Internet networks in line with the needs of the Company main building.

The balance of the other suppliers Decreased from SAR 543 thousand as on December 31, 2020G to 346 thousand SAR as on March 31, 2021G as a result of the Decrease in the balances of the several suppliers.



5.7.16 Other Credit Balances

Table No. (67): Other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|-------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| deserved payments | 5,308 | 1,253 | 3,805 | 22,313 |
| accrued vacation allowance | 14,391 | 13,001 | 14,112 | 15,620 |
| Employees Fund | 2,659 | 2,632 | 2,598 | 2,588 |
| Deserved employee rewards | 2,874 | 2,376 | 132 | 1,239 |
| Advance payments from clients | - | - | 1,327 | 707 |
| Other | 1,781 | 1,492 | 4,701 | 4,439 |
| Total | 27,013 | 20,754 | 26,676 | 46,907 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Deserved Payments

The accrued expenses consist of the expenses payable to the social insurance and the employee expenses from salaries. The accrued expenses Decreased from SAR 5.3 million as on December 31, 2018G to SAR 1.3 million as on December 31, 2019G as a result of the Decrease in the balance of the salaries owed to employees, as was coupled with the payment of the salaries this is mainly due to the end of 2019G.

The accrued expenses increased from SAR 1.3 million as on December 31, 2019G to SAR 3.8 million as on December 31, 2020G as a result of the increase in the balance of the salaries owed to employees.

The accrued expenses also increased from SAR 3.8 million as on December 31, 2020G to SAR 22.3 million as on March 31, 2021G, as a result of the increase in the balance of the employees' salaries for March 2021G (+ SAR 18.0 million), which was paid in April 2021G.

Accrued Vacation Allowance

The balance of accrued leave allowance Decreased from SAR 14.4 million as on December 31, 2018G to SAR 13.0 million as on December 31, 2019G; this is mainly due to the Decrease in the number of the employees during the same period.

The balance of the accrued leave allowance increased from SAR 13.0 million as on December 31, 2019G SAR to 14.1 million as on December 31, 2020G as a result of the increase in the vacation allowance with the circumstances of the Covid-19 virus.

The balance of the accrued vacation allowance increased from SAR 14.1 million as on December 31, 2020G to SAR 15.6 million as on March 31, 2021G as a result of the increase in the vacation allowance with the circumstances of the Covid-19 virus.

Employees Fund

The workers fund relates to an old balance prior to 2013G, where SAR 5 were deducted from each employee in order to contribute in the cases of marriage, death, or material damage and others that are disbursed as assistance to eligible employees through an approval committee. The balance of the workers fund remained stable at SAR 2.6 million as on December 31, 2018G, 2019G, 2020G and March 31, 2021G.

Deserved Employee Rewards

The accrued employee bonuses Decreased from SAR 2.9 million as on December 31, 2018G to SAR 2.4 million as on December 31, 2019G as a result of the Decrease in the recognition of the employee bonuses for 2019G this is mainly due to the Decrease in the revenues.

The accrued employee bonuses also Decreased from SAR 2.4 million as on December 31, 2019G to SAR 132 thousand as on December 31, 2020G in line with the Decrease in the Company revenues, as well as the number of the employees.

The accrued employee bonuses increased from SAR 132 thousand as on December 31, 2020G to SAR 1.2 million as on March 31, 2021G, as a result of recording the benefits for workers in the sectors as accrued expenses at the end of March, which are disbursed in April.

Advance Payments from Clients

Payments made by clients are related to the payments from some clients under the account and others to deposits under the settlement until the full deposit details are received and the name of the client is determined. Payments made by clients Decreased from SAR 1.3 million as on December 31, 2020G to SAR 707 thousand as on March 31, 2021G this is mainly due to the closure of the deposits that were unknown in the name of the client's account directly.



Other

Other receivables relate to all parties to the group; they consist of fines balances for the Ministry of Interior and the balances of the money transfer cases. The balance of the other receivables Decreased from SAR 1.8 million as on December 31, 2018G to SAR 1.5 million as on December 31, 2019G.

Other this is mainly dues increased from SAR 1.5 million as on December 31, 2019G to SAR 4.7 million as on December 31, 2020G as a result of the increase in the fines related to the Ministry of Interior.

Other this is mainly dues Decreased from SAR 4.7 million as on December 31, 2020G to SAR 4.4 million as on March 31, 2021G as a result of settling some of the fines of the Ministry of Interior.

5.7.17 Dues to Related Parties

Table No. (68): Payables to Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| AlShifa Technology Co. Ltd. | - | - | - | 11,300 |
| BATIC | - | - | - | 821 |
| MUBARRAD | - | - | 51 | 363 |
| Muhammad bin Mustafa bin Ibrahim Al-Juhani | - | 78 | 20 | - |
| Abdul Rahman bin Ibrahim bin Abdul Rahman Al Daoud | - | 30 | 109 | - |
| Abdullah bin Abdul Rahman bin Muhammad Al Salem | - | 78 | 109 | - |
| Total | - | 186 | 289 | 12,484 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

The dues to the related parties increased slightly from SAR 186 thousand as on December 31, 2019G to SAR 289 thousand as on December 31, 2020G; this is mainly due to the increase in the balance of the dues to Abdul Rahman bin Ibrahim bin Abdul Rahman Al Daoud (+ SAR 89 thousand), as well as of Abdullah bin Abdul Rahman bin Muhammad Al Salem (+ SAR 31 thousand), which represents dividends to the minority Shareholders.

The dues to related parties also increased from SAR 289 thousand as on December 31, 2020G to SAR 12.5 million as on March 31, 2021G; this is mainly due to the increase in the balance of the dues to AlShifa Technology Co. Ltd. (+ SAR 11.3 million) related to the payments paid on behalf of a sister Company, as well as in the balance of BATIC (+ SAR 821 thousand) related to the payments made on the behalf of the parent Company.



5.7.18 Cash Flow Statements

Table No. (69): Cash Flows Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) |
|---|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------|----------------------------|
| Operational activities | | | | | |
| Net (loss)/profit for the period before zakat | 40,744 | 20,895 | (12,312) | 518 | (2,602) |
| Adjustment | | | | | |
| Depreciation of property and equipment | 11,198 | 12,166 | 12,269 | 3,327 | 3,181 |
| Amortization of intangible assets | - | 309 | 445 | 77 | 190 |
| Depreciation of right-of-use assets | - | 1,135 | 3,235 | - | 2,348 |
| Provision for expected credit losses | 5,372 | 4,640 | 16,508 | 4,926 | 1,195 |
| Financing expenses | 139 | 273 | 5,429 | 935 | 2,185 |
| Gain on sale of property and equipment | (3) | (91) | (257) | (125) | - |
| Employees' end of service benefits obligation | (4,053) | 8,915 | 8,778 | - | 3,090 |
| Changes in | | | | | |
| Inventory | (5,650) | 1,805 | 68 | 824 | (42) |
| Trade receivables | (12,515) | (24,481) | (30,114) | (32,410) | (10,956) |
| Prepaid expenses and other debit balances | 8,394 | (33,832) | (1,464) | (5,268) | 583 |
| Change in related parties | 5,473 | 2,275 | 75 | (636) | 12,441 |
| Trade creditors | (14) | (1,807) | 3,604 | 690 | 587 |
| Receivables and other credit balances | (8,042) | (6,073) | 5,313 | (1,899) | 18,046 |
| Employees' end of service gratuity obligation | - | (11,740) | (13,249) | (2,591) | (2,374) |
| Net cash used in operating activities | 41,045 | (26,418) | (1,672) | (31,632) | 27,874 |
| Paid from zakat | (4,273) | (4,433) | (3,981) | - | - |
| Net cash flow from (used in) operating activities | 36,772 | (30,041) | (5,654) | (31,632) | 27,874 |
| Investment activities | | | | | |
| Property and equipment additions | (13,336) | (9,476) | (16,517) | (2,209) | (2,216) |
| Proceeds from the sale of property and equipment | 365 | 884 | 765 | 462 | - |
| Additions of intangible assets | (1,896) | (1,228) | (499) | (175) | - |
| Advance payments for the purchase of property and equipment | 1,500 | - | (14,474) | - | (12,677) |
| The net cash flow used in investing activities | (13,367) | (9,820) | (30,725) | (1,922) | (14,894) |
| Financing activities | | | | | |
| Change in non-controlling interest | (450) | - | - | - | - |
| Collector of loans | - | 30,000 | 49,480 | 25,191 | 12,433 |
| Loan repayments and interest | - | - | - | (774) | (5,000) |
| Paid for obligations and interest of lease contracts | (275) | (1,512) | (1,336) | (373) | 1,270 |
| Dividends paid | (18,000) | (8,814) | (7,000) | (186) | - |
| Net cash flows generated from (used in) financing activities | (18,725) | 19,674 | 41,144 | 23,858 | 8,703 |
| Net change in cash and cash equivalents | 4,680 | (20,997) | 4,765 | (9,696) | 21,683 |
| Cash and cash equivalents at the beginning of the period | 33,740 | 38,421 | 17,424 | 17,424 | 22,189 |
| Cash and cash equivalents at the end of the period | 38,421 | 17,424 | 22,189 | 7,728 | 43,872 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.



Net Cash Used in Operating Activities

Net cash used in the operating activities Decreased from SAR 36.8 million in 2018G to SAR 30.0 million in 2019G, mainly this is mainly due to the increase in the prepaid expenses and the other debit balances (+ SAR 42.2 million); it was mainly related to City Solutions Company as a result of the prepaid rent for the parking lots rented from the Eastern Province Municipality. This was also coupled with an increase in the trade receivables (+ SAR 12.0 million) as a result of the rise in the trade receivables mainly for the five major clients in the construction, contracting and investment sector in line with the increase in their revenues; in addition to the increase in the end-of-service benefits obligation paid to the employees (SAR +11.7 million) during the same period.

Net cash from the operating activities increased from SAR 25.6 million in 2019G to SAR 5.7 million in 2020G, mainly this is mainly due to the Decrease in the prepaid expenses and the other debit balances (- SAR 32.4 million) as a result of the Decrease in the rents paid in advance to the Eastern Province Municipality as a result of transferring the value to the right-of-use asset account. This was also coupled with the increase in the other credit balances (+ SAR 11.4 million) as a result of the increase in the balance of the salaries owed to employees.

Net cash from the operating activities increased from SAR 31.6 million in the first quarter of 2020G to SAR 27.9 million in the first quarter of 2021G this is mainly due to a Decrease in the trade receivables (- SAR 21.5 million) in addition to the other debit balances (- SAR 5.9 million) as a result of the collecting part of the business guarantee retentions. This was also coupled with an increase in the other credit balances (+ SAR 19.9 million) as a result of the balance of the employee salaries due for March 2021G, which were paid in April 2021G.

Net Cash Used in Investing Activities

Cash used in the investing activities Decreased from SAR 13.4 million in 2018G to SAR 9.8 million in 2019G; this is mainly due to the property and the equipment additions amounting to SAR 9.5 million.

Cash used in the investment activities increased from SAR 9.8 million in 2019G to SAR 30.7 million in 2020G; this is mainly due to the property and the equipment additions value SAR 16.5 million as a result of the purchasing counting and the sorting machines and computers. This was also coupled with the advance payments for the purchase of the property and the equipment value SAR 14.5 million as a result of the purchasing equipment and the devices for the establishment and operation of the smart parking project at City Solutions Company.

Cash used in the investment activities increased from SAR 1.9 million in the first quarter of 2020G to SAR 14.9 million in the first quarter of 2021G; this is mainly due to the advance payments for the purchase of property and equipment amounting to SAR 12.7 million as a result of the payments to suppliers in order to prepare and purchase the equipment needed to operate the smart parking project for Smart City Solutions Company.

Net Cash Used in Financing Activities

Net cash from the financing activities increased from SAR 18.7 million in 2018G to SAR 19.7 million in 2019G; this is mainly due to the proceeds of the loans amounting to SAR 30.0 million as a result of a new loan related to Tawarruq facilities from the Bank Saudi Investment. This was offset by dividends paid in the amount of SAR 8.8 million.

The cash generated from the financing activities increased from SAR 19.7 million in 2020G to SAR 41.1 million in 2020G; this is mainly due to the increase in the proceeds of the loans amounting to SAR 44.5 million related to the start of using an amount of the credit facilities with the Saudi Investment Bank. This was offset by dividends paid amounted to SAR 7.0 million.

Cash generated from the financing activities Decreased from SAR 23.9 million in the first quarter of 2020G to SAR 8.7 million in the first quarter of 2021G, mainly this is mainly due to the amounts received from the loans amounting to SAR 12.4 million as a result of a Decrease in the contracts concluded in the first quarter of 2021G. This was offset by an increase in the loan repayments amounting to SAR 5.0 million related to the repayment of the Banque Saudi Fransi loan.



5.8 Results of Operations for MUBARRAD

5.8.1 Comprehensive Revenue Statements

Table No. (70): Comprehensive Revenue Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G

| SAR Million | Financial Year 2018G (Audited) | Financial Year 2019G (Audited) | Financial Year 2020G (Audited) | Annual Change 2018G 2019G | Annual Change 2019G 2020G | CAGR 2018G 2020G | Q1 2020G (Administration) | Q1 2021G (Administration) | Quarter Change 2020G 2021G |
|--|--------------------------------|--------------------------------|--------------------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|----------------------------|
| Revenues | 57,232 | 65,446 | 65,978 | 14.4% | 0.8% | 7.4% | 15,447 | 17,284 | 11.9% |
| revenue cost | (51,164) | (57,343) | (58,174) | 12.1% | 1.4% | 6.6% | (13,365) | (17,337) | 29.7% |
| Gross profit/(loss) | 6,068 | 8,103 | 7,803 | 33.5% | (3.7%) | 13.4% | 2,082 | (53) | (102.5%) |
| General and administrative expenses | (4,144) | (4,309) | (4,182) | 4.0% | (2.9%) | 0.5% | (966) | (1,003) | 3.8% |
| Operating Revenue/(loss) | 1,924 | 3,794 | 3,621 | 97.2% | (4.5%) | 37.2% | 1,116 | (1,056) | (194.6%) |
| (Losses)/gain on the sale of real estate and equipment | (290) | (1,035) | 20 | 256.8% | (101.9%) | N/A | - | - | N/A |
| Expected credit losses | - | - | (1,244) | N/A | N/A | N/A | (1,030) | - | (100.0%) |
| financing expenses | (386) | (432) | (611) | 11.9% | 41.5% | 25.8% | (93) | (304) | 226.4% |
| Other Revenue | 129 | 2,546 | 220 | 1874.4% | (91.4%) | 30.7% | 8 | 12 | 40.7% |
| Net Revenue/(loss) before zakat | 1,377 | 4,872 | 2,006 | 253.9% | (58.8%) | 20.7% | 1 | (1,348) | N/A |
| Zakat | (759) | (781) | (1,146) | 3.0% | 46.7% | 22.9% | (150) | (275) | 83.3% |
| net profit/(loss) | 618 | 4,091 | 860 | 561.8% | (79.0%) | 17.9% | (149) | (1,623) | 991.0% |
| Actuarial profits for end of service benefits | (142) | 649 | 117 | (555.8%) | (82.0%) | N/A | - | - | N/A |
| Total comprehensive Revenue/(loss) | 476 | 4,740 | 976 | 896.6% | (79.4%) | 43.3% | (149) | (1,623) | 991.0% |
| As a percentage of revenue | | | | | | 1% | | | 1% |
| gross profit | 10.6% | 12.4% | 11.8% | 1.8 | (0.6) | 1.2 | 13.5% | (0.3%) | (13.8) |
| Operating profit | 3.4% | 5.8% | 5.5% | 2.4 | (0.3) | 2.1 | 7.2% | (6.1%) | (13.3) |
| net profit/(loss) | 1.1% | 6.3% | 1.3% | 5.2 | (4.9) | 0.2 | (1.0%) | (9.4%) | (8.4) |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.

Revenues

Revenues increased by 14.4% from SAR 57.2 million in 2018G to SAR 65.4 million in 2019G, as a result of entering into a contract with one of the Company main customers in the food production sector for an additional 3 years (+ SAR 5.8 million).

Revenues increased by 0.8% to reach SAR 65.9 million in 2020G, mainly this is mainly due to the increase in revenues from four customers in the food production sector (+ SAR 4.2 million) and a Company in the logistics sector (+ SAR 1.3 million). This was offset by a Decrease in the revenues of one of the mining and metals companies (- SAR 2.5 million) and another Company in the logistics sector (- SAR 2.4 million) as a result of the non-compliance with paying the monthly bills; the number of the fleet was reduced and operated with other customers.

Revenues increased by 11.9% from SAR 15.4 million in the first quarter of 2020G to SAR 17.3 million in the first quarter of 2021G, as a result of the Company contracting with the new customers in the third quarter of 2020G.



Revenue Cost

The cost of the revenues increased by 12.1% from SAR 51.2 million in 2018G to SAR 57.3 million in 2019G as a result of the increase in the salaries and wages (+ Sar 5.3 million) this is mainly due to the increase in the number of the employees (+ 14 employees) in line with the increase in the revenues.

The cost of the revenue also increased by 1.4% to reach SAR 58.2 million in 2020G; this is mainly due to the increase in the salaries and wages (+ SAR 2.0 million) in line with the increase in the number of the Company administrative staff (+ 2 employees). This was offset by a Decrease in the costs of the feedback and approvals (- SAR 1.1 million) as a result of the Decrease in the number of the operational employees during the same period (from 253 to 197 employees).

The cost of the revenue continued to increase by 29.7% from SAR 13.4 million in the first quarter of 2020G to SAR 17.3 million in the first quarter of 2021G; this is mainly due to the increase in the other costs (+ SAR 1.7 million) as a result of the Company exposure to violations and fines this is mainly due to the delay in the renewal of transport license.

General and Administrative Expenses

General and administrative expenses increased slightly by 4.0% from SAR 4.1 million in 2018G to SAR 4.3 million in 2019G; this is mainly due to the increase in the rental expenses (+ SAR 53 thousand) in addition to the increase in the medical insurance costs (+ SAR 48 thousand).

General and administrative expenses Decreased by 2.9% to reach SAR 4.2 million in 2020G, mainly this is mainly due to the Decrease in the rental expenses (- SAR 156 thousand) as a result of the group's purchase of the Company main building. This was also coupled with a Decrease in the professional and consulting fees (- SAR 149 thousand). This was offset by an increase in the consumption (+ SAR 198 thousand).

General and administrative expenses increased by a slight 3.8% from SAR 966 thousand in the first quarter of 2020G to SAR 1.0 million in the first quarter of 2021G, mainly this is mainly due to the increase in the depreciation (+ SAR 39 thousand), salaries, wages and like (+ SAR 38 thousand) in line with the increase in the number of the employees (+16 employees), as well as a Decrease in the rental costs (- SAR 43 thousand).

Losses/Gains on Sale of Property and Equipment

Losses on the sale of the property and the equipment increased by 256.8% from SAR 290,000 in 2018G to SAR 1.0 million in 2019G, mainly this is mainly due to the losses from the sale of the obsolete fleet.

Gains on the sale of the property and equipment increased by 101.9% to reach SAR 20 thousand in 2020G; this is mainly due to profits from the sale of the aging fleet. There were no gains or losses from the sale of the property and the equipment in the first quarter of 2020G and 2021G.

Expected Credit Losses

The expected credit losses amounted to SAR 1.2 million in 2020G, as a result of the increase in the balances of some customers and the irregularity in payments this is mainly due to the circumstances related to Covid-19. The Company did not record any additions to the expected credit losses in the first quarter of 2021G, while the expected credit losses in the first quarter of 2020G were estimated at the equivalent of SAR 1.0 million.

Other Revenue

The other Revenue relates to the bad debt recovery and the other Revenue. Other Revenue increased by 1874.4% from SAR 129 thousand in 2018G to SAR 2.5 million in 2019G; this is mainly due to the bad debt collections amounting to SAR 2.3 million, in addition to the increase in the volume of scrap sales in 2019G.

The other Decreased by 91.4% to reach SAR 220,000 in 2020G; this is mainly due to the Decrease in the bad debt collections compared to 2019G. This Decrease was offset by slight revenue from the scrap sales.

The other increased by 40.74% from SAR 8 thousand in the first quarter of 2020G to SAR 12 thousand in the first quarter of 2021G; this is mainly due to the increase in the volume of the scrap sales.

Financing Expenses

Finance expenses consist of the interest on the Bank facility financing and the interest on the lease obligation. Financing expenses increased by 11.9% from SAR 386 thousand in 2018G to SAR 432 thousand in 2019G, mainly this is mainly due to the receipt of the second installment of the first facility Agreement with Riyadh Bank.

Financing expenses increased by 41.5% from SAR 432 thousand in 2019G to SAR 611 thousand in 2020G; this is mainly due to the signing of a new facility Agreement in 2020G with Riyadh Bank, in addition to the financing expenses related to the payment papers for the purchase of trucks.

Financing expenses increased by 226.4% from SAR 93 thousand in the first quarter of 2020G to SAR 304 thousand in the first quarter of 2021G; this is mainly due to the fact that there was only one Agreement in the first quarter of 2020G, as the facilities Agreement was concluded With Riyadh Bank in the second quarter of 2020G, and the purchase of the trucks financed by the promissory note in the third quarter of 2020G.



Zakat

Zakat has increased by a cumulative rate of 22.93% from SAR 759 thousand in 2018G to SAR 1.1 million in 2020G, while it increased by 83.3% from SAR 150 thousand in the first quarter in 2020G to SAR 275,000 in the first quarter in 2021G.

The Company submitted its returns to the General Authority for Zakat and Revenue up to the year ending on December 31, 2020G and obtained a certificate from the Authority valid until April 30, 2022G; the Company obtained the zakat tax assessment for the financial period from July 30, 2017G until December 31, 2018G; the differences in zakat and withholding tax amounted to SAR 59,607 were paid.

5.8.2 Statements of Financial Position

Table No. (71): Statements of Financial Position for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|---|--|--|--|---|
| Assets | | | | |
| Non-current assets | | | | |
| property and equipment, net | 90,532 | 78,497 | 108,237 | 104,234 |
| Right to use the original | - | 1,363 | 1,060 | 985 |
| Advance payments for the purchase of fixed assets | - | 109 | - | - |
| intangible assets | 890 | 546 | 299 | 261 |
| Total non-current assets | 91,422 | 80,516 | 109,597 | 105,480 |
| Current assets | | | | |
| Inventory | 1,035 | 902 | 1,045 | 1,076 |
| Trade receivables, net | 24,992 | 26,371 | 28,511 | 29,256 |
| Prepaid expenses and other debits, net | 1,850 | 2,366 | 3,155 | 3,260 |
| This is mainly due from related parties | - | - | 1 | 8,451 |
| Criticism and the like | 6,053 | 14,188 | 16,367 | 8,574 |
| Total current assets | 33,930 | 43,827 | 49,079 | 50,616 |
| Total assets | 125,351 | 124,343 | 158,676 | 156,096 |
| Equity and Liabilities | | | | |
| Property rights | | | | |
| Capital | 90,000 | 90,000 | 90,000 | 90,000 |
| regular reserve | 62 | 471 | 557 | 557 |
| Retained earnings | 414 | 4,228 | 5,002 | 3,379 |
| Remeasurement Profit of End of Service Benefit Plan | - | 507 | 623 | 623 |
| Total Equity | 90,476 | 95,206 | 96,182 | 94,559 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Promissory note / Non-Current Part | 386 | - | 8,310 | 24,778 |
| Loans / Non-current part | 5,625 | 5,288 | 25,865 | 7,123 |
| Long-term lease commitments | - | 1,084 | 786 | 633 |
| Employees' end of service benefits obligation | 6,398 | 6,110 | 5,307 | 5,056 |
| Total non-current assets | 12,409 | 12,482 | 40,267 | 37,589 |
| Current liabilities | | | | |
| Payable notes - rolling part | 1,500 | 1,858 | 7,094 | 7,094 |
| Loans - the rolling part | 744 | 386 | 4,748 | 4,748 |



| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Lease commitments - current portion | - | 289 | 298 | 303 |
| Trade payables - other credit balances | 10,463 | 8,798 | 8,859 | 10,418 |
| This is mainly due to related parties | 9,000 | 4,500 | 118 | - |
| Zakat provision | 759 | 822 | 1,109 | 1,384 |
| Total current liabilities | 22,466 | 16,655 | 22,226 | 23,947 |
| Total Liabilities | 34,876 | 29,137 | 62,493 | 61,537 |
| Total Equity and Liabilities | 125,351 | 124,343 | 158,676 | 156,096 |
| Key Performance Indicators | | | | |
| return on assets | 0.4% | 3.8% | 0.6% | (1.0%) |
| return on equity | 0.5% | 5.0% | 1.0% | (1.7%) |
| Pending sales days | 189 | 162 | 168 | 171 |
| Pending stock days | 9 | 7 | 6 | 6 |
| Payment this is mainly due days | 37 | 35 | 35 | 29 |
| cash transfer cycle | 161 | 135 | 138 | 147 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Non-Current Assets

Non-current assets Decreased from SAR 91.4 million as on December 31, 2018G to SAR 80.5 million as on December 31, 2019G; this is mainly due to a Decrease in the property and equipment balance (SAR 12.0 million) as a result of the exclusions and the depreciation related to the locomotives, trailers, refrigeration units and vehicles. This was offset by an increase in the right to use the assets balance (+ SAR 1.4 million), mainly related to the lease of spaces in BATIC main building.

Non-current assets increased from SAR 80.5 million as on December 31, 2019G to SAR 109.6 million as on December 31, 2020G, mainly this is mainly due to an increase in the property and the equipment balance (+ SAR 29.7 million) as a result of the additions related to the locomotives, trailers, refrigeration units and vehicles.

Non-current assets Decreased from SAR 109.6 million as on December 31, 2020G to 105.5 million SAR as on March 31, 2021G, as a result of a Decrease in the property and equipment balance (- SAR 4.0 million) as a result of the depreciation related to the locomotives, trailers, refrigeration units and vehicles.

Current Assets

Current assets increased from SAR 33.9 million as on December 31, 2018G to SAR 43.8 million as on December 31, 2019G, mainly this is mainly due to an increase in the cash and cash equivalents (+ SAR 8.1 million) as a result of the cash generated from operating activities amounting to SAR 12.1 million, in addition to an increase in the trade receivables (+ SAR 1.4 million) as a result of an increase in the receivables from a client from the mining sector in line with the increase in its revenues.

Current assets increased from SAR 43.8 million as on December 31, 2019G to 49.1 million SAR as on December 31, 2020G; this is mainly due to an increase in the cash and the cash equivalents (+ SAR 2.2 million), mainly this is mainly due to the cash generated from the financing activities amounting to SAR 37.8 million, in addition to the cash generated from the operating activities amounting to SAR 7.9 million, as well as the increase in the trade receivables (+ SAR 2.1 million) as a result of the increase in the receivables for three main customers from the agriculture, aquaculture and dairy sectors in line with the increase in their revenues.

Current assets increased from SAR 49.1 million as on December 31, 2020G to SAR 50.6 million as on March 31, 2021G; this is mainly due to the increase in the this is mainly dues from the related parties (+ SAR 8.5 million) mainly related to and the logistics business related to the Bank transfers to the parent Company account as financing some investment activities; it was offset by a Decrease in the cash and the cash equivalents (- SAR 7.8 million) as a result of the cash used in the operational activities amounting to SAR 5.0 million, in addition to the cash used in the financing activities amounting to SAR 2.7 million.

Partners' Rights

Partners' equity increased from SAR 90.5 million as on December 31, 2018G to SAR 95.2 million as on December 31, 2019G, in line with the increase in the retained earnings (+ SAR 3.8 million) driven by an annual net profit of SAR 618 thousand.

Partners' equity increased from SAR 95.2 million as on December 31, 2019G to SAR 96.2 million as on December 31, 2020G, in line with the increase in the retained earnings (+ SAR 774 thousand) driven by an annual net profit of SAR 4.1 million.

Partners' equity Decreased from SAR 96.2 million as on December 31, 2020G to SAR 94.6 million as on March 31, 2021G, as a result of the Decrease in the retained earnings (- SAR 1.6 million) driven by a net loss for the same period of SAR 1.6 million.



Non-Current Liabilities

Non-current liabilities increased from SAR 12.4 million as on December 31, 2018G to SAR 12.5 million as on December 31, 2019G; this is mainly due to an increase in the lease commitments (- SAR 1.1 million) as a result of the renting spaces in BATIC main building.

Non-current liabilities increased from SAR 12.4 million as in December 2019G to SAR 40.2 million as on December 31, 2020G; this is mainly due to the increase in the promissory note - the non-current portion (+ SAR 20.6 million) as a result of signing an Agreement between MUBARRAD and Haj Hussein Ali Company Reda & Partners Company at the end of the third quarter of 2020G to supply 60 trucks, in addition to the increase in the loans - non-current portion (+ SAR 8.3 million); this is mainly due to the additions (+ SAR 28.9 million) mainly related to two loans from Riyadh Bank.

Non-current liabilities Decreased from SAR 40.3 million as on December 31, 2020G to SAR 37.6 million as on March 31, 2021G; this is mainly due to the Decrease in the non-current portion of the promissory note (- SAR 18.7 million) as a result of the paid amounts.

Current Liabilities

Current liabilities Decreased from SAR 22.5 million as on December 31, 2018G to SAR 16.7 million as on December 31, 2019G, mainly this is mainly due to a Decrease in the dues to the related parties (- SAR 4.5 million) as a result of the payments related to the remaining balance from the transfer Agreement of the assets and liabilities of BATIC and MUBARRAD upon separation and incorporation of MUBARRAD as a LLC. This was coupled with a Decrease in the trade and the other credit balances (- SAR 1.7 million) as a result of a Decrease in the third-party insurance related to the trucks leased to Mining Investment Company.

Current liabilities increased from SAR 16.7 million as on December 31, 2019G to SAR 22.2 million as on December 31, 2020G, mainly this is mainly due to the increase in the loans - the current part (+ SAR 5.2 million) as a result of the additions (+ SAR 28.9 million) mainly related to the two loans from Riyadh Bank. This was also coupled with the increase in the bills of payment - the rolling part (+ SAR 4.4 million) as a result of the signing of an Agreement between MUBARRAD and Haj Hussein Ali Reda Partners Company at the end of the third quarter of 2020G to supply 60 trucks; it was offset by a Decrease in the receivables to the related parties (- SAR 4.4 million) as a result of paying the remaining balance of the transfer of the assets and liabilities owed to BATIC resulting from the separation and the establishment of MUBARRAD.

Current liabilities increased from SAR 22.2 million as on December 31, 2020G to SAR 23.9 million as on March 31, 2021G, in line with the impact of the employee travel as a result of the current pandemic, Covid-19, and the incapacity of the most employees to travel.

5.8.3 Property and Equipment

Table No. (72): Properties and Equipment for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| locomotives and trailers | 89,029 | 76,304 | 101,881 | 97,841 |
| Lands | - | - | 4,500 | 4,500 |
| Equipment for workshops and prefabricated houses | 1,221 | 1,386 | 996 | 948 |
| machinery and equipment | 140 | 111 | 238 | 328 |
| Furniture and office equipment | 141 | 119 | 169 | 174 |
| Buildings, December orations and equipment | - | 577 | 453 | 443 |
| Total | 90,531 | 78,497 | 108,237 | 104,234 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Locomotives and Trailers

Locomotives and trailers Decreased from SAR 89.0 million as on December 31, 2018G to SAR 76.3 million on December 31, 2019G; this is mainly due to the depreciation of the obsolete fleet (- SAR 5.6 million). It was offset by the additions (+ SAR 3.7 million) as a result of purchasing the new trucks.

Locomotives and trailers increased from SAR 76.3 million as on December 31, 2019G to SAR 101.9 million on December 31, 2020G; this is mainly due to the additions (+ SAR 39.6 million), which included the purchase of 100 refrigerated trailers and 60 new trucks. It was offset by the depreciation for the same period (- SAR 13.0 million) as a result of purchasing the new trucks.

Locomotives and trailers Decreased from SAR 101.8 million on December 31, 2020G to SAR 97.8 million as on March 31, 2021G; this is mainly due to the depreciation for the same period (- SAR 3.8 million).

Lands

The value of the lands amounted to SAR 4.5 million as of December 2019G; this is mainly due to the additions related entirely to the settlements of the part of the debit balances of United Mining Investments Co. (UMIC) client with land in Al Manakh district, Riyadh in the second quarter of 2020G.



Equipment for Workshops and Prefabricated Houses

Equipment, workshops and prefabricated homes increased from SAR 1.2 million as on December 31, 2018G to SAR 1.4 million on December 31, 2019G; this is mainly due to the additions (+ SAR 620 thousand) related to the building and equipment workshop. It is offset by the depreciation of the same period (SAR 454 thousand).

Equipment, workshops and prefabricated homes Decreased from SAR 1.4 million as on December 31, 2019G to SAR 996 thousand on December 31, 2020G; this is mainly related to the depreciation for the same period (- SAR 603.9 thousand). It was offset by the additions (+SAR 213 thousand) related to the purchase of the prefabricated houses for workshops, in addition to the equipment and the improvements to the Company headquarters and sites.

Equipment, workshops and prefabricated homes Decreased from SAR 996 thousand as on December 31, 2020G to SAR 948 thousand as on March 31, 2021G; this is mainly due to the depreciation of the same period (- SAR 154 thousand).

Machinery and Equipment

Machines and equipment Decreased from SAR 140,000 as on December 31, 2018G to SAR 111 thousand as on December 31, 2019G; this is mainly due to the depreciation for the same period (SAR 32.9 million).

Machines and equipment increased from SAR 111 thousand as on December 31, 2019G to SAR 238 thousand as on December 31, 2020G; this is mainly due to the additions (+ SAR 140 thousand) as a result of the purchasing of an electricity generator for one of the Company workshops.

Machinery and equipment increased from SAR 238 thousand as on December 31, 2020G to SAR 328 thousand as on March 31, 2021G; this is mainly due to the reclassification of some assets listed under locomotives, trailers, refrigeration units and a car into machinery and equipment.

Furniture and Office Equipment

Furniture and office equipment Decreased from SAR 141 thousand as on December 31, 2018G to SAR 119 thousand on December 31, 2019G as a result of depreciation for the period (- SAR 66 thousand), offset by additions (+ SAR 45 thousand) related to the purchase of the office equipment during the same period.

Furniture and office equipment increased from SAR 119 thousand as on December 31, 2019G to SAR 169 thousand on December 31, 2020G, as a result of the additions (+ SAR 140 thousand) mainly related to the furniture and the office equipment for the new main building.

Furniture and office equipment increased from SAR 169 thousand on December 31, 2020G to SAR 174 thousand as on March 31, 2021G as a result of the additions (+ SAR 20 thousand) mainly related to the furniture and the office equipment for the new main building. This offset the depreciation for the same period (- SAR 15 thousand).

Buildings, December orations and Equipment

The value of the buildings, December orations and equipment amounted to SAR 577 thousand as on December 31, 2019G, and was mainly related to the December oration of the main building of the group.

Buildings, December orations and equipment increased from SAR 577 thousand as on December 31, 2019G to SAR 453 thousand as on December 31, 2020G as a result of the depreciation for the same period (- SAR 126 thousand).

Buildings, December orations and equipment Decreased from SAR 453 thousand as on December 31, 2020G to SAR 443 thousand as on March 31, 2021G as a result of the depreciation for the same period (- SAR 33 thousand). This is offset by the additions (+ SAR 22 thousand).

5.8.4 Right to Use Assets

Table No. (73): Right-of-use Assets for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Cost | | | | |
| Balance at the beginning of the period | - | - | 1,515 | 1,515 |
| Extras | - | 1,515 | - | - |
| End of period balance | - | 1,515 | 1,515 | 1,515 |
| Accumulated consumption | | | | |
| Balance at the beginning of the period | - | - | 151 | 454 |
| Bearing during the period | - | 151,481 | 303 | 76 |
| End of period balance | - | 151 | 454 | 530 |
| Net book value | - | 1,363 | 1,060 | 985 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



The right of using assets amounted to SAR 1.4 million as on December 31, 2019G; it mainly relates to the lease of the space in the main building from BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC) Company.

The right of using assets Decreased from SAR 1.3 million as on December 31, 2019G to SAR 1.1 million as on December 31, 2019G, as a result of the depreciation charged during the same period; it also Decreased from SAR 1.1 million as on December 31, 2020G to SAR 985 thousand as on March 31, 2021G, as a result of the depreciation charged during the same period.

5.8.5 Inventory

Table No. (74): Inventory for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Spare parts | 1,107 | 707 | 811 | 837 |
| Oils, tires and other supplies | 175 | 194 | 234 | 239 |
| Total inventory | 1,282 | 901 | 1,045 | 1,079 |
| Provision for idle and slow-moving inventory | (247) | - | - | - |
| Net inventory | 1,035 | 902 | 1,045 | 1,076 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Total inventory Decreased from SAR 1.3 million as on December 31, 2018G to SAR 901 thousand as on December 31, 2019G.; this is mainly due to the Decrease in the spare parts stock (- SAR 400 thousand) as a result of using the entire stock of the spare parts for the purpose of maintaining the trucks and the trailers; the consumable stock is not intended for sale.

Total inventory increased from SAR 901 thousand as on December 31, 2019G to SAR 1.0 million as on December 31, 2020G as a result of the increase in the spare parts inventory (+ SAR 104 thousand) in addition to the increase in the stock of the oils, tires and the other supplies (+ SAR 40 thousand) in line with the increase in the number of the fleet during 2020G because of the increase in the stock allocated for the maintenance of these trucks and trailers.

Total inventory also slightly increased from SAR 1.0 million as on December 31, 2020G to SAR 1.1 million as on March 31, 2021G as a result of the increase in the spare parts inventory (+ SAR 26 thousand).

The provision for idle and slow-moving inventory amounted to SAR 247 thousand as on December 31, 2018G, relates to the stock of the obsolete spare parts for models of the trucks and the trailers that are no longer operating in the Company fleet; those units were sold.

5.8.6 Trade Receivables

Table No. (75): Trade Receivables for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Trade receivables | 29,582 | 28,651 | 32,035 | 32,779 |
| Allowance for impairment losses on accounts receivable | (4,590) | (2,280) | (3,523) | (3,523) |
| Total | 24,992 | 26,371 | 28,511 | 29,256 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Trade receivables Decreased from SAR 29.6 million as on December 31, 2018G to SAR 28.7 million as on December 31, 2019G; this is mainly due to a Decrease in the receivables from a customer in the aquaculture sector. It was offset by an increase in the trade receivables of a client in the mining sector in line with the increase in its revenues.

Trade receivables increased from SAR 28.7 million as on December 31, 2019G to SAR 32.0 million as on December 31, 2020G; this is mainly due to the increase in the trade receivables for three major clients from the agriculture, aquaculture and dairy sectors in line with the increase in their revenues.

Trade receivables increased from SAR 32.0 million as on December 31, 2020G to SAR 32.8 million as on March 31, 2021G, as a result of the increase in the receivables of two clients from the agriculture and aquaculture sector in line with the increase in their revenues.



Allowance for Impairment Losses on Trade Receivables

The provision for impairment losses in the value of the trade receivables Decreased from SAR 4.6 million as on December 31, 2018G to SAR 2.3 million as on December 31, 2019G; this is mainly due to the collection of the part of the provision for the balance of the customer "Youmak Company" amounting to SAR 2.3 million. This is based on the recalculation of the provision using the doubtful debts provision calculation model, in line with the IFRS 9.

The provision for impairment losses in the value of the trade receivables increased from SAR 2.3 million as on December 31, 2019G to SAR 3.5 million as on December 31, 2020G; this is mainly due to the increase in the balances of some customers and the irregularity in the payments as a result of the conditions related to the Covid-19 virus.

The provision for impairment losses in the value of the trade receivables settled at SAR 3.5 million as on March 31, 2021G.

Table No. (76): Action in the Provision for Impairment Losses of Accounts Receivable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G .

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | - | 4,590 | 2,280 | 3,523 |
| bearing during the period | 4,594 | - | 1,244 | - |
| Reply during the period | (4) | (2,310) | - | - |
| End of period balance | 4,590 | 2,280 | 3,523 | 3,523 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

5.8.7 Prepaid Expenses and Other Debit Balances

Table No. (77): Prepaid Expenses other Accounts receivable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Supplier Paid Insurance | 1,097 | 772 | 1,169 | 1,698 |
| slandered workers | 163 | 351 | 663 | 702 |
| Under-Settlement Insurance Claims | - | - | 436 | 436 |
| Expenses paid in advance | 571 | 923 | 598 | 310 |
| Advance Rentals | - | 68 | 30 | 95 |
| Advance payments to suppliers | 19 | - | 15 | 19 |
| VAT | - | - | 244 | - |
| Letters of guarantee | - | 253 | - | - |
| Total | 1,850 | 2,366 | 3,155 | 3,260 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Supplier Paid Insurance

The insurance paid to suppliers Decreased from SAR 1.1 million as on December 31, 2018G to SAR 772 thousand as on December 31, 2019G; this is mainly due to the recovery of the value of the Bank guarantee letters to the Company account amounting to SAR 328 thousand during 2019G immediately upon the end of the contract. It was offset by the insurance payments of SAR 3,000 related to the housing rent insurance for the Company employees in one of its branches.

The insurance paid to suppliers increased from SAR 772 thousand as on December 31, 2019G to SAR 1.2 million as on December 31, 2020G, as a result of the insurance payments to the companies providing temporary labor; (Maharah Human Resources Co. and SAPTCO Company) with a value of SAR 509 thousand. It was offset by an insurance refund paid to SMASCO amounted to SAR 112,000.

Supplier paid insurance settled on SAR 1.2 million as on March 31, 2021G.

Slander Workers

Employees' receivables increased from SAR 163 thousand as on December 31, 2018G to SAR 351 thousand as on December 31, 2019G; this is mainly due to the increase in the number of the employees (+ 14 employees).

Employees' receivables increased from SAR 351 thousand as on December 31, 2019G to SAR 663,000 as on December 31, 2020G, SAR and then to 702 thousand as on March 31, 2021G; this is mainly due to the increase in the fees for escorts for the families of the employees. It is worth noting that these fees are charged to the employee and are deducted on a monthly basis, as well as the drivers' claims related to the traffic violations, which increased significantly after the introduction of the modern systems for the automatic monitoring of the traffic violations in KSA.



Under-Settlement Insurance Claims

Insurance compensation amounted to SAR 436 thousand as on December 31, 2020G and March 31, 2021G, and related to the compensation for damage to customers' goods. It is worth noting that the Company is waiting to receive the compensation amount from the insurance companies, where it was insured.

Prepaid Expenses

Prepaid expenses increased from SAR 571 thousand as on December 31, 2018G to SAR 923 thousand as on December 31, 2019G; this is mainly due to the reclassification of the balance of the Arab Insurance Company, and its deduction from the advance expenses.

Prepaid expenses Decreased from SAR 923 thousand as on December 31, 2019G to SAR 598 thousand as on December 31, 2020G; this is mainly due to the reclassification of the balance of the Arab Insurance Company, and its deduction from the advance expenses.

The Company did not record any prepaid expenses in the first quarter of 2021G.

Advance Rentals

The provided rents Decreased from SAR 68 thousand as on December 31, 2019G to SAR 30 thousand as on December 31, 2020G; this is mainly due to the Decrease in the rental balance of Jeddah site.

The provided rents increased from 30 thousand SAR as on December 31, 2020G to SAR 95 thousand as on March 31, 2021G, as a result of the increase in the rent balance of Al-Kharj site.

Advance payments to suppliers

Payments made to suppliers amounted to SAR 19 thousand as on December 31, 2018G, were related to the balance of Insurance House Company and Saudi Willis Company, and was settled in the following year.

Payments made to suppliers increased from SAR 15 thousand as on December 31, 2020G to SAR 19 thousand as on March 31, 2021G; this is mainly due to the balance of Malath Insurance Company and Al Itqan Corporation of SAR 19 thousand, as well as the Decrease in the balance of Insurance House Company and Willis Company Saudi Arabia, with SAR 15,000.

Value of Added Tax

The net value added tax amounted to SAR 235 thousand as on December 31, 2020G; it will be recovered in return for the accrued value added tax (within the credit balances) as on March 31, 2021G.

Letters of Guarantee

Letters of guarantee amounted to SAR 253 thousand as on December 31, 2019G, and were related to a final letter of guarantee issued to the client "The Islamic Development Bank" to ensure the proper implementation of the contract.

5.8.8 Dues From Related Parties

Table No. (78): Receivables from Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| BATIC | - | - | - | 8,085 |
| AMNCO | | | | 363 |
| AlShifa Technology Co., Ltd. | - | - | 1 | 3 |
| Total | - | - | 1 | 8,451 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Dues from related parties amounted to SAR 8.5 million as on March 31, 2021G and are mainly related to and AMNCO, which related to the Bank transfers to the parent Company account (such as financing some investment activities, and this is mainly due salaries for MUBARRAD and AMNCO employees.



5.8.9 Cash and Cash Equivalents

Table No. (79): Cash and Cash Equivalents for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| cash at Banks | 6,053 | 14,188 | 16,367 | 8,546 |
| Cash in the box and the covenant | - | - | - | 29 |
| Total | 6,053 | 14,188 | 16,367 | 8,574 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Cash and cash equivalents increased from SAR 6.1 million as on December 31, 2018G to SAR 14.2 million as on December 31, 2019G; this is mainly due to the cash generated from the operating activities amounting to SAR 12.1 million. It was offset by the cash used in investing the activities amounting to SAR 2.8 million, in addition to the cash used in financing the activities amounting to SAR 1.2 million.

Cash and cash equivalents increased from SAR 14.2 million as on December 31, 2019G to SAR 16.4 million as on December 31, 2020G; this is mainly due to the cash generated from financing the activities amounting to SAR 37.8 million, in addition to the cash generated from operating the activities amounting to SAR 37.8 million. It was offset by the cash used in the investment activities amounting to SAR 43.4 million.

Cash and cash equivalents Decreased from SAR 16.4 million as on December 31, 2020G to SAR 8.5 million as on March 31, 2021G, as a result of the cash used in the operational activities amounting to SAR 5.0 million, in addition to the cash used in financing the activities amounting to SAR 2.7 million.

5.8.10 Payment Notes

Table No. (80): Accounts Payable for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|----------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| rolling part | 744 | 386 | 4,748 | 4,748 |
| Non-circulating part | 386 | - | 8,310 | 7,123 |
| Total | 1,131 | 386 | 13,058 | 11,871 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Payment notes Decreased from SAR 1.1 million as on December 31, 2018G to SAR 386 thousand as on December 31, 2019G, as a result of paying the circulating part of the payment notes after receiving 9 trucks from Zahid Company.

Payment notes increased from SAR 386 thousand as on December 31, 2019G to 13.1 million SAR as on December 31, 2020G, as a result of the Agreement signed between MUBARRAD and Hajj Hussein Ali Reda & Partners Company at the end of the third quarter of 2020G in order to supply 60 trucks.

Payment notes Decreased from 13.1 million SAR as on December 31, 2020G to 11.9 million SAR as on March 31, 2021G; this is mainly due to the paid amounts of 1.3 million SAR in order to supply 60 trucks.

5.8.11 Loans

Table No. (81): Loans for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | - | 8,004 | 7,884 | 35,780 |
| Additions during the period | 8,551 | 1,949 | 28,868 | - |
| Repaid during the period | (547) | (2,069) | (973) | (1,246) |
| End of period balance | 8,004 | 7,884 | 35,780 | 34,534 |
| Deduct: deferred financing cost | (879) | (738) | (2,821) | (2,662) |
| Net loan amount | 7,125 | 7,146 | 32,959 | 31,872 |
| Non-circulating part | 5,625 | 5,288 | 25,865 | 24,778 |
| Rolling part | 1,500 | 1,858 | 7,094 | 7,094 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.



The net loan balance settled at SAR 7.1 million as on December 31, 2018G and December 31, 2019G.

The net loan balance increased from SAR 7.1 million as on December 31, 2019G, to SAR 32.9 million as on December 31, 2020G; this is mainly due to the additions (+ SAR 28.9 million) mainly related to two loans from Riyadh Bank. It is worth noting that the last installment of the first loan and 3 payments of the second loan were received. It is offset by the deduction of the deferred financing cost (- SAR 2.8 million).

The net loan balance Decreased from 32.9 million SAR as on December 31, 2020G to 31.9 million SAR as on March 31, 2021G, as a result of the amounts repaid during the same period (- SAR 1.2 million) related to Riyadh Bank loan. This was also coupled with the deduction of the deferred financing cost (- SAR 2.7 million).

5.8.12 Lease Commitments

Table No. (82): Lease Commitments for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Present value of minimum rental payments | - | 1,373 | 1,084 | 936 |
| Rolling part | - | 289 | 298 | 303 |
| Non-circulating part | - | 1,084 | 786 | 633 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

The value of the lease contract commitment Decreased from SAR 1.4 million as on December 31, 2019G to SAR 1.1 million as on December 31, 2020G, as a result of the amounts paid during the same period.

The value of the lease contract commitment also Decreased from SAR 1.1 million as on December 31, 2020G to SAR 936 thousand as on March 31, 2021G, as a result of the amounts paid during the same period.

5.8.13 Provision for Employees' End of Service Benefits

Table No. (83): Provisions for Employees' End-of-service Benefits for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the period | 6,336 | 6,398 | 6,110 | 5,307 |
| Current service cost and interest cost | 609 | 633 | 849 | 100 |
| Paid during the period | (690) | (271) | (1,535) | (351) |
| Actuarial losses/(profits) | 142 | (649) | (117) | - |
| End of period balance | 6,398 | 6,110 | 5,307 | 5,056 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Provision for the employees' end of service benefits Decreased from SAR 6.4 million as on December 31, 2018G to SAR 6.1 million as on December 31, 2019G as a result of the actuarial profits after the reassessment and the calculation of employees' end of service benefits by an actuarial expert amounting to SAR 649 thousand, in addition to the amounts paid during the same period (SAR 271 thousand). It is offset by the loaded additions (SAR 633,000).

Provision for the employees' end of service benefits Decreased from SAR 6.1 million as of December 31, 2019G to SAR 5.3 million as of December 31, 2020G; this is mainly due to the amounts paid during the same period amounting to SAR 1.5 million. It is offset by the additional loaded items (SAR 849,000).

Provision for the employees' end of service benefits Decreased from SAR 5.3 million as on December 31, 2020G to SAR 5.1 million as on March 31, 2021G, as a result of the amounts paid during the same period (SAR 351 thousand). It is offset by the added value of SAR 100 thousand.



5.8.14 Trade Creditors

Table No. (84): Trade Creditors for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| fuel suppliers | 2,379 | 3,055 | 3,092 | 2,902 |
| tire suppliers | 940 | 1,230 | 1,117 | 1,081 |
| spare parts suppliers | 1,110 | 921 | 510 | 704 |
| service suppliers | 578 | 530 | 817 | 684 |
| asset suppliers | 136 | 20 | 23 | 8 |
| Total | 5,143 | 5,756 | 5,558 | 5,379 |

Source: Financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Fuel Suppliers

The balance of the fuel suppliers increased from SAR 2.4 million as on December 31, 2018G to SAR 3.1 million as on December 31, 2019G as a result of the nature of the contracts signed with the fuel companies, considered as deferred payment. The balance of the fuel suppliers remained fixed at SAR 3.1 million as on December 31, 2020G.

The balance of the fuel suppliers Decreased from SAR 3.1 million as on December 31, 2020G to 2.9 million SAR as on March 31, 2021G as a result of the Company settling the amounts owed with the fuel companies.

Tire Suppliers

The balance of tire suppliers increased from SAR 940 thousand as on December 31, 2018G to SAR 1.2 million as on December 31, 2019G, in line with the increase in the Company revenues and the increase in the need to change the tires of the Company trucks.

The balance of the tire suppliers Decreased slightly from SAR 1.2 million as on December 31, 2019G to SAR 1.1 million as on December 31, 2020G as a result of the purchase of new trucks for MUBARRAD, where the need for change in the first years is few. The balance of the tire suppliers remained fixed at SAR 1.1 million as on March 31, 2021G.

Spare Parts Suppliers

Spare parts suppliers account Decreased from SAR 1.1 million as on December 31, 2018G to SAR 921 thousand as on December 31, 2019G; this is mainly due to the purchase of new trucks for MUBARRAD Company, which do not require spare parts.

Spare parts suppliers account Decreased from SAR 921 thousand as on December 31, 2019G to SAR 510 thousand as on December 31, 2020G; this is mainly due to the purchase of new trucks for MUBARRAD Company, where the need for change is few in the first years.

Spare parts suppliers account increased from SAR 510 thousand as on December 31, 2020G to SAR 704 thousand as on March 31, 2021G; this is mainly due to the increase in the number of the operating units in the fleet of trucks and trailers, and thus the increase in the stock allocated for the maintenance of those trucks.

Service Suppliers

Service suppliers account Decreased from SAR 578 thousand as on December 31, 2018G to SAR 530 thousand as on December 31, 2019G, mainly this is mainly due to the Decrease in the balance of Leha Transportation Company.

Service suppliers account increased from SAR 530 thousand as on December 31, 2019G to SAR 817 thousand as on December 31, 2020G, mainly this is mainly due to the increase in the balance of the temporary employment companies: SAPTCO and Maharah.

Service suppliers account Decreased from SAR 817 thousand as on December 31, 2020G to SAR 684 thousand as on March 31, 2021G; this is mainly due to the Decrease in the balance of Leha Transportation Company and temporary labor supply Company.

Asset Suppliers

Asset suppliers account Decreased from SAR 136 thousand as on December 31, 2018G to SAR 20 thousand as on December 31, 2019G, and then increased slightly to SAR 23 thousand in line with the changes in the Company requirements.

Asset suppliers account Decreased from SAR 23 thousand as on December 31, 2020G to SAR 8 thousand as on March 31, 2021G, in line with the changes in the Company requirements.



5.8.15 Accrued Expenses and Other Credit Balances

Table No. (85): Accrued Expenses and other Liabilities for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Accrued expenses | 1,936 | 2,024 | 2,356 | 3,703 |
| Provision for legal disputes | 503 | 503 | 503 | 503 |
| Employees' safety | 156 | 157 | 292 | 164 |
| Social insurance | - | 59 | 77 | 88 |
| Eligible insurance expenses | 488 | 13 | - | - |
| Insurance for others | 1,926 | - | - | - |
| Other | 311 | 288 | 73 | 582 |
| The total | 5,320 | 3,043 | 3,300 | 5,040 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Accrued Expenses

Accrued expenses increased from SAR 1.9 million as on December 31, 2018G to SAR 2.0 million as on December 31, 2019G, mainly due to an increase in the accrued bonuses (+ SAR 64.1 thousand) as a result of disbursing operating incentives in line with the increase in the volume of the Revenues. In addition to the increase in the amounts owed for truck maintenance (+ SAR 60,000) as a result of proving the value of the truck maintenance, the amount was settled and recovered from the insurance Company in the financial year 2020G.

Accrued expenses increased from SAR 2.0 million as on December 31, 2019G to SAR 2.3 million as on December 31, 2020G, mainly this is mainly due to the increase in the passenger boarding balance (+ SAR 445 thousand), in addition to the increase in the vacation allowance (+ SAR 289 thousand) as a result of the impact on the travel of the employees in light of the Covid-19 virus, and the inability of most employees to travel.

This is mainly due expenses increased from SAR 2.3 million as on December 31, 2020G to SAR 3.7 million as on March 31, 2021G, mainly this is mainly due to the increase in the amounts owed to the General Administration (+ SAR 1.7 million) as a result of the violations this is mainly due to be paid to the Public Transport Authority. The payment was in April 2021G.

Provision for Legal Disputes

It represents old lawsuits against the Company; the balance of the litigation provision remains fixed at SAR 503 thousand as on December 31, 2018G, 2019G, 2020G and March 31, 2021G.

Employees' Safety

The employees' deposits increased from SAR 156 thousand as on December 31, 2018G to SAR 292 thousand as on December 31, 2020G, in line with the change in the number of employees.

The employees' deposits Decreased from SAR 292 thousand as on December 31, 2020G to SAR 164 thousand as on March 31, 2021G, in line with the change in the number of employees.

Social Insurance

Social insurance amounted to SAR 59 thousand as of December 31, 2019G. It also increased from SAR 59 thousand as on December 31, 2019G to SAR 77 thousand as on December 31, 2020G, and then to SAR 88 thousand as on March 31, 2021G; this is mainly due to the slight increase in the number of the administrative employees in the Company.

Eligible Insurance Expenses

The payable insurance expenses Decreased from SAR 488 thousand as on December 31, 2018G to SAR 13 thousand as on December 31, 2019G, as a result of the Decrease in the advance payments.

Insurance for Others

The insurance balance for third parties amounted to SAR 1.9 million as on December 31, 2018G; it relates to trucks leased by the United Mining Investments Co. (UMIC).



Other

Other receivables Decreased from SAR 311 thousand as on December 31, 2018G to SAR 73 thousand as on December 31, 2020G, mainly this is mainly due to the Decrease in the value-added tax payable at the end of 2020G.

Other this is mainly dues increased from SAR 73 thousand as on December 31, 2020G to SAR 583 thousand as on March 31, 2021G; this is mainly due to the increase in the net value-added tax payable by SAR 506 thousand.

5.8.16 Accounts Payable to Related Parties

Table No. (86): Accounts Payable to Related Parties for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| BATIC | 9,000 | 4,500 | 61 | - |
| AMNCO | - | - | 57 | - |
| Total | 9,000 | 4,500 | 118 | - |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Dues to related parties Decreased from SAR 9.0 million as on December 31, 2018G to SAR 4.5 million as on December 31, 2019G this is mainly due to the Decrease in BATIC dues (- SAR 4.5 million) as a result of paying the amounts related to the remaining balance of the Agreement on the transfer of assets and liabilities from BATIC and MUBARRAD upon separation and the establishment of MUBARRAD Company as LLC.

Dues to related parties Decreased from SAR 4.5 million as on December 31, 2019G to SAR 118 thousand as on December 31, 2020G, mainly this is mainly due to the Decrease in the dues to Batik Investment and Logistics Company (- SAR 4.4 million) as a result of paying the remaining balance transfer of assets and liabilities due to BATIC resulting from the separation and incorporation of MUBARRAD.

The Company did not record any dues to the related parties as on March 31, 2021G.

5.8.17 Provision for Zakat

Table No. (87): The Zakat Provision for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | As on March 31, 2021G (Unaudited) |
|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| Balance at the beginning of the year | - | 759 | 822 | 1,109 |
| bearer of the year | 759 | 781 | 1,146 | 275 |
| Paid during the year | - | (717) | (860) | - |
| Balance at December 31 | 759 | 822 | 1,109 | 1,384 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2021G.

Zakat provision increased from SAR 759 thousand as on December 31, 2018G to SAR 822 thousand as on December 31, 2019G, mainly this is mainly due to the amounts charged during the same period amounting to SAR 781 thousand. This was offset by payments of SAR 717,000.

Zakat provision increased from SAR 822 thousand as on December 31, 2019G to SAR 1.1 million as on December 31, 2020G, mainly this is mainly due to the amounts charged during the same period amounting to SAR 1.1 million. This was offset by payments of SAR 860,000.

Zakat provision increased from SAR 1.1 million as on December 31, 2020G to SAR 1.4 million as on March 31, 2021G, as a result of the amounts charged during the same period amounting to SAR 275 thousand.



5.8.18 Statements of Cash Flows

Table No. (88): Cash Flows Statements for the Financial Years Ended 31 December 2018G, 2019G and 2020G, and the First Quarter Ended 31 March 2020G and 2021G.

| SAR Million | As on December 31, 2018G (Audited) | As on December 31, 2019G (Audited) | As on December 31, 2020G (Audited) | Q1 2020G (Unaudited) | Q1 2021G (Unaudited) |
|---|--|--|--|----------------------------|----------------------------|
| Operational activities | | | | | |
| Net (loss)/profit for the period before zakat | 1,377 | 4,872 | 2,006 | 1 | (1,348) |
| Modifications in: | | | | | |
| Depreciation of property and equipment | 13,672 | 13,697 | 13,821 | 3,251 | 4,054 |
| Depreciation of leased assets | - | - | 303 | - | 76 |
| Amortization of intangible assets | - | 344 | 248 | 67 | 38 |
| Financing expenses | 386 | 432 | 611 | 93 | 304 |
| Gains/losses on sale of property and equipment | 290 | 1,035 | (20) | - | - |
| Provision for expected credit losses | - | - | - | 1,030 | - |
| Allowance for impairment losses on accounts receivable | - | (2,310) | 1,244 | - | - |
| Reverse custom stagnant spare parts inventory | - | (247) | - | - | - |
| Provision for employees' end of service benefits | - | 633 | 849 | - | - |
| Changes in: | | | | | |
| Inventory | 440 | 380 | (143) | (364) | (31) |
| Trade receivables | (6,702) | (995) | (3,384) | (1,841) | (744) |
| Prepaid expenses and other debit balances | - | (517) | (789) | 58 | (113) |
| Trade creditors | 627 | 613 | (198) | (229) | (180) |
| Accrued expenses and other credit balances | - | (346) | 90 | (137) | 1,745 |
| This is mainly due from/to related parties | (4,125) | (4,500) | (4,383) | (1,581) | (8,568) |
| Zakat paid | - | (717) | (860) | - | - |
| End of service benefits for paid employees | (81) | (271) | (1,535) | (292) | (251) |
| Net cash flow from (used in) operating activities | 5,885 | 12,103 | 7,859 | 56 | (5,018) |
| Investment activities | | | | | |
| Property and equipment additions | (7,694) | (4,948) | (44,406) | (184) | (51) |
| Advance payments for the purchase of fixed assets | - | (109) | - | (5,515) | - |
| Proceeds from the sale of property and equipment | 1,141 | 2,250 | 973 | 3 | - |
| The net cash flow used in investing activities | (6,552) | (2,807) | (43,432) | (5,695) | (51) |
| Financing activities | | | | | |
| Capital | 100 | - | - | - | - |
| Recipient of loans - non-current portion | 7,500 | 1,700 | 26,508 | 5,621 | - |
| Paying off long-term loans | (547) | (2,069) | (973) | (543) | (1,246) |
| Paid for lease obligations | - | - | (289) | - | (148) |
| Receipt of pay papers | - | - | 14,245 | - | - |
| Paying bills | (792) | (792) | (1,739) | - | (1,330) |
| Net cash flows generated from (used in) financing activities | 6,261 | (1,161) | 37,753 | 5,077 | (2,724) |
| Net change in cash and cash equivalents | 5,594 | 8,135 | 2,179 | (562) | (7,793) |
| Cash and cash equivalents at the beginning of the period | 458 | 6,053 | 14,188 | 14,188 | 16,367 |
| Cash and cash equivalents at the end of the period | 6,053 | 14,188 | 16,367 | 13,627 | 8,574 |

Source: Audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and Company data for the first quarter ended 31 March 2020G and 2021G.



Net Cash Used in Operating Activities

Net cash used in the operating activities increased from SAR 5.9 million in the financial year 2018G to SAR 12.1 million in the financial year 2019G, mainly this is mainly due to a Decrease in the trade receivables (- SAR 5.7 million) as a result of a Decrease in the trade receivables for a client from the Aquatic education sector. This was also coupled with an increase in the annual net profit from SAR 1.4 million to SAR 4.9 million during the same period. This was offset by an increase in the provision for the impairment losses in the value of receivables, amounting to SAR 2.3 million.

Net cash used in the operating activities Decreased from SAR 12.1 million in the financial year 2019G to SAR 7.9 million in the financial year 2020G, mainly this is mainly due to the Decrease in the annual net profit from SAR 4.9 million to SAR 2.0 million during the same period.

This was also coupled with an increase in the trade receivables (+ SAR 2.4 million) as a result of the increase in the receivables of three main clients from the agriculture, aquaculture and dairy sectors in line with the increase in their revenues. This was offset by a Decrease in the provision for the impairment losses in the value of the receivables amounting to SAR 1.2 million.

Net cash used in the operating activities Decreased from cash generated of SAR 56 thousand in the first quarter of the financial year 2020G to cash in use of SAR 5.0 million in the first quarter of the financial year 2021G, mainly this is mainly due to the increase in the this is mainly due from the related parties (+ SAR 7.0 million) as a result of the Bank transfers to the parent Company account to finance some investment activities. This was also coupled with a Decrease in the annual net profit from a profit of SAR 1 thousand to a loss of SAR 1.3 million during the same period. This was offset by an increase in the commercial receivables (+ SAR 1.1 million) as a result of an increase in the receivables of two clients from the agriculture and aquaculture sector in line with the increase in their revenues.

Net Cash Used in Investment Activities

Net cash used in the investment activities Decreased from SAR 6.6 million in the financial year 2018G to SAR 2.8 million in the financial year 2019G; this is mainly due to an increase in the property and equipment additions of SAR 5.0 million as a result of the purchase of the new trucks. This was offset by the proceeds from the sale of the property and equipment valued at SAR 2.3 million relating to the obsolete fleet sales.

Net cash used in the investment activities increased from SAR 2.8 million in the financial year 2019G to SAR 43.4 million in the financial year 2020G. This is mainly due to an increase in the additions to the property and equipment valued at SAR 44.4 million related to the purchase of 100 refrigerated trailers and 60 new trucks. This was offset by the proceeds from the sale of the property and equipment valued SAR 973,000 related to the outdated fleet sales.

Net cash used in the investment activities Decreased from SAR 5.7 million in the first quarter of the financial year 2020G to SAR 51 thousand in the first quarter of the financial year 2021G; this is mainly due to the Decrease in the advance payments for the purchase of fixed assets, from SAR 5.5 million to SAR 0 during same period.

Net Cash Used in Financing Activities

Net cash used in the financing activities Decreased from cash generated of SAR 6.3 million in the financial year 2018G to cash in use of SAR 1.2 million in the financial year 2019G; this is mainly due to the increase in the repayments of the long-term loans amounting to SAR 2.1 million related to the first payment. This was offset by the amounts received from the non-current portion of the loans amounting to SAR 1.7 million related to Riyadh Bank facility Agreement.

Net cash used in the financing activities increased from cash in use of SAR 1.1 million in the financial year 2019G to cash generated of SAR 37.8 million in the financial year 2020G; this is mainly due to the amounts received from the loans amounting to SAR 26.5 million, mainly related to two loans from Riyadh Bank. It is worth noting that the last installment of the first loan and 3 payments of the second loan were received. This was also coupled with the amounts received from the payment papers amounting to SAR 14.2 million related to an Agreement between MUBARRAD and Haj Hussain Ali Reda & Partners Company at the end of the third quarter of the year 2020G to supply 60 trucks. This was offset by the amounts repaid from the payment papers amounting to SAR 1.7 million.

Net cash used in the financing activities Decreased from cash generated of SAR 5.1 million in the first quarter of the financial year 2020G to cash in use of SAR 2.7 million in the first quarter of the financial year 2021G; this is mainly due to repayments of the long-term loans amounting to SAR 1.2 million, mainly concerned the second loan payments to Riyadh Bank. This was also coupled with the repayments of the promissory note amounting to SAR 1.3 million related to the payments to Haj Hussein Alireza and Partners Company.



6. Use of Proceeds

6.1 Net Proceeds

The total proceed of the rights issue is estimated at SAR 300,000,000 of which SAR 5,175,000 will be paid to cover the expenses of the offering, which include the fees of the financial advisor, the IPO, the legal advisor, the legal accountant, the media and public relations advisor, in addition to the expenses of the undertaking to cover and the expenses of marketing, printing, distribution and other expenses related to the subscription.

The net proceeds of the offering will reach SAR 294,825,000, which will be used to support the expansion of the Company activity (payment of part of the loan granted by Bank Aljazira for the purpose of the acquisition of 35.8% of City Solutions Company for Communications and Information Technology, and other acquisition opportunities for expansion in logistics and medical services) and improving borrowing rates (by repaying part of the Company existing short-term Bank loans) and financing BATIC subsidiaries.

The Company will disclose to the public on the Saudi Stock Exchange website (Tadawul), before the opening of the trading session, when there is a difference of 5% or more between the actual use of the proceeds of the offering against what was disclosed in this Prospectus as soon as it becomes aware of it, in accordance with paragraph (b) of the Article 54 of the Rules on the Offer of Securities and Continuing Obligations, stating that "the issuer must disclose to the public, when there is a deviation of (5%) or more between the actual use of the proceeds of the rights issue shares against what was disclosed in the Prospectus as soon as he becomes aware of it."

6.2 Use of Subtraction Proceeds

The Company will only use the net IPO proceeds to finance itself, implement its future plans and projects, expand its various activities, raise the volume of its local investments, align its growth plan with the renaissance and economic changes that KSA is witnessing in its ambitious vision 2030G, as well as to acquire the profitable assets and buy the Revenue-generating companies, assets or investment, in which the proceeds of the offering amounting to SAR 294,825,000 will be used in the following:

- 1- Payment of part of the loan granted by Bank Aljazira (which represents a credit facility limit amounting to SR 140 million as a "bridge loan") for the purpose of the acquisition of 35.8% of the shares of City Solutions Company for Communications and Information Technology:** On 19/09/1442H BATIC (the "Buyer") entered into a sale and purchase Agreement with the Smart Parking Holding Company (the "Seller") (owning 400 shares representing 40% of City Solutions Company for Communications and Information Technology as on the date of the signed Agreement), where the parties to the sale and purchase Agreement agreed that the Smart Parking Holding Company would sell 358 shares representing 35.8% of the Shares of Smart Cities Solutions in favor of BATIC (for further information about the loan of Bank Aljazira, please see sub-section 9.5.4 "Loans and facilities" of part 9 "Legal information").

The value of the acquisition transaction costs is SAR 109,185,000, divided as follows:

- The value of the acquisition deal: SAR (107,874,812), which is as follows:
 - SAR (101,362,000) already paid to the seller and Batic used the amount from the bridge loan.
 - SAR(6,512,812) whereby the bank will transfer SAR(5,400,000) to Batic representing the downpayment which was already settled to the seller, in addition to the withdrawal of an amount of SAR (1,112,812) from the loan to be transferred to Smart Cities Company as guarantee of liability owed by the withdrawing shareholder (seller) to Smart Cities Co,
 - Fees for financial due diligence and allocating the purchase price: SAR 138,000
 - Lawyer's fees for drafting purchase Agreements signed between BATIC and Smart Parking Holding Company: SAR 172,188
 - Broker's commission: SAR 1,000,000

- 2- Financing of Subsidiaries**

- Financing Smart City Solutions Company with SAR 20,000,000, where AMNCO finances City Solutions Company to cover some of the necessary expenses for the Company since the beginning of the establishment of the Company.
- Financing City Solutions Company with SAR 24,440,000. Smart Cities for Communications and Information Technology and the Municipality of the Eastern Province; this amount will be recorded in the financial statements of Smart City Solutions Company as a commitment to be paid, later on, to BATIC following the completion of the project and its operations and after the Smart City Solutions Company starts receiving operating cash flow which is expected in Q4 of Y 2022G. It should also be noted that the Company will use part of the loan to settle the remaining rental costs in case the settlement procedures by the Eastern Province is completed prior to receive the offering proceeds set out herein.
- Financing Smart City Solutions Company with SAR 46,200,000, which represents the support working capital to complete the financing of the smart parking project of Smart City Solutions Company in the Eastern Province, namely divided as follows:

| Period | Amount |
|-------------|----------------|
| Q4 of 2021G | SAR 10,000,000 |
| Q1 of 2022G | SAR 5,000,000 |
| Q2 of 2022G | SAR 5,000,000 |
| Q3 of 2022G | SAR 22,700,000 |



| Period | Amount |
|--------------|-----------------------|
| Q4 of 2022G | SAR 3,500,000 |
| Total | SAR 46,200,000 |

This amount will be recorded in the financial statements of City Solutions Company as a commitment to be paid, later on, to BATIC after the completion of the project and its operations and after the Smart City Solutions Company starts receiving operating cash flow which is expected in Q4 of Y 2022G.

- 3- **Payment of Bank loans:** The Company will use SAR 40,000,000 to repay the part of the Bank loans owed by the Company and its subsidiaries as follows:

| Company | Lending Bank | Loan amount | Payment amount |
|---------|---------------------------|--|------------------|
| BATIC | Riyad Bank | Short-term credit facilities up to a maximum of SAR (20,000,000) | SAR (10,000,000) |
| AMNCO | The Saudi Investment Bank | Short-term credit facilities with a maximum of SAR (30,000,000) | SAR (30,000,000) |

- 4- **Support of the working capital of the subsidiary (AlShifa Technology Co. LLC) and the expansion of the activities:** The Company will use SAR 5,000,000 to support the working capital of its subsidiary (AlShifa Technology Co. LLC) and to expand in the medical and the equipment supply sectors through the (AlShifa Technology Co. LLC)'s which was acquired by the company and licensed to provide home medical care. The amount will be used to cover issuance and recruitment expenses for the rest of the nursing and physiotherapy department. In addition to supporting the working capital for the period before the completion of the home care kits, which is expected to be completed by the year 2022G.
- 5- **Acquisition of income-generating assets and business activities:** The Company will spend SAR 50,000,000 to acquire the local investment opportunities, as BATIC is currently studying and is in talks with some opportunities to invest in the activities related to the Company activities in the logistics and warehousing sector in line with KSA vision in 2030G. It should also be noted that these acquisition transactions will be completely financed by the offering proceeds which allocated an amount of SAR 50,000,000 for these acquisitions.

The table below sets out the details of each investment as follows:

| Types of Investment | Invested amount | Timeline |
|---|-----------------------|-------------------|
| Acquiring a warehouse | SAR20,000,000 | 2022G (HALF YEAR) |
| Acquiring a company that carried out logistics services (ie. Warehouses and other ancillary support services) | SAR 30,000,000 | 2022G (1/2 YEAR) |
| Total | SAR 50,000,000 | - |

The table below sets out the details of the Uses of Offering Proceeds:

Table No. (89): The Uses of Offering Proceeds

| SAR Thousand | 2021G | | | | 2022G | Total | % |
|--|--------------------|-------------------|-------------------|-------------------|------------------|--------------------|-------------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | | |
| Acquisition of 35.8% of the capital of City Solutions Company | 107,874,812 | | | | | 107,874,812 | 36% |
| Acquisition expenses of City Solutions Company | 1,310,188 | | | | | 1,310,188 | 0.4% |
| Paying the debts of City Solutions Company to AMNCO | 20,000,000 | | | | | 20,000,000 | 6.7% |
| Pay the rest of the rent of the Eastern Province Municipality related to the smart parking project | 24,440,000 | | | | | 24,440,000 | 8.1% |
| Offering cost | 5,175,000 | | | | | | 1.7% |
| Pay off short-term loans | 10,000,000 | 30,000,000 | | | | 40,000,000 | 13.3% |
| Financing smart parking projects for City Solutions Company | 10,000,000 | 5,000,000 | 5,000,000 | 22,700,000 | 3,500,000 | 46,200,000 | 15.4% |
| Support of working capital of Alshifaa Technology Co, | | | 5,000,000 | | | 5,000,000 | 1.7% |
| Acquisition of other companies | | | 50,000,000 | | | 50,000,000 | 16.7% |
| Total | 178,800,000 | 35,000,000 | 60,000,000 | 22,700,000 | 3,500,000 | 300,000,000 | 100% |

Source: The Company

It should be noted that the above-mentioned projects will be financed exclusively from the proceeds of the offering.



7. Statements by Experts

Written consent was obtained from all consultants whose names appear on page (v) of this Prospectus to include their names, logos and statements in the context in which they appear in this Prospectus. These approvals have not been withdrawn as of the date of this Prospectus.

All the Advisors, whose names are listed, do not, themselves, nor do their employees or their relatives, have any shareholding or interest of any kind in the Company or its subsidiaries, which may affect their independence, as of the date of this Prospectus.



8. Declarations of the BOD Members

Up of the date of this Prospectus, the BOD members Declaration are the following:

- There was no interruption in the business of the Company or any of its subsidiaries that could affect or have a significant impact on the financial position during the last 12 months.
- No commissions, discounts, brokerage fees or any non-cash compensation were granted by the Company or any of its subsidiaries during the three previous years to the date of submitting the application for registration and the Offering of Securities in relation to the issuance or offering of any securities.
- There has not been any material negative change in the financial and commercial status of the Company or any of his subsidiaries during the three previous years immediately preceding the date of submitting the registration request and the Securities subject to this Prospectus, as well as during the period covered by the Chartered Accountants' Reports until approving the issuance of this Prospectus.
- Contrary to what was stated in page iii of this Prospectus, the members of the BOD or any of their relatives do not have any shares or interest, of any kind, in the Company or any of its subsidiaries.
- The Company did not maintain treasury shares; the EGA of the Company did not approve the purchase of the Company shares.



9. Legal information

9.1 Introduction to the Company and the Most Important Changes That Have Occurred

9.1.1 Trade name

Batik Investment and Logistics Company is a Saudi public joint stock Company established under the Commercial Registration Certificate No. (1010052902) dated 13/04/1404H (corresponding to 17/01/1984G) and which expires on 29/05/1443H (corresponding to 02/01/2022G).

During 1991G, the Company was changed from LLC to a joint stock Company under the name “Saudi Land Transport Company”.

In 2008G, the EGA approved the amendment of the Company trade name from “Saudi Land Transport Company” to become “Saudi Transport and Investment Company - MUBARRAD”.

In 2017G, the Shareholders’ EGA agreed to change the Company trade name from “Saudi Transport and Investment Company - MUBARRAD) to become “Batic Investments & Logistics Company”, which is the current trade name; there was no name change as of the date of this Prospectus.

9.1.2 Company Incorporation and Capital Development Stages

BATIC (was initially established as a limited liability Company under the MoA registered in the Riyadh Notary Public Journal (40-47), volume (3), dated 03/09/1404H (corresponding to 14/12/1983G). It was registered at the Commercial Register in Riyadh under registration certificate number (1010052902) dated 13/04/1404H (corresponding to 17/01/1984G), with the trade name “Saudi Company for Refrigerated Transport - MUBARRAD”. The number of partners upon establishment reached (50) partners; all of them are Saudi companies and individuals, with a capital of SAR 80,000,000. Its BOD consists of (6) members; its supervisory board consists of (3) members.

- On 05/07/1405H (corresponding to 27/03/1985G), 3 of the founding partners waived their shares to other partners and consequently exited from the Company; the number of partners after the assignment became (47) partners; the partners’ decision was proven by the Riyadh notary in Riyadh Notary Public Journal (44-45), volume (44).
- On 05/09/1407H (corresponding to 04/08/1987G), the Partners Association of the Saudi Refrigerated Transport Company agreed to change the Company from a LLC to a joint-stock Company while retaining the number and date of the Commercial Register under the approval of the Minister of Commerce by Ministerial Resolution No. (861); on 21/10/1411H (corresponding to 05/06/1991G), it was registered as a public joint stock Company under the Commercial Registration No. (1010052902) dated 013/04/1404H (corresponding to 17/01/1984G) at the Riyadh registry; its shares began trading in the Saudi Stock Market (the main market) as of the date of the issuance of the ministerial decision approving the transformation of the Company on 21/10/1411H (corresponding to 05/06/1991G). The Company is considered one of the first companies whose shares were listed after obtaining the approval of the Ministry of Commerce and the Saudi Arabian Monetary Agency (the competent authority at the time), before the automated system for trading shares was established, in 2001G, as an alternative system to the electronic securities information system (ESIS), working under the supervision of the Stock Control Department of the Saudi Arabian Monetary Agency; the trading of the Company shares began on 21/10/1411H (corresponding to 15/06/1991G).
- On 22/12/1423H (corresponding to 23/02/2003G), the Shareholders’ EGA agreed to reduce the Company capital from SAR 300,000,000 to SAR 180,000,000, divided into 3,600,000 shares of equal value (SAR 50 each), through a reduction of SAR 120,000,000 by canceling a number of shares equal to the amount required to be reduced from the losses realized until the end of 2001G, as well as to the amendment of the Article (6) of the Bylaws.
- On 26/01/1429H (corresponding to 02/04/2008G), the Shareholders’ EGA approved the amendment of the Company commercial name to become “Saudi Transport and Investment Company”.
- On 05/12/1433H (corresponding to 04/04/2012G), the Shareholders’ EGA approved an increase in the number of members of the BOD from (6) members to (8) members, as well as the amendment of the Article (15) of the Bylaws.
- On 21/02/1438H (corresponding to 21/11/2016G), the Shareholders’ EGA approved the BOD recommendation issued on 01/08/2016G to increase the Company capital from SAR 180,000,000 to SAR 240,000,000 through granting free shares (granting one free share for every three shares), by capitalizing SAR 60,000,000 from the retained earnings account, with an increase of 33.33% of the Company capital; this aim of this increase is to match the Company capital for its assets and to support its future investment plans.
- On 07/06/1438H (corresponding to 04/03/2017G), the Shareholders’ EGA approved the amendment of the Company trade name from “Saudi Transport and Investment Company” to “BATIC”.
- On 13/08/1439H (corresponding to 29/04/2018G), the Shareholders’ EGA approved the BOD recommendation issued on 19/02/2018G to increase the Company capital from SAR 240,000,000 to SAR 300,000,000; and thus, increasing the Company shares from 24,000,000 to 30,000,000 shares, by granting free shares (granting one free share for every four shares) and by capitalizing SAR 60,000,000 from the retained profits account at an increase of (25%) from the current number of shares; the aim of this increase is to match the Company capital to its assets, and support its future investment plans.
- On 17/09/1440H (corresponding to 22/05/2019G), the Shareholders’ EGA voted to amend some articles of the Bylaws to fit in with the recent amendments made to the Companies Law.
- The headquarters of the Company has been moved from the second Princess Al-Anoud Tower - the thirteenth floor - Olaya District - King Fahd Road, to the new headquarters in Riyadh, Olaya District, Al-Arz Street, Batik Building, Second Floor, on 10/06/1440H (corresponding to 06/09/2019G).
- On 09/02/1442H (corresponding to 14/04/2021G), the BOD recommended to the Shareholders’ EGA to increase the Company capital by SAR 300,000,000, bringing the capital to SAR 600,000,000 through the offering of the rights shares, in condition that the Company obtains the approvals of the competent authorities (the Capital Market Authority “the Authority”, the Capital Market Company “Tadawul” and the Ministry of Commerce) and the Shareholders’ in the EGA. The approval of the EGA must be obtained within (6) months from the date of the approval of the authority; if the Company was unable to obtain



the EGA approval during that period, the approval of the authority is considered canceled and the Company must resubmit the application if desired increase its capital. The Company obtained the approval of the Authority and traded on 29/12/1442H (corresponding to 08/08/2021G) and 27/03/1443H (corresponding to 02/11/2021G) respectively, as well as the approval of the EGA on 02/05/1443H (corresponding to 06/12/2021G).

9.1.3 Main Shareholders

As on the date of publishing this Prospectus, there is one major Shareholder whose percentage exceeds (5%) of the Company shares, which is the Family Investment Company, owning 4,500,000 shares, representing (15%) of the Company total shares before the offering, as indicated in the table below:

Table No. (90): List of Major Shareholders and Changes in the Percentages of Owned Shares

| Main Shareholders | Nationality | Ownership percentage | | |
|---------------------------|-------------|--|--------------------------|-----------------------------------|
| | | According to the latest share Prospectus | Until December 31, 2020G | As on the date of this Prospectus |
| family investment Company | Saudi | N/A | 15th% | 15% |

Source: The Company.

9.1.4 Headquarters

The head office of the Company is located in Riyadh, Olaya District, Al-Arz Street, Batik Building, Second Floor, P.O. 7939, Zip Code 11472, Tel: 920001984.

According to the Article (5) of the Bylaws, the Company may establish and open branches, offices or agencies inside or outside the Kingdom by a Decision of the BOD.

9.1.5 Duration

The article Six (6) of the Bylaws stipulates that the term of the Company shall be (50) Gregorian years, starting from the date of the issuance of the Decision of the Minister of Commerce to change the Company from a limited liability to a public joint stock Company; the term of the Company may always be extended by a EGA Decision, at least one year before its expiry date. The Commercial Register data indicates the expiry of the Company term on 24/10/1461H (corresponding to 11/11/2039G).

9.1.6 By-laws

The current version of the Company Bylaws was issued based on the EGA resolution on 17/09/1440H (corresponding to 22/05/2019G). The Articles of the Bylaws have been amended several times according to the following:

- On 22/12/1423H (corresponding to 23/02/2003G), the Shareholders' EGA approved to Decrease the Company's capital from SAR (300,000,000) to SAR (180,000,000) split into (3,600,000) shares of equal value, and the nominal value of each share is SAR (50), by reducing SAR 120,000,000; to cancel a number of shares equal to the amount required to be reduced from the losses realized until the end of 2001G, as well as to amend Article (6) of the statute.
- On 26/01/1429H (corresponding to 02/04/2008G), the Shareholders' EGA approved the amendment of Article (1) of the Company commercial name to become "Saudi Transport and Investment Company" and Article (2) for the purposes of the Company by adding new activities, and Article (15) related to the Company management.
- On 12/05/1433H (corresponding to 04/04/2012G), the Shareholders' EGA approved the increase in the number of the BOD members from (6) to (8) members, as well as the amendment of the Article (15) of the Bylaws.
- On 21/02/1438H (corresponding to 11/11/2016G), the Shareholders' EGA approved the BOD recommendation issued on 01/08/2016G to increase the capital from SAR 180,000,000 to SAR 240,000,000 through granting free shares (granting one free share for every three shares) by capitalizing SAR 60,000,000 from the retained earnings account, at an increase of (33.33%) of the Company capital. The aim of this increase is to match the capital to its assets and support its future investment plans; article (7) relating to the capital and article (8) regarding the subscription to shares have been amended too.
- On 07/06/1438H (corresponding to 04/03/2017G), the Shareholders' EGA approved the amendment of Article (2) of the Bylaws regarding the commercial name of the Company and the amendment of the name from "Saudi Transport and Investment Company" to "BATIC", as well as the Article (43) related to the distribution of profits.
- On 13/08/1439H (corresponding to 29/04/2018G), the Shareholders' EGA approved the BOD recommendation issued on 19/02/2018G to increase the Company capital from SAR 240,000,000 to SAR 300,000,000, and thus, increasing the Company shares 24,000,000 to 30,000,000 shares, by granting free shares (granting one free share for every four shares), by capitalizing SAR 60,000,000 from calculation of the retained earnings with an increase of (25%) of the current number of shares. The aim of this increase is to match the Company capital to its assets and support its future investment plans. article (7) relating to the capital and article (8) regarding the subscription to shares have been amended too; the amendment of Article (19) related to the BOD remuneration, and Article (43) related to the distribution of profits have also been approved.
- On 17/09/1440H (corresponding to 22/05/2019G), the Shareholders' EGA voted to amend some articles of the Bylaws to conform to the recent amendments made to the Companies Law by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G); the amendment of article (27) related to the invitation to assemblies, article (38) related to the Audit Committee's report and article (42) related to financial documents have been also approved.
- The Company complied with the requirements of the Saudi Capital Market and Financial Market Authority (Tadawul) in terms of uploading a copy of the Bylaws on the Tadawul website on the Company page; the last amended version of the Company Bylaws was approved by the Ministry of Commerce (Corporate Governance Department) on 15/10/1440H (corresponding to 18/06/2019G).



9.1.7 Management

According to the article (15) of the Bylaws, the Company is managed by a BOD of (8) members who are elected by the Shareholders' OGA for (3) years and may be re-elected for other terms.

9.1.7.1 Council Composition

The Company shall be managed in accordance with the article (15) of its Bylaws by a BOD of (8) members elected by the Shareholders' OGA for a period not exceeding (3) years. On 09/08/1441H (corresponding to 02/04/2020G), the OGA Shareholders elected the members of BOD for a new term starting from 10/08/1441H (corresponding to 03/04/2020G) for 3 years ending on 11/09/1444H (corresponding to 02/04/2023G). The BOD for the said session was formed from the members whose names appear on page (iii).

The Company is committed to the Companies Law and the Corporate Governance Regulations, as it was found that the number of BOD members is between (3) and (11). The Company commitment to the Article (16) of the Corporate Governance Regulations, which obligate the listed companies to have the majority of the board's members from non-executive members and that the number of independent members should not be less than two members or one-third of the board members (whichever is more). With the exception of the managing director, (4) non-executive members were appointed; independent members were (3) (for more information on the Company compliance with the Governance Regulations, please refer to sub-paragraph (9.4.5) "The Continuing Obligations as Per the Requirements of the CMA", in Finance section).

Table No. (91): Board of Directors Positions

| Board of Directors (BOD) Company's BOD designated on 10/08/1441H (corresponding to 03/04/2020G) * | | | | | | | | | | | |
|--|----------------------------|---------------|-------------|-----|-------------------|-----------------|--------------|------------|-----------|--------------|--|
| Name | Position | On Be-half of | Nationality | Age | Membership Status | | Owned Shares | | | | Date of Membership |
| | | | | | Executive | Independent | Direct | Indirect** | Total | Percentage | |
| Mr. Ahmad Mohamad Al Saneh | Chairman of the Board | Himself | Saudi | 53 | Non-Executive | Non-independent | 1,375,000 | 4,500,000 | 5,875,000 | 19.58333333% | 10/08/1441H (corresponding to 03/04/2020G) |
| Eng. Majed Abdullah Al Issa | Vice Chairman of the Board | Himself | Saudi | 44 | Non-Executive | Non-independent | 36,450 | 0 | 36,450 | 0.1215% | 10/08/1441H (corresponding to 03/04/2020G) |
| Eng. Mohamad Saoud Al Zamel | Delegated Member | Himself | Saudi | 35 | Non-Executive | Non-independent | 0 | 0 | 0 | 0% | 10/08/1441H (corresponding to 03/04/2020G) |
| Dr. Sultan AbdulAziz Al Mubarak | Board Member | Himself | Saudi | 55 | Non-Executive | Independent | 27,994 | 0 | 27,994 | 0.093313% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Taha Mohamad Azhari | Board Member | Himself | Saudi | 52 | Non-Executive | Independent | 100 | 0 | 100 | 0.00033% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Firas Khaled Al Bawaridi | Board Member | Himself | Saudi | 32 | Non-Executive | Non-independent | 1,250 | 1,350,000 | 1,351,250 | 4.504166% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Fahed Mubarak Al Quthami | Board Member | Himself | Saudi | 50 | Non-Executive | Non-independent | 1,250 | 0 | 1,250 | 0.0041666% | 10/08/1441H (corresponding to 03/04/2020G) |
| Mr. Moussa AbdulAziz Bin Akrash | Board Member | Himself | Saudi | 30 | Non-Executive | Independent | 1,000 | 0 | 1,000 | 0.00333333% | 10/08/1441H (corresponding to 03/04/2020G) |

Source: The Company.

* On May 14, 2020G, Engineer Majed Abdullah Al-Issa submitted his resignation from the position of CEO, provided that he continues in his position as a BOD member and BOD Vice-Chairman, provided that the resignation will take effect from 10/08/1441H (corresponding to 31/05/2020G); accordingly, his membership capacity has been modified from "Executive Member" to "Non-Executive Member".

9.1.7.2 Appointment to Mandatory Positions (Chairman, Vice President, Secretary and Chief Executive Officer)

- In accordance with the Article (20) of the Company Bylaws, the BOD appoints from among its members a president, a vice-chairman, and a managing member; it is not permissible to combine the position of the BOD chairman with any executive position in the Company. The BOD appoints a secretary from its members or others.
- The Company is committed to the Bylaws and corporate governance regulations in terms of mandatory appointment in these positions, where the BOD approved the appointment in these positions according to the following:

**Table No. (92): Board and Company Mandatory Positions**

| Position | Decision | Designate person |
|------------------------------|--|---|
| Chairman of BOD | Minutes of the BOD meeting on 13/08/1441H (corresponding to 06/04/2020G) | Ahmed Mohammed Al-Sanea |
| Deputy Chairman of the Board | Minutes of the BOD meeting on 13/08/1441H (corresponding to 06/04/2020G) | Engineer Majed Abdullah Al-Issa |
| Managing Director | BOD resolution by passing on 12/14/1441H (corresponding to 04/08/2020G) | Engineer Mohammed bin Saud bin Abdulaziz Al-Zamil |
| Secretary of the BOD | Minutes of the BOD meeting on 13/08/1441H (corresponding to 06/04/2020G) | Mohammed bin Saleh Al Mazid |

Source: The Company

The powers of the BOD were defined in the Article (18) of the Company Bylaws; the powers of the chairman, his deputy, managing director and secretary were detailed in the Article (20) of the Company Bylaws. The BOD Secretary shall assume the duties and powers assigned to him by the BOD Director.

9.1.7.3 Board Members' Remuneration

According to the Article (19) of the Bylaws, the BOD remuneration consists of a sum paid annually, or attendance allowance for meetings, benefits in kind, or a certain percentage of net profits after deducting the precautions prescribed by the GA in application of the provisions of the Companies Law and the Company Bylaws, taking into account that the percentage does not exceed (10%), after distributing a profit to Shareholders of not less than (5%) of the paid-up capital; everyone may have between two or more of these benefits.

- The report of the BOD to the OGA must include a comprehensive statement of all those the BOD members received during the financial year in terms of remuneration, expense allowance and other benefits. It shall also include a statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy, as well as a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the GA. It was disclosed in the BOD report for the financial year ending on December 31, 2020G, which was approved by the OGA on 20/10/1442H (corresponding to 06/01/2021G), about the criteria adopted by the Company in paying remunerations to the BOD. It also included a comprehensive statement of all what the members of the BOD receive during the financial year, including salaries, share in the profits, attendance allowance, expenses and other benefits.
- The value of the remuneration of the BOD members and the allowance for attending the meetings of the BOD for the financial year ending on December 31, 2020G amounted to SAR 962,000. It should be noted that the BOD Chairman Mr. Ahmed Al-Sanea, the Vice President, Engineer Majid Al-Issa, and the Managing Director Mr. Muhammad Al-Zamel, have waived their bonuses in exchange for their membership in the Company BOD for 2020G.
- (For more information, please see sub-paragraph (4.6) "Compensation and Remuneration of Board Members and Senior Executives" from Section No. (4) "Organizational Structure of the Company" of this Prospectus).

9.1.7.4 Board Meetings

According to the Article (21) of the Company Bylaws, the BOD meets twice annually at the invitation of its chairman or deputy; the invitation is in writing and may be delivered by hand, by regular mail, e-mail, fax or other means of communication. The chairman of the council must call the council to a meeting whenever two members request it.

The Company is committed to the minimum number of board meetings; it was found that the number of board meetings reached (4) meetings during 2018G, (4) meetings during 2019G, and (5) meetings in 2020G.



9.1.7.5 Board Committees

9.1.7.5.1 The Audit Committee

According to the Article (35) of the Company Bylaws and Paragraph (1) of Article Two (2) of the Company Audit Committee Regulations, the Audit Committee shall consist of a number of members between (3) and (5) members who are not members of the Executive BOD, whether Shareholders or others, and the number of the current committee members is (3), in addition to the Secretary of the Committee (Hossam Al-Abra'). The members of the Audit Committee were appointed by the OGA held on 08/09/1441H (corresponding to 02/04/2020G), based on Board Resolution (87/13) dated 15/07/1441H (corresponding to 10/03/2020G), for a new term starting from 10/08/1441H (corresponding to 04/03/2020G) and ends at the end of the current BOD session on 11/09/1444H (corresponding to 02/04/2023G); it consists of the following members:

Table No. (93): Members of the Review Committee

| The name | Occupation | Other positions the member currently occupies |
|---------------------------------------|---------------------------|--|
| Mr. Taha bin Muhammad Azhari | Chairman of the Committee | <ul style="list-style-type: none"> Advisor to the CEO, Head of Internal Audit, Chief Financial Officer - Airports Holding Company. Member of the Audit Committee - Bank Al Jazira. Member of the Audit Committee - BATIC Member of the Risk Committee and the Nomination and Remuneration Committee - Arabian Shield Insurance Company |
| Mr. Musa bin Abdulaziz bin Akrash | Committee member | <ul style="list-style-type: none"> Business Development Manager - Abdul Aziz Abdullah Bin Akrash Real Estate Company. |
| Mr. Abdul Rahman bin Khalid Al Sultan | Committee member | <ul style="list-style-type: none"> Director General of Internal Audit, Secretary of the Audit and Risk Committee at the General Authority for Statistics. |

Source: The Company.

- It is worth noting that, as of the date of this Prospectus, each of the Chairman of the Audit Committee, A. Taha bin Mohammed Azhari, and the member of the Committee, Musa bin Abdulaziz bin Akrash, are two independent members of the Board and the Nomination and Remuneration Committee.
- The updated Audit Committee work regulations were approved by the OGA held on 27/04/1439H (corresponding to 14/01/2018G).
- According to the first paragraph (1) of the Article (6) of the Audit Committee Regulations, the Committee shall meet periodically, provided that it shall not be less than (4) meetings during the year, and whenever the need arises. The Secretary of the Audit Committee prepares the minutes of the committee's meetings, including its discussions and recommendations; the minutes are signed by all the members. The committee held (4) meetings during the financial year ending on December 31, 2019G, and (4) meetings during the financial year ending on December 31, 2020G.

9.1.7.5.2 The Nomination and Remuneration Committee

According to the Remuneration and Nominations Committee bylaw, a committee called "Remuneration and Nominations Committee" is formed by a Decision of BOD; it contains (3) members who are not members of the Executive BOD, whether from Shareholders or others, provided that at least one independent member is among them. The current Nominations and Remunerations Committee consists of (3) members in addition to the Secretary of the Committee (M. Mohamed Al-Mazyed). The Nominations and Remunerations Committee was formed at the BOD meeting held on 13/08/1441H (corresponding to 06/04/2020G). The new committee started on 10/08/1441H (corresponding to 04/03/2020G) and expires at the end of the current BOD session on 11/09/1444H (corresponding to 02/04/2023G); it consists of the following members:

Table No. (94): Members of the Nominations and Remunerations Committee

| Member Name | Occupation | Other positions the member currently occupies |
|-------------------------------------|---------------------------|--|
| Dr. Sultan bin Abdulaziz Al Mubarak | Chairman of the Committee | <ul style="list-style-type: none"> Executive Director of Innovation and Knowledge Translation - National Institute for Health Research - National Transformation Program. Participant in the invitation - Riyadh Economic Forum. Member of the BOD - AlShifa Technology Co. Ltd. |
| Mr. Taha bin Muhammad Azhari | Committee member | <ul style="list-style-type: none"> Advisor to the CEO, Head of Internal Audit, Chief Financial Officer - Airports Holding Company. Member of the Audit Committee - Bank Al Jazira. Member of the Audit Committee - BATIC Member of the Risk Committee and the Nomination and Remuneration Committee - Arab Shield Insurance Company. |
| Mr. Musa bin Abdulaziz bin Akrash | Committee member | <ul style="list-style-type: none"> Business Development Manager - Abdul Aziz Abdullah Bin Akrash Real Estate Company. |

Source: The Company.

- It should be noted that all the members of the Nominations and Remunerations Committee are members of the Company BOD.
- The updated Nomination and Remuneration Committee bylaw was approved by the OGA held on 27/04/1439H (corresponding to 14/01/2018G).



- The committee meets periodically at least every six months; it may also hold exceptional or emergency meetings as required by the work interest, based on an invitation from the committee chairman. The Committee held (4) meetings during the financial year ending on December 31, 2019G and (3) meetings during the financial year ending on December 31, 2020G.

9.1.7.5.3 The Executive and Investment Committee

According to the Article (4) of the Company Executive and Investment Committee policy, this committee consists of at least (3) members who are appointed by the BOD based on a nomination by the Remuneration and Nominations Committee from among the BOD's members or from outside. The current Executive and Investment Committee consists of (4) members, in addition to the Secretary of the Committee (M. Mohamed Al-Mazeed). The Executive and Investment Committee was formed in the BOD meeting held on 13/08/1441H (corresponding to 06/04/2020G) provided that the new session of the committee begins on 10/08/1441H (corresponding to 04/03/2020G) and ends at the end of the current BOD session on 11/09/1444H (corresponding to 02/04/2023G); it consists of the following members:

Table No. (95): Members of the Executive Committee and Investment

| Member Name | Occupation | Other positions the member currently occupies |
|---------------------------------|---------------------------|--|
| Mr. Ahmed bin Mohammed Al-Sanea | Chairman of the Committee | <ul style="list-style-type: none"> • Chairman of the BOD - BATIC • Chairman of the BOD: <ul style="list-style-type: none"> • AMNCO. • MUBARRAD • BATIC Real Estate Company • Chairman of the Board of Trustees - Muhammad Al-Ali Al-Sanea Charitable Foundation. • Chief Executive Officer and Owner - Al-Rasheed Investment Trading Corporation. • Vice President - Al-Maqar Development and Development Company. • Chairman and CEO - Family Investment Company. • Managing Director - Bin Laden International Holding Group. • Chairman of the BOD - Roa'a Development Company. • Chairman of the BOD - Jazan Energy and Development Company (JAZADCO) • Chairman of the BOD - Gasel Investment Company. • Chairman of the BOD - JASARA Holding Company. |
| Mr. Majed bin Abdullah Al-Issa | Committee member | <ul style="list-style-type: none"> • CEO of the Saudi Ceramic Company. |
| Mr. Mohammed Saud Al-Zamil | Committee member | <ul style="list-style-type: none"> • Managing Director - BATIC • Chief Executive Officer - Gasel Investment Company. |
| Mr. Firas Khaled Al Bawardi | Committee membe | <ul style="list-style-type: none"> • Chief Executive Officer - JASARA Holding Company. • Head of Investment and Director - Gasel Investment Company. • Chairman of the BOD - AlShifa Technology Co. Ltd. • Chairman of the BOD - Al-Wafa International Factory Co. Ltd. |

Source: The Company.

- It should be noted that all the members of the Executive and Investment Committee are members of the Company BOD; the chairman of this committee, Ahmed bin Mohammed Al-Sanea, is the Company board chairman.
- The policy of the Executive and Investment Committee was approved by the OGA held on 07/06/1435H (corresponding to 07/04/2014G).
- According to the Article 9 of the Company executive and investment committee policy, the committee holds at least (3) meetings per year; the chairman may invite the committee to meet when needed or at the request of two members. The committee held (3) meetings during the financial year ending on December 31, 2019G, and three (3) meetings during the financial year ending on December 31, 2020G.



9.1.7.6 The Executive Management

The current executive management is headed by the Managing Director, Mr. Muhammad bin Saud Al-Zamil, who was appointed on 15/12/1441H (corresponding to 05/08/2020G) in accordance with the BOD Decision dated 14/12/1441H (corresponding to 04/08/2020G). The following table shows the details of the Company executive management:

Table No. (96): The Company's Executive Management

| Name | Position | Nationality | Age | Date of hiring | Owned shares | | | |
|-----------------------------|--|-------------|-----|---|--------------|---------|----------|----|
| | | | | | Direct | | Indirect | |
| | | | | | Nb. | % | Nb. | % |
| Mohammed bin Saud Al-Zamil | Managing Director | Saudi | 35 | 15/12/1441H (corresponding to 05/08/2020G) | 0 | 0% | 0 | 0% |
| Mohammed bin Saleh AlMaziad | Chief Executive Officer of Governance and Public Affairs | Saudi | 42 | 29/03/1431H (corresponding to 15/03/2010G) | 3 | 0,0001% | 0 | 0% |
| Mohamed Mahmoud Tantawi | Chief Financial Officer | Egypt | 36 | 17/05/1442H (corresponding to 01/01/2021G) | 0 | 0% | 0 | 0% |
| Hussam Raif Al-Aqra' | Head of Internal Audit | Jordanian | 41 | 02/05/1439H (corresponding to 25/10/2017G) | 0 | - | - | - |

Source: The Company.

9.1.8 Company Objects

According to Article (3) of its bylaws stipulating the activities that the Company is entitled to practice after the approval of the Commercial Register Department and the competent authority (if any) in contrast to any of these activities in the Commercial Register Certificate, the Company is engaged in the following activities:

- Transportation, deportation, handling, storage, packaging, selling, purchasing, manufacturing, supplying and distributing various goods and materials, including refrigerated, frozen, liquid, bulk, solid, gaseous, oil, petroleum and petrochemical products, jewelry, precious metals, money, valuable documents, data, information, electronic storage, archives and related materials inside and outside the Kingdom of Saudi Arabia Saudi Arabia and its different regions, land ports, harbors and airports. Moreover, the Company has the right to buy, sell, lease, rent and use aircrafts, ships, cars, trucks, trailers, machinery and equipment, in addition to the right of transporting passengers, organizing touristic trips, transporting domestic and foreign pilgrims and visitors from and to the Kingdom, operating and maintaining metros and trains.
- Buying, renting, leasing, planning, developing, investing, maintaining, operating, building, establishing and managing lands, real estate, factories, buildings, residential, commercial and industrial projects and their facilities, in addition to warehouses, stores, hotels, furnished apartments, hospitals, museums, markets, recreational centers, workshops, gas stations and strategic stocks inside and outside the Kingdom.
- General contracting services (construction, repair, demolition and restoration), general construction of road and water works, electrical, mechanical, industrial works, marine works, dams, well drilling, maintenance, operation and management services for buildings, airports, factories, power stations, desalination, water and gas pumping, telephone networks, hospitals, medical centers, construction of residential buildings and all utilities and affiliated services such as: entertainment centers, museums, markets, restaurants, subsistence projects, building hospitals, clinics and dispensaries to provide health services for workers in factories and industrial companies, marketing factory products locally and internationally, and providing other official services.
- Engaging in general trade of all kinds and forms, trade via Internet and electronic marketing (e-commerce), and carrying out commercial agency work related to the Company's purposes and activities, as well as selling, distributing, importing, manufacturing, maintaining and packaging equipment, machines, devices, materials, goods and spare parts.
- Conducting research, studies and technical, administrative and financial development to serve the purposes of the Company, as well as preparing, printing and distributing guidelines, bulletins, information, data and other activities related to the services it provides.
- Managing its subsidiaries, or participating in the management of other companies in which it contributes and providing the necessary support for it, investing its money in shares and other securities, owning real estate and movables necessary to carry out its activity, owning industrial property rights such as patents, trademarks, industrial rights, franchises and other intangible rights, their exploitation, and their leasing to its subsidiaries or other institutions.
- In order to achieve its objectives, the Company has the right to own real estate, cars, trucks, trailers, machinery, equipment, and movable and immovable assets, and to establish and build offices, branches, factories, warehouses, stores, gas stations, and maintenance workshops. The Company is also entitled to engage in different legal actions such as: selling, purchasing, emptying or evacuating, getting paid, exchanging, renting, leasing, entering into settlement and pledge agreements, getting insurance loans and guarantees, contracting, transporting, conducting business, guarding, consulting, suing, and taking other necessary legal actions to carry out its commercial activity, as well as to perform and provide, for its account or for others, business and logistic, technical, administrative, financial, industrial and commercial services, in addition to supplying and recruiting skilled labor.
- The Company shall practice its aforementioned activities after obtaining the requisite licenses from the competent authority if any.



- The Company's Registry Data indicates that the business activity it is licensed to practice involves: general construction of residential buildings and general constructions of non-residential buildings including schools, hospitals and hotels, restoration of residential and non-residential buildings, construction and repair of roads, streets, sidewalks and road accessories and finishing buildings.
- The Company exercises its activities through its head office and its subsidiaries inside KSA, in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities. The Company and its subsidiaries have obtained the necessary licenses from the competent authorities to carry out their activities (for more information, please see sub-paragraph (9.2) "Licenses and Permits Obtained by the Company and its Subsidiaries" of this section).

9.2 Licenses and Permits Obtained by the Company and its Subsidiaries

9.2.1 BATIC Licenses, Certifications and Approvals

BATIC has obtained several legal and operational licenses and certificates from the competent authorities that are necessary to carry out its activities, in accordance with the regulations in force in KSA; these licenses are renewed periodically.

The following tables show the current licenses and approvals obtained by the Company related to its main registry.

Table No. (97): Approvals, Licenses, Certificates and Permits Under Which the Company Operates and Conducts Business

| License type | Purpose | License holder | License number | Date of issue / renewal | Expiry date | Issuing authority |
|---|---|-----------------------------------|-----------------|--|--|---|
| Commercial Register | Registration of the Company at the Commercial Register | BATIC Investment and Logistics Co | 1010052902 | 13/04/1404H corresponding to 17/01/1984G | 29/05/1443H corresponding to 02/01/2022G | Ministry of Commerce - Commercial Register Office in Riyadh |
| Membership Chambre of Commerce Certificate (3rd degree) | The Company commitment to the Commercial Register system | BATIC Investment and Logistics Co | 1954 | 01/07/1404H corresponding to 03/04/1984G | 29/05/1443H corresponding to 02/01/2022G | Riyadh Chamber of Commerce |
| Certificate of participation in social insurance *** | In compliance with the social insurance system | BATIC Investment and Logistics Co | 40749408 | 28/01/1443H corresponding to 05/09/2021G | 28/02/1443H corresponding to 05/10/2021G**** | General Organization of Social Insurance |
| Saudization certificate**** | To indicate that the Company is committed to the required Saudization percentage according to Nitaqat program | BATIC Investment and Logistics Co | 20002109012031 | 12/02/1443H corresponding to 19/09/2021G | 15/05/1443H corresponding to 19/12/2021G | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | Evaluation of the Company entity according to Nitaqat program, which indicates that the Company is in the (Mid Green) domain. | BATIC Investment and Logistics Co | 19-27904-1 | 23/09/1442H corresponding to 05/05/2021G | - | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Zakat and Revenue | The Company committed to submitting its annual December leration and committed to paying zakat | BATIC Investment and Logistics Co | 11107332350 | 23/09/1442H corresponding to 06/05/2021G | 29/09/1443H corresponding to 30/04/2022G | Zakat, Tax and Customs Authority* |
| VAT registration certificate | To indicate that the Company is registered with value added tax | BATIC Investment and Logistics Co | 300055265800003 | 02/04/1440H corresponding to 19/12/2018G | - | Zakat, Tax and Customs Authority |
| Wage Protection Certificate**** | In compliance with the wage protection system | BATIC Investment and Logistics Co | 20012105014359 | 23/09/1442H corresponding to 05/05/2021G | 26/12/1442H corresponding to 05/08/2021G | Wages Protection System - Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Safety & Security Certificate | In compliance with the Civil Defense Safety & Security Standards and Conditions | BATIC Investment and Logistics Co | 1-000423506-41 | 22/03/1441H (corresponding to 19/11/2019G) | 22/03/1442H (corresponding to 08/11/2020G) | Ministry of the Interior/ General Directorate of Civil Defense |



| License type | Purpose | License holder | License number | Date of issue / renewal | Expiry date | Issuing authority |
|--------------------------------------|--|-----------------------------------|----------------|--|--|---|
| Business Activity Permit (Municipal) | The permit granted by the municipality to the Company in order to exercise its business activity | BATIC Investment and Logistics Co | 4100558 | 07/04/1441H (corresponding to 04/12/2019G) | 07/04/1444H (corresponding to 01/11/2022G) | Ministry of Municipal, Rural and Housing - Riyadh Region - AlMalaz Municipality |

Source: The Company.

* The title of "General Authority for Zakat and Revenue Tax" has been amended to become "Zakat, Tax and Customs Authority"

** The title of "Ministry of Municipal and Rural Affairs" has been modified to become "Ministry of Municipal, Rural and Housing Affairs".

*** A commitment certificate that it is valid for a maximum of one month, and is electronically renewable upon request.

**** A commitment certificate that it is valid for a maximum of two months, and is electronically renewable upon request.

***** Expired certificate.

9.2.2 Company Branches

Article (5) of the Company Bylaws stipulates that the Company may establish branches, offices or agencies inside or outside KSA, by the BOD December ision.

As on the date of publishing this Prospectus, the Company does not have any branches inside and outside KSA.

9.3 Subsidiaries

In accordance with Article (4) of the Bylaws, the Company may establish its own companies with limited liability or joint stock; it may also own shares in other existing companies or merge with them; it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the required provisions and regulations. The Company may also dispose of these shares, provided that this does not include mediation in their trading. As of the date of publication of this Prospectus, the Company has (4) subsidiaries within KSA; below are details of the subsidiaries:

9.3.1 AMNCO

- **Overview:** On 15/09/1405H (corresponding to 03/06/1985G), AMNCO (LLC) was established among (8) partners, all of whom are Saudi individuals, with a capital of SAR 1,000,000. In 2012G, the Company was changed from LLC to a closed joint stock Company with a capital of SAR 4,500,000, in accordance with the Ministerial Resolution (185/s) dated 18/06/1434H (corresponding to 28/04/2013G). The name of the Company was modified to become AMNCO. On 06/11/1436H (corresponding to 31/03/2015G), the EGA approved the transformation of the legal entity of the Company from a closed joint stock Company to a LLC, in accordance with the articles of incorporation fixed by the Notary Public on 18/07/1436H (corresponding to 05/07/2015G). On 19/12/1437H (corresponding to 20/09/2016G), the partners agreed to increase the Company capital from SAR 4,500,000 to SAR 100,000,000, from the balance of retained earnings.
- **Capital:** The current capital of the Company is SAR 100,000,000, divided into 10,000,000 cash shares, of equal value; the value of each share is SAR (10), distributed to the partners, according to the following:

Table No. (98): Ownership Structure of the Subsidiary Company (The Arabian Company for Security and Safety Services AMNCO)

| # | Partners | Number of shares | Share value | Total | Percentage |
|--------------|---------------------------------------|-------------------|-------------|--------------------|-------------|
| 1 | BATIC | 9,488,888 | 10 | 94,888,880 | 94.88% |
| 2 | Mr. Abdul Rahman bin Ibrahim Al Daoud | 155,556 | 10 | 1,555,560 | 1.56% |
| 3 | Mr. Abdullah bin Abdul Rahman Salem | 155,556 | 10 | 1,555,560 | 1.56% |
| 4 | Dr. Muhammad bin Mustafa Al-Juhani | 200,000 | 10 | 2,000,000 | 2% |
| Total | | 10,000,000 | | 100,000,000 | 100% |

Source: The Company.

- **Commercial activity:** The main activity of the Company, according to its Commercial Registration Certificate No. (101061647) is: public construction of residential buildings.
- **Management:** The Company is managed by a BOD consisting of (5) directors: Ahmed Muhammad Ali Al-Sanea (BOD Chairman), Fahd Mubarak Thabet Al-Qathami, Majed Abdullah Suleiman Al-Issa, Muhammad Saud bin Abdulaziz Al-Zamil, and Firas Khaled Abdullah Al-Bawardi. The partners are appointed by an independent December ision; the BOD has the powers stipulated in the Article (12) of the Company MoA, bearing in mind that all managers are appointed by BATIC.
- **Headquarters and branches:** According to the Article (6) of the MoA, the Company head office is located in Riyadh; it has the right to open branches inside or outside the KSA, whenever needed, in accordance with the Company management December ision.



- As of the date of publication of this Prospectus, the subsidiary Company has (38) branches in various regions and cities of KSA. The following is an overview of the main branches in the Company activity:

1- **Branch of the Arab Company for Security and Safety Services:** The branch was registered at the Commercial Register under the number (1010428640) dated 16/02/1436H (corresponding to 08/12/2014G) as a branch of the Company in Riyadh, Al-Sulaymaniyah District, Al-Ma'athar Street, in order to practice personal civil security guards. It is registered under the Public Security License No. (20) dated 09/05/1437H (corresponding to 18/02/2016G). It is valid until 16/02/1447H (corresponding to 10/08/2025G). The branch is managed by Mr. Adnan Abdul Rahman Abdullah Al Murshid.

Table No. (99): Branch Licenses of the Arabian Company for Security and Safety Services AMNCO

| License type | Purpose | License holder | License number | Date of issue / renewal | Expiry date | Issuing authority |
|--|---|----------------|----------------|---|--|--|
| Commercial Register | Registration of the Company branch in the Commercial Register in Riyadh | AMNCO | 1010428640 | 12/06/1436H (corresponding to 08/12/2014G) | 16/02/1447H (corresponding to 10/08/2025G) | Ministry of Commerce - Commercial Register Office in Riyadh |
| License to practice insurance activity and provide private civil security guard services | License to practice private civil security guard activity | AMNCO | 20 | 09/05/1437H (corresponding to 18/02/2016G) | 08/05/1442H (corresponding to 23/12/2020G) | Ministry of Interior - Supreme Authority for Industrial Security (Central Security Licensing Unit) |
| Certificate of participation with the General Organization for Social Insurance* | In compliance with the social insurance system | AMNCO | 39261695 | 05/11/1442H (corresponding to 15/06/2021G) | 05/12/1442H (corresponding to 15/07/2021G) | General Organization for Social Insurance |
| WPS Compliance Certificate** | In compliance with the wage protection system in terms of depositing the wages of employees through local Banks and the regular raising of wage files | AMNCO | 176861 | 22/09/1442H (corresponding to 04/05/2021G) | 22/11/1442H (corresponding to 02/07/2021G)*** | Ministry of Human Resources and Social Development |

Source: The Company.

* A commitment certificate that is valid for a maximum period of one month, and is electronically renewable upon request.

** A certificate of commitment that is valid for a maximum of two months, and is electronically renewable upon request.

*** The certificate has expired.

2- **Branch of the Arab Company for Security and Safety Services ARABIAN SECURITY & SAFETY SERVICES COMPANY (AMNCO):** The branch was registered at the Commercial Register under the number (1010428818) on 22/02/1436 H (corresponding to 12/14/2014G) as a branch of the Company in Riyadh, Al-Sulaymaniyah neighborhood, in order to carry out the transfer of money and minerals, as well as valuable documents under the license of the Supreme Authority for the Industrial Security No. (19) dated 22/05/1441H (corresponding to 21/10/2019G). It is valid until 21/05/1444H (corresponding to 05/12/2022G). The branch is managed by Mr. Ahmad Muhammad Al-Sanea. The branch's Commercial Register expires on 22/02/1446H (corresponding to 26/08/2024G).

Table No. (100): Branch Licenses of the Arabian Company for Security and Safety Services AMNCO

| License type | Purpose | License holder | License number | Date of issue / renewal | Expiry date | Issuing authority |
|---|---|----------------|----------------|---|---|--|
| Commercial Register | Registration of the Company branch in the Commercial Register in Riyadh | AMNCO | 1010428818 | 22/02/1436H corresponding to 14/12/2014G | 22/02/1446H corresponding to 26/08/2024G | Ministry of Commerce - Commercial Register Office in Riyadh |
| License to carry out the activity of transporting cash, precious metals and value documents | Licensing to carry out the activity of transporting cash, precious metals and value documents | AMNCO | 19 | 09/05/1437H corresponding to 18/02/2016G | 21/05/1444H corresponding to 15/12/2022G | Ministry of Interior - Supreme Authority for Industrial Security (Central Security Licensing Unit) |
| Certificate of participation with the General Organization for Social Insurance | In compliance with the social insurance system | AMNCO | 39261644 | 05/11/1442H corresponding to 15/06/2021G | 05/12/1442H corresponding to 15/07/2021G | General Organization for Social Insurance |

Source: The Company.



• **AMNCO subsidiaries: AMNCO has three subsidiaries as follows:**

- 1- **AMNCO Facilities Management Company Limited:** registered at the Commercial Register in Riyadh under the number (1010172169) dated 16/09/1422H (corresponding to 12/01/2001G), where AMNCO owns (70%) of the capital, which amounts to SAR (6,000,000) according to the last amended articles of incorporation and confirmed by the Notary on 17/07/1439H (corresponding to 14/04/2017G). The Company deals with general cleaning of buildings. It is managed by a BOD consisting of 2 directors: Muhammad Saud Abdulaziz Al-Zamil and Adnan Abdul Rahman Abdullah Al-Morshed, and the general manager: Khaled Abdul Raouf Rabah Al-Rimawi.
- 2- **Smart City Solutions Company for Communications and Information Technology** registered at the Commercial Register in Riyadh under the number (1010901033) dated 22/08/1438H (corresponding to 18/05/2017G), where AMNCO owns 35% of the capital, which amounts to SAR 100,000) according to the last amended articles of incorporation and confirmed by the Notary Public on 14/09/1442H (corresponding to 26/04/2021G). On 18/01/1443H (corresponding to 26/08/2021G), Batic entered into an acquisition of 35% of the capital of Smart Solutions and the return owned by its subsidiary (The Arabian Company for Security and Safety Services "AMNCO") at the nominal value of the allocation of SR (5,35,000,000), Batic will abide by the following transactions:
 - The commitment of the Arabian Company for Security and Safety Services – AMNCO) by paying the book value of the shares sold (losses) to Batic.
 - Batic is committed to replace the Arabian Security Services Company – AMNCO in financing agreements with banks that finance the Smart Cities Solutions Company.
 - Smart cities for communications and information technology
 - The transfer and settlement of the obligations recorded for the Smart Cities Solutions Company for the benefit of the Arabian Security Services Company – AMNCO to Batic.
 - The independent and written waiving of rights issue or preemptive rights of the sold shares by the
 - It should be noted that on 12/02/1443H (corresponding to 19/09/2021G) the OGA of Batic agreed to purchase part of the shares owned by Smart Parking Holding, which represents 35.8% of the Smart Cities Solutions Company's shares in accordance with the prevailing trade regulatory conditions and without any preferential ones.
- 3- The Company deals with public construction of residential and non-residential buildings, car parks and parking lots in yards, parking lots in multi-stored buildings, roadside traction and assistance activities including towing of broken vehicles, building maintenance services activities, and repair and maintenance of smartphones. The Company is managed by a BOD consisting of (5) directors: Al-Waleed Khalid Abdul Aziz Al-Muqbil, Muhammad Saud bin Abdulaziz Al-Zamil, Hashem Hassan Ahmed Barqa, Turki Muhammad Hamad Al-Madhi and Adnan Abdul-Rahman Abdullah Al-Murshed (member and CEO).

Table No. (101): Ownership Structure of Subsidiaries of the Subsidiary Company "The Arabian Company for Security and Safety Services AMNCO"

| Subsidiary Name | Address | Legal Entity Type | Main Activity | Company Capital (SAR) | Ownership Percentage | Commercial Registration Number | Incorporation Date | Management |
|--|----------------------|-------------------|---|-----------------------|----------------------|--------------------------------|--------------------|--|
| AMNCO Facilities Management Co. Ltd. | Riyadh, Saudi Arabia | LLC | Construction of buildings, maintenance and operation of buildings and activities of general cleaning services for buildings | 300,000 | 70% | 1010172169 | 2001G | Mr. Ahmed Muhammad Ali Al-Sanea Mr. Majed Abdullah Suleiman Al-Issa |
| Smart City Solutions Company | Riyadh, Saudi Arabia | LLC | General construction of residential buildings and public construction of non-residential buildings, including car parks, car parks in yards, car parks in multi-storey buildings, traction and roadside assistance activities, building maintenance services activities | 100,000 | 35%* | 1010901033 | 2017G | Board of Managers consisting of five (5) Directors |
| Alistijaba Communications & IT Company | Riyadh, Saudi Arabia | LLC | The Company provides fire, burglary and robbery alarm systems, remote and motion sensor electronic alarm systems, in addition to other security systems to protect and maintain buildings that were not mentioned above. | 100,000 | 60% | 1010572268 | 2016G | Board of Managers consisting of five (2) Directors |

Source: The Company.

* AMNCO owns (5.6%) through AMNCO Facilities Management Company Limited, in addition to its direct ownership (35%).



9.3.2 BATIC Real Estate Company (One Person LLC)

- **General Brief:** On 02/11/1438H (corresponding to 25/07/2017G), BATIC Real Estate was incorporated under the MoA registered according to the Notary Public No. (381511931); it is wholly propriety of BATIC Investment and Logistics Business.
- **Capital:** The current capital of the Company is SAR 100,000, divided into (10,000) cash shares of equal value; the value of each share is SAR (10) distributed as follows:

Table No. (102): Ownership Structure of the Subsidiary (Batic Real Estate Company)

| # | Partners | Number of shares | share value | total | Percentage |
|--------------|---|------------------|-------------|----------------|-------------|
| 1 | BATIC Investment and Logistics Business | 10,000 | 10 | 100,000 | 100% |
| Total | | 10,000 | | 100,000 | 100% |

Source: The Company.

- **Activity:** According to the Commercial Registration Certificate No. (1010468252), the Company: purchase and sale of land and real estate and its division, off-plan sales activities, manage and lease owned or leased properties (residential and non-residential), manage and operate hotel apartments, real estate management activities.
- **Management:** The Company is managed by two managers appointed by the owner of the capital, BATIC Investment and Logistics Company, by an independent December ision; they have the powers stipulated in the Article (10) of the Company articles of incorporation. The Company is managed by a BOD consisting of 2 directors: Muhammad Saud Abdulaziz Al-Zamil and Firas Khalid Abdullah Al-Bawardi; Muhammad Saleh Abdul Rahman Al-Mazyed is the CEO.
- **Head office and branches:** According to the Article (6) of the Memorandum of Association, the Company head office is located in the city of Riyadh; the Company has the right to open branches inside or outside the KSA, whenever needed, in accordance with a Decision from the Company management. As on the date of publishing this Prospectus, the subsidiary Company does not have any registered branches inside or outside KSA.

Table No. (103): Licenses, Approvals and Certificates Obtained by the Subsidiary (Batic Real Estate Company)

| License type | Purpose | License holder | License number | Issue/renewal date | Expiry date | Issuing authority |
|---|---|--|----------------|--|--|--|
| Commercial Register | Registration of the Company at the Commercial Register | BATIC Real Estate Company (One Person LLC) | 1010468252 | 03/05/1438H corresponding to 23/20/2017G | 26/05/1443H corresponding to 30/12/2021G | Ministry of Commerce and Investment - Commercial Register Office in Riyadh |
| Membership Chambre of Commerce Certificate (2nd degree) | The Company commitment to the Commercial Register system | BATIC Real Estate Company (One Person LLC) | 504074 | 14/09/1440H corresponding to 19/05/2019G | 26/05/1443H corresponding to 30/12/2021G | Chamber of Commerce and Industry in Riyadh |
| Certificate of Zakat and Revenue | To indicate that the Company submitted its annual Declaration and committed to paying zakat | BATIC Real Estate Company (One Person LLC) | 1020538335 | 11/10/1442H corresponding to 23/05/2021G | 29/09/1443H corresponding to 30/04/2022G | Zakat, Tax and Customs Authority |

Source: The Company.

9.3.3 AlShifa Technology Co. Ltd.

- **General Brief:** AlShifa Technology Co. Ltd. was established by virtue of the MoA established by the Ministry of Commerce No. 100001720 on 07/11/1441H (corresponding to 28/06/2020G) between BATIC Investment and Logistics Company (60%) and AlShifa Technology Co. Ltd. (40%). On 14/09/1442H (corresponding to 26/04/2021G), the partner, AlShifa Technology Co. Ltd., ceded its entire shares in the Company to BATIC Investment and Logistics Company, which wanted to transform the Company into a one-person Company with 100% liability owned by it (100%), in accordance with the amended Bylaws (100004420) registered with the Ministry of Commerce.
- **Capital:** The current capital of the Company is SAR 100,000, divided into (10,000) cash shares of equal value; the value of each share is SAR (10) distributed to the partners according to the following:

Table No. (104): Ownership Structure of the Subsidiary (AlShifa Technology Co. Ltd.)

| # | Partners | Number of shares | share value | total | percentage |
|--------------|---|------------------|-------------|----------------|-------------|
| 1 | BATIC Investment and Logistics Business | 10,000 | 10 | 100,000 | 100% |
| Total | | 10,000 | | 100,000 | 100% |

Source: The Company.



- **Commercial activity:** According to the Commercial Registration Certificate No. (1010438136), the Company wholesales medical devices, equipment and supplies.
- **Management:** The Company is managed by a BOD consisting of (3) managers appointed by the owner of the capital by an independent December ision; the BOD has the powers stipulated in the Article (10) of the Company founding contract, Mr. Khaled Abdullah Al Bawardi; Mr. Muslat Manahi Melfi Al Marzouki is the CEO.
- **Head office and branches:** According to the Article (6) of the MoA, the Company head office is in Riyadh; it has the right to open branches inside or outside KSA whenever needed, with the BOD approval. As on the date of publication of this Prospectus, the Company head office is located in Riyadh, Al-Masif District, King Abdul Aziz Road, Al-Mousa Building; the subsidiary does not have any branch.

Table No. (105): Licenses, Approvals and Certificates Obtained by the Subsidiary (AlShifa Technology Co. Ltd.)

| License type | Purpose | License holder | License number | Date of issue / renewal | Expiry date | Issuing authority |
|--|---|-----------------------------|------------------|--|--|---|
| Commercial Register | Registration of the Company at the Commercial Register | AlShifa Technology Co. Ltd. | 1010438136 | 02/01/1437H corresponding to 15/10/2015G | 02/01/1445H corresponding to 20/07/2023G | Ministry of Commerce - Commercial Register Office in Riyadh |
| Membership Chambre of Commerce Certificate | The Company commitment to the Commercial Register system | AlShifa Technology Co. Ltd. | 381597 | 16/03/1438H corresponding to 15/12/2016G | 02/01/1445H corresponding to 20/07/2023G | Riyadh Chamber of Commerce |
| VAT registration certificate | To indicate that the Company is registered with value added tax | AlShifa Technology Co. Ltd. | 3107088059 | 26/01/1442H corresponding to 14/09/2020G | ---- | Zakat, Tax and Customs Authority |
| Zakat and Revenue | The Company committed to submitting its annual December laration and committed to paying zakat | AlShifa Technology Co. Ltd. | 3107088059 | 22/09/1442H corresponding to 04/05/2021G | 29/09/1443H corresponding to 30/04/2022G | Zakat, Tax and Customs Authority |
| Certificate of participation in social insurance | In compliance with the social insurance system | AlShifa Technology Co. Ltd. | 39241241 | 04/11/1442H corresponding to 14/06/2021G | 04/12/1442H corresponding to 14/07/2021G | General Organization for Social Insurance |
| Medical Devices and Products Facility License | A license to work in the field of medical devices and products under the Medical Devices and Products Control Regulation to practice import and distribution activity | AlShifa Technology Co. Ltd. | IDL-2020-MD-1009 | 17/04/1439H corresponding to 04/01/2018G | 07/05/1443H corresponding to 11/12/2021G | Food and Drug General Authority - Operations Sector - Registration and Licensing Executive Department |

Source: The Company.

9.3.4 The Saudi Transport and Investment Company, MUBARRRED

- **General Brief:** MUBARRRED was established by virtue of the MoA registered at the Notary Public No. (381511907) dated 02/11/1438H (corresponding to 25/07/2017G) as a one-person LLC, wholly owned by BATIC Investment and Logistics Company. On 19/04/1440H (corresponding to 26/12/2018G), the owner of the Company agreed to increase its capital from SAR 100,000 to SAR 90,000,000, by transferring SAR 89,900,000, according to the auditor's certificate dated 20/11/2018G, related to the amended articles of incorporation and confirmed with the Notary Public under no. (40703017).
- **Capital:** The current capital of the Company is SAR (90,000,000) divided into (9,000,000) cash shares of equal value; the value of each share is SAR (10) distributed as follows:

Table No. (106): Ownership Structure of the Subsidiary (Saudi Transport and Investment Company - Mubarrad)

| # | Partners | Number of Shares | Share value | total | percentage |
|--------------|---|------------------|-------------|-------------------|-------------|
| 1 | BATIC Investment and Logistics Business | 9,000,000 | 10 | 90,000,000 | 100% |
| Total | | 9,000,000 | | 90,000,000 | 100% |

Source: The Company.

- **Commercial activity:** According to the Commercial Registration Certificate No. (1010468091), the Company transports refrigerated and frozen goods, truck rental with driver.
- **Management:** The Saudi Transport and Investment Company - MUBARRAD is managed by a BOD consisting of two directors: Muhammad Saud Abdulaziz Al-Zamil and Firas Khalid Abdullah Al-Bawardi; Ahmed Idan Muqbel Al-Khathami is the designated general manager.
- **Head office and branches:** According to the Article (5) of the Memorandum of Association, the Company head office is in Riyadh; the Company has the right to open branches inside or outside KSA whenever needed, by a Decision from the management. As of the date of publication of this Prospectus, the Company head office is Riyadh, PO Box: 15522, Zip Code: 12611; the Company does not have any registered branches inside or outside KSA.



Table No. (107): Licenses, Approvals and Certificates Obtained by the Subsidiary (Saudi Transport and Investment Company - Mubarrad)

| License type | Purpose | License holder | License number | Date of issue / renewal | Expiry date | Issuing authority |
|---|--|----------------|----------------|--|---|---|
| Commercial Register | Registration of the Company at the Commercial Register | MUBARRAD | 1010468091 | 16/05/1438H corresponding to 13/02/2017G | 02/01/1445H corresponding to 20/07/2023G | Ministry of Commerce - Commercial Register Office in Riyadh |
| Membership Chamber of Commerce Certificate (1st degree) | The Company commitment to the Commercial Register system | MUBARRAD | 399703 | 05/07/1438H corresponding to 02/04/2017G | 06/05/1443H corresponding to 10/12/2021G | Jeddah Chamber of Commerce |
| VAT registration certificate | To indicate that the Company is registered with value added tax | MUBARRAD | 3101403283 | 16/05/1440H corresponding to 22/01/2019G | ---- | Zakat, Tax and Customs Authority |
| Zakat and Revenue | The Company committed to submitting its annual December loration and committed to paying zakat | MUBARRAD | 1110742981 | 25/09/1442H corresponding to 07/05/2021G | 29/09/1443H corresponding to 30/04/2022G | Zakat, Tax and Customs Authority |
| Certificate of participation in social insurance * | In compliance with the social insurance system | MUBARRAD | 39241422 | 04/11/1442H corresponding to 14/06/2021G | 04/12/1442H corresponding to 14/07/2021G | General Organization of Social Insurance |
| Wage Protection Certificate ** | In compliance with the wage protection system | MUBARRAD | 20012009023248 | 29/01/1442 corresponding to 17/09/2020G | 02/05/1442H corresponding to 17/12/2020G **** | Wages Protection System - Ministry of Human Resources and Social Development |
| Saudization certificate *** | To indicate that the Company is committed to the required Saudization percentage according to Nitaqat program | MUBARRAD | 200210600174 | 29/10/1442H corresponding to 10/06/2021G | 30/02/1443H corresponding to 06/10/2021G | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | Evaluation of the Company entity according to Nitaqat program, which indicates that the Company is in the range (medium category C) (17.42%) | MUBARRAD | 1583107-1 | 27/09/1442H corresponding to 09/05/2021G | ---- | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Missing road transport Permit | Master license to enable the Company to transport goods | MUBARRAD | 010111049000 | 23/05/1439H corresponding to 13/12/2017G | 24/03/1445H corresponding to 09/10/2023G | Public Transport Authority |
| Municipality license | License to practice a commercial activity (integrated office administrative services activities) | MUBARRAD | 41032606343 | ---- | 16/03/1446H corresponding to 20/08/2024G | Ministry of Municipal, Rural Affairs and Housing - Malaz Municipality |

Source: The Company.

*A commitment certificate that it is valid for a maximum period of one month, and is electronically renewable upon request.

** A certificate of commitment that it is valid for a maximum of two months, and is electronically renewable upon request.

*** A commitment certificate with a maximum validity of three months, and is electronically renewable upon request.

**** Expired certificate.



9.4 The Continuing Obligations Imposed by The Relevant Governmental Authorities on The Company and Its Subsidiaries in Their Capacity as a “Licensee”

The following regulatory authorities requires that the Company and its subsidiaries comply with certain essential requirements as follows:

9.4.1 The Continuing Obligations as Per the Requirements of The Ministry of Commerce

9.4.1.1 The Company

The Company is committed to the Companies Law in terms of adopting the Company Bylaws in line with the new and recent amendments made to the Companies Law, after obtaining a prior approval from the Ministry of Commerce on the draft Bylaws and the approval of the Shareholders in the EGA meeting dated 17/09/1440H (corresponding to 22/05/2019G). The Bylaws were approved by the Corporate Governance Department (Ministry of Commerce) on 10/10/1440H (corresponding to 18/06/2019G). The Company complied with the requirements of the CMA and the Saudi Stock Exchange (Tadawul) in terms of uploading a copy of the Bylaws on the Tadawul website on the Company page.

The Company is committed to the Commercial Register system in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under the Certificate No. (1954), that starts on 07/01/1404H (corresponding to 03/04/1984D) and expires on 29/05/1443H (corresponding to 02/01/2022G).

The Company is committed to the Article 129 of the Companies Law in terms of setting aside (10%) per annum of the net profits to form the statutory reserve. The value of the statutory reserve set aside amounted to SAR (48,996,657) as on December 31, 2020G.

The Company has a trademark registered at the Ministry of Commerce in the name of the previous Company before the amendment (Saudi Transport and Investment Company Refrigerated) with the number (1438015881) class (36); this will enable the Company to put its name and logo on the external facade of the building or offices occupied by the Company as it has registered the mark Trademarks and granting them the necessary legal protection in accordance with the trademark system. (For more information, please see sub-paragraph 9.11 of this section).

9.4.1.2 The Subsidiaries

- Arab Company for Security and Safety Services ARABIAN SECURITY & SAFETY SERVICES COMPANY (AMNCO):** It is committed to the Commercial Register system in terms of registration at the Commercial Register Department in Riyadh, where the main headquarters is registered under the Certificate No. (1010061647) dated 03/05/1406H (corresponding to 14/01/1986G), that expires on 04/01/1447H (corresponding to 29/06/2025G). It is committed to the Commercial Register system in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under the Certificate No. (64) dated 30/06/1406H (corresponding to 11/03/1986G), that expires on 04/01/1447H (corresponding to 29/06/2025G). It is also committed to completing the procedures for establishing its branches and is committed to the Commercial Register system in terms of registering at the Commercial Register Department and obtaining a membership certificate in the Chamber of Commerce and Industry for each branch. (For more details about the Company branches, please see sub-paragraph 9.3.1 of this section). AMNCO has a trademark that was registered at the Ministry of Commerce under the number (1438013306) class (45); this will enable the Company to put its name and logo on the external facade of the building or offices occupied by the Company as it has registered the trademark and granted it protection Legal requirements under the trademark system. (For more information, please see sub-paragraph 9.11 of this section).
- Batik Real Estate Company:** It is committed to the Commercial Register system in terms of registration at the Commercial Register Department in Riyadh, where the main headquarters is registered under the Certificate No. (1010468252) dated 03/05/1438 H (corresponding to 23/20/2017G), that expires on 26/05/1443H (corresponding to 30/12/2021G). It is committed to the Commercial Register system in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under the Certificate No. (504074) dated 14/09/1440H (corresponding to 19/05/2019G) and that expires on 26/05/1443H (corresponding to 30/12/2021G).
- AlShifa Technology Co. Ltd.:** It is committed to the Commercial Register system in terms of registration at the Commercial Register Department in Riyadh, where the headquarter is registered under the Certificate No. (1010438136) dated 02/01/1437H (corresponding to 10/15/2015G), that expires on 01/02/1445 H (corresponding to 20/07/2023G). It is committed to the Commercial Register system in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under the Certificate No. (381597) dated 16/03/1438H (corresponding to 12/15/2016G), that expires on 02/01/1445H (corresponding to 20/07/2023G). It is also committed to completing the procedures for establishing its branch, and is committed to the Commercial Register system in terms of registering at the Commercial Register Department and obtaining a membership certificate in the Chamber of Commerce and Industry for the branch. (For more details about the Company branch, please see sub-paragraph 9.3.3 of this section).
- The Saudi Transport and Investment Company, MUBARRAD:** It is committed to the Commercial Register system in terms of registration at the Commercial Register Department in Riyadh, where the main headquarters is registered under the Certificate No. (1010468091) dated 16/05/1438H (corresponding to 13/02/2017G) that expires on 06/05/1443H (corresponding to 10/12/2021G). It also committed to the Commercial Register system in terms of obtaining a membership certificate in the Chamber of Commerce and Industry under the Certificate No. (399703) dated 05/07/1438H (corresponding to 02/04/2017G), that expires on 06/05/1443H (corresponding to 10/12/2021G).
- The Company subsidiaries, all of which are legal entities, are limited liability companies; accordingly, they are subject to the provisions of the Article (181) of the Companies Law, that obliges the Company manager, if the Company losses amount to half of its capital, to register this incident at the Commercial Register and invite the partners to meet within less than (90) days from the date of their knowledge of the loss reaching this amount in order to consider the continuation or dissolution of the Company ; the partners' Decision, whether to continue or dissolve the Company, must be announced by the methods stipulated in the Article (158). The Company is considered dissolved by the force of the law if the Company manager neglects to invite the partners, or if the partners are unable to issue a Decision to continue or dissolve the Company.
- Smart City Solutions Company for Communications and Information Technology (a subsidiary of AMNCO):** It is committed to apply the provision of the Article (181) of the Companies Law, where the Company losses amounted to half of the capital as on



31/12/2020G. The partners agreed, in their meeting dated 28/12/2020G, that the Company continues its activity; they provide the necessary support to it to cover the losses, provided that the results of the support appear in the next year's budget.

- **AMNCO Facilities Management Company Limited (a subsidiary of AMNCO):** It is committed to apply the provisions of the Article (181) of the Companies Law, where the Company losses amounted to half of the capital as on 31/12/2020G. The partners agreed, in their meeting dated 28/12/2020G, that the Company continues its activity; they provide the necessary support to it to cover the losses, provided that the results of the support appear in the next year's budget.
- It should be noted that the validity of some provisions of the Companies Law has been suspended by virtue of the Minister of Commerce Decision No. 348 dated 10/04/1442H (corresponding to 25/11/2020G), regarding the application of some statutory deadlines, as the Decision included an exception from the provision of the Article (181) of the Companies Law, and the period during which the directors of the limited liability Company must invite the partners to meet has been extended to become (180) days from the date of their knowledge that the loss has reached half of the Company capital instead of ninety (90) days, for a period of two years, starting from 01/08/1441H (corresponding to 25/03/2020G) until 30/07/1443H (corresponding to 03/03/2022G).

Except of what was mentioned above and in subparagraph (2.1.6) "Risks related to overcome the accumulated losses of AMNCO Facilities Management Co. Ltd. (a subsidiary of the Arabian Company for Security and Safety Services) and the Smart Cities Solutions Company (a subsidiary of the Arabian Company for Security and Safety Services to be acquired by Batic) 50% of the capital" of the section No. (2) "Risk Factors" of this Prospectus, the Company is committed to the regulations of the Ministry of Commerce.

9.4.2 The Continuing Obligations as Per the Requirements of The Zakat, Tax and Customs Authority

9.4.2.1 The Company

The Company, like other registered establishments and companies operating in the KSA, is obliged to submit its zakat and tax returns within (120) days from the end of the financial year for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority. The Company was registered as a taxpayer under the distinguished tax number (3001022077); it submitted its zakat December lation for the financial year ending on 31/12/2020G, and obtained a zakat certificate from the Zakat, Tax and Customs Authority registered under the number (11107332350) dated 24/09/1442H (corresponding to 06/05/2021G) and valid until 29/09/1443H (corresponding to 30/04/2022G). It should be noted that the zakat paid to the General Authority of Zakat and Revenue for the financial year ending on 31/12/ 2020G amounted to an amount of SAR (145,453).

The Company is committed to the value-added tax system and its executive regulations, and is registered at the Zakat, Tax and Customs Authority under the tax number (300055265800003) according to the certificate issued on 12/19/2018G, noting that the Company has been registered since 01/01/2019G.

The Company submitted its zakat returns for all financial years from the beginning of the activity until the financial year ended on 31/12/2020G; paid the zakat this is mainly due according to those returns and obtained a zakat certificate valid until 30/04/2022G.

BATIC obtained the zakat assessments for the financial years from 2008G to 2014G. The assessment and objection file were closed; the Company paid the this is mainly due zakat differences. The Company obtained the zakat assessment for 2018G on 31/12/2020G, according to which the Company was entitled to a zakat difference in the amount of SAR (39,879). The Company agreed to this assessment and paid the this is mainly due zakat. On 21/10/2020G, the Company issued a zakat assessment for the financial years from 2015G to 2017G; the zakat differences this is mainly due under this assessment amounted to SAR (2,520,796). The Company paid an amount of SA R (105,573) that represents the items not objected to, and submitted an objection to the rest of the amount this is mainly due on 12/12/2020G. The Authority rejected the objection on 11/02/2021G; the objection was escalated to the General Secretariat of the Tax Committees. As at the date of publication of this Prospectus, no Decision has been issued in this regard.

9.4.2.2 Subsidiaries

- **AMNCO (and its 37 branches):** It is registered at the Zakat, Tax and Customs Authority as a taxpayer under the distinguished tax number (3000554619); it has deducted the zakat that must be paid according to a certificate registered under the number (110762060) dated 13/10/1442H (corresponding to 25/05/2021G), stating that the Company has submitted its December lation for the period ending on 31/12/2020G. It is valid until 29/09/1443 H (corresponding to 30/04/2022G). This subsidiary is committed to the value-added tax system and its implementing regulations, it is registered at the Zakat, Tax and Customs Authority under the tax number (3000554619) according to the certificate issued on 01/11/1438H (corresponding to 22/08/2017G). It is also committed to submit its zakat returns until the end of the financial year ending on 31/12/2019G. It obtained the final zakat certificate, as well as the zakat assessments for the financial years from 2008G to 2014G. The assessment and objection file were closed, and the Company paid the this is mainly due zakat differences. On 18/02/2021G, the Company received a data request from the Examination and Assessment Department for the financial year 2015G, which resulted in a zakat difference SAR (513,721.39); the Company responded to the data request, and the assessment was issued and submitted the Company complained.
- **AMNCO Facilities Management Company (a subsidiary of AMNCO):** It has committed to submit its zakat returns until the end of the financial year ending on 31/12/2020G and obtained the final zakat certificate that is valid until 30/04/2022G. It obtained the zakat assessments for the financial years from 2006G to 2016G; the assessment file was suspended, and the Company paid the this is mainly due zakat differences. On 17/09/2020G, the Company received a zakat assessment for 2018G with an amount of SAR (35,508). The Company submitted an objection to the full amount and the Authority approved the objection.
- **Smart City Solutions Company for Communications and Information Technology (a subsidiary of AMNCO):** It has committed to submit its zakat returns until the end of the financial year ending on 31/12/2020G and obtained the final zakat certificate that is valid until 30/04/2022G. The Company has not received any Zakat assessments from the Zakat, Tax and Customs Authority until the date of this Prospectus.
- **Batic Real Estate Company:** It is registered at the Zakat, Tax and Customs Authority as a taxpayer under the distinguished tax number (3105171596); the Company has deducted the zakat that must be paid according to the certificate registered



under the number (1020538335) dated 11/10/1442H (corresponding to 23/05/2021G) stating that the Company has submitted its December laraion for the period ending on 31/12/2020G. This certificate is valid until 29/09/1443H (corresponding to 30/04/2022G). As at the date of publishing this Prospectus, no zakat assessment has been issued for the Company since its establishment in 2017G; there are no objections submitted to the Zakat, Tax and Customs Authority in this regard.

- **AlShifa Technology Co. Ltd.:** It is registered at the Zakat, Tax and Customs Authority as a taxpayer under the distinguished tax number (3107088059); the Company has deducted the zakat to be paid according to the certificate registered under the number (3107088059) dated 22/09/1442H (corresponding to 04/05/2021G), stating that the Company has submitted its December laraion for the period ending on 31/12/2020G. This certificate is valid until 29/09/1443H (corresponding to 30/04/2022G). This subsidiary is committed to the value-added tax system and its implementing regulations; it is registered at the Zakat, Tax and Customs Authority under the tax number (310708805900003) with a certificate issued on 09/14/2019G, noting that the Company has been registered since 14/09/2020G.
- **Saudi Transport and Investment Company, MUBARRAD:** It is registered at the Zakat, Tax and Customs Authority as a taxpayer under the distinguished tax number (3101403283), stating that the Company has submitted its December laraion for the period ending on 31/12/2020G. This certificate is valid until 29/09/1443H (corresponding to 30/04/2022G). This is committed to the value-added tax system and its implementing regulations; it is registered at the Zakat, Tax and Customs Authority under the tax number (310140328300003) with a certificate issued on 22/01/2019G, noting that the Company has been registered since 12/11/2017G. It obtained the zakat tax assessment for the financial period from 30/07/2017G to 31/12/2018G; the differences in zakat and withholding tax (SAR 59,607) were paid.

Except of what was mentioned above and in sub-paragraph (2.1.9) "Risks Related to Capital Management" of Section No. (2) "Risk Factors" of this Prospectus, the Company is committed to the rules and regulations of the Zakat, Tax and Customs Authority.

9.4.3 The Continuing Obligations as Per the Requirements of The Ministry of Human Resources and Social Development

9.4.3.1 Company

- A file has been opened with the Ministry of Human Resources and Social Development (Labor Office) under the unified number (1- 27904) according to the Saudization certificate. As on the date of publishing this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development; a Saudization certificate has been issued to indicate that the Company is committed to the required Emiratization percentage according to the Nitaqat program, which amounts to (17.86%); it is located in the green range (small category B).
- The Company has an internal work regulation approved by the Ministry of Human Resources and Social Development (Labor Office) No. (607932) dated 12/03/1440H (corresponding to 04/08/2019G).
- The Company is committed to the wage protection system and the regular increase in the wages of its employees, according to the commitment certificate No. (20012105014359) dated 23/09/1442H (corresponding to 05/05/2021G); this certificate is valid until 26/12/1442H (corresponding to 05/05/2021G).
- The subsidiary Company is committed to documenting, electronically, the work contracts of its employees; the commitment rate reached (87%) as in March 2021G, according to the report issued by Madad platform on 05/05/2021G.

9.4.3.2 Subsidiaries

- AMNCO has the largest number of employees in BATIC group. A file has been opened at the Ministry of Human Resources and Social Development (Labor Office) under the unified number (1-12599) according to the Saudization certificate. As of the date of publishing this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development; a Saudization certificate has been issued to indicate that the Company is committed to the required localization percentage according to the Nitaqat program, which amounts to (59.64%); it is located is in the platinum range.
- AMNCO has an internal work regulation approved by the Ministry of Human Resources and Social Development (Labor Office) No. (101) dated 06/09/1438H (corresponding to 08/03/2017G). It has been amended by the Resolution No. (55484), dated 15/02/1440H (corresponding to 24/10/2018G).
- AMNCO is committed to the wage protection system and the regular raising of the wages of its employees, according to the commitment certificate No. (176861) dated 22/09/1442H (corresponding to 04/05/2021G); this certificate is valid until 24/11/1442H (corresponding to 04/07/2021G).
- AMNCO is committed to documenting, electronically, the employment contracts of its employees; the commitment rate has reached (60.74%), according to the report issued by Madad platform.
- **Employees and Saudization**

Table No. (108): Number of Employees Working for the Subsidiary Company "the Arabian Company for Security and Safety Services AMNCO" According to the Data of the Governmental Agencies

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Observations |
|----------------------|-----------------------|---------------------------|-------------------------------|-------|--|
| Social Security | Insurance certificate | 3,589 | 188 | 3,777 | As on 02/12/1442H (corresponding to 12/07/2021G) |
| Work Office | Nitaqat Certificate | 3,230 | 184 | 3,414 | As on 02/12/1442H (corresponding to 12/07/2021G) |
| Passports - Resident | Residents Extract | -- | 184 | -- | As on 02/12/1442H (corresponding to 12/07/2021G) |
| Company | Salary | 3,809 | 188 | 3,997 | As on 02/12/1442H (corresponding to 12/07/2021G) |

Source: The Company.



Table No. (109): Number of Employees in the Subsidiary Company “The Arabian Company for Security and Safety Services AMNCO, by Nationality

| | 2018G | | 2019G | | 2020G | | 04/05/2021G | |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | Nb. | % | Nb. | % | Nb. | % | Nb. | % |
| Saudis | 4670 | 95% | 4664 | 96% | 3978 | 97% | 3871 | 97.3% |
| Non-Saudis | 223 | 5% | 196 | 4% | 131 | 3% | 109 | 2,70% |
| Total | 4893 | 100% | 4860 | 100% | 4109 | 100% | 3980 | 100% |

Source: The Company.

Table No. (110): Number of Employees in the Subsidiary Company “The Arabian Company for Security and Safety Services AMNCO” by Departments

| Administration | 2018G | | 2019G | | 2020G | | 21/04/2021G | |
|------------------------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|
| | Saudis | Non-Saudis | Saudis | Non-Saudis | Saudis | Non-Saudis | Saudis | Non-Saudis |
| Public Administration | 103 | 80 | 76 | 76 | 89 | 74 | 145 | 61 |
| Inspection and quality | 22 | 0 | 23 | 1 | 24 | 1 | 22 | 1 |
| security solutions | 2818 | 82 | 3146 | 83 | 2416 | 29 | 2368 | 23 |
| Automated teller machine | 1175 | 40 | 815 | 20 | 861 | 17 | 858 | 15 |
| smart parking | 0 | 0 | 4 | 0 | 2 | 0 | 1 | 0 |
| trusted transport | 522 | 17 | 531 | 9 | 505 | 6 | 467 | 5 |
| Cash Center Solutions | 0 | 0 | 37 | 2 | 67 | 2 | 68 | 2 |
| Monitoring and control rooms | 30 | 4 | 32 | 5 | 14 | 2 | 12 | 2 |
| Total | 4670 | 223 | 4664 | 196 | 3978 | 131 | 3941 | 109 |

Source: The Company.

- **MUBARRAD:** A file has been opened at the Ministry of Human Resources and Social Development (Labor Office) under the unified number (1-1583107) according to the Saudization certificate. As on the date of publication of this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development; a Saudization certificate has been issued to indicate that the Company is committed to the required percentage according to the Nitaqat program, which amounts to (17.93%); it is located in the medium green range.
- The subsidiary is committed to the wage protection system and the regular raising of the wages of its employees, according to a commitment certificate No. (20012009023248) dated 29/01/1442H (corresponding to 17/12/2020G), according to the report issued by the platform (Madad) on 06/09/2021G. The percentage of compliance with the wage protection system is (98%) as on May 2021G.
- The subsidiary is committed to documenting, electronically, the employment contracts of its employees; the commitment rate has reached (99.17%), according to the report issued by Madad platform on 09/06/2021G.
- **Employees and Saudization**

Table No. (111): Number of Employees Working for the Subsidiary Company “Al Shifa Technology Company” According to the Data of Governmental Agencies

| Authority | Reference | Nb. of Saudi employees | Nb. of non-Saudi employees | Total | Observations |
|----------------------|------------------------|------------------------|----------------------------|-------|--|
| Social Security | Insurance certificate | 2 | 0 | 2 | As on 02/12/1442H (corresponding to 12/07/2021G) |
| Work Office | Nitaqat Certificate | - | - | - | - |
| Passports - Resident | Extract from Residents | - | - | - | - |
| Company | Salary | - | - | 4 | As on 02/12/1442H (corresponding to 12/07/2021G) |

Source: The Company.

The Company is committed to the required Saudization rate in accordance with the requirements of the Ministry of Human Resources and Social Development.



9.4.4 The Continuing Obligations as Per the Requirements of The General Organization for Social Insurance

9.4.4.1 The Company

A file for the Company has been opened with the General Organization for Social Insurance under the subscription number (13210012); it participates in the pension and occupational hazards branches for Saudi and non-Saudi contributors, according to the social security certificate registered under the number (39318151) dated 07/11/1442H (corresponding to 17/06/2021G). The value of the contributions paid for the 2020G is SAR (856,010).

Table No. (112): Number of Saudi and Non-Saudi Employees (BATIC Company)

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Observations |
|----------------------|------------------------|---------------------------|-------------------------------|-------|--|
| Social Security | Insurance certificate | 5 | 4 | 9 | As of 28/01/1443H (corresponding to 05/09/2021G) |
| Work Office* | Nitaqat Certificate | 5 | 4 | 9 | As of 12/02/1443H (corresponding to 19/09/2021G) |
| Passports - Resident | Extract from Residents | - | 4 | | As of 14/02/1443H (corresponding to 21/09/2021G) |
| Company | Salary | 5 | 4 | 9 | As of August 2021G |

Source: The Company.

* According to Nitaqat certificate, the Company has 18 employees.

9.4.4.2 The Subsidiaries

- **AlShifa Technology Co. Ltd.:** It is committed to the social insurance system, where a file was opened for the Company and registered under the subscription number (598058091); it participates in the pension and occupational hazards branches for Saudi contributors, and for non-Saudis, subscription to the occupational hazards branch, according to the social insurance certificate.

Table No. (113): Number of Saudi and Non-Saudi Employees (Subsidiary: AlShifa Technology Co. Ltd.)

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Period / As of |
|----------------------|------------------------|---------------------------|-------------------------------|-------|--|
| Social Security | Insurance certificate | 2 | 0 | 2 | As of 02/12/1442H (corresponding to 12/07/2021G) |
| Nitaqat | Nitaqat Certificate | - | - | - | - |
| Passports - Resident | Extract from Residents | - | - | - | - |
| Company | Salary | - | - | - | As of 02/12/1442H (corresponding to 12/07/2021G) |

Source: The Company.

- **MUBARRAD:** It is committed to the social insurance system; a file was opened for the Company and registered under the subscription number (39241422); it participates in the pension and occupational hazards branches for Saudi contributors. The value of the contributions paid for 2020G is SAR (715,168).

Table No. (114): Number of Saudi and Non-Saudi Employees (Subsidiary: The Saudi Transport and Investment Company, "Mubarrad")

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Worker | Total | Period / As of |
|----------------------|------------------------|---------------------------|-------------------------------|--------|-------|--|
| Social Security | Insurance certificate | 71 | 170 | - | 241 | As of 02/12/1442H (corresponding to 12/07/2021G) |
| Nitaqat | Nitaqat Certificate | 71 | 170 | - | 241 | As of 02/12/1442H (corresponding to 12/07/2021G) |
| Passports - Resident | Extract from Residents | -- | 170 | -- | -- | As of 02/12/1442H (corresponding to 12/07/2021G) |
| Company | Salary | 71 | 170 | -- | 204 | As of 02/12/1442H (corresponding to 12/07/2021G) |

Source: The Company.



- **AMNCO:** It is committed to the social insurance system, where a file was opened for the Company, and registered under the subscription number (13214611); it participates in the pension and occupational hazards branches for Saudi contributors, and for non-Saudis, subscription to the occupational hazards branch, according to the social insurance certificate. The value of the contributions paid for 2020G is SAR (24,594,639).

Table No. (115): Number of Saudi and Non-Saudi Employees (Subsidiary: The Arabian Company for Security and Safety Services AMNCO)

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Period / As of |
|----------------------|------------------------|---------------------------|-------------------------------|-------|--|
| Social Security | Insurance certificate | 3,589 | 188 | 3,777 | As on 02/12/1442H (corresponding to 12/07/2021G) |
| Nitaqat | Nitaqat Certificate | 3,230 | 184 | 3,414 | As on 02/12/1442H (corresponding to 12/07/2021G) |
| Passports – Resident | Extract from Residents | - | 184 | - | As of 02/12/1442H (corresponding to 12/07/2021G) |
| Company | Salary* | 3,809 | 188 | 3,997 | As of 02/12/1442H (corresponding to 12/07/2021G) |

Source: The Company.

* Includes the salaries of employees of the Company branches.

- **AMNCO branch (for transportation of money and precious metals):** It is committed to the social insurance system; a file was opened for the branch, and registered under the subscription number (512045383); it is involved in the pension and occupational hazards branches for Saudi contributors and for non-Saudis, subscription to the occupational hazards branch, according to the social insurance certificate.

Table No. (116): Number of Saudi and Non-Saudi Employees (Branch of the Arabian Company for Security and Safety Services AMNCO)

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Period / As of |
|-----------------|-----------------------|---------------------------|-------------------------------|-------|----------------|
| Social Security | Insurance certificate | 1145 | - | 1145 | 15/06/2021G |
| Nitaqat | Nitaqat Certificate | - | - | - | - |

Source: The Company.

- **The branch of the Arab Company for Security and Safety Services AMNCO (for private civil security guards):** It is committed to the social insurance system; a file was opened for the branch, registered under the subscription number (513794312); it participates in the pension and occupational hazards branches for Saudi contributors and for non-Saudis, subscription to the occupational hazards branch, according to the social insurance certificate.

Table No. (117): Number of Saudi and Non-Saudi Employees (Branch of the Arabian Company for Security and Safety Services AMNCO)

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Period / As of |
|-----------------|-----------------------|---------------------------|-------------------------------|-------|----------------|
| Social Security | Insurance certificate | 2011G | - | 2011G | 15/06/2021G |
| Nitaqat | Nitaqat Certificate | - | - | - | - |

Source: The Company.

- **AMNCO branch (for buildings maintenance and cleaning):** It is committed to the social insurance system; a file was opened for the branch, and registered under the subscription number (512046932); it participates in the pension and occupational hazards branches for Saudi contributors and for non-Saudis, subscription to the occupational hazards branch, according to social insurance certificate.

Table No. (118): Number of Saudi and Non-Saudi Employees (Branch of the Arabian Company for Security and Safety Services AMNCO)

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Period / As of |
|----------------------|------------------------|---------------------------|-------------------------------|-------|----------------|
| Social Security | Insurance certificate | 14 | 2 | 16 | 15/06/2021G |
| Nitaqat | Nitaqat Certificate | - | - | - | - |
| Passports – Resident | Extract from Residents | - | - | - | - |

Source: The Company.

Unemployment Insurance Law (SANED): The Company is in compliance with Unemployment Insurance Law (SANED) in accordance with the Royal Decree (M/18) dated 12/03/1435H (corresponding to 14/01/2014G) stipulating the support of Saudi workers in private establishments affected by covid-19 repercussions through the SANED Law, as well as in accordance with the Royal Decree extending the support period for an additional 3 months, provided that the support percentage is a maximum of 70% of the Saudi workers in the establishments most affected by the pandemic, and a maximum of 50% of Saudi workers in the least affected ones, to fully benefit from the initiatives announced since the beginning of the pandemic. Moreover, the Company did not submit any requests for support provided by SANED.



- **As for the subsidiary AMNCO:** It submitted its first request for support on 26/04/2020G, registered under the subscription number (13214611); it received support for 44 active Saudi workers in the Company.

The Company is committed to the rules and regulations of the General Organization for Social Insurance.

9.4.5 The Continuing Obligations as Per the Requirements of the CMA

- The CMA requires listed companies in the Capital Market to abide by the rules on the offer of security and continuing obligation and by the special instructions issued by the CMA, in particular the obligation to periodically disclose the material and financial developments and the Board of Directors report. Moreover, according to the Guide to Continuing Obligations of Listed Companies, the annual financial results announced on Tadawul website must be derived from the audited financial statements approved by the Company external auditor appointed by the Assembly and approved by the Board of Directors, and the Company must adhere to the advertisement forms included in the instructions for companies' announcements of their financial results. The Company must also provide a statement of all the causes and effects of the change in the financial results for the current financial year with the comparison period, so that the reasons include all the items of the financial results announcement.
- The CMA requires listed companies in the Capital Market to disclose the stages of their compliance with the transition to the International Accounting Standards (IAS). On 25/11/1437H (corresponding to 28/08/2016G), the Company announced on Tadawul website that it is committed to such transition.
- The CMA requires listed companies in the Capital Market to follow the list of instructions for announcements of joint-stock companies whose shares are listed therein, issued pursuant to the CMA Board Decision No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G), as amended according to Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G).
- The CMA requires listed companies in the Capital Market to apply the conditions of the Procedures and Instructions for Companies mentioned in the issued in implementation of the Companies Law for Listed Joint Stock Companies (3rd version) issued by the CMA Board pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) based on the Companies Law issued by the Royal Decree No. M/3 dated 28/01/1437H, as amended by the CMA Council Resolution No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G). With the exception of the remunerations that the managing director receives in return for his sabbatical in managing the Company daily business and those that are paid annually to the members of the BOD as indicated in sub-paragraph 9.1.7.3 "**Board Members' Remuneration**" and sub-paragraph 4.6, compensation and remunerations for the BOD members and the executive management, no payments have been made. The criteria stipulated in the controls and procedures were taken into consideration.
- The Company also complied with Article 7 of the controls and procedures in terms of disclosure in the BOD report to a comprehensive statement of all the Board members received during the financial year in terms of remunerations, expense allowances and other financial and in-kind benefits paid to each member of the BOD in exchange for any business or positions executive, technical, administrative or advisory. The Company does not have treasury shares allocated to its employees within the employee stock program; the EGA has never approved the purchase of the Company shares; the Company is committed to the provisions of Article 20 of the controls and procedures whereby the capital may be increased by offering rights shares. Although there is a provision in the Articles of Association allowing the Company to issue preferred shares, there is no resolution issued by the EGA in this regard. The Company has also complied with the licensing controls for business and contracts that are made for the Company account and in which a member of the BOD has a direct or indirect interest. For more details, please see sub-paragraph 9.5.1 "**Agreements and Related Parties' Transactions**". The Company is committed to the controls and procedures regarding the provision of the articles of association to distribute interim dividends on a semi-annual or quarterly basis after fulfilling the statutory requirements.

It should also be noted that the ordinary general assembly meeting dated 20/10/1442H. (corresponding to 01/06/2021G.) approved to delegate the authorisation powers stipulated in paragraph (1) of Article 71 of the Companies Law to the company's Board of Directors in relation to the authorisation for businesses or contracts that are executed for the Company's account, in which a Board member has direct or indirect interest.

According to Article 56 of the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Board of the Capital Market Authority pursuant to resolution No. 8-127-2016 dated 16/1/1438H (corresponding to 17/10/2016G) amended by Resolution of the Board of the Capital Market Authority Number (4-122-2020) Dated 3/4/1442H (corresponding to 18/11/2020G):

- a. the Ordinary General Assembly shall have the right to delegate the authorisation powers stipulated in paragraph (1) of Article 71 of the Companies Law to the company's Board of Directors, provided that the delegation is in accordance with the following conditions:
 - 1- The total amount of business or contract or the total of the businesses and contracts during the fiscal year - is less than (1%) of the company's revenues according to the latest audited financial statements and less than 10 million Saudi Riyals.
 - 2- The business or contract falls within the normal course of the Company's business.
 - 3- The business or contract shall not include preferential terms to the Board members and shall be in accordance with the same terms and conditions followed by the company with all contractors and dealers.
 - 4- The business or contract shall not be part of the business and consultation contracts which a board member carries out by a professional license for the company in accordance with Article 3 of these Regulations.
 - 5- The board member shall be responsible for calculating the business, stipulated in paragraph (1) above, (in which he has a direct or indirect interest during the same fiscal year).
 - 6- The period for the delegation shall be a maximum of one year from the date of approval by the General Assembly to delegate its powers, stipulated in paragraph (1) of Article 71 of the Companies Law, to the company's Board of Directors, or until the end of the session of the delegated Board of Directors, whichever is earlier.
 - 7- Any member of the Board of Directors shall not be allowed to vote on the items of delegation and the revocation (in the Ordinary General Assembly).



- b. The Ordinary General Assembly shall have the right to add additional terms to the terms stated in this Article, provided that such terms are included in the conflict of interest policy referred to in Article 43 of the Corporate Governance Regulations.

Three directors voted on the delegation of the authorisation powers stipulated in relation to the authorisation for businesses or contracts that are executed for the Company's account, in which the director has direct or indirect interest. Based on the above. A member of the Board of Directors shall not be allowed to vote on the items of delegation and the revocation (in the Ordinary General Assembly) which could allow the regulator to question the three directors. It should also be noted, that the authorization of the Ordinary General Assembly has not been used in any contracts or related party transactions.

As for the Company Governance Regulations, the table below includes a summary of the most important articles of the Corporate Governance Regulation that the Company committed or did not adhere to.

Table No. (119): Summary of the Company's Corporate Governance Key Provisions

| Article in Companies' governance regulation | Detail | Responsible authority | Commentary |
|---|--|-----------------------|--|
| 9/B | The BOD must set a clear policy regarding the distribution of dividends in the interests of the Shareholder and the Company in accordance with the Company By-laws | BOD | Committed – The updated dividend policy was approved by the GA of Shareholders held on 27/04/1439H (corresponding to 14/01/2018G) based on Board Resolution No. (17/13) dated 09/04/1439H (corresponding to 27/12//2017G) |
| 8/A | Provide a copy of the information about the candidate for membership of the BOD on the Company website | BOD | Committed - Through the Company website |
| 12/5 & 54 | Form the audit committee | GA of Shareholders | Committed - Appointed by the OGA held on 09/08/1441H (corresponding to 02/04/2020G). |
| 54/C | The GA of the Company - based on a proposal from the BOD - shall issue the work By-laws of the audit committee, provided that this regulation includes the controls and procedures for the committee work, its tasks, the rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and a mechanism for temporarily appointing its members in the event of a seat vacancy | GA of Shareholders | Committed - The updated Audit Committee's work regulations were approved by the OGA held on 27/04/1439H (corresponding to 14/01/2018G). |
| 12/6 | Approval of the 2018G financial statements | GA of Shareholders | Committed - The financial statements for the financial year 2020G were approved by the OGA held on 20/10/1442H (corresponding to 06/01/2021G). |
| 12/7 | Approval of the annual report of the BOD for the year 2018G | GA of Shareholders | Committed - The BOD report for the financial year 2020G was approved by the OGA held on 20/10/1442H (corresponding to 06/01/2021G). |
| 12/9 & 18 | Appointing Company auditors, determining their remuneration, reappointing them, changing them, and approving their reports | GA of Shareholders | Committed - The OGA held on 10/10/1442H (corresponding to 06/01/2021G) voted to appoint an auditor for the Company (Al-Bassam Certified Public Accountants Office) based on the recommendation of the Audit Committee, in order to examine and review the financial statements for the second, third and fourth quarters and annual of the financial year 2021G, and the first quarter of 2022G, and determining its fees. |
| 13/D | Publication of the announcement of the date of the GA meeting, place and agenda twenty-one days before the date at least on the Company website | BOD | Committed - Through Tadawul website. |
| 14/C | Make available to the Shareholders through the Company website - when publishing the invitation to convene the GA - obtaining information related to the items of the GA agenda, especially the report of the BOD, the auditor, the financial statements, and the report of the audit committee | BOD | Committed - Through Tadawul website. |



| Article in Companies' governance regulation | Detail | Responsible authority | Commentary |
|---|---|-----------------------|---|
| 22/2 | Establishing systems and controls for internal control and general supervision, including: Establishing a written policy to address actual and potential "conflicts of interest" cases for both members of the BOD, executive management and Shareholders, including misuse of the Company assets and facilities, and misbehavior resulting from dealings with related persons. To ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports. To ensure the application of appropriate control systems to measure and manage risks, by developing a general perception of the risks that the Company may face, creating an environment familiar with the culture of risk management at the Company level and presenting it transparently with stakeholders and related parties to the Company. The annual review of the effectiveness of internal control procedures in the Company | BOD | Committed - The policy of regulating conflict of interest, and addressing potential and actual conflict of interest cases for each of the BOD members, executive management and Shareholders, was approved based on Board Resolution No. (31/13) held on 01/09/1439H (corresponding to 17/05/2018G). |
| 22/3 | Establishing clear and specific policies, standards and procedures for membership in the BOD, and putting them into effect after their approval by the GA | GA of Shareholders | Committed - The updated list of Board Membership Policies and Standards was approved by the GA held on 27/04/1439H (corresponding to 14/01/2018G) based on Board Resolution No. (17/13) held on 09/04/1439H (corresponding to 27/12/2017G) |
| 22/4 | Establishing a written policy that organizes the relationship with stakeholders in accordance with the provisions of the Governance Regulations, and must cover - in particular - the following: Mechanisms for compensation to stakeholders in the event of violation of their rights recognized by the regulations and protected by contracts. Mechanisms for settling complaints or disputes that may arise between the Company and stakeholders. Appropriate mechanisms to establish good relationships with customers and suppliers and to maintain the confidentiality of information related to them. | BOD | Committed - There is no independent regulation stipulated in the Company corporate governance regulation |
| 22/5 | Establishing policies and procedures that ensure the Company compliance with laws and regulations and its commitment to disclosing essential information to Shareholders and stakeholders, and verifying the executive management compliance with them | BOD | Committed - The disclosure and transparency policy were approved by the BOD pursuant to its resolution No. (31/13) dated 01/09/1439H (corresponding to 17/05/2018G). |
| 22/13 & 50 & 60 & 60/A & 64 | Forming specialized committees emanating from it by December isions specifying the committee term, powers and responsibilities, and how the board will monitor them, provided that the formation Decisionincludes naming members and specifying their duties, rights and duties, along with evaluating the performance and work of these committees and their members | BOD | Committed - The Company has 3 main committees: <ul style="list-style-type: none"> • Audit Committee - Appointed by the OGA held on 09/08/1441H (corresponding to 02/04/2020G). • Nominations and Remunerations Committee - Appointed pursuant to the BOD Decisionheld on 13/08/1441H (corresponding to 06/04/2020G). • Executive and Investment Committee - Appointed pursuant to the BOD Decisiondated 13/08/1441H (corresponding to 06/04/2020G). |
| 23/1 | Approving and developing internal policies related to the Company work, including defining the tasks, specializations and responsibilities assigned to the various organizational levels | BOD | Committed - The Company has some internal policies: <ul style="list-style-type: none"> • HR Policies and Procedures • Financial and Accounting Policy • Internal Audit Charter • It was approved by the Board Resolution No. (31/13) dated 01/09/1439H (corresponding to 17/05/2018G). |
| 23/2 | Adopt a written and detailed policy specifying the powers delegated to the executive management and a table explaining those powers, the method of implementation and the duration of delegation, and the BOD may request the executive management to submit periodic reports on its practices of the delegated powers | BOD | Committed - The system of powers (the powers of the executive management) was approved by the Board Resolution No. (31/13) dated 01/09/1439H (corresponding to 17/05/2018G). |
| 25 | Appointing the Chief Executive Officer | BOD | Committed - Mohammed bin Saud Al-Zamil was appointed as of 15/12/1441H (corresponding to 08/05/2020G) pursuant to the BOD Decisiondated 12/14/1441H (corresponding to 08/04/2020G). |



| Article in Companies' governance regulation | Detail | Responsible authority | Commentary |
|---|---|--|---|
| 26/5 | Establishing the organizational and functional structures of the Company and submitting them to the BOD for consideration and approval | BOD | Committed - The Company organizational structure was approved by the Board Resolution No. (16/14) dated 01/12/1442H (corresponding to 31/08/2020G). |
| 26/10 | Suggesting a policy and the types of remuneration to be granted to workers, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares | BOD | Committed - The scale of grades, salaries and benefits policy and procedures were approved in accordance with the Board Resolution No. (31/13) held on 01/09/1439H (corresponding to 17/05/2018G). |
| 43 | A written and clear policy for dealing with current or potential conflicts of interest situations that may affect the performance of members of the BOD, executive management, or other Company employees when they deal with the Company or other stakeholders | BOD | Committed - The policy of regulating conflict of interest, addressing potential and actual conflict of interest cases for each of the members of the BOD, executive management and Shareholders, was approved based on Board Resolution No. (31/13) dated 01/09/1439H (corresponding to 17/05/2018G). |
| 55/B/4 & 74 | Appointing a director of the internal audit unit or department or the internal auditor and proposing his remuneration | BOD | Committed - Husam Raif Al-Aqraa was appointed as the Director of the Internal Audit Department pursuant to the Board Resolution No. 14/225 dated 13/08/1441H (corresponding to 06/04/2020G) |
| 60/B & 64/B | The GA of the Company - based on a proposal from the BOD - shall issue a work By-laws for the Remuneration and Nomination Committee, provided that this list includes the committee controls, procedures, and work plan, its functions, the rules for selecting its members, how they are nominated, term of their membership, Compensation and temporarily appointment in case one of the seats of the committee | GA of Shareholders | Committed - The updated Nomination and Remuneration Committee work list was approved by the GA held on 27/04/1439H (corresponding to 14/01/2018G). |
| 61/1 | The Remuneration and Nominations Committee shall prepare a clear policy for the remuneration of the members of the BOD and the committees emanating from the Board and the Executive Management, and submit it to the BOD for consideration in preparation for its approval by the GA, so that the follow-up of this policy and the follow-up of that policy are taken into account | GA of Shareholders | Committed - The updated policy for the remuneration of the members of the BOD, the sub-committees and the executive management was approved by the GA held on 27/04/1439H (corresponding to 14/01/2018G). |
| 65/3 | Preparing a description of the capabilities and qualifications required for membership of the BOD and for occupying executive management positions | Remuneration and Nominations Committee | Committed - The updated Board Membership Policies and Standards were approved by the GA held on 27/04/1439H (corresponding to 14/01/2018G) based on the Decision of the Nominations and Remunerations Committee No. (1/1-3) dated 26/12/2017G, as well as the Board Resolution No. (17/13) dated 27/12/2017G. |
| 68 | Publication of the announcement of candidacy for membership of the BOD on the Company website | BOD | Compliant - Announced on Tadawul website on 17/051441H (corresponding to 12/01/2020G) |
| 84 | Policies or procedures for stakeholders to file complaints or report violating practices | BOD | Compliant - The policy for reporting violations of practices was approved in accordance with the Board Resolution No. (31/13) dated 01/09/1439 H (corresponding to 17/05/2018G). |
| 86 | A policy of professional conduct and ethical values | BOD | Committed - The professional conduct and ethical values policy was approved pursuant to the Board Resolution No. (31/13) dated 01/09/1439H (corresponding to 17/05/2018G). |
| 89 | Written disclosure policies, supervisory procedures and systems thereof in accordance with the disclosure requirements contained in the Companies Law and the Financial Market Law | BOD | Compliant - The disclosure and transparency policies were approved pursuant to the Board Resolution No. (31/13) dated 01/09/1439H (corresponding to 17/05/2018G). |
| 91/B | Publication of the audit committee report on the Company website | BOD | Committed - Through the Company website |
| 94 | The Company corporate governance rules do not contradict the mandatory provisions | BOD | Compliant - The updated governance regulation was approved by the GA held on 27/04/1439H (corresponding to 14/01/2018G). |

Source: The Company.

On July 28th, 2021G the Company has entered into a contractual relationship with Bank AlJazira for the purpose of obtaining a loan amounting to SAR 140 million and has disclosed to the to the CMA and the public on 03/10/2021G as per the requirements of Article 61 (a) of the OSCO with respect to the disclosure of material events. According to the Company the effective date is the drawdown date which is on 03/10/2021G.and



on the occurrence of such date this facilities agreement is considered effective.

9.4.6 The Continuing Obligations as Per the Requirements of The Ministry of Municipal and Rural Affairs and Housing (“Ministry of Municipalities”)

A municipal license should be obtained for administrative offices and establishments; so that the Company can operate them, bearing in mind that the municipality or the secretariat requires the following documents: A copy of the Commercial Register, a copy of the Bylaws, a copy of the lease contract or title deed, and a copy of the building permit for the building, facility or shop Commercial, warehouse or warehouse, a copy of the real estate office's license, a photocopy of the building from a distance, including the plate (with a copy of the plate invoice and the registration of the Company trademark ownership to be used on the facade), in addition to a civil defense license.

The Company purchased a commercial office building from Jazan Energy and Development Company - Jazadco registered under the ownership deed No. (310114044790) issued on 22/05/1440H (corresponding to 26/01/2019G). Therefore, the headquarters that the Company occupies as a head office; there is no lease contract in its capacity as a tenant of any site in order to carry out its activity. It should be noted that BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC) Company building is located in Riyadh, the commercial strip of the Al-Ma'athar neighborhood; it was purchased for the purpose of using it as the headquarters of the Company and its subsidiaries, and investing the remaining spaces for leasing to others. As on the date of publishing this Prospectus, the Company and some of its subsidiaries are committed to the requirements of the Ministry of Municipal and Rural Affairs and Housing, as it has issued a municipal license for its location under the number (4100558) dated 07/04/1441H (corresponding to 04/12/2019G) and valid until 04/07/1444H (corresponding to 01/11/2022G); it did not obtain civil defense permits (a safety certificate).

Table No. (120): List of the Company and Its Subsidiaries Municipal Licenses

| # | Municipality License Number | Issuance Date | Expiry Date | Address | License holder |
|---|-----------------------------|--|--|---------------------------------------|----------------|
| 1 | 4100558 | 07/04/1441H (Corresponding to 04/12/2019G) | 07/04/1444H (Corresponding to 01/11/2022G) | Riyadh, Olaya District, Al-Arz Street | BATIC |
| 2 | 41032606343 | 07/04/1441H (Corresponding to 04/12/2019G) | 06/03/1446H (Corresponding to 20/08/2024G) | Riyadh, Olaya District, Al-Arz Street | MUBARRAD |

Source: The Company.

Except for what was mentioned in sub-paragraph (2.1.2) “Risks Related to Non-issuance or Non-renewal of Licenses and Certificates” of Section No. (2) (“Risk Factors”) of this Prospectus, the Company and its subsidiaries are bound by the regulations of the Ministry of Municipal and Rural Affairs Operational and related instructions.

9.4.7 The Continuing Obligations as Per the Requirements of The Food and Drug Authority

The licensed activity of the subsidiary Company (AlShifa Technology Co. Ltd.) to practice it requires the Company commitment to the regulations of the Food and Drug General Authority, especially the regulation for the control of medical devices and products issued by the Decision of the BOD of the Food and Drug Authority No. (1-8-1429) dated 29/12/1429H (corresponding to 27/12/2008G) and amended by the Resolution No. (4-16-1439) dated 09/04/1439H (corresponding to 27/12/2017G), which applies to manufacturers and their legal representatives, importers and distributors, all medical devices and products and their accessories that will be offered for circulation in the KSA, and contact lenses Surgical laser devices used for non-medical cosmetic purposes and their accessories, where the regulation obliges companies licensed to the representatives and importers of medical devices and products located in the KSA, distributors, and those involved in importing any medical device/product into the money market must:

- Register their facilities at the National Register of Medical Devices and Products at the Authority.
- Register their medical devices and products that they deal with at the National Register of Medical Devices and Products at the Authority
- Not issue any advertisement for medical devices and products unless they have obtained permission to market them from the CMA.

To note that the licensed Company obtains a marketing permission for each of its products, it is committed to the law and regulations of the Food and Drug Authority and obtained a license for a medical devices and products facility issued by the Food and Drug General Authority under the number (IDL-2020-MD-1009) starting from 01/04/2018G, until 11/12/2021G for importing and distributing medical devices and products.

9.4.8 The Continuing Obligations as Per the Requirements of The Public Transport Authority

The licensed activity of the subsidiary Company (MUBARRAD) to engage in the activity of “transporting goods on land roads” requires the Company compliance with the regulations governing the activity of transporting goods, freight brokers and renting trucks on land roads issued by the Decision of His Excellency, the Minister of Transport, No. (1-41-122) dated 07/05/1441H (corresponding to 02/01/2020G), where the regulation obligates THE licensed companies to engage in land transport activity as follows:

- 1- Renewing the license and fulfilling all its conditions during 180 days preceding the expiry date of the license; otherwise, the license shall be considered canceled.
- 2- The facility is not allowed to engage in the activity of transporting goods after the expiry date of the license.
- 3- The driver's professional competency training shall include technical standards and aspects of operation, requirements for road transport operations, for general road safety requirements.
- 4- Each transport vehicle must obtain an operating card issued by the CMA.
- 5- Every driver must abide by the rules and regulations related to driving hours, daily and weekly rest; a facility licensed to carry out the activity of transporting goods or that works in transporting goods for its own account must follow up on the commitment of its drivers to this.



- 6- A facility that obtains a license to practice the activity of transporting goods must obtain one of its operating managers a certificate of professional merit for transport managers issued by the authorities approved by the CMA.
- 7- The carrier or freight broker must issue a transport document for each transfer according to the form and issuance mechanism approved by the CMA.

The Company is committed to the regulations of the Public Transport Authority and has obtained a license to practice Transportation of Goods on Land Roads issued by the Public Transport Authority, registered under the number (010111049000) starting from 25/03/1439H (corresponding to 13/12/2017G) until 24/03/1445H (corresponding to 10/10/2023G).

9.4.9 The Continuing Obligations as Per the Ministry of Interior

(a) The Obligations related to licensing the activity of transporting cash, precious metals and valuable documents:

The licensed activity of the branch of the subsidiary Company AMNCO to practice is the activity of “transferring money and valuable documents”, which requires the branch’s compliance with the regulations of the Ministry of Interior, especially the system for practicing the transfer of money, precious metals and valuable documents issued by the Royal Decree No. M/81, dated 18/10/1428H (corresponding to 30/10/2007G) and its implementing regulations, whereby the system requires companies licensed to be engaged in the activity of transporting cash, precious metals and valuable documents as follows:

- 1- The Manager:
 - He must be a Saudi citizen;
 - He must be not be less than 25 years;
 - He must have a university degree, or its equivalent;
 - He must not have been previously convicted of a legal punishment, or in a crime involving moral turpitude or dishonesty, unless he has been rehabilitated.
- 2- The vehicle crew:
 - He must be a Saudi citizen;
 - He must be between 20 - 50 years;
 - He must have high school diploma, or its equivalent.
 - He must not have been previously convicted of a legal punishment, or in a crime involving moral turpitude or dishonesty, unless he has been rehabilitated;
 - He must be medically fit;
 - He must have completed the necessary training requirements in the centers approved by the Public Security Directorate.
- 3- All parties that have a license to practice the activity:
 - They have to conclude an insurance policy with one of the insurance companies licensed to operate in the KSA that covers the value of all movables.
- 4- In addition to the obligations specified by the Law:
 - The license holder is subject to all rules and regulations issued by The Ministry of the Interior;
 - The license must be presented to the security authorities upon request;
 - The license is withdrawn when rules and regulations issued by the competent authority at The Ministry of the Interior violated. To note that:
 - If the license is lost, it is immediately reported to the nearest center of the Company, with a written notification to the authority that issued it.
 - If the Company cancel its activity, the license shall be returned to the authority that issued it at the Ministry of the Interior.
 - The exercise of the activity shall be added to the Commercial Register.
 - The license shall be placed in a conspicuous place at the Company building, so that it can be viewed.
 - The facility does not exceed in its work the areas licensed to carry out work within its scope, as well as the number of vehicles.
 - The concerned authority at the Ministry of the Interior must be contacted to renew the license, at least 2 months before its expiry date.
 - The license period is 3 years, starting from the date of issuance or renewal.
 - The Company is committed and has obtained a license to practice the transfer of money, precious metals and valuable documents issued by the Ministry of the Interior, the Supreme Authority for Industrial Security registered under the number (19) dated 22/05/1441H (corresponding to 17/07/2020G) for (3) years ending on 21/05/1444 H (corresponding to 15/12/2022G).



(b) The Obligations related to licensing the activity of private civil security guards:

- The licensed activity of the branch of the subsidiary Company (Arab Company for Security and Safety Services) to practice is the activity of "private civil security guard", which requires the branch's compliance with the regulations of the Ministry of the Interior, especially the system of private civil security issued by the Royal Decree No. M/24 dated 08/07/1426H (Corresponding to 13/08/2005G) and its Executive Regulations issued by the Ministerial Resolution No. (170/H/D) dated 05/05/1427H (corresponding to 01/06/2006G), where the system and its Executive Regulations obligate the companies and the institutions licensed to practice private civil security guards to comply with the following:
 - The only proprietary must be wholly owned by a Saudi;
 - The Company must be wholly owned by Saudis;
 - Must have sufficient capital and the necessary means that enable him to secure the security guards and to equip them with the guard requirements and tools, as mentioned in the Rules and Regulation;
 - Must provide the necessary Bank guarantee in accordance with the classification and controls mentioned in the Rules and Regulation;
 - All employees of private civil security guard companies and institutions must be Saudis;
 - All civil security guards must be Saudis;
- Must obtain a license to practice insurance activity and provide private civil security guard service issued by the Ministry of the Interior, the Supreme Authority for Industrial Security No. (20) dated 052/09/1437H (corresponding to 24/01/2018G) for (5) years ending on 08/05/1442H (corresponding to 23/12/2020G); as of the date of the publication of this Prospectus, the license has expired, and the work is proceeding by AMNCO to renew the license.
- Except for what was mentioned in sub-paragraph (2.1.2) "Risks Related to Non-issuance or Non-renewal of Licenses and Certificates" of Section No. (2) "Risk Factors" of this Prospectus, the Company is committed to the regulations of the Ministry of the Interior.

9.4.10 The Continuing Obligations as Per the Ministry of Finance

- The Group's contracts with the government agencies (ministries, government agencies, authorities, public institutions and bodies with independent public legal personality) and specifically with the Zakat, Tax and Customs Authority referred to in sub-paragraph (9.5.7) of this section are subject to the government competition and procurement system, which gave the Ministry of Finance, as a competent authority, the power to determine the contractual framework. It has been found that these contracts obligate the Company contracting with government agencies with the following items:
 - 1- Continuity of maintaining the qualification criteria on the basis of which the contract was awarded.
 - 2- Continuity of maintaining the necessary conditions for carrying out works and securing purchases in accordance with the system and its implementing rules and regulations.
 - 3- The term of service contracts with the continuous implementation shall not exceed 5 years; it may be increased in contracts whose nature requires that, after the approval of the Ministry of Finance.
 - 4- Continuity of maintaining the level of performance in accordance with the agreed standards and scale to provide the service; in the event of any disruption, the government entity may end the contract or reduce payments if the performance is not satisfactory.
 - 5- Continuity of maintaining the transfer of knowledge, training and operational skills to the employees of government agencies.
 - 6- Providing a final guarantee of (5%) of the contract value.
 - 7- Retaining the final guarantee until the Company fulfills its obligations and the government entity finally receives the project, in accordance with the terms and conditions of the contract.
 - 8- The government entity may, within the limits of its actual needs, issue change orders by increasing the contract not exceeding (10%) of its value; it may issue change orders by reducing it not exceeding (20%) of its value.
 - 9- The Company may not assign the contract or a part of it to another contractor or supplier without obtaining written approval from the government entity and the Ministry of Finance.
 - 10- It is not permissible to subcontract with another contractor or supplier without obtaining a written approval from the government entity.
 - 11- If the Company fails to fulfill its obligations; a fine not exceeding (20%) of the contract value may be imposed, with deduction of the value of the unexecuted works.
 - 12- The government entity may withdraw part of the business, purchases and implement them at the Company expense, if it breaks its contractual obligations after being warned.
 - 13- The government entity shall evaluate the performance of the Company after the completion of the contract implementation, using the contractors' performance evaluation form. The results of the contractor performance appraisal shall not be made public before the evaluation Decision is final.
 - 14- The government entity may end the contract if the public interest so requires, or if the termination has been agreed upon with the contractor, after the approval of the Ministry.
- The members of the BOD confirm that the Company and any of its subsidiaries are not a party to a subcontracting Agreement for the purpose of implementing any of its existing projects as indicated in the above tables, and it has never been subjected to any warning from any government agency during 2018G, 2019G, and 2020G.



9.5 Material Contracts Summary

9.5.1 Agreements and Related Parties' Transactions

The Company has contracts and transactions with the related parties. It has committed to the procedures of disclosing these transactions to the GA of Shareholders; all transactions are on a purely commercial competitive basis that guarantees the rights of Shareholders; that those contracts are voted on by the Company GA without the participation of Shareholders who have interests in those contracts. It should be noted that the BOD, during the OGA of Shareholders dated 20/10/1442H (corresponding to 06/01/2021G), as well as the OGA of Shareholders dated 09/08/1441H (corresponding to 04/02/2020G) has delegated the authority of the OGA in accordance with the authorization mentioned in Paragraph (1) Article (71) of the Companies Law and in application of the conditions stated in the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies. It has a direct or indirect interest for the members of the Board in the meetings dated 29/10/2020G, and 04/12/2021G. (for further information, please see sub-section 9.4.5 "The Continuing Obligations as Per the Requirements of the CMA" of the section 9.4 "The Continuing Obligations Imposed by The Relevant Governmental Authorities on The Company and Its Subsidiaries in Their Capacity as a "Licensee"").

The table below shows the business and contracts that have taken place in which the BOD members or senior executives have a direct or indirect interest during 2020G.

Table No. (121): Related Parties Contracts and Transactions

| Related Party | Name | Relation | Dealing Relation | Dealing nature | Transaction value |
|--|--|---------------------|---|--|---|
| Smart City Solutions Company | Ahmed Mohammed Al-Sanea | BATIC BOD Chairman | Partner | Slave and purchase agreement to buy shares in Smart City Solutions Company | SAR 107,874,812* |
| Jasara Company (owns shares in Smart City Solutions Company for Communications and Information Technology) | Firas Khaled Al Bawardi | BATIC Board Member | Jasara CEO | Sale and purchase agreement to buy shares in Smart City Solutions Company | SAR 107,874,812* |
| MUBARRAD | Ahmed Mohammed Al-Sanea Majid Al-Issa | BATIC Board Members | Board members | Lease Contract | SAR 328,515 |
| Smart City Solutions Company | Ahmed Mohammed Al-Sanea | BATIC BOD Chairman | Partner | Lease Contract | SAR 302,500 |
| AMNCO Facility Management Co. Ltd. | Ahmed Mohammed Al-Sanea Majid Al-Issa | BATIC Board Members | Managers at AMNCO Facility Management | Lease Contract | SAR 139,150 |
| AMNCO Facility Management Co. Ltd. | Ahmed Mohammed Al-Sanea Majid Al-Issa | BATIC Board Members | Managers at AMNCO Facility Management | Agreement (contract of cleaning, maintenance and supervision services) | SAR 34,853 for 1 renewable year |
| Family investment Company | Ahmed Mohammed Al-Sanea | BATIC BOD Chairman | Partner and Director in Family Investment Company | Lease Contract | SAR 151,250 |
| Jazan Energy and Development Company (JAZADCO) | Ahmed Mohammed Al-Sanea Majid Al-Issa Fahad Al-Qathani | BATIC Board Members | Jazadco Board Members | Lease Contract | SAR 131,890 |
| Jazel Investment Company | Ahmed Mohammed Al-Sanea Majid Al-Issa Mohamad AlZamil Feras AlBawadri | BATIC Board Members | Jazel Investment Company's Board Members and Mohamad AlZamil as CEO | Lease Contract | SAR 151,250 |
| AMNCO | Ahmed Mohammed Al-Sanea Majid Al-Issa Mohamad AlZamil Feras AlBawadri Fahad Al-Qathani | BATIC Board Members | AMNCO's Board Members | Lease Contracts | SAR 113,740 SAR 605,000 SAR 151,250 SAR 151,250 SAR 239,580 |

Source: The Company.

*The acquisition transaction has been completed in Y2021G and the ordinary general assembly has approved it on 19/09/2021G in relation to the acquisition by Batic



of 35.8% from Smart Parking Company (seller) and also approved the contractual arrangement that will be executed between Batic and its subsidiary Amnco with respect to the sale and purchase of the entire shares of Amnco in Smart Cities Co.

The Company, its board members and Shareholders are committed to apply the Articles (71) and (72) of the Companies Law, as these transactions were voted on and approved in accordance with the provisions of the Companies Law and the Regulations on Regulations and Procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.

9.5.2 Lease Contracts

The Company has concluded (12) lease contracts as a lessor, which are (administrative offices in the Company building in Riyadh); most of these contracts are traditional lease contracts (i.e., stipulating the amount of rent paid by the tenant to the Company), renewable, and considered void if the tenant is late in paying the rent and is not entitled to sub-rent the property without taking the written consent of the landlord. The method of using the leased property or the activity may not be changed without the consent of the lessor; the two parties may agree on the value of the lease under these concluded contracts. The following is a list of the Company sites lease contracts and their most important details:

Table No. (122): List of Valid and Renewed Lease Contracts Signed by the Company as Lessor

| # | Contract Date | Lessor | Lessee | Address | Rental Property Type | Contract Duration | Notes | Contract Status |
|---|---------------|--------|--------------------------------------|-------------------------------------|--------------------------|---|--|-------------------------|
| 1 | 01/01/2020G | BATIC | Jazel Investment Company | Al-Arz Street Olaya District Riyadh | Administrative office | One year From 01/01/2020G until 31/12/2020G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 20/06/2022G |
| 2 | 01/01/2020G | BATIC | Family investment Company | Al-Arz Street Olaya District Riyadh | Administrative office | One year From 01/01/2020G until 31/12/2020G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 31/12/2021G |
| 3 | 01/10/2019G | BATIC | Jazan Energy and Development Company | Al-Arz Street Olaya District Riyadh | Administrative office | One year and two months From 01/10/2019G until 31/12/2020G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 31/12/2021G |
| 4 | 07/01/2019G | BATIC | MUBARRAD | Al-Arz Street Olaya District Riyadh | Administrative office | One year From 07/01/2019G until 06/30/2020G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 30/06/2022G |
| 5 | 01/01/2020G | BATIC | MUBARRAD | Riyadh Al-Kharj Governorate | Gated land (car parking) | One year From 01/01/2020G until 31/12/2020G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 31/12/2021G |



| # | Contract Date | Lessor | Lessee | Address | Rental Property Type | Contract Duration | Notes | Contract Status |
|----|---|--------|------------------------------------|---|--|---|--|---|
| 6 | 01/01/2021G | BATIC | Smart Cities Solutions | Al-Arz Street Olaya District Riyadh | Administrative office | 12 months From 01/01/2021G until 31/12/2021G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 31/12/2021G |
| 7 | 01/01/2021G | BATIC | AMNCO Facility Management Co. Ltd. | Al-Arz Street Olaya District Riyadh (Company headquarters) | Administrative office | 12 months From 01/01/2021G until 31/12/2021G | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | Valid until 31/12/2021G |
| 8 | 28/10/1440H (corresponding to 01/07/2019G) | BATIC | AMNCO | Riyadh Olaya District | Administrative office (unit G-4) | One year From 28/10/1440H (corresponding to 01/07/2019G) until 09/11/1441H (corresponding to 30/06/2020G) | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | The lease contract was renewed on 30/06/2022G |
| 9 | 28/10/1440H (corresponding to 01/07/2019G) | BATIC | AMNCO | Riyadh Olaya District | Administrative Office (Units 101, 102, 103, 104) | One year From 28/10/1440H (corresponding to 01/07/2019G) until 09/11/1441H (corresponding to 30/06/2020G) | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | The lease contract was renewed on 30/06/2022G |
| 10 | 28/10/1440H (corresponding to 01/07/2019G) | BATIC | AMNCO | Riyadh Olaya District | Administrative Office (Unit 303) | One year From 28/10/1440H (corresponding to 01/07/2019G) until 09/11/1441H (corresponding to 30/06/2020G) | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | The lease contract was renewed on 30/06/2022G |
| 11 | 28/10/1440H (corresponding to 01/07/2019G) | BATIC | AMNCO | Riyadh Olaya District | Administrative Office (Unit 304) | One year From 28/10/1440H (corresponding to 01/07/2019G) until 09/11/1441H (corresponding to 30/06/2020G) | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | The lease contract was renewed on 30/06/2022G |
| 12 | 17/05/1442H (corresponding to 01/01/2021G) | BATIC | AMNCO | Riyadh | Administrative Office (Unit G-2/G-1) | One year From 05/17/1442H (corresponding to 01/01/2021G) until 05/27/1443H (corresponding to 31/12/2021G) | The lease term shall be renewed for a period of one year, unless one of the parties notifies the other party of its desire to end the contract, (60) days before its expiry date | The lease contract was renewed on 30/06/2021G |

Source: The Company.



Table No. (123): List of Valid and Renewed Lease Contracts Signed by the Subsidiary Company (The Arabian Company for Security and Safety Services AMNCO) As Tenant

| # | First party (Lessor) | Second party (Tenant) | Signature date | Subject | Contract Duration | Expiry date | Renewal |
|----|---|-----------------------|--|--|--|--|-------------------------|
| 1 | European Tents Factory and Company | AMNCO | 27/05/1441H corresponding to 22/01/2020G | Renting one of the products of the European Tents Factory and Company | 3 months From 07/06/1441 H (corresponding to 02/01/2020G) | 08/09/1441H corresponding to 01/05/2020G | Automatically renewable |
| 2 | Theeb Rent a Car Co. | AMNCO | 20/03/1441H corresponding to 17/11/2019G | Car rental from Theeb | 12 months from the Contract date | 20/03/1442H corresponding to 17/11/2020G | Automatically renewable |
| 3 | National Bank | AMNCO | 07/01/1440H corresponding to 17/09/2018G | Leasing the site of the cash center with an area of (394) square meters, located in Bank Albilad, Hofuf city, Al-Raiqah neighborhood, for the purpose of operating the cash center | 5 years are binding on the lessor After 3 years from the Contract date, they are subject to early termination by the lessee upon a notice of 6 months | 07/01/1445H corresponding to 17/09/2023G | Automatically renewable |
| 4 | Sheikha Bint Shakrat Al Saud | AMNCO | 11/01/2018G | Renting a building for the Company in Riyadh / Al Nasiriyah. | 10 years | 15/08/1450H corresponding to 31/12/2028G | Automatically renewable |
| 5 | Faisal Saad Fawaz Al Harthy | AMNCO | 01/01/2018G | Renting a building for the Company in Makkah / the new administration. | 5 years | 22/07/1444H corresponding to 13/02/2023G | Automatically renewable |
| 6 | Salah Mohammed Al-Bassam & Partners Co | AMNCO | 12/10/2018G | Renting a building for the Company in Dammam / the headquarters of the new administration. | 1 year | 24/01/1442H corresponding to 12/09/2020G | Automatically renewable |
| 7 | Abdullah, Abdul Rahman, Munira and Jawaher Mahmoud Fakhri | AMNCO | 28/07/2019G | Renting a Company building in Jeddah / the new headquarters (Al-Mamoun Plaza). | 1 year | 17/12/1442H corresponding to 27/07/2021G | Automatically renewable |
| 8 | Ali Abdullah Daghshan Al Stan Al-Ghamdi | AMNCO | 09/12/2019G | Renting a Company building in Jeddah / Musaffah | 5 years | 25/04/1445H corresponding to 09/11/2023G | Automatically renewable |
| 9 | Muhammad Abdul Majeed Abdullah Namankani | AMNCO | 01/09/1439H corresponding to 16/05/2018G | Renting a building for the Company in Al-Madinah Al-Munawwarah / Al-Jadeed. | 5 years | 01/09/1444H corresponding to 23/03/2023G | Automatically renewable |
| 10 | Saad Mohammed Saad Al-Amer | AMNCO | 05/01/2018G | Renting a building for the Company in Al Qassim / Buraidah | 5 years | 01/09/1444H corresponding to 30/04/2023G | Automatically renewable |
| 11 | Hazza bin Ayesh Abalarous | AMNCO | 05/01/2018G | Renting a Company building in Buraidah, Al Qassim, Buraidah, for armored parking. | 5 years | 01/09/1444H corresponding to 30/04/2023G | Automatically renewable |
| 12 | Amal Suleiman Nasser Al-Shamasi. | AMNCO | 02/01/2019G | Renting a Company building in Buraidah, Tabuk. | 5 years | 19/07/1445H corresponding to 31/01/2024G | Automatically renewable |
| 13 | Ahmed Ali Mohammed Banafa | AMNCO | 07/01/2019G | Renting a Company building in Riyadh, office 5,6,7,8,9, Nasiriyah. | 5 years | 25/06/1445H corresponding to 07/01/2024G | Automatically renewable |
| 14 | Abdul Rahman bin Saad bin Ayed Suleiman | AMNCO | 28/07/2014G | Renting a building for the Company in Abha, the southern region / Abha. | 5 years | 30/09/1440H corresponding to 04/06/2019G | Automatically renewable |
| 15 | Abdullah Mohammed Al-Shahwan | AMNCO | 05/01/2018G | Renting a Company building in Al-Khafji / Al-Khafji office. | 5 years | 01/09/1444H corresponding to 30/04/2023G | Automatically renewable |
| 16 | Mona Ali Hassan Maghfourey. | AMNCO | 01/04/1436H corresponding to 21/01/2015G | Renting a building for the Company in Jazan | 5 years | 01/04/1441H corresponding to 28/11/2019G | Automatically renewable |
| 17 | Gharam Allah bin Ahmed Hudhaifah Al-Ghamdi | AMNCO | 01/05/1434H corresponding to 13/03/2013G | Renting a building for the Company in Al Taif | 5 years | 30/04/1439H corresponding to 17/01/2018G | Automatically renewable |
| 18 | Khaled Saar Al Amer | AMNCO | 03/01/2018G | Renting a building for the Company in Hail. | 1 year | 04/07/1441H corresponding to 28/02/2020G | Automatically renewable |



| # | First party (Lessor) | Second party (Tenant) | Signature date | Subject | Contract Duration | Expiry date | Renewal |
|----|---|-----------------------|--|--|-------------------|--|-------------------------|
| 19 | Fahad Mutlaq Fahid Al-Shammari. | AMNCO | 04/08/2018G | Renting a building for the Company in Hail, Hail region / Al-Hosh | 3 years | 14/12/1441H corresponding to 04/08/2020G | Automatically renewable |
| 20 | Mohammed Abdullah Bu Halaika | AMNCO | 08/01/2018G | Renting a building for the Company in Umm Khreisan, Al-Ahsa. | 1 year | 10/12/1444H corresponding to 31/07/2021G | Automatically renewable |
| 21 | Abdul Rahman Saad Yaan ALLAH al-Faqih, Abdul Hamid Saleh Saeed Al-Maneh | AMNCO | 03/01/2018G | Renting a building for the Company in Al Baha | 5 years | 08/08/1444H corresponding to 29/02/2023G | Automatically renewable |
| 22 | Saleh bin Hassan bin Muhammad Al Sarar | AMNCO | 06/01/2020G | Renting a building for the Company Najran | 1 year | 22/05/1442H corresponding to 06/01/2021G | Automatically renewable |
| 23 | Hamad Ali Hilal Al Ateeq | AMNCO | 05/01/2015G | Renting a building for the Company in Hafr Al-Batin | 3 years | 21/05/1442H corresponding to 05/01/2021G | Automatically renewable |
| 24 | Sami Al-Massar | AMNCO | 05/01/2020G | Renting a building for the Company Al-Jouf/Sakak. | 5 years | 18/09/1442H corresponding to 30/04/2021G | Automatically renewable |
| 25 | Saud bin Massad bin Abdullah | AMNCO | 05/01/2018G | Renting a building for the Company in Bisha | 1 year. | 21/05/1442H corresponding to 05/01/2021G | Automatically renewable |
| 26 | Muhammad Ali Muhammad Al-Qurashumi | AMNCO | 01/01/1348H corresponding to 02/10/2016G | Renting a building for the Company Yanbu. | 1 year | 30/12/1441H corresponding to 20/08/2020G | Automatically renewable |
| 27 | Al Najem Real Estate Group | AMNCO | 01/01/2019G | Renting a building for the Company Dammam / guards building. | 1 year | 16/05/1442H corresponding to 31/12/2020G | Automatically renewable |
| 28 | Aida Ahmed Rida Al-Harithy | AMNCO | 01/01/2020G | Renting a building for the Company in Al Taif / Taif Showroom - Umm Al Sebaa. | 5 years | 01/07/1446H corresponding to 01/01/2025G | Automatically renewable |
| 29 | Abdul Aziz Muhammad Al-Azizi Al-Mutairi | AMNCO | 12/01/2019G | Renting a building for the Company Tabuk (car parks - Al-Faisaliah). | 5 years | 28/05/1446H corresponding to 30/11/2024G | Automatically renewable |
| 30 | Ayman Attia Alhamrani Al-Ghamdi | AMNCO | 03/01/2018G | Renting a building for the Company Jazan - AMNCO office, Jazan branch - Suez district. | 3 years | 16/07/1442H corresponding to 28/02/2021G | Automatically renewable |

Source: The Company

*Renewal is automatic for one year unless one of the parties notifies the other party of its desire to terminate the contract (60) days before the expiry date of the term.

Table No. (124): List of Valid and Renewed Lease Contracts Signed by the Subsidiary Company (The Saudi Transport and Investment Company” Mubarrad”) As Tenant

| # | First party (Lessor) | Second party (Lessee) | Signature date | Subject | Duration | Expiry date | Renewal |
|---|--|-----------------------|--|---|---|--|--|
| 1 | BATIC Investment and Logistics Company | MUBARRAD | 06/05/1441H corresponding to 01/01/2020G | The first party leases the second party a piece of enclosed land located in Riyadh (14362) with an area of (50,000) square meters, to use it as parking. | 1 year starting from the signature date | 16/05/1442H corresponding to 31/12/2020G | Renewed for 1 year unless one of the parties notifies the other of its desire to terminate the contract, (60) days before its expiry |
| 2 | BATIC Investment and Logistics Company | MUBARRAD | 28/04/1440H corresponding to 01/07/2019G | The first party leases to the second party (28) rental units (ground, mezzanine, and five floors) with an area of 543 square meters, located in 8862 Al Arz Street, Al Olaya District, Riyadh., to use it as corporate offices. | 1 year starting from the signature date | 09/11/1441H corresponding to 30/06/2020G | Renewed for 1 year unless one of the parties notifies the other of its desire to terminate the contract, (60) days before its expiry |

Source: The Company.

Some legal persons with whom the Company deals as a lessor have a direct or indirect relationship with the members of the BOD. For more details, please see sub-paragraph (9.5.1) “Agreements and Related Parties’ Transactions” of this section.



It is worth mentioning Cabinet Resolution No. (292) dated 16/05/1438H, which included not considering the lease contract that is not registered in the electronic network a valid contract that produces its administrative and judicial effects; since the electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H; a circular was issued by the Ministry of Justice approving the application of this to all contracts concluded after on 05/05/1440H. As on the date of publishing this Prospectus, the above lease contracts have not been registered in accordance with the requirements of the circular of His Excellency, the Minister of Justice.

9.5.3 Supply Contracts

The Company and its subsidiaries have dealings with a number of suppliers through written Agreements; others are dealt with through purchase orders. It is worth noting that the Company and its subsidiaries have signed short-term supply Agreements during 2020G, which have been implemented and completed. The following is an overview of some of these substantial contracts concluded during 2019G and 2020G:

Table No. (125): List of Supply Contracts

| Contract or agreement Purpose | Contract or agreement Type | First Party | Second Party | Third Party | Signature Date | Duration | Notes |
|---|--|---|---|---|--|--|---------|
| Equipment supply contract | The supplier supplies the devices and equipment mentioned in the contract to the second party. | Al-Khatib United Trading and Contracting Company "The Supplier" | AlShifa Technology Co. Ltd., in | - | 12/09/1441H corresponding to 05/05/2020G | (50) days from the date of receiving the first payment. | Expired |
| consignment supply contract | The first and third parties shall deliver all orders in (5) batches. | HONGYUAN INTERNATIONAL LOGISTICS | Healing Technology Company "The Buyer" | Haiai Yuan Trading Limited | 05/11/1441H corresponding to 26/06/2020G | - | Expired |
| equipment supply contract | The first party supplies the equipment to the second party. | TECMEN ELECTRONICS CO "The Supplier" | AlShifa Technology Co. Ltd., in "The Buyer" | Haiai Yuan Trading Limited "The Seller Advisor" | 06/11/1441H corresponding to 27/06/2020G | - | Expired |
| Contract for the supply of "HAMILTON C3" medical equipment | The first party shall deliver the equipment to the second party according to what is stated in the contract. | Anfas Corporation for trade of consumables and medical devices. | AlShifa Technology Co. Ltd., in | - | 22/08/1441H corresponding to 15/04/2020G | The deadline for submission is the first week of July 2020G. | Expired |
| Agreement for the supply of petroleum materials to MUBARRAD | The first party supplies petroleum materials to the second party. | Saudi Automotive Services and Equipment Company (SASCO) | MUBARRAD | - | 02/09/1440H corresponding to 07/05/2019G | 1 year. | Expired |
| Agreement contract (detailing and supplying a formal uniform) | The first party supplies uniform requests to the second party. | Enjaz Al-Manar Clothes Factory | AMNCO | - | 01/04/1441H corresponding to 28/11/2019G | It expires on 06/05/2020G and is renewed for a similar period unless one of the parties notifies the other of its unwillingness to renew, 2 months before the end of the agreement term. | Expired |

Source: The Company.



9.5.4 Loans and facilities

The Company and its subsidiaries have a number of loan and credit facilities Agreements to support its activities and projects, according to the following detail:

Table No. (126): Loans and Credit Facilities – (Batic Investment and Logistics Company)

| Financing Party | Date of obtaining financing | Expiry date of providing Credit facilities | limit (SAR) | Amounts used* (SAR) | Amounts paid* (SAR) | Payment dates | Notes |
|-------------------|---|--|-------------|---------------------|---------------------|--|---|
| Arab Bank** | 11/04/1440H (corresponding to 18/12/2018G) | 18/12/2018G | 34,000,000 | 34,000,000 | 6,800,000 | 30/06/2024G | Long-term loan to finance the purchase of an investment property Repayment in semi-annual installments |
| Riyad Bank*** | 10/05/1441H (corresponding to 05/01/2020G) | 13/12/2020G | 20,000,000 | 7,000,000 | - | 10/06/2021G | Short term loan to finance the working capital requirements |
| Bank Aljazira**** | 28/07/2021G | - | 140,000,000 | - | - | By one or more payments due within maximum period of (12) months or by deducting from the project's receivables (whichever is earlier) | Financing the acquisition of 35.8% of Smart Cities Solutions Co and capital expenses and financing the management and operating expenses for car parking project. |
| | | | 194,000,000 | 41,000,000 | 6,800,000 | | |

Source: The Company.

*As on 30/06/2020G.

** The most important financial and operational pledges and guarantees granted by the Company in favor of the funded entity under the Agreement include the following:

- A promissory note of SAR (30,600,000) signed by the Company and the guarantor according to the rules and the method accepted by the Bank.
- A joint fine and performance bond signed by AMNCO.
- Waiver in favor of the Bank by AMNCO for the lease returns of the financed property.
- Providing the Bank with an insurance policy in which the Arab National Bank will be the first beneficiary.
- The mortgage registered in favor of the Bank for the deed subject to financing, amounting to SAR (24,017,000).
- The Company pledges to maintain its financial, administrative and legal position, its ownership and its activity as on the date of the Agreement.
- The Company undertakes not to allow the issuance or approval of the issuance of new shares, or granting options, or guarantees, or right to subscribe to additional shares in its capital, to any person, except for a Shareholder or an existing partner in the Company.
- The Company undertakes not to announce, or pay any dividends or distributions to partners/Shareholders, or pay any loans to partners/Shareholders in case of any breach.

*** The most important financial and operational pledges and guarantees granted by the Company in favor of the funded entity under the Agreement include the following:

- A promissory note of SAR (20,000,000) issued by BATIC on 05/01/2020G.
- Mortgage for real estate guarantees according to a mortgage December laration dated 05/01/2020G, with a coverage rate not less than (100%); the mortgaged is fully limited and described in the title deed No. (711507003023) issued by the Notary Public of Al-Kharj Governorate on 29/04/1439H (corresponding to 16/01/2018G).
- An authorization to seize any amounts, papers, negotiable documents, money or financial bonds belonging to the Company that reach the possession of the Bank in any of its branches; so that, the latter has the right to obtain its value, and credit it to the Company account as amounts paid from it, in fulfillment of its due rights but unpaid yet.
- Any modification in the legal form, ownership, Company management structure, and/or guarantors, and/or one of the subsidiaries, and/or one of the sister companies, taking any December isions that would affect their obligations with the Bank, or that would affect the Bank's guarantees without recourse, are considered breach of this Agreement.
- The Company acknowledges that any change made to its entity, whether with regard to its legal form, partners, limits of their responsibilities, capital, obligations towards third parties, activity, eligibility, capacity, legal representatives, limits of their powers, or otherwise will not affect in any way the continued enforcement of this Agreement; in these cases, the Company is committed to notify, immediately, the Bank upon making this change and the procedures for publicizing it, by submitting the legal documents indicating its acceptance, as well as to sign, immediately, these documents, and provide any other guarantees required by the Bank.

**** key financial and operational pledges and guarantees granted by the Company in favor of the Bank under the Agreement:

- Acknowledged Assignment from Aljazira Capital of rights issue proceed in favor of the Bank*.
- The Security Documents include:
 1. Promissory note for an amount of one hundred forty million (140,000,000) SR.
 2. Credit sale general conditions agreement (Dinar program).
 3. Facilities Letter & Agreement (General Terms and Conditions).
- Obtaining cooperative insurance policy over the Company's properties and guarantees provided against all risks.
- Undertaking to notify the Bank in writing of any and all provisions and charges on assets currently existed or in the future and not to pledge or sell any of



the properties unless written consent of the Bank is obtained.

- The Company undertakes to pay its obligations to the bank directly upon collection of the rights issue proceeds.
- In case the legal form of the Company was changed without prior knowledge and consent of the Bank, the Bank may cancel its obligations under this Agreement and may call for all the outstanding amounts regardless of maturity date.

* An assignment of proceeds contract has been executed and enclosed as a part of the facilities agreement with Bank AlJazira. The contract allows the bank to retain all the offering proceeds and will deduct the amounts due following the use of the bridge loan and will transfer the remaining amount to the Company that will use it in the manner stipulated in section 6 "Use of Proceeds" as set out in this prospectus.

key undertakings of the Company under the Acknowledged Assignment of rights issue proceeds:

- Waiving of all proceeds and dues of the Company's public offering of shares.
- Authorizing the bank to pledge all receivables, rights, amounts and compensations due or that may be due later on the offering process, until the bank fulfills all amounts and obligations incurred by the Company.
- A pledge not to waive any rights due from the public offering, which may be distributed or received later, and not to agree to any reduction or increase in the shares offered for subscription without the Bank's prior written approval.

Table No. (127): Loans and Credit Facilities – Subsidiary (The Arabian Company for Security and Safety Services AMNCO)

| Financing Party | Expiry date of providing Credit facilities | limit (SAR) | Amounts used ¹ (SAR) | Payment dates | Notes |
|------------------------------------|--|-------------|---------------------------------|---------------|--|
| Saudi Investment Bank ¹ | 30/09/2021G | 40,000,000 | 29,020,097 | 30/09/2021G | SAR 25 million Loan due to be paid on September 30, 2021G The rest is letters of guarantee in the course of the operational activity |
| Banque Saudi Fransi ² | 28/02/2022G | 80,000,000 | 72,263,250 | 24/06/2021G | SAR 5 million Loan due to be paid on June 24, 2021G The rest is letters of guarantee in the course of the operational activity |
| Arab national Bank ³ | 31/03/2022G | 30,000,000 | 24,157,141 | - | Initial and ending letters of guarantee used for customers in the course of operational activity |
| Emirates NBD | 30/06/2021G. | 74.000.000 | 56,912,508 | 01/06/2022G. | Terms of payment is 7 years |

Source: The Company.

¹ As on 31/12/2020G.

The most important financial and operational pledges and guarantees granted by the Company in favor of the funded entity under the Agreement include the following:

- A fine and performance guarantee duly signed by the parent Company (BATIC).
- A documented and recognized waiver in favor of the Bank of the proceeds of contracts whose value exceeds SAR (1,000,000), and guarantees of proper execution are issued for them through the Bank.
- A duly signed promissory note for an amount equal to the financing value.
- An undertaking that there will be no change in the ownership or control of its shares without the prior written approval of the Bank; the ownership must not be notified before obtaining the prior written approval of the Bank.

² The most important financial and operational pledges and guarantees granted by the Company in favor of the funded entity under the Agreement include the following:

- A fine and performance guarantee duly signed by the parent Company (BATIC).
- A duly signed promissory note for an amount equal to the financing value.
- A Company guarantee from BATIC that does not exceed SAR (80,000,000).

³ The most important financial and operational commitments and guarantees granted by the Company in favor of the funded entity under the Agreement include the following:

- A fine and performance guarantee duly signed by the parent Company (BATIC).
- A duly signed promissory note for an amount equal to the value of the financing, guaranteed by BATIC.
- Assignment in favor of the Bank of the project extracts from the attribution side.

⁴ It should be noted that BATIC has sent a letter to the Arab National Bank, which includes the Company request that the Arab National Bank does not object to increasing its capital through a rights issue. Accordingly, the Arab National Bank sent an e-mail stating that there is no objection to the Company's capital increase, as this is not considered a breach by BATIC of the terms and conditions mentioned in the credit facility Agreement compatible with Shariah controls with the Arab National Bank.

⁵ On October 17, 2019G, the Arab Company for Security and Safety Services AMNCO, being a partner in Smart Cities Solutions Company for Communications and Information Technology, and by signing a long-term financing credit facility agreement (tawarruq, guarantees and hedging) in compliance with the provisions of Islamic Sharia, provided that the financing period is seven years, and its purpose is to finance investment in the Smart Parking Company's project (a subsidiary to Smart Cities for Communications and Technology Company) in the Eastern Province. On 03/12/2019G, an agreement was signed to transfer this financing agreement and its terms, obligations and clauses to Smart Cities Solutions Company for Communications and Information Technology.

**Table No. (128): Loans and Credit Facilities – Subsidiary (The Saudi Transport and Investment Company, “Mubarrad”)**

| Financing Party | Date of obtaining financing | Expiry date of providing Credit facilities | limit (SAR) | Amounts used* (SAR) | Amounts paid* (SAR) | Payment dates | Notes |
|-----------------------|-----------------------------|--|-------------------|---------------------|---------------------|---------------|--|
| Arab Bank** | 03/05/2018G | 11/06/2023G | 15,000,000 | 14,820,616 | 2,518,421 | 09/02/2026G | Funding was obtained in three installment payments |
| Riyad Bank*** | 31/05/2020G | 17/03/2025G | 24,500,000 | 20,887,773 | 2,405,190 | 02/09/2025G | Funding was obtained in three installment payments |
| Hajj Hussein Ali Reda | 30/09/2020G | 30/09/2023G | 14,245,200 | 14,245,200 | 3,561,300 | 30/09/2023G | Truck Purchase Payment Papers |
| | | | 53,745,200 | 49,953,589 | 8,484,911 | | |

Source: The Company.

* As on 30/06/2021G.

** The most important financial and operational pledges and guarantees granted by the Company in favor of the funded entity under the Agreement include the following:

1. Bond pursuant to a joint fine and performance bond December luration dated 11/03/2018G and on 17/03/2020G.
2. The Company is obligated to notify, immediately, the Bank upon making any change to its entity, whether with regard to the legal form of the Company, partners and the limits of their responsibilities, capital, obligations towards third parties, activity, eligibility, capacity and acknowledges that it will not affect the continued enforcement of this Agreement, as well as signing, immediately, any other guarantees requested by the first party.
3. The Bank has the right to ask for the payment of the unpaid remaining balance from the financing provided to the Company in the event that a written approval is not obtained from the Bank if any modification in the legal form or structure of ownership or management of the second party (the Company), its guarantors, or any of the its subsidiaries/sister companies, as well as to take any December isions that may affect their obligations with the first party or its guarantees.

9.5.5 Consultation and review contracts

The Company and its subsidiaries have entered into Agreements with law firms, audit firms and external chartered accountants to review the financial statements and examine the interim condensed financial statements as follows:

Table No. (129): The Company and its subsidiaries Consultation and Review Contracts

| # | Contract type | Contract subject | Contract Party 1 | Contract Party 2 | Contract period |
|---|---|--|--|--------------------------------|-----------------|
| 1 | lawyer contract | The first party provides legal advice to the second party. | Ahmed Bin Mohammed Al Feda Law Firm | AMNCO | Ended |
| 2 | letter of appointment | Annual review of the second party's statement of the financial position as on December 31, 2020G, the Revenue statement, the comprehensive Revenue statement, the statement of changes in equity and the statement of cash flows for the year ended on this date and the clarifications about the financial statements, as well as an examination of the interim condensed financial statements for the period ending on June 30, 2020G and September 30, 2020G and March 31, 2021G. | Ibrahim Ahmed Al-Bassam & Partners Co. | AMNCO | - |
| 3 | letter of appointment | Annual review of the second party's statement of financial position as on December 31, 2021G, the Revenue statement, the comprehensive Revenue statement, the statement of changes in equity and the statement of cash flows for the year ended on this date and the clarifications about the financial statements, as well as an examination of the interim condensed financial statements for the period ending on June 30, 2021G and September 30, 2021G and March 31, 2022G. | Ibrahim Ahmed Al-Bassam & Partners Co | BATIC | |
| 4 | Speech | The first party appoints the second party an independent expert to conduct the annual impairment test for AMNCO | BATIC | RSM United Accountants | Ended |
| 5 | Link | The second party informs the first party of the services and benefits of the system Gps gate (An electronic system designed to manage and track the Company fleets). | AMNCO | Specialized Hand Tools Company | Valid |
| 6 | Contract for the supply of services and equipment | Follow-up of zakat / tax work for the period ending on December 31, 2020G | Jamal Al-Dossary (Accountants and Legal Consultants) | AlShifa Technology Co., Ltd. | - |



| # | Contract type | Contract subject | Contract Party 1 | Contract Party 2 | Contract period |
|----|---|---|--|------------------------------|--|
| 7 | Special offer for Zakat/tax advice | Annual review of the second party's statement of financial position as on December 31, 2020G, the Revenue statement, the comprehensive Revenue statement, the statement of changes in equity and the statement of cash flows for the period ending on this date and the clarifications about the financial statements, in addition to examining the interim condensed financial statements for the period ending on September 30, 2020G and March 31, 2021G | Ibrahim Ahmed Al-Bassam & Partners Co. | AlShifa Technology Co., Ltd. | - |
| 8 | appointment letter | Review and submit VAT returns on a monthly basis for 2021G | Abdullah Omar Bakoudah and Abdullah Omar Abu Al-Khair & Partners Company (Chartered Accountants). (Tax advisor) | MUBARRAD | - |
| 9 | Offer to submit value-added tax returns for 2021G | Follow-up of zakat / tax work for the financial year 2020G | Jamal Al-Dossary (Accountants and Legal Consultants) | MUBARRAD | - |
| 10 | Special offer for Zakat/tax advice | Laying the foundations, rules and provisions on which the two parties rely in regulating their contractual relationship, and the first party insuring the non-Saudi workers. | Maharah HR Company | MUBARRAD | 17/06/1439H corresponding to 05/03/2018G |

Source: The Company.

9.5.6 Contracts for Maintenance Services

The Company and its subsidiaries have signed an ATM maintenance services Agreement, bearing in mind that the value of each contract is specified in the contract itself. These maintenance service contracts have been concluded as follows:

Table No. (130): The Company and Its Subsidiaries Maintenance Service Contracts

| # | Contract type | Contract subject | Contract Date | Contract period |
|---|---|---|---|--|
| 1 | Contracting | Based on the Agreement, the second party (a subcontractor) implements the monitoring system project at Naif Arab University. (Supply and installation of cameras for the project "Installing cameras for the uncovered areas") | 26/09/1441H (corresponding to 19/05/2020G) | (120) days from the date of signing and receiving the signer under a signed receipt certificate |
| 2 | Model Services Agreement for the National Commercial Bank (NCB) Project | The first party provides maintenance services for the ATM machine of the National Commercial Bank project | | The period of services' provision is one year from the effective date of the agreement, or even a forthcoming date approved by both parties. At the end of the contract, the services' table agreed on will be automatically renewed for one year or more. Both parties can notify each other side about their desire for agreement renewal, by a written notice sent (180) days prior to the expiry date. |
| 3 | Service Level Agreement | The first party shall provide the services, programs and equipment stipulated in the contract | | Until 02/11/1442H (corresponding to 28/09/2020G) |
| 4 | Services | Providing automated ATM services | | From 21/01/1440H (corresponding to 01/10/2018G) Even 23/06/1440H (corresponding to 31/03/2019G) |
| 5 | Services | Providing maintenance services for Al Rajhi Bank's ATM machines | | 1 year Automatically renewed |
| 6 | General Services Agreement | Providing primary maintenance services for ATMs throughout the week | | Until 05/05/1441H (corresponding to 31/12/2019G) (Contract renewed) |
| 7 | Operating and investing a consolidated monetary center | Operation and investment of the consolidated monetary center | | (5) Gregorian years starting from 25/04/1440H (corresponding to 01/01/2019G) until 31/12/2023G |

Source: The Company.



9.5.7 Contracts for Security and Guards Services

AMNCO has concluded a number of security and guards' services Agreements; the value of each varies according to the services provided and is specified in each Agreement or according to the tables attached to it; the following are the most important details of some of the essential contracts and Agreements:

Table No. (131): Contracts for Security and Guarding Services for the Arabian Company for Security and Safety Services

| # | Contract type | Contract subject | Contract Date | Contract period |
|---|---|---|---|---|
| 1 | Contract (services) for securing security guards' | The second party implements the security of security guards for the general administration building and the warehouse branches of the Zakat, Tax and Customs Authority, and the general secretariats of the tax committees. | 17/10/1441H (Corresponding to 06/09/2020G) | 12 Gregorian months from the beginning of the business commencement's minutes. |
| 2 | Security guard contract | The second party shall guard the headquarters of the Decision-making support center. | 03/06/1441H (Corresponding to 28/01/2020G) | The contract is valid from 01/01/2020G and for (3) years, provided it is renewed for the 2nd and 3rd years according to a pledge issued by the head office ever year. |
| 3 | Framework Agreement to provide security and guard services' | The second party is implementing a project to provide security and safety services for the buildings and facilities of the General Authority for Zakat and its branches. | 06/12/1440H (Corresponding to 17/12/2019G) | One Gregorian year starting from the date when the Company becomes responsible for the site. |
| 4 | Contract security guard services | The second party provides security guard services for the buildings and facilities of the Public Investment Fund. | 04/09/1441H (Corresponding to 27/04/2020G) | The contract is valid from 01/01/2020G until 31/12/2021G. |
| 5 | Contract for the implementation of security services work' | The second party implements civil security services for the first party. | 16/05/1442H (Corresponding to 31/12/2020G) | One Gregorian year starting from the date of the contract's signing and renewable for another forthcoming year for a maximum limit of 5 years. |
| 6 | make a deal | Civil services and security guards work for the expansion project of the Grand Mosque - Shamiya in Makkah Al Mukarramah. | 22/11/1440H (Corresponding to 25/08/2019G) | The specified date was seen in the appendix (12) Gregorian months from 01/10/2021G until 30/09/2021G. |
| 7 | A contract to provide security guards and simplify security and safety procedures | The second party shall provide security guards and simplify security and safety procedures | 04/06/1439H (Corresponding to 20/02/2018G) | One Gregorian year starting from 01/01/2018G until 31/12/2018G. |
| 8 | Security and Safety Services Supply Agreement | The second party provides security and safety services for the first party. | 03/08/1436 (Corresponding to 01/05/2015G) | - |

Source: The Company.

* Subject to the government competition and procurement system and its executive regulations:

- Implementation of the regulation of conflict of interest in the application of the system of government competitions and procurement and its executive regulations issued by the Cabinet Resolution No. 537 dated 21/08/1441H
- Not disclosing data related to government agencies to any third party without the prior approval of the government agency.
- Providing a remote guarantee of 5% of the contract value.
- Giving priority to national products and products of national origin in the countries of the Cooperation Council for the Arab States of the Gulf.
- It is not permissible to sub-contract to perform all or any part of the services without obtaining the prior written consent of the contracting authority.



Table No. (132): Transport Contracts

| # | Contract type | Contract subject | Contract Date | Contract period |
|---|---|--|---|--|
| 1 | Road Carriage Agreement for Goods | The second party deliver the products of the first party. | 08/08/1441H (Corresponding to 01/04/2020G) | (3) years starting from 01/04/2020G. |
| 2 | Contract for the carriage of goods | The second party transports the products of the first party to designated areas. | 21/12/1441H (Corresponding to 11/08/2020G) | One year from the signature date automatically specified for a similar period, provided that both parties notify each other before the expiry of the specified period, (3) months. |
| 3 | Transportation Services Contract | The second party delivers the products of the first party to its various branches. | 15/07/1442H (Corresponding to 01/01/2021G) | (3) years / valid until 31/12/2023G |
| 4 | Transport Agreement | The second party delivers the products of the first party. | 15/05/1440H (Corresponding to 21/01/2019G) | One year until 31/12/2019G |
| 5 | A contract for transporting chickens, meat factories and chicken meat inside and outside the Kingdom. | The second party transports the products of the first party daily and around the clock from its factories, warehouses and slaughterhouses. | 01/01/1435H (Corresponding to 04/11/2013G) | One Gregorian year / From 01/11/2013G Then it becomes an unlimited contract until terminated by one of the parties. |
| 6 | service contract (transport) | The second party delivers the products of the first party | 04/07/1439H (Corresponding to 21/03/2018G) | (3) years from 01/06/2018G provided that no party sends a written notification to the other has no longer the desire to renew the contract (3) months prior to the expiry date. |

Source: The Company.

9.6 Memorandum of Understanding

Batic Investment and Logistics Company has signed memoranda of understanding to form an alliance for the purpose of applying for qualification to enter the competition for the construction and management of car parks in Olaya district in Riyadh, and to acquire shares in subsidiaries of one of its subsidiaries, according to the following detail:

9.6.1 Memorandum of understanding to form an alliance/consortium for the purpose of applying for qualification to enter the competition for the construction and management of car parks project:

Table No. (133): Summary of the Memorandum of Understanding in Order to Form an Alliance for the Purpose of Applying for Qualification to Enter the Construction and Management of Parking Lots Project Competition

| MOU | Memorandum of understanding Subject | 1st party | 2nd party | 3rd party | MOU date | MOU value | MOU duration |
|-----------------------------|---|----------------------------------|------------------------------------|---|--|---|--|
| Memorandum of understanding | Joint cooperation between the parties for the purpose of concluding a final Agreement to enter into a competition for the construction and management of car parks in the Olaya district in Riyadh. | Al Murshid Group Holding Company | Smart Cities ICT Solutions Company | BATIC Investments and Logistics Company (BATIC) Investments and Logistics Company (BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC)) | 12/03/1442H (Corresponding to 29/10/2020G). | It is agreed between the parties under the final Agreement on the proportion of each party to the project according to the tasks of each party in accordance with what will be codified in the final Agreement. | It shall come into force from the date of its signature for a period of three months and shall be automatically renewed unless the other parties are notified of their unwillingness to renew at least (15) days before its end. This MOU was renewed until 20/10/2021G. And it has been further renewed to same period of 3 months up to 26/06/1443H. (corresponding to 29/01/2022G.) |

Source: The Company.



9.6.2 Memorandum of Understanding to Acquire Shares in Smart City Solutions Company for Communications And Information Technology:

Resolutions and Agreements Related to the Acquisition Deal:

Acquisition of the shares of Smart Parking Holding Company in Smart Cities Solutions Company for Communications and Information Technology

- On 01/09/1442H (corresponding to 13/04/2021G), Batic BOD's Resolution was issued by circulation under number (37/14) and was completed by approval of the Memorandum of Understanding terms to acquire (34.4%) of Smart Parking Holding Company from the capital of Smart Cities Solutions Company for Communications and Information Technology. The BOD Chairman Ahmed bin Muhammad Al-Sanea and Board Member Feras bin Khaled Al Bawardi have disclosed a conflict of interest arising from the acquisition process and thus abstained from voting on its terms.

The following table includes a summary of the memorandum of understanding to acquire shares in Smart City Solutions Company for Communications and Information Technology:

Table No. (134): Summary of the Memorandum of Understanding to Acquire Shares in Smart Cities Solutions Company

| MOU | Memorandum of understanding Subject | 1st party | 2nd party | MOU date | MOU value* | MOU duration** |
|-----------------------------|---|---|---|--|--|--|
| Memorandum of Understanding | Batik Investments and Logistics Company acquisition of Smart Parking Holding Company shares in Smart City Solutions Company for Communications and Information Technology | Smart Parking Holding Co. (Limited Liability) | BATIC Investments and Logistics Company (BATIC) Investments and Logistics Company (BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC)) | 01/09/1442H (Corresponding to 13/04/2021G) | The initial purchase of the shares is estimated at SAR 107,874,812, representing 35.8% of the capital of Smart City Solutions Company for Communications and Information Technology Company. | 4 Gregorian months from the date of signing the share purchase Agreement (the final date for completing the proposed transaction). It should be noted that term was extended to one additional month |

Source: The Company.

* It should be noted that on 17/09/1442H (corresponding to 29/04/2021G) Batic BOD's Resolution No (41 / 14) was issued by circulation approving the acquisition of (35.8%) of the shares of Smart Cities Solutions Company for Communications and Information Technology, with a purchase value of SR (107,874,812). On 12/02/1443H (corresponding to 19/09/2021G), the convening Ordinary General Assembly approved this purchase.

** On 02/26/1443H (corresponding to 03/10/2021G), this deal was concluded after the completion of the financial evaluation procedures and the financial and legal examination of the company by an independent third party, and the partners in the Smart Cities Solutions Company for Communications and Information Technology Company have independently waived in writing any rights or pre-emption in the purchase of the sold shares and have obtained the necessary approvals of the relevant official and private authorities.

- On 17/09/1442H (corresponding to 29/04/2021G), Batic BOD's Resolution No. (41/14) was issued by circulation, with approval of the terms of the Share Sale and Purchase Agreement between Smart Parking Holding Company (the seller) and Batic (the buyer) for (35.8%) of the capital of the Smart Cities Solutions Company for Communications and Information Technology. The BOD's Chairman Ahmed bin Mohammed Al-Sanea and Board Member Firas bin Khaled Al-Bawardi abstained from participating in the voting being related parties.
- On 07/10/1442H (corresponding to 19/05/2021G), a letter was issued to the BOD's Chairman signed by the Audit Committee Chairman Taha bin Muhammad Azhari on behalf of the Committee, regarding the Audit Committee's views on the transactions of related parties to the Share Purchase Agreement of the Smart Cities Solutions Company for Communications and Information Technology. This letter contained the following recommendations:
 - Attaching the Board's Chairman notification (Shareholders' Letter) and submitting it to the company's General Assembly to obtain a license for the Assembly whenever it convenes, and including the notification in the meeting's minutes in compliance with the requirements of Article 71 of the Companies Law.
 - Attaching the special report from the company's external auditor (the independent confirmation report of the external auditor) with the notification in compliance with the requirements of Article 71 of the Companies Law.
 - Ensuring the completion of the financial and legal due diligence processes of the transaction and the rest of the legal and regulatory requirements.
- On 14/01/1441H (corresponding to 19/08/2021G), The Executive and Investment Committee Resolution number (10/14) was issued and adopted by circulation, and it included the following recommendations:
 - Recommendation to the Batic's BOD to approve a credit facility agreement provided by Al Jazira Bank in order to finance the purchase deal of (35.8%) of Smart Cities Solutions Company's shares owned by Smart Parking Company, to pay the first year's remaining rent of the Parking Lease Contracts of Smart Cities Company in the Eastern Region, and to finance capital expenses (for more information, please refer to paragraph No. (9.4.5)"The Continuing Obligations as Per the Requirements of the CMA" of this Section)
 - Recommendation to Batic's BOD to authorize Mohammed bin Saud Al-Zamil to sign the sale contract and all procedures, and to complete the legal procedures.



- On 12/02/1443H (corresponding to 19/09/2021G), the convening Ordinary General Assembly approved the business and contracts that will be made between Batic Investment and Logistics Company and the Smart Parking Holding Company, with which the BOD's Chairman Ahmed bin Mohammed Al-Sanea and Board Member Firas bin Khalid Al-Bawardi have indirect interest. This interest is represented in purchasing part of the shares owned by the Smart Parking Holding Company amounting to (35.8%) of Smart Cities Solutions Company's shares (a subsidiary of the subsidiary the Arab Company for Security and Safety Services "AMNCO") in the amount of SR (107,874,812) and according to the prevailing commercial terms and without any preferential terms.

Acquisition of The Arab Company for Security and Safety Services "AMNCO" shares in the capital of Smart Cities Solutions Company for Communications and Information Technology, with all rights and obligations in favor of Batic

- On 10/01/1443H (corresponding to 18/08/2021G), Batic's BOD Resolution No. (56/14) was issued by circulation and approved the Share Transfer Agreement of AMNCO in the capital of the Smart Cities Solutions Company for Communications and Information Technology, with all rights and obligations in favor of Batic. The BOD Chairman Ahmed bin Mohammed Al-Sanea, the Vice Chairman Majed bin Abdallah Al Issa, the delegate Member Mohamad bin Saud Al-Zamil, and Board Members Firas bin Khaled Al Bawardi and Fahd bin Mubarak Al-Qathami abstained from participating in the vote, as they are related parties. It should be noted that on 07/01/1443H (corresponding to 15/08/2021G), the aforementioned related parties had previously submitted disclosures about a conflict of interest as a result of Batic's Purchase Agreement of all the shares owned by AMNCO in the Smart Cities Solutions Company.
- On 11/01/1443H (corresponding to 19/08/2021G), a letter was issued to the Board Chairman signed by the Audit Committee Chairman, Taha bin Muhammad Azhari, on behalf of the Committee, regarding the Audit Committee's views on the transactions of related parties related to Batic Share Purchase Agreement of the subsidiary AMNCO in the capital of the Smart Cities Solutions Company. This letter contained the following recommendations:
 - Presenting the notification of the Board Chairman (Shareholders' Letter) to the company's General Assembly to obtain the its license during the meeting and confirm the notification in the meeting's minutes, in compliance with the requirements of article 71 of the Companies Law.
 - Attaching the special report from the company's external auditor (independent confirmation report from the external auditor) with the notification in compliance with the requirements of Article 71 of the Companies Law.
 - Committing to the non-participation of Board Members in voting on the Resolution issued in this regard in the BOD and the Shareholders' Associations.
 - Ensuring that the financial studies and legal and regulatory requirements are completed.
- On 18/01/1443H (corresponding to 26/08/2021G), an agreement was signed to sell AMNCO (the seller) shares (350 shares valued at SR 35,000) in Smart Cities Solutions Company to Batic (the buyer). The agreement was signed by Ahmed bin Muhammad Al Feda (on behalf of the seller) and Muhammad bin Saleh Al Mazeed (on behalf of the buyer).
- On 29/01/1443H (corresponding to 06/09/2021G), the BOD's meeting was held and the Board Members reviewed and discussed the agenda items. It should be noted that among the items, one included the review and discussion of the latest update on the acquisition process of the Smart Parking shares in the Smart Cities Solutions Company and which represents (40%) of the Smart Cities Solutions Company's capital, in addition to the financial restructuring of the Smart Cities Solutions Company's capital by transferring the shares of "AMNCO" to Batic. The deliberation was limited to reviewing the financial and legal reports, the financial evaluation of the deal, and the latest developments in the legal procedures, without taking any decision in this regard.

The following recommendations and decisions were taken:

- Item One:** Approving the minutes and resolutions passed by the company's BOD during the last period (including the Board's Resolution by circulation dated 08/18/2021G and previously referred to and related to the acquisition of AMNCO's shares in Smart Cities Solutions Company (SCS). The Board Chairman Ahmed bin Muhammad Al-Sanea, the Vice Chairman Majid bin Abdullah Al-Issa, the delegate Member Muhammad bin Saud Al-Zamil, Board Members Firas bin Khalid Al-Bawardi and Fahd bin Mubarak Al-Qathami abstained from participating in the voting process, as they are related parties.
- Item Two:** Recommending the disclosure and presentation of the latest developments in the electronic link of the "Company Resource Planning" program. (ERP) in AMNCO.
- Item Three:** Recommending that the next presentation of the financial results include the actual and expected financial results until the end of 2021G.
- Fourth item:** Directing to speed up the obtention of AMNCO Facilities Management Company for classification and urge to focus on the Hard Maintenance.
- Fifth Item:** Directing to disclose the updated powers and authorities table of the company and its subsidiaries during the next meeting.

The minutes of this meeting were signed and approved by the following Board Members: Ahmed bin Muhammad Al-Sanea, Muhammad bin Saud Al-Zamil, Sultan bin Abdulaziz Al-Mubarak, Firas bin Khalid Al-Bawardi and Fahd bin Mubarak Al-Qathami.

- On 12/02/1443H (corresponding to 19/09/2021G), the convening Ordinary General Assembly approved the business and contracts to be concluded between Batic Investment and Logistics Company and the Arab Company for Security and Safety Services "AMNCO" (a subsidiary company), in which the Board Chairman Ahmed bin Muhammad Al-Sanea, Vice Chairman Majed bin Abdullah Al-Issa, delegate Member and Managing Director (MD) Mohammed bin Saud Al-Zamil, and Board Members Firas bin Khaled Al Bawardi and Fahd bin Mubarak Al-Qathami have indirect interest. This interest is represented in the purchase of the entire shares owned by "AMNCO" in the SCS Company's capital, for a nominal value of SR (35,000), with all rights and obligations and without any preferential terms.



It is worth mentioning that the statutory procedures for the transfer of shares are being completed by the Ministry of Commerce and the General Authority for Competition.

It should be noted that Board Members who have direct or indirect interests in the above-mentioned business and contracts have committed to not vote on the items in the General Assembly held on 02/12/1443H (corresponding to 09/19/2021G).

It is noteworthy that on 12/08/1440H (corresponding to 17/04/2019G), the Executive and Investment Committee was held in Session No. (05/13) which reviewed the item and decided to recommend what was submitted by the Board of "AMNCO", regarding the deal of the Express Parking Company (the former name of the Smart City Solutions Company for Communications and Information Technology). This item was discussed by the members of the Executive and Investment Committee and reviewed: (1) Draft Agreement and draft Memorandum of Association for the Express Parking Company, (2) Memorandum of Understanding signed on 11/07/2018G between AMNCO and the Smart Parking Holding Company, (3) Promissory note submitted to the Banque Saudi Fransi on 02/10/2018G by AMNCO and the guarantees (the company's guarantee), issued to the Banque Saudi Fransi for the purpose of submitting the tender, and signed on 26/08/2018G, and (4) Disclosures submitted by AMNCO Board's Chairman Ahmed Al-Sanea and the disclosure submitted by AMNCO Executive and Investment Committee and Executive Committee Member, Majed Al-Issa. A vote was taken to approve raising the recommendation to the BOD, and Resolution No. (13/2-5) was taken in this regard. It should be noted though that at the beginning of the discussion of this item, Majed Al-Issa asked permission and left the meeting because he was a party related to the deal. The minutes of this meeting were signed by the Chairman of the Executive and Investment Committee Fawaz bin Abdul Sattar Al-Alami, the Committee Members Fahd bin Mubarak Al-Qathami and Majid bin Abdullah Al-Issa, in addition to the Secretary of the Committee Mohammed bin Saleh Al-Mazayed.

Moreover, it is worth mentioning that on 04/14/1441H (corresponding to 11/12/2019G), the Executive and Investment Committee Resolution No. (05/13) was issued and approved by circulation, and it has included the following approvals:

- Approval to submit a recommendation to AMNCO's BOD in order to obtain credit facilities, in compliance with the provisions of Islamic Sharia from Emirates NBD worth SR (79,000,000) for seven years, in exchange for guarantees provided by AMNCO in the form of a promissory note of SR (79,000,000), a company guarantee provided by Batic, and a guarantee provided by SCS Company (for more information on this financing, please refer to Paragraph No. (9.5.4) "Loans and facilities" of this Section).
- Approval to consider Batic guarantee as a guarantee for Emirates NBD financing provided to AMNCO.
- Approval of the contract signed by Batic to pay of a sum of money in advance, in exchange for a financial guarantee with AMNCO and SCS Company.
- Approval to authorize Batic's Board member and former CEO Majid Abdullah Al-Issa to sign all the necessary and terminate all procedures related to this resolution.

Acquisition of Hazoon Holding Company's Shares in Smart Cities Solutions Company for Communications and Information Technology

- On 25/02/1443H (corresponding to 02/10/2021G), Batic's Board Resolution No. (63/14) which was issued and adopted by circulation, approved the terms of the Share Sale and Purchase Agreement between Hazoon Holding Company (the seller) and Batic (the buyer) for (2%) of the capital of SCS Company. Both the Board Chairman and Member Ahmed bin Muhammad Al-Sanea and Firas bin Khalid Al-Bawardi abstained from participating in the voting, as they were related parties.
- On 27/02/1443H (corresponding to 04/10/2021G), a letter was issued to the Board Chairman signed by the Chairman of the Audit Committee, Taha bin Muhammad Azhari on behalf of the Committee, regarding the Audit Committee's views on the transactions of related parties related to the Share Purchase Agreement of Hazoon Holding Company by Batic in the capital of SCS Company. This letter included the following recommendations:
 - Presenting the notification of the Board Chairman (Shareholders' Letter) to the company's General Assembly in order to obtain a license for the Assembly when it is held and to confirm this notification in the meeting's minutes in compliance with the requirements of Article 71 of the Companies Law.
 - Attaching the special report from the company's external auditor (independent confirmation report from the external auditor) with the notification in compliance with the requirements of Article 71 of the Companies Law.
 - Committing to the non-participation of Board Members in voting on the Resolution issued in this regard in the BOD and the Shareholders' Associations.
 - Ensuring that the financial studies and legal and regulatory requirements are completed.
 - The necessity of immediate disclosure to the Capital Market Authority (CMA) and the public when contracting.

9.7 ICT Smart City Solutions Company Agreement - Huawei

On 28/06/2020G, the Smart City Solutions Company signed an Agreement with Huawei, through which they work to provide innovative Smart City Solutions in KSA. The Agreement between the two parties aims to plan and implement their activities for giant smart projects, to engineer and design solutions provided to their partners in KSA, working together to operate the smart city platform and services, including primary services, such as: parking, transportation, energy consumption reduction, lighting and waste management, as well as an integrated set of security and safety services, including a smart and modern operations center to support informed decision-making and follow-up on key performance indicators for smart cities.



9.8 Investment And Car Park Construction Agreement

- On 28/05/1441H (corresponding to 23/01/2020G), Smart City Solutions Company for Communications and Information Technology concluded an investment contract, construction, development and operation of multi-story car parks and smart parking lots in Al-Khobar and Dhahran with the Eastern Province Municipality for (25) years, with a value of an annually rental amount of SAR (32,532,470).
- On 28/05/1441H (corresponding to 23/01/2020G), Smart City Solutions Company for Communications and Information Technology concluded an investment, development and operation contract for multi-storey car parks and smart parking in Dammam with the Eastern Province Municipality for (25) years, with an annual rental value of SAR (19,809,518).

9.9 Company Real Estate

The following is an overview of the properties and locations owned by the Company and its subsidiaries, whose title deeds have been viewed:

Table No. (135): Real estates Owned by BATIC Investment and Logistics Company

| Real Estate type | Doc. No. | Date | Location | Superficies | Owner | Issued authority | Observations |
|---------------------------------------|--------------|---|-----------------------------|---------------------------|---|---------------------|-------------------------------------|
| Agricultural Land | 711524003191 | 10/02/1442H (Corresponding to 27/09/2020G) | Riyadh, Old Al-Kharj Road | 104,042.38 m ² | BATIC Investments and Logistics Company (BATIC) Investments and Logistics Company (BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC)) | Ministry of Justice | Mortgaged in favor of Riyad Bank |
| Real estate ownership document (Land) | 820218020039 | 28/01/1442H (Corresponding to 16/09/2020G) | Jeddah, Al-Khomrah District | 25,633.43 m ² | BATIC Investments and Logistics Company (BATIC) Investments and Logistics Company (BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC)) | Ministry of Justice | - |
| Commercial Building | 310114044790 | 22/05/1440H Corresponding to 28/01/2019G | Riyadh, Al-Maathar District | 1650 m ² | BATIC Investments and Logistics Company (BATIC) Investments and Logistics Company (BATIC INVESTMENTS AND LOGISTICS COMPANY (BATIC)) | Ministry of Justice | Mortgaged in favor of the Arab Bank |

Source: The Company.

Table No. (136): Real estates Owned by the Subsidiary Company "The Arabian Company for Security and Safety Services AMNCO"

| Real Estate type | Doc. No. | Date | Location | Superficies | Owner | Observations |
|------------------|--------------|---|-------------------------------|------------------------|--|---------------|
| Piece of Land | 710114043881 | 27/03/1440H (Corresponding to 05/12/2018G) | Riyadh, Sulaymaniyah District | 1,000 m ² | Arab Company for Security and Safety Services (ARABIAN SECURITY & SAFETY SERVICES COMPANY (AMNCO)) | 70/1569 |
| Piece of Land | 210104042500 | 05/03/1440H (Corresponding to 13/11/2018G) | Riyadh, Al-Nazim District | 2,500 m ² | Arab Company for Security and Safety Services (ARABIAN SECURITY & SAFETY SERVICES COMPANY (AMNCO)) | 329/1793 |
| Piece of Land | 410123035755 | 03/03/1440H (Corresponding to 11/11/2018G) | Riyadh, Al-Nazim District | 2,500 m ² | Arab Company for Security and Safety Services (ARABIAN SECURITY & SAFETY SERVICES COMPANY (AMNCO)) | 330/1793 |
| Piece of Land | 330108016127 | 22/11/1436H (Corresponding to 06/09/2015G) | Dammam, Al-Ferdous District | 1,074.5 m ² | Arab Company for Security and Safety Services (ARABIAN SECURITY & SAFETY SERVICES COMPANY (AMNCO)) | 320/B 55/1 |

Source: The Company.

Table No. (137): Real estates Owned by the Subsidiary "The Saudi Transport and Investment Company – Mubarrad"

| Real Estate type | Doc. No. | Date | Location | Superficies | Owner | Observations |
|------------------|--------------|---|----------------------------|----------------------|---|--------------|
| Piece of Land | 793335000128 | 09/11/1441H (Corresponding to 30/06/2020G) | Riyadh, Al-Manakh district | 10000 m ² | Saudi Transport & Investment Co. (MUBARRAD) | 84/196 |

Source: The Company.

Except for the above properties, there are no properties registered in the name of the Company and its subsidiaries.



9.10 Litigation

As on the date of publishing this Prospectus, the Company management stated that the Company and its subsidiaries are not party to any lawsuit, cases, complaints, claim, arbitration, administrative procedures or investigations that occurs or are likely to be established, that would have, collectively or individually, a material impact on the Company business or financial situation; the Company management was not aware of the existence of any current or potential substantial judicial disputes or facts that could create, collectively or individually, an imminent risk related to a fundamental dispute, until the date of this Prospectus, except for the following:

Table No. (138): Lawsuits Against the Company (Batic Investment and Logistics Company) As Defendant

| # | Defendant | Competent Jurisdiction | Lawsuit Status | Allegation |
|----|-----------|---|--|--|
| 1 | BATIC | Commercial Court in Riyadh, Commercial Circuit (12) | A judgment was issued dismissing the case for the Commercial Court's lack of jurisdiction. | Document Claim |
| 2 | BATIC | Labor Court in Riyadh, District (27) | A judgment was issued ordering the plaintiff to submit a letter of introduction. | Labor Claim (for a letter of introduction) |
| 3 | BATIC | Execution Court in Riyadh | A judgment was issued to end the case after delivery of the plaintiff's letter of introduction. | Appeal Against a Document |
| 4 | BATIC | Labor Court in Riyadh | A judgement was issued to pay the plaintiff. The verdict was contested then it was approved by the Court of appeal, and it finally became immediately enforceable. The Company was obligated to pay. | Labor Claim (paying the plaintiff an amount of SR (492,000), which is an annual remuneration) |
| 5 | BATIC | Labor Court in Riyadh | A judgement was issued to give the plaintiff a sum of SR (106,000). The verdict was contested and after several hearings in the Court of Appeal, a new verdict was issued that overturned the first one and the Company was obligated to pay the plaintiff an amount of SR (59,000). The verdict became final and immediately enforceable. The Company was obligated to pay. | Paying the Plaintiff a Sum of SR (59,000). |
| 6 | BATIC | Labor Court in Riyadh | A judgement was issued immediately enforceable obligating the Company to pay the sum of SR (293,352). The Company was obligated to pay. | Labor Claim (Claiming the sum of SR (293,352) overdue salaries and compensation for unfair dismissal, and vacation leaves' allowances. |
| 7 | BATIC | General Court in Riyadh | Open case | A lawsuit claiming a wage for restricted work in which the plaintiff demands payment of an amount of SAR (157,500). |
| 8 | BATIC | General Court in Riyadh | Open case | The plaintiff demands the recovery of real estate (claiming to recover part of the inherited land seized by the defendant). |
| 9 | BATIC | Labor Court in Riyadh | Plaintiff's Waiving of Claim | Labor case. |
| 10 | BATIC | Commercial Court in Riyadh | A court ruling was issued dismissing the case for lack of jurisdiction. | Claim for work wage |
| 11 | BATIC | Amicable Settlement Department in Riyadh | The case ended with a disagreement and granted the plaintiff the right to recourse to Labor Court. | Amicable Settlement Lawsuit |

Source: The Company.

Table No. (139): Lawsuits Filled by the Subsidiary Company (The Saudi Transport and Investment Company, "Mubarrad") as Plaintiff

| # | Claimant | Competent Jurisdiction | Lawsuit Status | Allegation |
|---|----------|---------------------------|--|------------------------------------|
| 1 | MUBARRAD | Riyadh General Court, (6) | The case was opened for pleadings and was released by the plaintiff. On 05/09/1442H (corresponding to 17/05/2021G), the defendant responded to the lawsuit. Currently, the Company is awaiting a court hearing to proceed with the procedures. | Delivery of the original documents |

Source: The Company.



9.11 Trademarks

The Company has a trademark registered at the Ministry of Commerce (Trademarks Department*) in its previous trade name before it was modified to Saudi Transport & Investment Co. (MUBARRAD), under the number (1438015881) dated 20/09/1438H (corresponding to 15/06/2017G) and ending on 07/08/1448H (corresponding to 17/12/2026G); it will enable the Company and its subsidiary to put its name and logo on the external facade of the building or offices occupied by the Company, as it has registered the trademark and granted it the necessary legal protection in accordance with the Trademarks Law.

The subsidiary Company Arabian Security & Safety Services Company (AMNCO) has a registered trademark under the number (1438013306) dated 08/06/1438H (corresponding to 07/03/2017G); the protection of the trademark under this certificate ends on 07/06/1448H (corresponding to 17/11/2026G).

The subsidiary Company the Saudi Transport & Investment Co. (MUBARRAD) has a registered trademark number (1394/82) dated 27/02/1434H (corresponding to 01/09/2013G); the protection of the trademark under this certificate ends on 20/06/1443 H (corresponding to 23/01/2022G).

Table No. (140): The Company and Its Subsidiaries Trademarks.

| Registration Number | Registration date | Protection start date | Protection end date | Company | Trademark |
|---------------------|--|--|--|----------|--|
| 1438015881 | 20/09/1438H (corresponding to 15/06/2017G) | 08/07/1438H (corresponding to 05/04/2017G) | 08/07/1448H (corresponding to 17/12/2026G) | BATIC |  |
| 1438013306 | 08/06/1438H (corresponding to 07/03/2017G) | 08/06/1438H (corresponding to 07/03/2017G) | 07/06/1448H (corresponding to 17/11/2026G) | AMNCO |  |
| 1394/82 | 07/02/1434H (corresponding to 09/01/2013G) | 21/06/1433H (corresponding to 15/02/2012G) | 20/06/1443H (corresponding to 23/01/2022G) | MUBARRAD |  |

Source: The Company.

*The authority to register trademarks has been transferred to the Saudi Authority for Intellectual Property

Except as mentioned in sub-paragraph (2.1.27) "Risks Related to Trademarks" of Section No. (2) "Risk Factors", the Company and its subsidiaries are committed to the trademark system.

In addition to its brand, the Company has other intangible assets, which are programs and their book value as on December 31, 2020G, amounted to SAR 12,965.

The Company is committed to register its website www.BATIC.com.sa at the Communications and Information Technology Commission.

9.12 Insurance

BATIC and its subsidiaries have a number of insurance policies toward off some risks and preserve their assets and properties, including the following:

9.12.1 The Company

- **Health insurance:** The Company has a health insurance policy for its employees and their families concluded with Malath Cooperative Insurance Company, a Company licensed to work in the KSA registered under the number 9002570. The term of the insurance policy is one Gregorian year, starting from 07/07/2020G until 07/06/2021G. This policy was renewed with the Arab Insurance Company, and is valid until 06/07/2022G. This policy covers health care through the network of service providers appointed by the Company, provided that the case is covered by insurance. The employees of AlShifa Technology Co. Ltd.; AMNCO and MUBARRAD are covered by this insurance.

The Company has concluded a health insurance policy with the Arab Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number (P/1/01/21/237209). The health insurance services provided include (34) beneficiaries for a new coverage period, starting from 07/07/2021G until 06/07/2022G.

- **Insurance against all risks:** The Company has an all-risk insurance policy by the Saudi Arabian Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number P/102/24/1003/2021/101/26. This insurance is for one year, starting from 06/02/2021G until 05/02/2022G. The policy covers all risks related to buildings, fire, furniture, equipment, and work strike.
- **Board members and executives' insurance:** The Company has an insurance policy for board members and executives concluded with the Arabia Cooperative Insurance Company, a Company licensed to work in the KSA, registered under the number p/111/5023/20/000002, starting from 15/01/2020G to 14/01/2021G; the Company reports that it has taken renewal procedures. This coverage includes insurance on the liability of board members and executives in the purchase and sale of lands; the insurance limit is SAR (150,000,0000).



9.12.2 Subsidiaries

- **Insurance policies concluded by MUBARRAD**

The Company has a number of insurance policies toward off some risks and preserve its assets and properties, including the following:

(a) Health Insurance:

MUBARRAD has a health insurance policy for its employees and some members of their families with Malath Cooperative Insurance Company, a Company licensed to work in the KSA, registered under the number (9002591) dated 18/11/1441H (corresponding to 09/07/2020G), starting from 07/07/2020G until 06/07/2021G. The Company has concluded a health insurance policy with the Arab Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number (P/1/01/21/237210). The health insurance services provided include (378) beneficiaries for a new coverage period, starting from 07/07/2021G until 06/07/2022G.

(b) Compulsory Car Insurance:

MUBARRAD owns (386) vehicles, according to a report issued by the Ministry of Interior dated 14/06/2021G. The report indicates that all vehicles have valid insurance.

The Company has signed a mandatory insurance policy for its vehicles with the Arab Cooperative Insurance Company, a Company licensed to work in the KSA, registered under the number. (000283/21/5501/111/P), starting from 01/06/2021G until 31/05/2022G.

(c) Breach of Trust Insurance:

MUBARRAD has signed an insurance policy against breach of trust with the Arab Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number (000030/21/5016/111/P) dated 27/09/1442H (corresponding to 09/05/2021G), starting from 26/04/2021G to 31/05/2022G. This policy covers the loss of money or property of the insured or for which he is responsible, in case of any act of fraud, forgery, theft or dishonesty committed by any of the employees mentioned in the policy while working in the specified capacity.

(d) Land Transport Insurance / Non-Chemical:

MUBARRAD has signed an insurance policy for goods with the Arab Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number (000008/21/3504/111/P) dated 11/11/1442H (corresponding to 06/02/2021G), starting from 26/04/2021G to 31/05/2022G. This policy covers loss or damage to dairy products, all temperature-controlled goods, general goods, as well as all dry and liquid goods.

(e) Securing Funds (Safes and Money Transfers):

MUBARRAD has signed a money insurance policy with the Arab Cooperative Insurance Company, a Company licensed to work in the KSA, registered under the number (000034/21/5017/111/P) dated 27/09/1442H (corresponding to 09/05/2021G), starting from 26/04/2021G until 31/05/2022G. This policy covers the loss of money in case of an accident, sudden mischief, robbery, theft or attempt to do so, the loss or damage to any safe or fortified room specified in the Schedule due to theft or attempted theft that occurs within the location and geographical boundaries during the insurance period.

(f) Road Transport Insurance - Chemical:

MUBARRAD has signed an insurance policy for goods (open coverage / one trip) with the Arab Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number (000007/21/3504/111/P) dated 21/11/1442H (corresponding to 02/06/2021G), starting from 26/04/2021G until 31/05/2022G.

This policy covers loss or damage to explosive chemicals used in construction and mining activities: UNFO explosives (primary materials, not final explosives) packed and carried in plastic bags on pallets in special containers and carriers, including loading and unloading hazards; the cover is extended to include theft.

- **Insurance Policies Concluded by AMNCO**

AMNCO has a number of insurance policies toward off some risks and preserve its assets and properties, including the following:

(a) Health Insurance:

AMNCO has signed a health insurance contract for its employees and some members of their families with Malath Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the numbers (9002494) and (9002493) dated 10/12/1441H (corresponding to 04/06/2020G), starting from its signature date until 04/06/2021G; it was renewed with the Arab Cooperative Insurance Company; it expires on 04/06/2022G.

(b) Compulsory car insurance:

AMNCO owns (657) vehicles, according to a report issued by the Ministry of Interior dated 14/06/2021G. The report indicates that some vehicles no longer have valid insurance.

AMNCO has signed the compulsory insurance policy for its vehicles with AXA Cooperative Insurance Company, a Company licensed to work in the KSA, registered under the number (1/VF/38785/0/0), starting from 13/05/2021G until 12/05/2022G. The coverage includes liability to third parties (up to SAR 10,000,000), including one limit for any one incident of death, bodily injury and property damage.



(c) Money Insurance:

AMNCO renewed its money insurance contract with Al-Rajhi Cooperative Insurance Company, a Company licensed to operate in the KSA, registered under the number (P0420-GMY-TCRO-12565778) dated 20/09/1441H (corresponding to 11/04/2020G), renewed from 22/03/2021G until 21/03/2022G. This policy covers material loss or damage to the insured property, including losses arising from threats to cause bodily injury, or property damage, up to the amounts insured during being on the premises, and for armored vehicle risks, ATM risks and payment risks, while falling within the territorial limits specified in the schedule within the term of insurance.

(d) Third party accident insurance:

AMNCO owns a policy to cover accidental accident damages with Al-Rajhi Cooperative Insurance Company, a Company licensed to work in the KSA, registered under the number (P0421-TPL-TCRO-13185852), dated 24/08/1442H (corresponding to 06/04/2021G) starting from 22/03/2021G until 21/03/2022G. This policy covers any legal obligation to pay compensation that the contributor is legally obligated to pay within the borders of the KSA; the coverage under this document includes physical injuries to third parties, losses and material damages to the property of the third parties, in case of an unintentional accident caused by the covered member.

9.13 Directors' December larations Pertaining to Legal Information Section

In addition to the other December larations referred to in this Prospectus, the members of the BOD December lare the following:

- a. The issuance does not constitute a breach of the relevant Saudi laws and regulations.
- b. The issuance does not constitute a breach of any contract or Agreement entered into by the Company.
- c. All material legal issues concerning the Company have been disclosed in this Prospectus.
- d. Except as provided in subparagraph (2.1.25) "Risks of Litigation" of Section 2 "Risk Factors", the Company and its subsidiaries are not subject to any lawsuits or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its subsidiaries or their financial position.
- e. The BOD members of the Company or its subsidiaries are not subject to any lawsuits, or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Company or its subsidiaries or their financial position.



10. Underwriting Agreement

The Company and the underwriter, ALJAZIRA Capital and Investment Management, have entered into an undertaking Agreement to cover the subscription of (30,000,000) ordinary shares, at a price of SAR 10/share, representing the entire amount of the rights shares being offered for subscription (“Underwriting Agreement”).

10.1 Underwriters

AlJazira Capital

King Fahd Road

P.O. Box 20438 Riyadh 11455

Saudi Arabia

Tel: +966 (11) 225 6000

Fax: +966 (11) 225 6068

Website: www.aljaziracapital.com.sa

E-mail: contactus@aljaziracapital.com.sa



10.2 Summary of the Underwriting Agreement

The terms and conditions of the Underwriting:

- 1- The Company undertakes to the Underwriter that, at the date of allocations, it will issue and allocate to the Underwriter all remaining rights issue shares covered under the Underwriting Agreement which have not been subscribed to by the Eligible Shareholders. Such shares shall be issued as additional shares at the subscription price.
- 2- The Underwriter undertakes to the Company that on the date of allocation, he will purchase the underwritten shares which have not been subscribed to by the Eligible Shareholders, at the subscription price.
- 3- The Underwriter shall receive financial consideration for providing such underwriting services, and these expenses will be deducted from the subscription proceeds.



11. Waivers

The Company has not submitted a waiver request to the CMA in relation to this Offering.



12. Shares Information & Offering Terms and Conditions

The Company has filed a request with the CMA for registration and admission of the New Shares, and with the Saudi Stock Exchange (Tadawul) for listing the New Shares. All requirements have been fulfilled in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules.

All Eligible Persons, acquired rights holders and bidding investors shall read the Offering terms and conditions carefully before online subscription or submission of the Subscription Application form through a broker or filling of the Rump Offering form. The submission of the Subscription Application form, or signing and delivery of the Rump offering form shall be deemed an approval and acceptance of the aforementioned offering's terms and conditions.

12.1 The Offering

The Offering is for the increase of the Company share capital from SAR 300,000,000 to divided into (30,000,000) ordinary shares with nominal value of SAR 10 per share, at an offer price of SAR 10 per share.

12.2 How to Apply for Subscription to the Rights (New Shares)

Eligible Shareholders wishing to subscribe to the Rights Issue shall submit the Subscription Applications during the Subscription Period through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker and shares Custodian in the Kingdom during Subscription period. If there is a Rump offering period, Subscription Application Forms can also be submitted during such period by Institutional Investors for any Rump Shares only.

By presenting the Subscription Application form, the Subscriber declares that they will:

- Agree to subscribe for the Company Shares in the number of such Shares specified in the Subscription Application.
- Declare that he/she has read the Prospectus and understood its content.
- Accept the Company By-laws and the terms of the Prospectus.
- Not Apply to subscribe to the same shares for this offering through broker, and the Company has the right to reject all applications in the event of a repeat subscription request.
- Accept the number of Shares allocated thereto and all other subscription instructions and terms mentioned in the Subscription Application Form and in this Prospectus.
- Make sure not to cancel or amend the Subscription Application Form after submitting it to the Broker.

12.3 Subscription Application Form

Eligible Persons wishing to exercise their full right and subscribe for all the New Shares to which they are entitled must fill and submit a completed Subscription Application Form through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker and shares Custodian.

The number of Shares to which the Eligible Person is entitled to subscribe will be calculated based upon the number of Rights held by him. As for the subscription monies that the subscriber must pay for the New Shares will be calculated by multiplying the number of Rights owned prior to closing of the Subscription Period by SAR 10.

12.4 Trading Period, Offering Period and Rump Offering Period

Eligible Shareholders wishing to subscribe to the Rights shall submit the Subscription Application during the Subscription Period, which begins on Monday 09/05/1443H (corresponding to 13/12/2021G) and ends on Thursday 19/05/1443H (corresponding to 23/12/2021G).

The EGA held on Monday 02/05/1443H (corresponding to 06/12/2021G), approved the recommendation of the BOD to increase the Company share capital through Rights Issue. Under this Prospectus, 30,000,000 Ordinary Shares will be offered for subscription at a nominal value of SAR 10/share, and at an Offer Price of SAR 10/share, with a total value of SAR (300,000,000). New shares will be issued with one share for every one Right. Rights Subscription is entitled to all Shareholders registered in the Company register as of the close on the second trading day following the EGA Meeting dated Monday 02/05/1443H (corresponding to 06/12/2021G), and to those Eligible Persons who purchased the offered Rights during the Trading Period in addition to the Registered Shareholders who purchased additional Rights alongside the Rights they already own.

In the event that the Eligible Persons do not exercise their right to subscribe to the New Shares at the end of the Offering Period, the Rump Shares, in addition to Fractional Shares (if any) will be offered to the Institutional Investors during the Rump Offering Period.

The Registered Shareholders may trade in the Rights deposited in their portfolios through the Tadawul system. Such Rights are deemed a right entitled to all Shareholders registered in the Company register as of the close on the second trading day following the EGA Meeting for the capital increase. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited after the EGA. The Shares will appear in the portfolios of the Registered Shareholders under a new symbol that designates Priority Rights; so, these Registered Shareholders will be notified of their Rights in their portfolios.

Rights shares will be offered according to the phases and dates set out below:

- 1- Eligibility Date: Close of trading on the day of the EGA Meeting dated Monday 02/05/1443H (corresponding to 06/12/2021G).
- 2- Trading Period and Offering Period: The Trading Period and Offering Period start on Monday 09/05/1443H (corresponding to 13/12/2021G), and the Trading Period will end on Monday 16/05/1443H (corresponding to 20/12/2021G), while the Offering



Period will continue until the end of Thursday 19/05/1443H (corresponding to 23/12/2021G).

- 3- Rump Offering Period: The period will start at 10:00 a.m. on Tuesday 24/05/1443H (corresponding to 28/12/2021G) until the following day at 5:00 p.m. on Wednesday 25/05/1443H (corresponding to 29/12/2021G). During this period, Rump Shares will be offered to several institutional investors (referred to as "Investment Institutions"). These investment institutions shall make offers to buy the Rump Shares during the Rump Offering Period. The Rump Shares will be allocated to the Investment Institutions in order of priority based on the price per Share offered (provided that it is not less than the Offering Price) with shares being allocated on a proportional bases among those Institutional Investors that tendered offers at the same price. In the event that the price of the unsubscribed shares is higher than the offer price, the difference (if any) shall be distributed as compensation to holders of priority rights who did not subscribe for their rights in proportion to the rights they own.
- 4- Final Allocation of Shares: Shares will be allocated to each investor based on the number of Rights properly and fully exercised thereby. The total remaining Offering Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares shall be paid to the Eligible Persons, without calculating any fees or deductions exceeding the Offering Price), each according to what he is entitled to, no later than Thursday 10/06/1443H (corresponding to 13/01/2022G).
- 5- Trading of New Shares on the Exchange: Trading in the New Shares will start on Tadawul upon the completion of all procedures relating to the registration and allocation of the New Shares.

The Company has applied to the CMA for registration and offering of the New Shares, and has also applied to Tadawul for listing the New Shares.

12.5 Allocation and Refund

The Company and the Lead Manager will open an escrow account in which the proceeds of the Offering will be deposited. The Rights shall be allocated to Eligible Persons based on the number of Rights properly and fully exercised by it. The total remaining offering price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares (exceeding Offering Price) shall be paid to Eligible Persons, whichever is this is mainly due by the date of Sunday 29/05/1443H (corresponding to 02/01/2022G). In the event that Shares remain unsubscribed after that, the underwriter will purchase those remaining new shares that will be allocated to him; there is no compensation for investors who did not subscribe or did not sell their rights during the remaining offering period.

Final notice for the number of Shares allocated to each Eligible Person is expected to take place by depositing the shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the branch of the Broker where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than Sunday 29/05/1443H (corresponding to 02/01/2022G).

Cash compensation amounts from the remaining proceeds from the sale of the Rump Shares (if any) will be paid to the Eligible Persons who did not subscribe wholly or partially to the Rights without calculating any fees or deductions exceeding the Offering Price), no later than Thursday 10/06/1443H (corresponding to 13/01/2022G).

12.6 Supplementary Prospectus

In accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations, A supplementary Prospectus must be submitted to CMA if, at any time after the date of the publication of this Prospectus and before the completion of the offering, the Company becomes aware that:

- There has been a significant change in material matters contained in this Prospectus.
- Additional significant matters have become known which would have been required to be included in this Prospectus.

The investor who subscribed for the new shares prior to the publication of the supplementary Prospectus may cancel or amend his subscription for these shares before the end of the offering period.

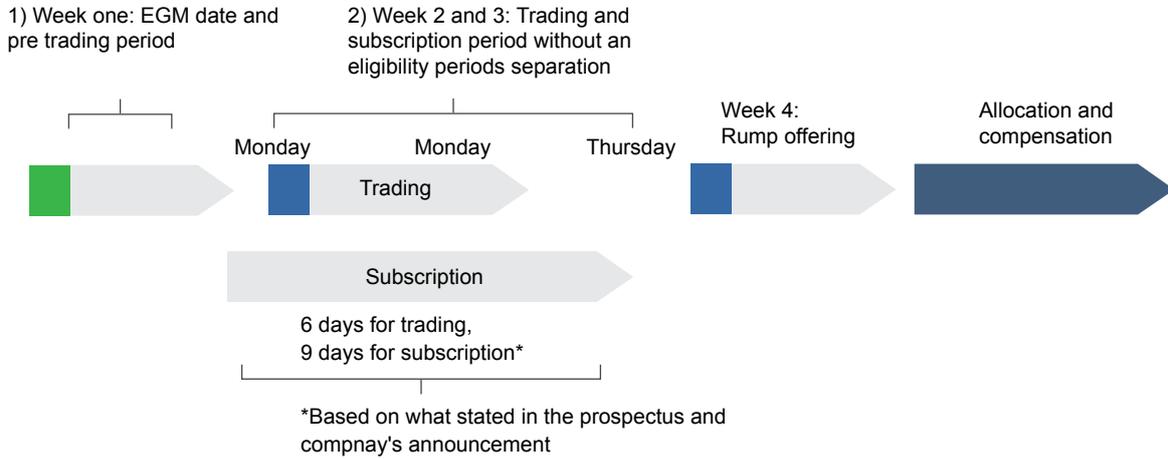


12.7 Suspension or Cancellation of the Offering

The CMA may, at any time, issue a Decision to suspend the offering if it deems that the offering may result in a breach of the financial market system, its implementing regulations, or the market rules. In addition, the offer will be canceled if the EGA does not approve any of the details of the offer.

The following figure shows the mechanism for trading and subscribing to the traded right issue.

Figure No. (3): Trading Mechanism and Subscription to the Traded Rights Issue



12.8 Questions and Answers on Rights Issue

What is a Rights Issue?

Rights are tradable securities that give their holder the right to subscribe to the new shares offered, upon approval of the capital increase. All shareholders registered in the Company's shareholders register (at the Depository Center) at the close of the second trading day following the date the Extraordinary General Assembly at which the capital increase has been approved will be entitled to receive the Rights. Each right grants its holder eligibility to subscribe for one new share at the offering price.

Who is granted the Rights?

All registered shareholders in the Company's shareholders register at the close of trading on the second trading day following the date of the Extraordinary General Assembly at which the capital increase has been approved.

When are the Rights deposited?

After the Extraordinary General Assembly convenes and its approval of the capital increase through the offering of Right issue shares, the Rights issue are deposited as securities in the shareholders' own portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting. The shares will appear in their portfolios under a new symbol for Rights issue. Trading or subscribing to these rights will not be permitted until the beginning of the trading and subscription periods.

How are the investors notified of the Rights being deposited in their portfolios?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company, and short text messages sent through the brokerage firms.

How many Rights issue can be acquired by a registered shareholder?

The number is subject to the rights issue ratio and the number of the current shares held by the registered shareholder as at the close of the second trading day after the date of the Extraordinary General Assembly at which the capital increase has been.

What is the Rights Issue ratio?

It is the ratio that enables registered shareholders to know how many Rights he/she is entitled to in relation to the current shares that he/she already owned at the close of the second trading day after the date of the Extraordinary General Assembly meeting at which the capital increase has been approved. This parameter is calculated by dividing the number of new shares by the number of the current shares of the Company, and accordingly, the eligibility factor is (1) right approximately for every (1) share owned by the registered shareholder on the eligibility date, thus, if a registered shareholder owns (1,000) shares on the eligibility date, then he will be allocated (1,000) rights in exchange for the shares he owns.



Will the name and symbol for trading these rights differ from the name and symbol of the Company's shares?

Yes, the acquired rights will be added to the investors' portfolios under the name of the original share and by adding the word Rights issue, in addition to a new symbol for these rights.

What is the right value upon the commencement of trading?

The opening price of the Rights is the difference between the Company's share closing price on the day preceding such rights Listing, and the Offer Price (indicative Rights value). For example: If the closing price of a share on the preceding day is SAR (40) forty Saudi Riyals and the Offer Price is SAR (10) ten Saudi Riyals, the opening price of the Rights will, at the beginning of trading, be SAR (30) thirty Saudi Riyals (which is the difference between the above mentioned two prices).

Who is a Registered Shareholder?

Any shareholder who appears in the Company Shareholder Register at the close of second trading day following the Extraordinary General Assembly at which the capital increase has been approved.

Can the registered shareholders subscribe for additional shares?

Yes, the registered shareholders can subscribe for additional shares by purchasing new Rights through the market during the trading period.

Is it possible for a shareholder to lose his eligibility to subscribe even if he has the right to attend the Extraordinary General Assembly and vote on increasing the capital through a rights issue?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the Extraordinary General Assembly meeting or one business day before it.

How does the offering take place?

Subscription requests are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to the investors and the custodian of shares.

Can the eligible person subscribe to more shares than the rights owned by him?

The eligible person cannot subscribe to more shares than the rights owned by him.

In the event that the Company's shares are owned through more than one investment portfolio, in which portfolio the Rights will be deposited?

Rights will be deposited into the same portfolio where the related shares exist. For example, if a shareholder owns (1,000) (one thousand) shares in the Company, (800) of them in portfolio (A) and (200) in portfolio (B), then the total number of rights to be deposited are (1,000) (one thousand) rights considering that each share (1) right. In this case, (800) eight hundred rights will be deposited in portfolio (A) and (200) two hundred rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe. However, they will only be able to trade after depositing their certificates in electronic portfolios through the recipient or the Tadawul's Securities Depository Center Company ("Edaa") and submitting the requisite documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchaser of additional rights may sell them and purchase other rights only during the trading period only.

Is it possible to sell part of the Rights Issue?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe for the Rights he/she purchased during the rights trading period?

After the close of the rights purchase settlement (which is two business days), provided that the subscription for Rights is completed during the subscription period.

Can the holder of Rights sell or assign the Rights after the end of the trading period?

No, it cannot. After the expiry of the trading period, the Eligible Person may only exercise the right to subscribe to the Right issue shares, or not to exercise. In the event that the Right is not exercised, the investor may be subject to loss or Decrease in the value of his/her investment portfolio.



What happens to Rights that are unsold or unsubscribed during the trading and subscription period?

In the event that the new shares are not fully subscribed during the subscription period, the remaining new shares shall be offered during the Rump Offering organized by the Lead Manager, and the compensation value (if any) is calculated for the rights owner after deducting the subscription price. Note that the investor may not receive any consideration if the sale is made in the Rump offering period at the offering price.

Who has the right to attend the Extraordinary General Assembly and vote to increase the Company's capital by offering Rights issue shares?

A shareholder who is registered in the Company's shareholders' register at the Depository Center, after the end of the trading day of the Extraordinary General Assembly Day, has the right to attend the Extraordinary General Assembly and vote on increasing the Company's capital by offering Rights issue shares.

When is the share price adjusted as a result of the Company's capital increase by offering Right issue shares?

The share price is adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor buys security on the day of the assembly, is he entitled to obtain the Rights resulting from the increase in the issuer's capital?

Yes, as the investor will be registered in the Company's shareholders' register two business days after the date of the shares' purchase (i.e., at the end of the second trading day following the day of the Extraordinary General Assembly meeting), bearing in mind that Right issue will be granted to all shareholders registered in the Company's shareholders' register at the end of trading the second trading day following the date of the Extraordinary General Assembly. However, he will not be entitled to attend or vote in the Extraordinary General Assembly of the capital increase.

If the investor has more than one portfolio with more than one brokerage firm, how will the rights be calculated for him?

The investor's share will be distributed among the portfolios that the investor owns, according to the percentage of ownership in each portfolio, and in case there are fractions, those fractions will be collected, and if you complete one or more integer numbers, the correct number is added to the portfolio in which the investor owns the largest amount of rights.

What are the trading and subscription periods?

Trading and subscription of rights begins at the same time until the end of trading on the sixth day, while the subscription continues until the ninth day, according to what is mentioned in this Prospectus and the Company's announcements.

Is it possible to subscribe during the weekend?

No, it is not possible.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of Rights during the trading period.

Additional Help:

In the event of any inquiries, please contact the Company at (investor.relations@batic.sa).

For legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to advise on the merits of issuing rights or even provide financial advice or Tax, legal or investment.

For more information on the terms, conditions and instructions of the offering, please see section (12) "Shares Information & Offering Terms and Conditions" and the rest of the information contained in this Prospectus.

12.9 Resolutions and Approvals Under Which Shares are Offered

The BOD of the Company recommended in its Decision dated 09/02/1442H (corresponding to 14/04/2021G) to increase the Company current capital through rights issue of SAR (300,000,000).

On Monday 02/05/1443H (corresponding to 06/12/2021G), the EGA approved the Board's recommendation, to increase the Company Share Capital by issuance of (30,000,000) ordinary shares at an offer price of SAR 10/share, and at a nominal value of SAR 10/share, to increase the Company capital from SAR (300,000,000) to (600,000,000), increasing then the number of shares from (30,000,000) ordinary shares to (60,000,000) ordinary shares.

Tadawul approved the Company demand to list the new shares on 29/12/1442H (corresponding to 08/08/2021G), as well as this Prospectus and all the supporting documents requested by on the day of announcement on the CMA website on 27/03/1443H (corresponding to 02/11/2021G).



12.10 Miscellaneous Terms

The subscription application and all related terms, provisions and undertakings shall be binding and for the benefit of their parties, their successors, assigners in their favor, the executors of trusts, administrators of estates and heirs. It is stipulated that, except for what is specifically stipulated in this Prospectus, the application or any rights, interests or obligations arising from it, or delegated to them by any of the parties referred to in this publication, shall not be assigned to it without the consent of any of the parties referred to in this publication.

These instructions, clauses, and any receipt of subscription application forms or contracts arising therefrom shall be subject to the laws of the Kingdom and shall be construed in accordance with them.

This Prospectus may be distributed in both Arabic and English, and in the event of a conflict between the Arabic text and the English text, the Arabic text of the Prospectus will be used.

12.11 Statement on any Existing Arrangements to Prevent the Disposal of Certain Shares

There are no arrangements in place to prevent the disposal of any share.



13. Change in the Share Price as a Result of The Capital Increase

The closing price of the Company share on the day of the EGA is SAR 38.90; it is expected to reach SAR 24.46 in the opening session the next day. The change represents a Decrease of 37.12%. If any of the Shareholders registered in the Company Shareholders register does not subscribe to the Depository Center at the end of the second trading day following the date of the extraOGA, their ownership percentage in the Company will Decrease.

The method of calculating the Share Price as a result of the capital increase is:

First: Calculation of the market value of the Company at the close of trading on the day of the EGA

Number of shares at the end of the day of the EGA × the closing price for the Company share on the day of the EGA = market value of the Company at the close of trade on the day of the ExtraOGA.

Second: Calculation of the Share Price in the opening session on the day following the day of the EGA:

(the market value of the Company at the close of the day of the EGA + the value of the offered shares) / (the number of shares at the end of the day of the EGA + the number of New Shares offered in the Offering) = share price reset for the opening session on the day following the day of the ExtraOGA.



14. Underwriting Commitments

14.1 About the Subscription Application and Undertakings

Subscription can be done using the trading platforms or through any other means provided by the broker to the investors. The new shares will be subscribed in one phase according to the following:

- 1- During this period, all registered Shareholders and new investors will be able to subscribe to the new shares.
- 2- The registered Shareholder will be allowed to subscribe directly with the number of his shares or less than the number of his shares during the subscription period. If he buys new rights, he will be able to subscribe for them after the end of the settlement period (two working days).
- 3- New investors will be able to subscribe to the new shares immediately after the rights purchase is settled (two working days).
- 4- Subscription will be made available electronically through the investment portfolio in trading platforms and applications through which buy and sell orders are entered in addition to subscribing to the channels and other means available to the broker.

Each of the priority rights gives its holder the right to subscribe to one new share, at the offering price. The subscriber to the new shares December lares the following:

- His acceptance of all the terms and conditions for the subscription set forth in this Prospectus
- That he has read this Prospectus and all its contents, carefully studied it, and understood its content
- His acceptance of the Company basic system
- An undertaking not to cancel or amend the subscription application after its implementation

14.2 Customizations

Priority Rights Shares are allotted to Eligible Persons based on the number of Rights they have fully and correctly exercised. As for the fractions of shares, such fractions will be summed and offered to investment institutions during the Rump Offering period. The total price of the offering of the remaining shares will be paid to the Company, and the rest of the proceeds from the sale of the remaining shares (in excess of the offer price) shall be distributed to those entitled to it, each according to what he is entitled to, no later than on Thursday 10/06/1443H (corresponding to 13/01/2022G). In the event that shares remain unsubscribed after that, the underwriter will purchase those remaining new shares and they will be allocated to him, and there will be no compensation for investors who did not subscribe or did not sell their rights during the remaining offering period.

Eligible persons should contact the broker through which the subscription was made to obtain any additional information. The results of the allocation will be announced no later than on Sunday 29/05/1443H (corresponding to 02/01/2022G).

14.3 Saudi Tadawul Group (Tadawul)

Tadawul system was established in 2001G as an alternative system to the electronic securities information system, and electronic stock trading began in the Kingdom in 1990. The trading process is carried out through an integrated electronic system, starting from the execution of the transaction and ending with its settlement. Trading takes place every working day of the week from Sunday to Thursday in one period from 10 am to 3 pm during which orders are executed. Outside these times, orders are allowed to be entered, modified and canceled from 9:30 am until 10 am.

Transactions are executed through automated matching of orders; orders are received and prioritized according to price. In general, market orders are executed first, which are the orders with the best prices, followed by the orders with a specific price, and if several orders are entered at the same price, they are executed according to the timing of the entry.

Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website. Market data is provided instantly to well-known information providers such as "Reuters". The deals are settled automatically within two working days according to (T+2).

The Company must disclose all December isions and important information to investors through the Tadawul system. Tadawul system is responsible for monitoring the market in its capacity as the operator of the mechanism, with the aim of ensuring fair trading and efficient market operations.

14.4 Trading of The Company Shares in The Saudi Stock Market

An application was submitted to the Authority to register and offer rights shares in the Saudi Stock Exchange, and an application was submitted to the Tadawul Stock Exchange (Tadawul) to list them. This Prospectus was approved and all requirements were met.

It is expected that the registration and start of trading in the rights issue shares in the Saudi stock market will be approved after the final allocation of the rights issue shares is completed, and it will be announced at the time on the Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of the CMA.

Although the existing shares are registered in the Saudi stock market and the Company shares are listed on the stock market (Tadawul), it is not possible to trade in the new shares until after the final allocation of shares has been approved and deposited in the subscribers' portfolios. It is strictly prohibited to trade in new shares before the allotment process is approved.

The Subscribers and Offerors of the Remaining Offering who engage in such prohibited trading activities shall bear full responsibility for it and the Company shall not bear any legal liability in this case.



15. Documents Available for Inspection

The following documents will be available for inspection at the Head Office of the Company in Riyadh, Olaya District (Al-Arz Street, Batik Building - Second Floor), during the official working hours, between 9:00 a.m. and 5:00 p.m., from Sunday to Thursday, starting from the first working day, after the announcement for an ExtraOGA. Therefore, this period must be 14 days before the date of the ExtraOGA meeting. These documents will be available for inspection until the end of the Offering:

- 1- The By-laws and amendments thereto of the Company;
- 2- Commercial Registration certificate of the Company;
- 3- A copy of the Capital Market Authority approval of the Rights Issue;
- 4- A copy of the Saudi Stock Exchange Company (Tadawul) approval to list rights issue shares;
- 5- Recommendation of the BOD regarding capital increase;
- 6- Letters of consent from each of: The Financial Advisor, Lead Manager, Underwriter, Legal advisors, and auditors to use their names and logos and reports in the Prospectus;
- 7- Underwriting Agreement and Subscription Management Agreement.

