



Board Report

2019



شركة جرير للتسويق
Jarir Marketing Co.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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About Jarir

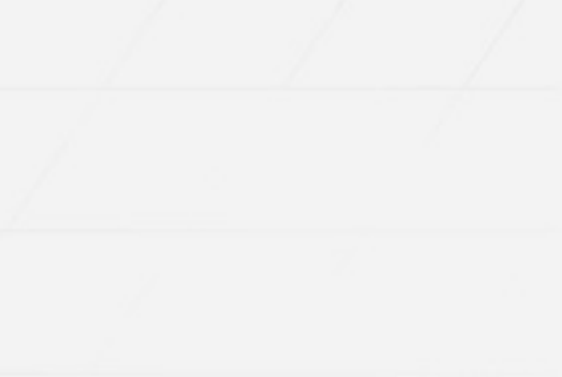
Jarir Marketing Co. was established as a general partnership in Riyadh in 1979, then was turned into a Saudi joint stock company. It has been incorporated into the Saudi stock exchange since 2003 under commercial register No. 1010032264. The paid-up capital of the company is 1,200 million Saudi riyals. The company operates retail, wholesale and ecommerce sectors in the Kingdom of Saudi Arabia, in addition to entering the Gulf Cooperation Council countries.





Our Objectives

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





Our Values





Exceeding customer expectations
We strive to exceed the expectations of our customers Continuously through our continued commitment to offering the highest levels of service since we believe that this what distinguishes us from others and always places us at the forefront of organizations that see their customers as the center of its focus and the most important priorities.



Quality
We adhere to the highest quality standards in all we do, and seek to improve and develop plans and outputs continually. We also work on developing the team and adopt the appropriate ways for that.



Integrity
We take pride in on our moral commitment, integrity, and transparency in all our dealings with our shareholders, partners, suppliers, customers and staff.



Simplicity
We prefer simplicity and logic In dealing with ideas, suggestions and decisions, and avoiding complicating things by taking unnecessary actions. The aim is to ensure that processes run in a correct, balanced and smooth way that serves our goals.



Modesty and ease of dealing
We sincerely care about our staff and look forward to hearing their opinions, proposals and ideas freely. We encourage them to do so by adopting The policy of "open door" in all our dealings at all levels.



respect and appreciation
We respect and appreciate the cultural differences of the whole staff, and take care of the welfare and needs of the team, in our constant effort to support and strengthen the family and social bonds among our employees.



Team spirit
We motivate teamwork, and believe in its importance in achieving the goals at the individual and company level. we work as a business family in order to develop and achieve our goals together



Loyalty
We owe loyalty to our shareholders, partners, suppliers, customers and employees. we tirelessly seek To develop and build this value among us to maintain their commitment, trust and ownership; and enrich their true feeling of belonging.



Muhammad Abdulrahman Alagil

Chairman

Dear shareholders of Jarir Marketing Co.,

Peace and blessings of Allah be upon you,

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

In 2019, Jarir's sales reached 8,424.5 million riyals compared to 7,361.7 million riyals in the previous year, which is an increase of 14.4% due to the increase in retail sales of most departments, and maintaining expansion plans as the number of showrooms increased from 55 to 59 in 2019.

In conclusion, I would like to extend my sincere thanks and appreciation for your confidence in the management of Jarir. I also thank board members for their continuous guidance and efforts in drawing up the company's strategy. Many thanks to our fellows in the executive management and all departments of Jarir for their sincere efforts. We look forward to more success in 2020, hoping to meet with you at the annual meeting of the general assembly of shareholders to respond to your inquiries regarding the contents of this report.



Abdulkarim

Abdulrahman Alagil

**Vice chairman,
CEO**

Dear shareholders of Jarir Marketing Co.,

Peace and blessings of Allah be upon you,

I am pleased to meet with you through the annual report of the board of directors for the fiscal year 2019 to inform you of the most prominent shifts in operational performance of Jarir during 2019. last year, Jarir's sales amounted to 8,424.5 million riyals compared to 7,361.7 million riyals for the year before last, which is an increase of 14.4%, and the net profit reached 984.7 million riyals, compared to 960 million riyals, which is an increase of 2.6%.

Jarir also maintained the announced expansion plans as five showrooms were opened during 2019. Jarir seeks to continue its plan to maintain its leading position locally as a result of the efforts, expertise and efficiency of all its employees and staff, as well as the followed policies to exploit its competitive advantages and its strong presence in local and regional markets in which they operate.

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

1



About Jarir



1. Jarir activity



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

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

Jarir operates through the following sectors:



1. Wholesale sales Sector:

Clients of this sector intend to resale their purchases.



2. Retail Sector:

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



3. Ecommerce:

It includes B2C Ecommerce, B2B Ecommerce, and Ebook.

2. subsidiaries

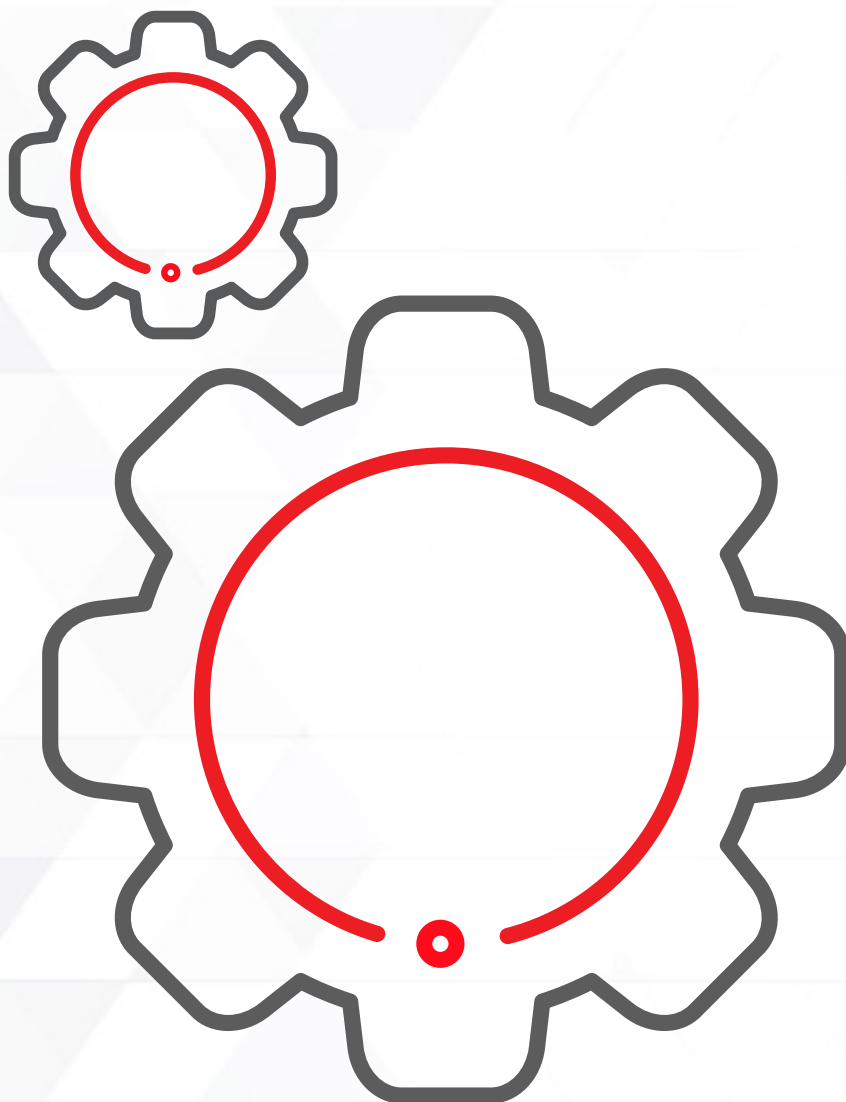
Jarir owns several subsidiaries. Some equity shares of these subsidiaries are registered under the names of limited partners who renounce their share in favor of Jarir. The following are these companies and their equity shares:

No	Name	State of incorporation	State of activity	Main activity	Capital	Equity share
1	United Bookstore	UAE	UAE	Jarir's same activity	50.000 Emirati dirhams	100%
2	Jarir Trading Company (LLC)	UAE	UAE	Jarir's same activity	150,000 Emirati dirhams	100%
3	Jarir International Central Market Co. for Non-Food	Kuwait	Kuwait	Jarir's same activity	10.000 Kuwaiti Dinars	100%
4	Jarir Egypt Financial Leasing Company (SAE)	Egypt	Egypt	Renting real estate owned by it	80,000,000 EGP	100%
5	Jarir Marketing Company. (SPC)	Bahrain	Bahrain	Jarir's same activity	5,000 Bahraini dinars	100%
6	Jarir United Company for Office Supplies and Stationaries (LLC)	Qatar	Qatar	Jarir's same activity	200.000 Qatari riyals	100%

2



Operating Performance



First: retail sector (Jarir Bookstore).

During 2019, The retail sector reached

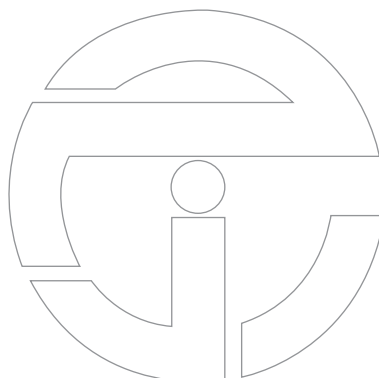
8,062,475

million riyals

by an increase of

15,4%

compared to 2018



Net profits reached

938,988

million riyals

by an increase of

4,3%

compared to 2018

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

1. showrooms

Jarir Bookstore has 59 showrooms inside and outside the Kingdom, 5 of which were opened during 2019: Two in Jeddah, one in the interior hall of the new King Abdulaziz International Airport, the other on King Abdul Aziz Road; an alternative showroom on Ali Bin Abi Talib Street in Buraidah; one showroom in Al Ain, United Arab Emirates; and one showroom on the Eastern Ring Road in Riyadh.

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

	Riyadh	Buraidah	Onaizah	Al Kharj	Hail	Jeddah	Taif	Mecca	Al Madina	Yanbu	Tabuk	Dammam	Al Khobar	Dhahran	Jubail	Hofuf	Hafr Al Batin	Mushait Khamis	Jazan	Qatar	Abu Dhabi	Al Ain	Kuwait	Total (in terms of owned and leased)
owned	5	0	0	0	0	1	0	0	1	0	0	2	2	0	0	2	0	0	0	0	0	0	0	13
leased	11	1	1	1	1	7	1	2	1	1	1	1	1	1	1	0	1	2	1	3	3	1	4	46
Total by city	16	1	1	1	1	8	1	2	2	1	1	3	3	1	1	2	1	2	1	3	3	1	4	
total	59 showrooms (inside and outside Saudi Arabia)																							

As an extension of Jarir's activity in real estate, the leased area (showrooms, offices, housing) reached (79,258) square meters by the end of the fiscal year 2019, compared to (55,767) square meters in 2018. It is expected to increase the leased area during 2020 by adding an area of (5,380) square meters.

During the fiscal year 2020, Jarir aims to expand through the opening from six to eight showrooms.

2. company sales:

The positive growth in most sectors of Jarir contributed to exceeding the targeted sales results during 2019 by more than 10% compared to 2018, as Jarir sales of electronics grew by more than 50%, and sales of computers and accessories by 12%, while the growth rate of sales of electronic games exceeded 37.3%.

In conjunction with the Ministry of Finance launching the Etimad platform, Jarir sought to increase its market share, which reflected positively on the growth of government sales by more than 12%. The government's support and stimulation of the private sector also contributed to the increase of sales growth of the private sector by 11.30%.

Jarir continued to develop sales by intensifying work with existing clients and keen to renew their contracts, which resulted in exceeding the targeted added clients during 2019 by 34%, distributed as follows: the central region 16%, the western region 21% and the eastern region 9%, which added 10% of the total sales.

In addition, the number of clients listed under the (SBD) program assigned by HP, a program aimed at countering counterfeit inks promotions, increased by 26% during 2019, which led to an 89% growth in ink sales.

During 2019, the number of the clients of the installment sale program grew by 121% compared to 2018.

It is worth noting that Jarir launched the B2B online platform in the last half of 2018, and during 2019, only 22% of the target customers were added due to stopping the inclusion of any new clients until the program is completed and some necessary infringements are completed to raise its efficiency and add wider options, to meet clients' requirements and aspirations.

Jarir sales of vouchers also achieved a growth rate of 36.09% in 2019 compared to 2018.

In 2020, Jarir will continue to develop sales by continuing to develop work with existing clients and the emphasis on renewing their annual contracts by creating communication channels with the departments of marketing, information technology, public relations and loyalty in companies to provide their needs of electronic devices, purchase vouchers and bonuses to their employees and customers.

Jarir will seek to achieve the growth of 8% for the B2B online platform, and expand to add 15% of customers in the installment sale program during 2020.

Jarir will also make the most of the (SBD) program, designated by HP, to acquire a larger market share, and increase the number of clients included within the program by adding 50 customers during 2020.

Jarir will continue converting paper gift certificates into digital electronic to keep pace with market requirements and acquire a larger market share by managing the loyalty program across various electronic platforms.

3. Marketing:

During 2019, Jarir implemented many advertising campaigns and promotions to support the brand Jarir Bookstore, and increase sales. There was also a focus on providing the latest technology in Jarir, in addition to achieving a leading position in the field of electronic games. For this regard, Jarir implemented many advertising campaigns and promotions, which include, but are not limited to, advertising campaigns and promotions for new showrooms, the cash-price installment campaign that took place in cooperation with a number of banks, the Back to School campaign under the slogan (Ready for a New Beginning?), the big discounts campaign at the end of the year, and other pre-order campaigns for some products through the Jarir website, in addition to product launches - for example, iPhone 11, iPhone 11 Pro, Galaxy S10, Galaxy Note 10, Huawei P30, and the Jarir Electronics Festival campaign, which focused on electronic devices in general and smart home devices in particular.

Jarir Shopping Guide has also been redesigned to enable customers to switch from the shopping guide to the website and enhance the buying experience from the Jarir website.

In light of Jarir's endeavor to achieve a leading position in the field of electronic games, it has hosted a number of events for laptop computers and electronic games, and competitive competitions between fans of electronic games in general and sports in particular.

Within the framework of Jarir's keenness as a national entity, it paid great attention to celebrating the 89th National Day and sharing the nation its giving, which was embodied in the production of a visual event entitled "May God save you, our homeland" which won outstanding views and admiration. Jarir shared their clients their celebration by offering special promotions in celebration of this occasion.

With the acceleration of the development of ecommerce through websites and electronic applications, the great interest was in Jarir e-store, as the advertising campaigns continued with a varied

advertising mix of tools and on various advertising means to increase consumers' awareness of Jarir e-store and application, and the benefits and services that both provide to customers. The e-store and application were also supported with some exclusive discounted promotions to acquire a larger segment of consumers. Advertising campaigns were made about the delivery of online orders and Jarir e-store orders through Jarir showrooms in Saudi Arabia. Advertising support was provided for new payment methods through the e-store, including the application (Apple Pay), payment on receipt, payment using Qitaf points, and service of delivery from the showroom in order to increase purchasing opportunities for customers.

With the increase in the number of members of the loyalty program at Jarir Bookstore, which numbered one million eight hundred thousand members, Jarir was keen to maintain this broad base of customers through its support for loyalty programs through the Samba Jarir credit card and Jarir Bookstore discount card with periodic promotional offers that are attractive and distinctive to reward this distinguished category and develop bigger and better loyal customer base.

In pursuit of Jarir to serve its customers who wish to benefit from financing solutions for deferred payment in easy monthly installments, the purchase installment service was launched in cooperation with institutions specialized in financing individuals, where the service was gradually launched until all Jarir showrooms were covered. This service aims to attract a larger base of customers and give financing solutions for existing clients, which will help increase market share.

Saudi writers and authors also had a great interest and enthusiasm, as Jarir set up several book signing parties by inviting Saudi authors to sign their books at Jarir showrooms. Some exclusive books were presented for a limited time on Jarir's e-reader to support e-reading in Saudi Arabia, the Gulf states, and Arab countries.

Through the e-marketing department, which is managed by a specialized Saudi women team, Jarir also continued to update and develop the Jarir bookstore pages on social media to keep pace with the tremendous developments in the world of digital marketing by using the latest digital tools to support the sales of the Jarir online store, and to continue to activate social media platforms. Thus, Jarir channels on social media achieved record numbers of followers and interaction rates. The number of followers on social media channels is as follows:



Jarir has occupied the leading position in the visual content industry (video) through the YouTube channel, as it came first in the retail sector in the region, as more than 430 videos were published in 2019 on the YouTube platform, which varied between educational, entertainment, awareness and promotional content. The number of followers reached To 222,000, and the total number of views crossed about 114 millions.

During 2020, Jarir seeks to continue its various advertising campaigns and promotions aimed at increasing sales, launching new technical products, and cooperating with technical specialists to introduce customers to the best features of the latest technologies through social media, as well as the continuous activation of the loyalty program.

4. Human resources and its development:

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

At the end of 2019, the total number of Jarir employees was 4985, representing a mix of 24 different nationalities. The percentage of Saudi nationals was 60%. The number of Saudis in some showrooms reached 70% of the staff. Jarir is classified within the platinum range according to the Ministry of Labor's "Nitaqat" program.

With regard to training and qualification during 2019, Jarir continued to establish a new service culture through a program that exceeded the expectations of the clients. Jarir oversees 28 trainee showroom managers under the future managers program, held training courses which benefited (7855) trainees in all Jarir showrooms, and held more than (3190) direct trainings for the showroom staff by Jarir coaches, which focused on raising the efficiency and performance of employees in Jarir customer service.

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

In 2020, Jarir aims to continue attracting outstanding Saudi cadres, intensifying training courses to raise the level of Jarir's staff, focusing on the development of showroom managers and sending distinguished staff abroad to study English.

5. Information technology.

The year 2019 witnessed drastic changes in the technical infrastructure of Jarir by changing all the

network switches in all its showrooms and headquarters, which is part of Jarir's vision to enhance information security and cybersecurity, and to enhance security protection through the use of the Security Protocol 802.1x system. The new network switches enabled the activation of Power by Power On Network (POE), which is integrated with other digital transformation projects.

During 2019, Jarir also provided the Virtual Networking (VLAN) feature, and activated the network segmentation feature, which aims to determine the communication between devices and servers with the ability to continuously monitor and detect any unauthorized access.

In the context of improving Jarir applications, the Wi-Fi system has been activated by installing and operating about 700 Access Point devices to achieve full technical control of showrooms, as well as activating Wi-Fi networks for after-sales services and Apple stores services in showrooms. This is one of the goals of Jarir's future vision to improve customer service.

The Wi-Fi system also includes Analytics feature, which will enable Jarir to capture customer behavior in showrooms in an effort to improve the level of service and raise it to the desired level.

In implementation of the future digitization of Jarir, a contract has been made to provide high-speed Internet (fiber) service in all showrooms, with the aim of strengthening the infrastructure, improving services, continuous communication with customers, and providing a unique service in the showrooms.

The main data center will be restructured and the latest data center systems will be provided. All network switches with fiber technology have been activated and linked with the new data center to improve network performance, make it safer and faster, and provide better services to employees in less time.

During 2020, Jarir aims to complete all technology projects for showrooms customers to provide a unique buying experience through new applications to measure customers' satisfaction with the services provided to them that are identical to the online shopping experience.

2020 will also witness the experience of the Digital Signage system, which unifies all of Jarir's advertisements and offers in all of its showrooms. In addition, a new feature has been tried in showrooms that allows the counting of customers (People counting) and the use of a documented system that gives an approximate 98% of the number of visitors to showrooms, in order to know the peak times for visitors and provide the necessary human cadre to provide services that meet the aspirations of customers.

During the first quarter of 2020, Jarir aims to complete the implementation of the Digital Signage system, unify all Jarir advertisements and offers in all of its showrooms, activate new channels of communication with customers, and unify information in order to provide the best offers that meet the aspirations of customers.

The year 2020 will also witness the continued enhancement and strengthening of information protection systems and the availability of new applications and devices to raise the level of cyber protection and address any breach in order to fully protect all Jarir information, in addition to activating a new system for communication between employees and providing Unified collaboration applications that allow a complete and smooth communication experience.

During 2020, Jarir also aims to study changing the entire information infrastructure of the showrooms, in order to activate self-services for customers through new communication solutions and devices that will enable customers to have a unique experience, while improving Jarir services provided to its customers and providing Analytics that will enable Jarir from capturing all the reactions and impressions of clients about the service they receive in Jarir showrooms, in an effort to improve the level of service and raise it to the desired level.

In addition, 2020 will witness the activation of the Information Security Operations Center (SOC) and the implementation of the (SIEM) system, which will enable Jarir to analyze all logs and events and evaluate them in the form of reports and analytical panels that enable Jarir to quickly identify all the events related to Information security and Jarir infrastructure.

Second: wholesale sector

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

During 2019, The
wholesale sector reached

362,037

million riyals

by a decrease of

2,7%

compared to 2018

Net profits reached

45,743

million riyals

a decrease of

23,7%

compared to 2018



1.Procurements:

During 2019, Jarir continued to enhance its product range by adding new office and school products for the brand Roco, with a greater focus on expanding the assortment of inks and school bags after the success it witnessed inside and outside the Kingdom.

The packaging of some items has also been redesigned, and the sales units have been restructured to suit the requirements of customers in general and customers of the new sales channels in particular. Jarir has sought to diversify the import sources of the main materials in

order to avoid interruption of supply, and to obtain the best products, in terms of quality and price, to achieve a better profit return.

During 2020, Jarir will continue to study the market and develop products to meet its needs and obtain the best quality products at competitive prices. New types of photocopy paper will be added to meet the requirements of all customers and gain a larger market share.

2. Sales:

During 2019, Jarir developed internal business systems to support the productivity of the sales team, which leads to entering new markets, such as electronic stores such as Noon, Jollychic, Amazon's Souq, and other medium and emerging electronic stores, which are witnessing significant growth in the local and global market.

In addition, special systems have been launched to suit the customers of major retail stores (hypermarkets). Distributors have been developed, the base of items they have expanded, new distributors have been contracted in the United Arab Emirates, and new markets have entered in Djibouti, Bahrain and Oman.

In 2020, Jarir will give full attention to developing distributors and expanding their varieties base, to contribute to the growth of sales, improve the appearance and presence of products in the market, and enhance the value of the Roco brand outside the Kingdom of Saudi Arabia, in addition to entering new markets.

Emphasis will also be placed on expanding and strengthening presence in all channels, especially global electronic stores such as Alibaba and Amazon global stores, entering new countries' markets, targeting larger sales units, and working to increase the average volume of sales of existing customers.

Jarir will also work on new programs to incentivize wholesale customers, discount stores and hypermarkets to buy.

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

In exporting, Jarir will develop and automate export procedures, especially those related to direct shipping from factories to current and targeted countries, in order to achieve greater productivity and efficiency that contribute to raising sales.

In addition to the above, Jarir will continue to work on increasing the number of Saudi employees and training them to form a distinguished sales team of Saudi talents, in preparation for priming them for future leadership positions.

3. Marketing:

During 2019, Jarir focused and intensified its marketing efforts on the return to school period with an integrated campaign concerned with promoting Roco products and raising awareness and interest in the brand during the season, by activating social media channels and scheduling advertisements and posts in a manner that ensures sustainability and continuous communication with customers.

The Back to School campaign this year also featured an independent shopping guide for school bags to enable sellers to promote and present them to customers during their field visits, in addition to issuing a shopping guide for school, office and art products.

Jarir participated in the Dubai Paper Word Fair and Canton Fair in China, which resulted in successful meetings with major customers from various countries to develop the export business, which greatly contributed to the growth of export sales despite the challenges that Jarir faced, especially in Egypt due to the introduction of new import systems, and the political conditions in Sudan.

During 2020, Jarir will continue to participate with its brand Roco in international fairs to enhance the opportunities for growth in exporting to new countries, and to invest in enhancing the presence and methods of displaying products for customers and highlighting new groups of products. Work will continue on releasing new publications, and supporting the Back to School marketing campaign through advertising campaigns, promotional materials, and shared campaigns with major customers, with a focus on in-store marketing support, with the aim of increasing market share.

A strategic plan will be developed for the Roco brand, and there will be a review of the commercial identity, and standardization and updating of product designs. Administrative and technical procedures will be added to study new products before their launch to ensure their success.

In addition, a website for the brand Roku will be launched and linked with the customer service center, so that Jarir is in constant contact with customers, interacting with their suggestions, and supporting selected sales channels with marketing activities that help increase sales, improve the visibility of products and enhance their presence.

Third: E-commerce

This section includes:

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

1. B2C Ecommerce:

During 2019, Jarir developed the shipping process, and improved the delivery service to the customer's address in cooperation with the best shipping companies in the Kingdom, at a rate of two days for delivery in general compared to three days during 2018, and one day for the main cities. The service of ordering from the showrooms was launched, which allows customers Online ordering and receipt within two hours from any of the Jarir showrooms. The infrastructure for the systems was developed, and staff was trained in preparation for launching the shipping service from showrooms and express delivery during the same period, which adds competitive advantages to Jarir Bookstore and increases customer satisfaction. The e-commerce system has been linked with the National Address system to increase accuracy and speed in delivery operations, and the electronic payment system in general was developed to reach the highest success rate in operations, as the Apple Pay service was launched, Which allows users of Apple devices (iPhone, iPad, Mac computer) to pay quickly through the bank cards saved on these devices. It should be noted that Jarir Bookstore had the lead in launching this service with the support of Apple, and an integrated study of e-commerce technology and systems was launched in cooperation with the most prominent technology companies specialized in e-commerce. The design of the technical structure and development plan required to ensure continued support for Jarir's growth and expansion plans has been completed.

As for the Jarir website, many exclusive promotional campaigns were implemented for the site, and this was reflected in the increase in website sales by more than 60%, and e-commerce sales accounted for more than 5% of total retail sales. These campaigns also helped increase the number of orders by 273%, the number of customers by 224%, and the number of visits to the website and application by 60% compared to last year, with a noticeable improvement in the rates of browsing and interaction with the application in frequency and duration. The download rate of the Jarir app increased by 181% compared to 2018, the number of registered customers increased by 50%, and the customer repurchase rate developed.

Jarir won the IMAGES Retail ME Awards-KSA 2019 as the Most Admired Online Retailer of the Year for its site features, including the easy access to knowing the availability of products in the showrooms before visiting them, and the feature of comparing products. The site also took the lead in launching payment methods such as Mada and Apple Pay, and other services that enhance the customer's experience when purchasing from Jarir website.

In 2020, Jarir aims to develop and improve the customer experience in general, especially smart device applications, with the aim of increasing browsing and purchasing rates, implementing the plan set for developing e-commerce systems to keep pace with the company's future plans, and gradually implementing international shipping service in terms of the type of products that will be shipped outside The Kingdom and the available countries, according to the readiness of the work team and the regulations and policies related to cross-border trade.



2. B2B Ecommerce

During year 2018, the e-commerce system was officially launched for companies, and during 2019, the application of the system was expanded in the western region and the eastern region, after the success of experiments in implementing the system with companies in the central region, which resulted in an increase in the number of corporate customers listed in the system by more than double compared to 2018. During 2019, Jarir continued to develop the shopping process for customers, which helped the growth of the rate of purchases both in terms of the number and volume of purchases for each customer by 67%. Jarir also continued to develop the system to meet the customers' desires Through new additional features that facilitate the ordering process, such as controlling the purchase budget and controlling admission and approval procedures, in line with the procurement policy for each customer.

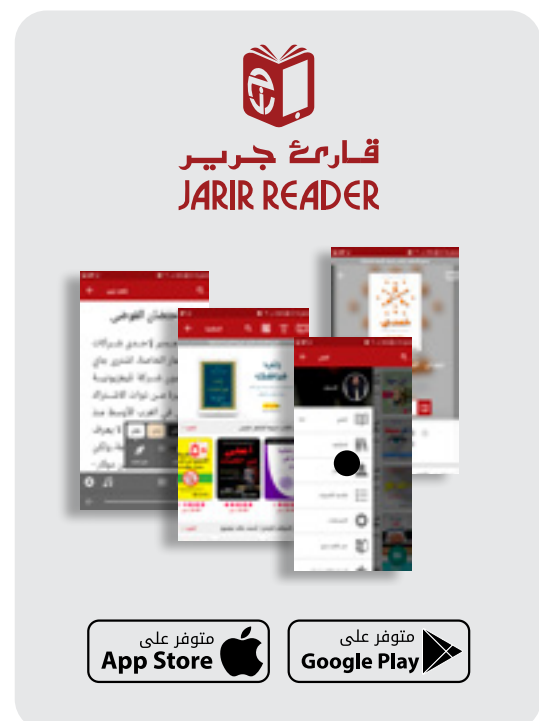
During 2020, Jarir will study and implement the necessary developments to integrate and link e-commerce systems with each other to increase the compatibility and efficiency of the processes of inventory management, order preparation and delivery, and develop the system to target medium and small companies by facilitating registration procedures and providing electronic payment service and express delivery. Jarir also continues to develop system features and customer experience to increase customer satisfaction and sales growth.



3. E-book:

An e-book project called (Jarir Reader) was launched during 2013, and during 2019, sales grew by 30%, and the number of electronic books increased by 94%, including audio books. Work has also begun on linking the e-books and B2C commerce systems to allow the sale of e-books of all kinds on the Jarir Bookstore website and application. There are agreements that have been signed with the most prominent companies producing audio books, and production operations for the most prominent books released by Jarir Bookstore have started.

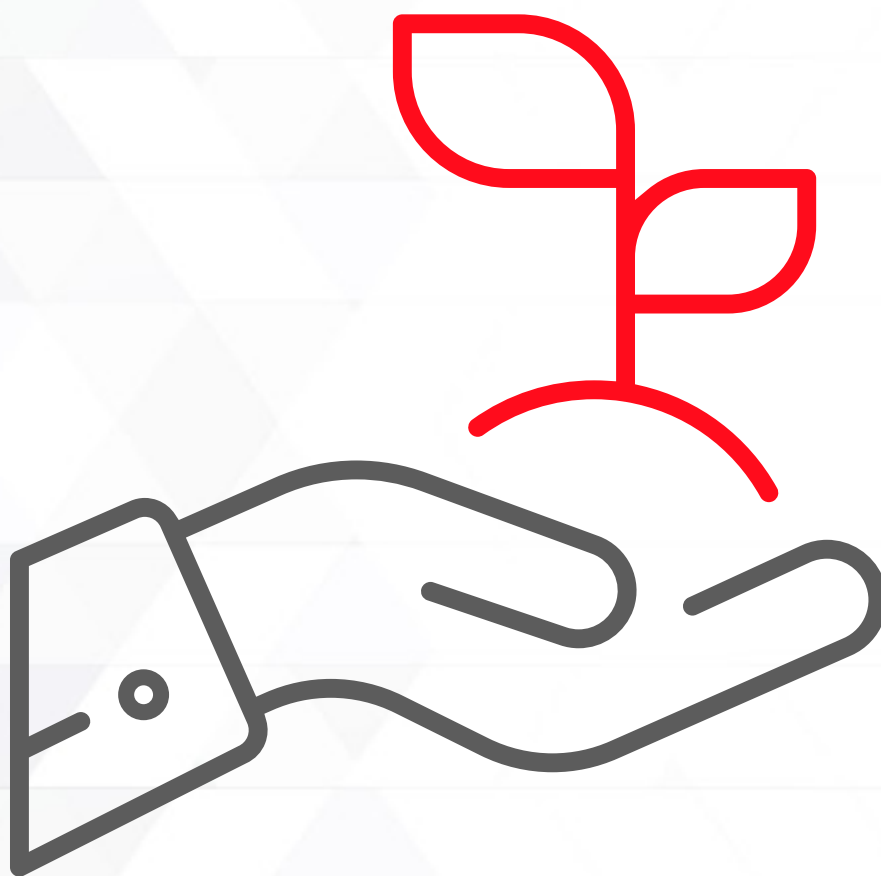
During 2020, Jarir will work on the increase of the growth rates achieved during 2019 in sales and the number of books published on the Jarir Reader platform; the production and release of the audio version of more than 50% of the most prominent publications of Jarir Bookstore; the study and implementation of the subscriptions system in the Jarir Reader platform, which allows customers to subscribe by a monthly amount and read more books; and the creation of a special system for customers from the categories of companies, schools and universities to provide the opportunity for employees and students to read and research.



3



Sustainability



1. Jarir's approach to sustainability: pioneering with sustainability

As one of the largest retail companies in the MENA region, Jarir has an important opportunity to bring greater economic, social and environmental value to its relevant stakeholders. Jarir's approach to managing the process of achieving sustainability stems from its values and business strategy by leading with setting specific goals in mind. As the Jarir team, we strive to interact with key sustainability issues that arise through various approaches, including:

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

Areas of focus on achieving sustainability



Commitment to the sustainable approach

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



Putting our customers as a priority in everything we do

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



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

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



Recognition, inspiration, and reward of talents

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



Working together to produce knowledge and innovations

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



Environmental Impact Management

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

Engaging stakeholders.

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

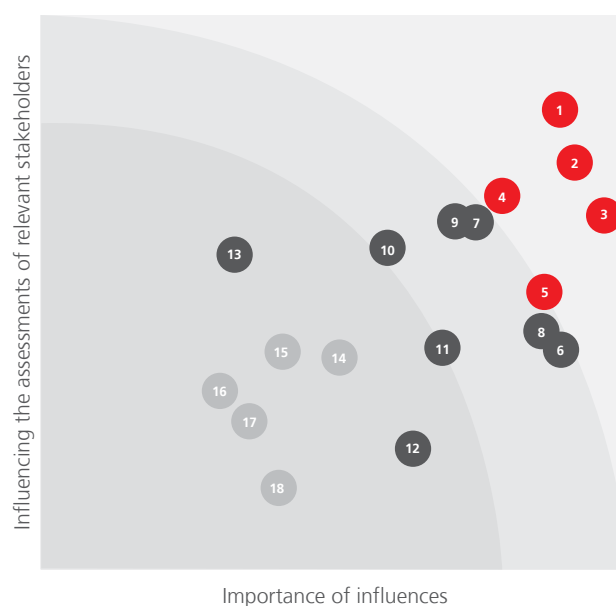


Most important issues

The process of the core issues assessment led to the identification of 18 key themes related to environmental, social, and governance factors to measure sustainability, which are outlined and categorized according to what will be presented below. These key issues represent the basis for Jarir's strategy, program, and communications to achieve sustainability.

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

Matrix of core issues



● very important ● relatively important ● less important

Alignment with national and international goals.

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



Reporting frameworks

Global Reporting Initiative™

Jarir's non-financial reports will be prepared and presented in the annual sustainability reports according to the Global Reporting Initiative - a major option.



National goals Vision of Kingdom of Saudi Arabia

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



International goals Global Reporting Initiative

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

2 - Findings from the 2018 Sustainability Report

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

Key performance features from the "2018 Sustainability Report "



355,830 kg of paper recycling



Solar panel usage test in Riyadh



54% is the youth employment rate



73% is the rate of Saudization of jobs in senior management and 53% in total



27 different nationalities represented in our workforce



63 percent of the growth in the number of translated publications of Jarir compared to the previous year



10,000,000 SAR is the value of selling electronics for recycling and avoiding landfill



256 people attended anti-corruption training courses



1,951 new employees were appointed to our family



90% is the employee satisfaction rate



100% of the grievance complaints submitted have been resolved



Jarir Publications was considered a self-funded social responsibility initiative by the Saudi Responsible Competitiveness Index



Saving 40% in electricity consumption and installing 50,000 LED lights



19,476 training hours provided to employees



4,713 is the total workforce



209% is the growth in the number of customers



0 is the number of incidents of leakage, theft, or loss of customer data



56 novels were published by the Novel Writing Challenge initiative

3 - Sponsorship and community support



Since its establishment, Jarir has been interested in social responsibility out of its keenness to achieve moral goals and its belief that its growth and development does not depend only on its financial position but also on its ability to contribute to the community. Jarir has continued to support social and charitable institutions in the Kingdom of Saudi Arabia through supporting some schools in the Kingdom by providing educational aids, books, and school materials to some orphan care associations and training students. This has represented in supporting education, spreading the culture of hobby and physical sports and supporting several initiatives of a health, awareness and charitable nature. The Jarir School Bag program was activated in cooperation with six independent non-profit organizations, through which 2,670 school bags were distributed to the beneficiaries of

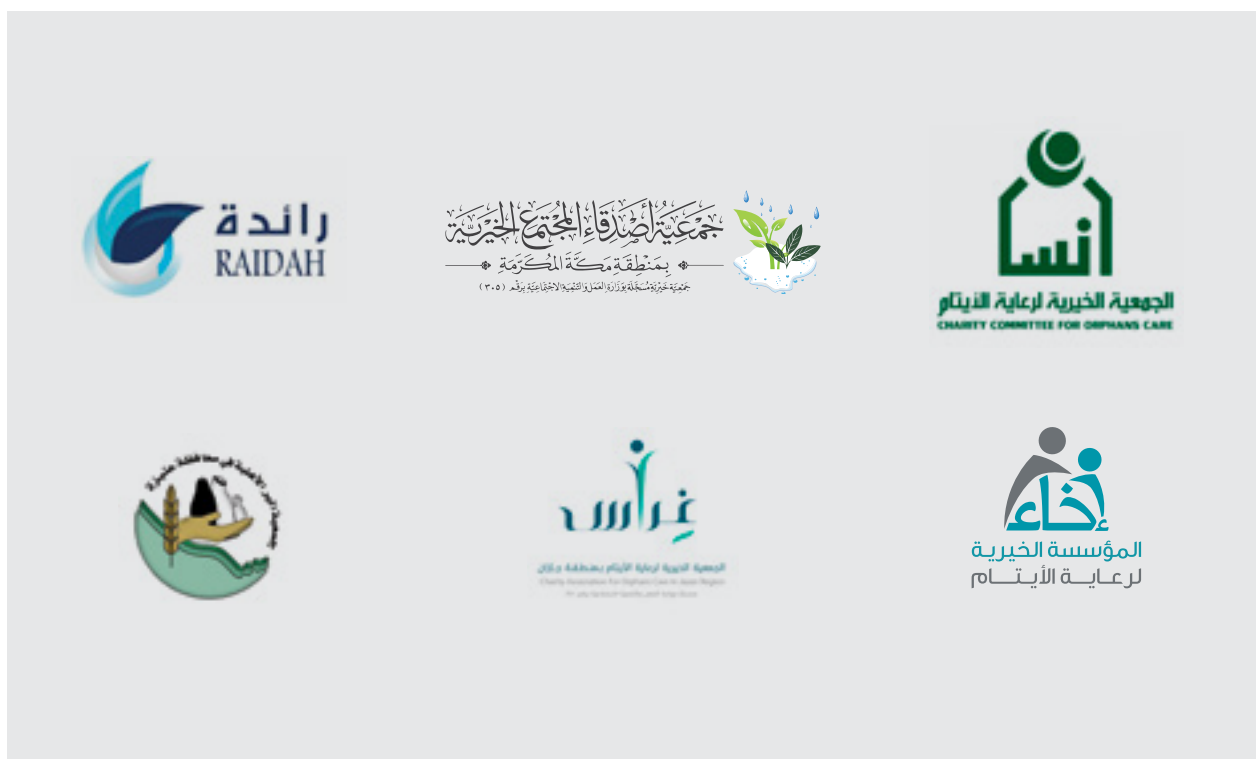
these entities in various regions of the Kingdom. Many bodies have also been supported with their book requirements as a material support for their initiatives to spread the culture of reading. One of the most important of these bodies is the Imam Al-Nawawi School in Yanbu Al-Sinaiyah, which was able to win first place in the Arab world out of 67 thousand schools participating in Sheikh Muhammad Benrashed's initiative of Arab Reading Challenge.

The "Idea for My Country" initiative was also supported, through which dozens of awareness programs were implemented to spread positivity in family and student relations and environmental matters. Jarir also played a role in several initiatives supporting the "Quality of Life Program" approach to improve the lifestyle of the individual and the family and build a society that its members enjoys balanced lifestyle, such as educational series "I Have

tried" that seeks to spread the culture of the hobby as well as initiatives to support the practice of sporting activities in the community, such as the support for the European Club for Children's Sports, and the sponsorship contract for Al-Faisaly Sports Club.

In-kind and material support also extended to governmental and civil institutions that had a role in spreading culture and creating awareness of several issues related to the activity of each institution, including the International Volunteer Day event (A Minute for Your Health) by the Enaya Association and the World Civil Defense Day event (Safety First).

The total value of support for social and charitable institutions during 2019 amounted to 837 thousand riyals.



4



Financial Performance



1. Summary of processes and operating results

Processes and operating results in Jarir were summarized as follows:

in SAR million

statement	Year ended (31, December 2019)		Year ended (31, December 2018)		Change (%)
	amount	Percentage of sales %	Amount	percentage of sales %	
Sales	8,424.5	-	7,361.7	-	14.4 %
Gross	1,273.2	15.1 %	1,113.8	15.1 %	14.3 %
Profit activity from main operations	1,071.0	12.7 %	978.2	13.3 %	9.5 %
Net profit before zakat	1,009.8	12.0 %	974.2	13.2 %	3.7 %
Net profit	984.7	11.7 %	960.0	13.0 %	2.6 %

During 2019, Jarir net retail sales raised by 15.4%, while wholesale sales dropped by 2.7% compared to last year 2018.

As for Jarir overall performance, sales inside and outside Saudi Arabia rose by 14.4% compared to last year. The gross profit rose by 14.3%, and the gross profit was 15.1% compared to 15.1% last year. When comparing the gross profit with the previous year, it should be taken into account that a large part of what is presented in the current year as financing expenditures was included in the calculation of the total profit according to the accounting policy followed in the previous year, which changed with the start of the application of IFRS 16 in 2019.

The increase in sales is due to the increase in sales of most of the retail sectors, especially the sales of the electronics department, supported by the sales of smartphones and the sales of the computer department. The increase in the number of exhibitions from 55 to 59 exhibitions partly contributed to the increase in retail sales.

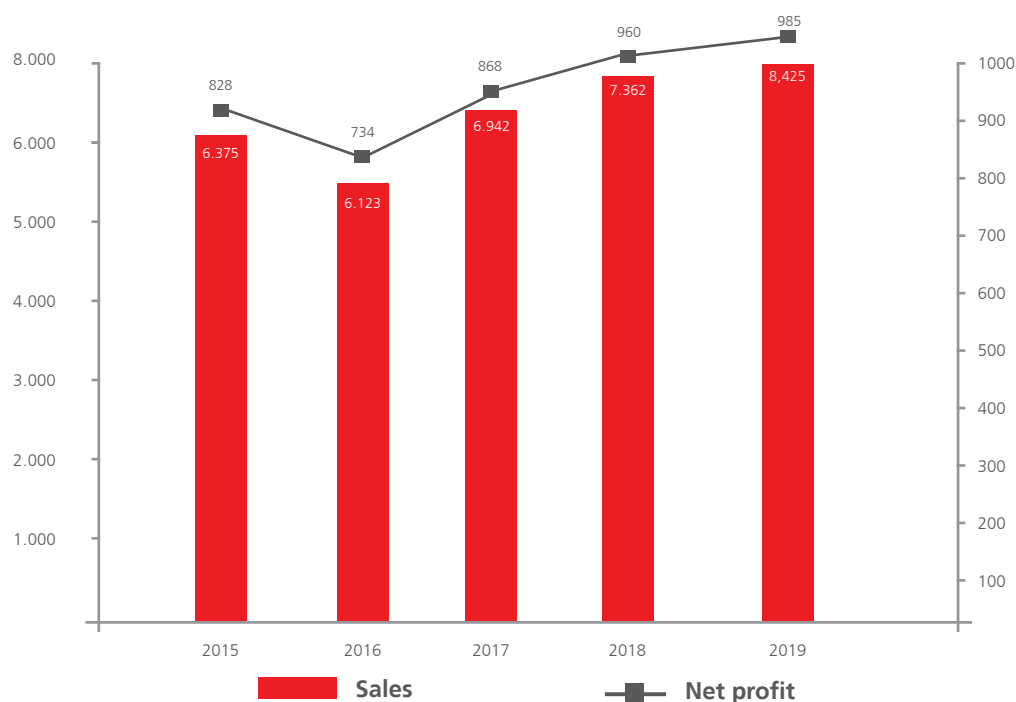
Despite the increase in sales by 14.4%, the increase in net profit was lower by 2.6%, from 960.0 million riyals for the year 2018 to 984.7 million riyals for this year 2019, and the reason for this is:

- The relative decline of the gross profit margin due to the difference in the sales mix (taking into account what was mentioned above regarding the impact of applying IFRS 16 in 2019).
- The increase in selling and marketing expenses, which included (among other elements) marketing expenses to support the growth of e-commerce.
- The decline in other net revenues.
- The Increase in non-operating expenses (zakat and financing cost).
- The application of IFRS 16 in 2019, which had some effect in increasing costs.

2 - Review of Financial Statements Items

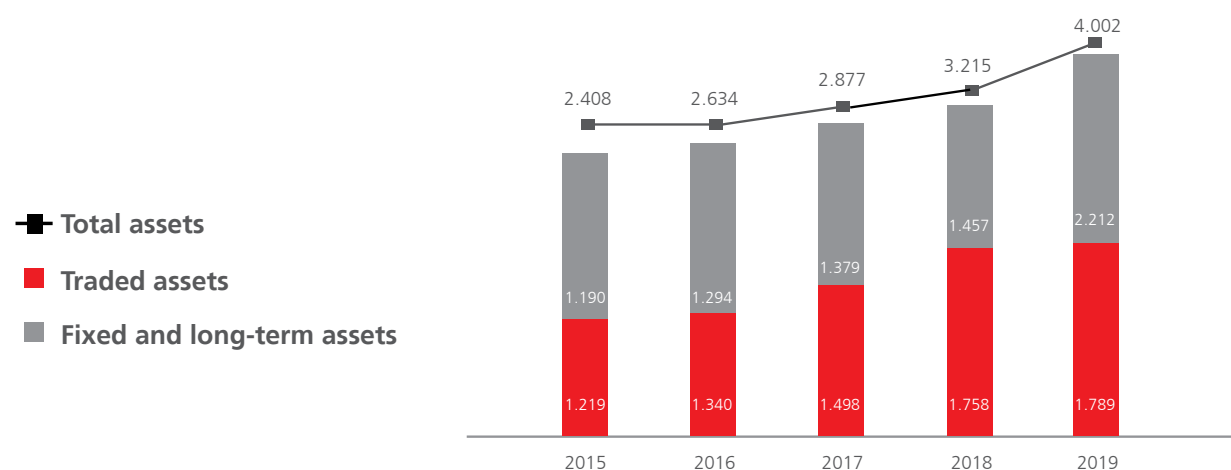
The company has achieved during 2019 the highest sales and net profits in its history with SAR 8,424.5 million and SAR 984.7 million respectively.

Development of sales and net profit (in SAR Million)



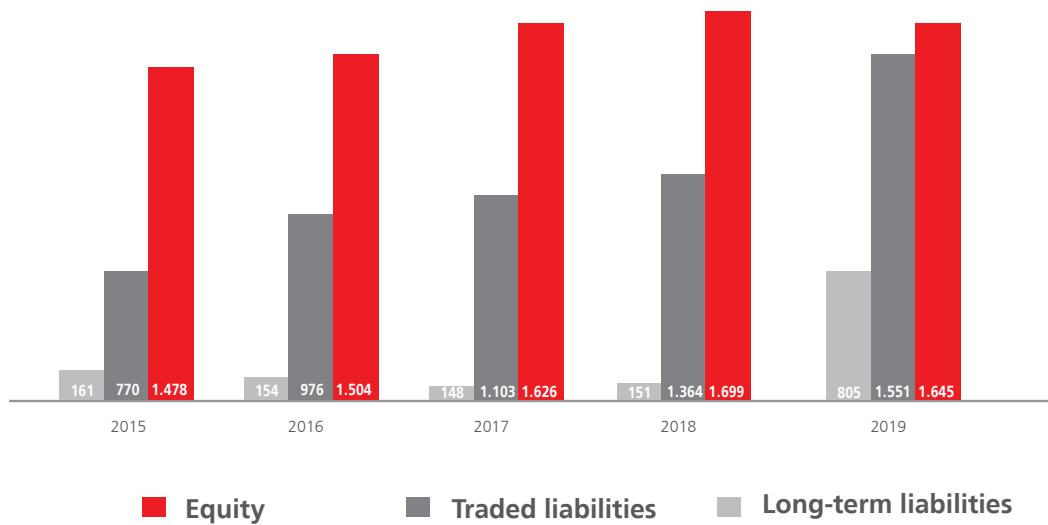
Jarir's assets have grown over the past five years from SAR 2,408 million in 2015 to SAR 3,996 million in 2019. The significant increase in total assets in 2019 is due to the application of IFRS 16 regarding leases, as this resulted in establishing a new class of assets, which is the right of use arising from lease contracts in which Jarir (its subsidiaries) is a tenant.

Growth of assets (in SAR Million)



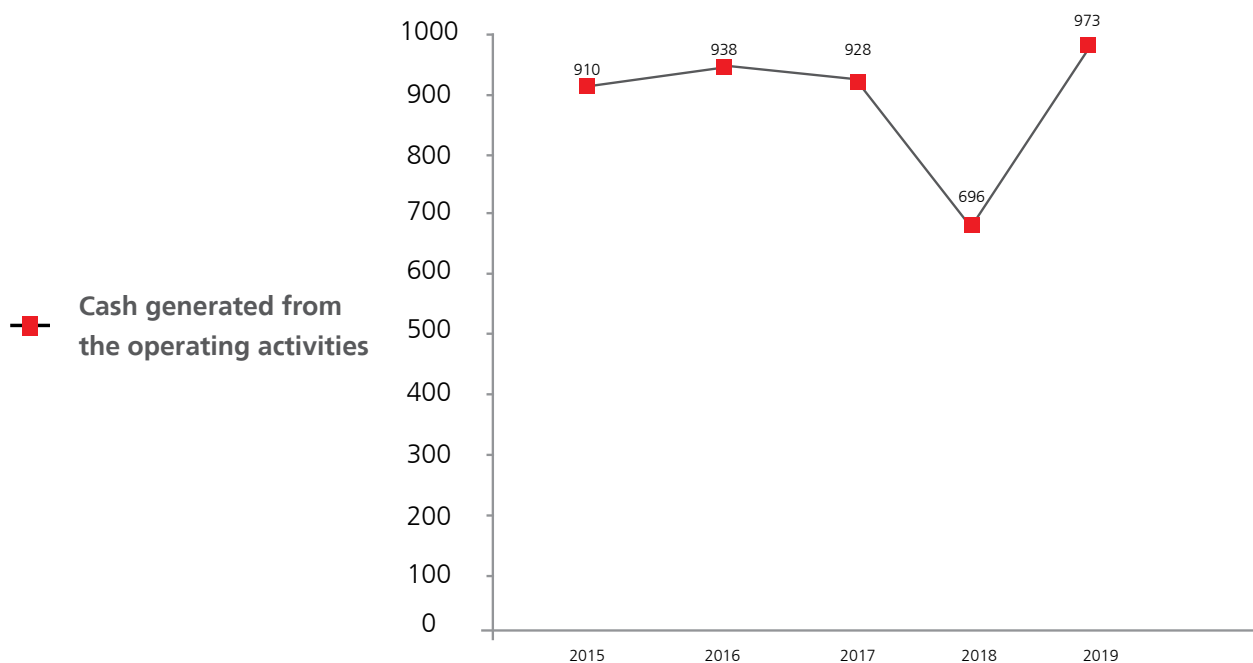
Equity have grown from SAR 1,478 million in 2015 to SAR 1,645 million in 2019.

Growth of equity and liabilities (in SAR Million)



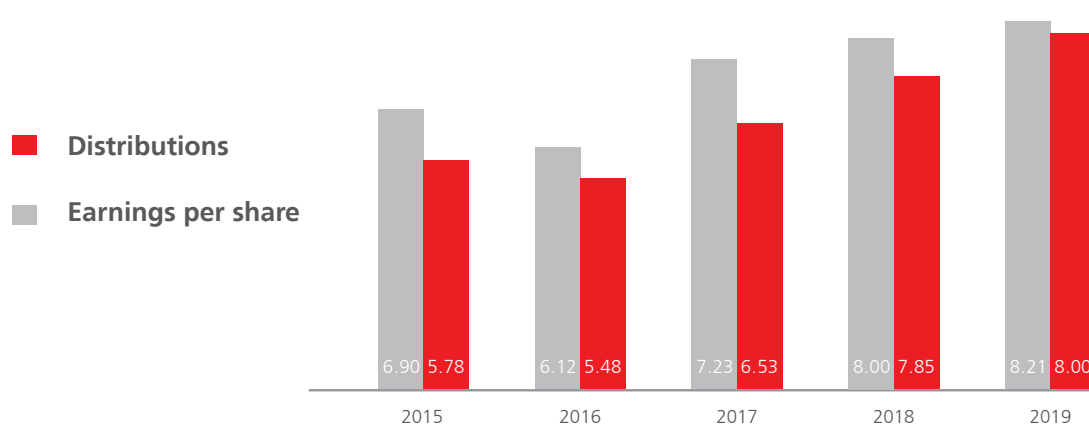
Cash generated from the company's operating activities amounted to SAR 973 million in 2019, on which the company depends to finance its investments and expansions as well as in the payment of distributions to shareholders.

Cash generated from the operating activities



The combined growth rate for earnings per share and distributions on share over the last five years was 4.4% and 8.5%, respectively.

Earnings per share and distributions (SAR)



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

3. Geographical analysis of Jarir activity

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

In SAR Million

Geographic region	2019		2018	
	sales	net profit	sales	net profit
Saudi Arabia	7,960.4	948.2	6,908.9	913.7
Egypt and other Gulf states	464.1	36.5	452.8	46.3
Total	8,424.5	984.7	7,361.7	960.0

4. Borrowing

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

In SAR million

#	Donor	Type of loan	Purpose	Balance at the beginning of year	Additions	Payment	Balance at the end of year	Method of payment
1	Arab National Bank	Several facilities Tawarq	Working Capital Financing	100	165	115	150	Premiums due on 12 February 2020
2	Saudi British Bank	Several facilities Tawarq	Working Capital Financing	100	150	100	150	Premiums due on 23 January 2020
3	Saudi Investment Bank	Several facilities Tawarq	Working Capital Financing	75	-	75	-	
Total				275	315	290	300	

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

5. Regular payments, penalties and sanctions

Jarir is subject to Zakat according to the regulations of the Zakat and Income Authority. Zakat is charged to the consolidated income statement of Jarir. Jarir submitted and paid Zakat statement until 31/12/2018, and paid the differences resulted from zakat final association until the end of 2010. During the year, Jarir received from the General Authority for Zakat and Income assessments for the years 2011 to 2015, claiming zakat differences totaling 25.6 million Saudi riyls compared to what was paid for these years. The group objected to these assessments during the statutory period, and at the beginning of 2020, Jarir received notification From the General Authority for Zakat and Income to reject the objection. Accordingly, Jarir grievance went up to the General Secretariat of the Tax Committees during the statutory period, and the Zakat commitment for the year 2019 was estimated at an amount of (25,000,000) riyls, and a provision was made with the total of this estimate.

The most important payments to regulatory authorities are as follows:

In SAR Thousand

Statement	2019		brief description	reasons
	paid	due until the end of annual financial period and not paid yet		
Customs Department	33,664	0	customs clearance	import
Zakat	16,589	25,000	Zakat on income	Zakat annual statement
Tax	5,104	0	Tax deductions	For dividends to non -resident shareholders as well as for foreigners and non - resident service providers
VAT	404,809	0	VAT	VAT on services and goods supplies
General Authority for Social Insurance	32,460	2,930	Social Insurance	Monthly due insurance for Saudi and non Saudi staff
Visas and passports costs	307	0	Staff visas	Recruitment of staff, and exit and return visas for staff
Bureau office fees	18,646	0	Staff residency	licensing and renewing staff residency

Jarir was imposed a fine of 20,000 twenty thousand riyals, for violating Paragraph (a) of Article Sixty-one of the Rules for Offering Securities and Continuing Obligations, for disclosing incorrect information in its announcement published on the website of the Saudi Stock Exchange "Tadawul" on 04/11/2018 regarding its preliminary financial results for the period ending on 30/09/2018, where the company stated in its aforementioned announcement that "all numbers are in SAR (thousand)," and the correct information is that "all numbers are in SAR (Million)." A corrective announcement will be posted on this. No corrective announcement has been published regarding this.

6. Dividends for the fiscal year 2019

SAR 98,473 thousand has been allocated from the net profit to form the regulatory reserve.

And Jarir distributed cash dividends for the fiscal year 2019 according to the following table:

Period	Total distribution (in SAR million)	Per share (SAR)	Announcement date	Maturity date	Distribution date
First quarter	228.0	1.90	30/04/2019	20/05/2019	29/05/2019
Second quarter	168.0	1.40	05/08/2019	26/08/2019	04/09/2019
Third quarter	300.0	2.50	05/11/2019	18/11/2019	27/11/2019
Fourth quarter	264.0	2.20	12/03/2020	16/03/2020	25/03/2020
Total	960.0	8.00			

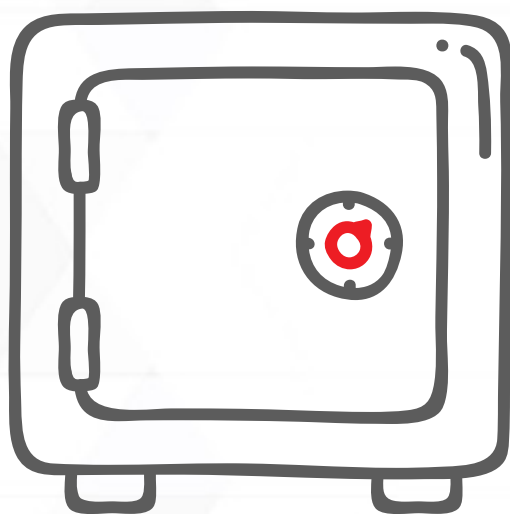
Earnings per share from calculated distributions are based on the current number of shares of 120 million shares.



5



Capital, Investors and Equity Notifications



1. Capital



The following table summarizes Jarir's capital:

Statement	Value in SAR/ /number of shares
Authorized capital	SAR1,200,000,000
Number of issued shares (all is ordinary shares)	120,000,000 shares
Paid capital	SAR 1,200,000,000
Par value per share	SAR 10
Paid Value per share	SAR Real

2. Major shareholders, and changes in equity shares

The following table lists the names, number and percentage of equity of the major shareholders who own 5% or more, and its change during 2019:

in million

Investor name	Number of shares at the beginning of 2019	Equity percentage at the beginning of 2019	Number of shares at the end of 2019	Equity percentage at the end of 2019
Jarir Commercial Investments Company	25,205,904	21%	26,206,408	21.83%

3. Equity structure for individuals and institutions by the end of 2019

Type of investors:

Type	Number of investors	Number of shares	Equity (%)
Companies and institutions	587	77,110,040	64.26
Individuals	5833	42,889,960	35.74
Total	6,420	120,000,000	100%

Investors according to equity proportion:

Equity proportion (shares)	Number of investors	Number of shares	Equity (%)
More than one million	18	66,793,985	55.661
From 500 thousands: Less than 1 million	24	15,020,558	12.517
From 100 thousands: less than 500 thousands	81	16,846,218	14.039
From 50 thousand: less than 100 thousands	92	6,509,228	5.425
From 10 thousands: less than 50 thousands	415	9,083,756	7.569
From 5 thousands: less than 10 thousands	362	2,504,183	2.086
From one thousand: less than 5 thousands	1,112	2,529,085	2.108
Less than one thousand	4,316	712,987	0.595
Total	6,420	120,000,000	%100

- According to the investor ownership report dated 31/12/2019.

Investors according to their categories:

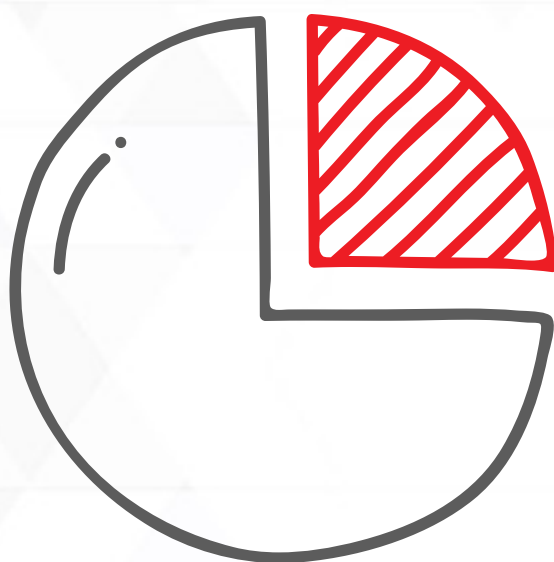
Category	Number	Number of shares	Equity
Saudi individual investors	5,610	42,674,946	35.562
Resident foreign investors	223	215,014	0.179
Saudi companies and institutions	75	37,909,091	31.59
Governmental and semi -governmental institutions	12	4,491,418	3.742
Saudi investment funds	93	16,344,048	13.62
Mutual agreements	16	1,157,345	0.964
Nonresident foreign investors	378	16,976,173	14.146
Charitable and endowment associations	13	232,964	0.194
Total	6,420	120,000,000	100%

- According to the investor ownership report dated 31\12\2019.

6



Dividend Distribution Policy



Dividend distribution policy

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

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



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

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

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

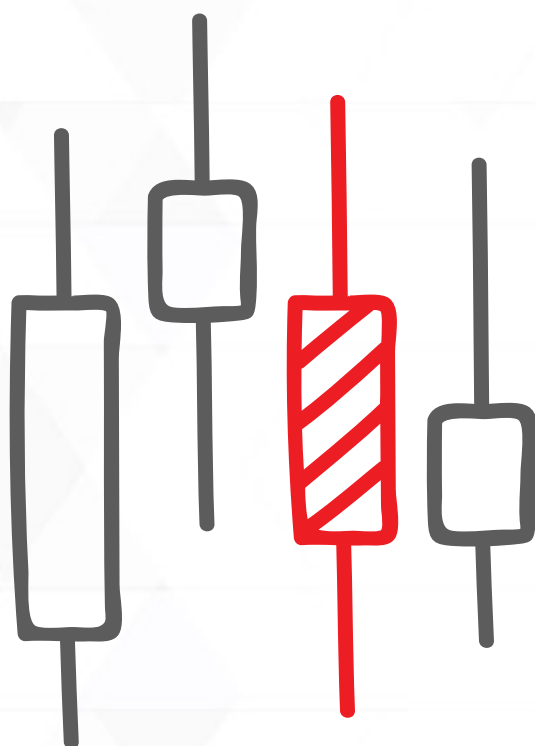
The following table shows the historical development of cash dividends for Jarir so far:

Year	Net profit (SAR million)	Earnings per share	Distributed profit (SR)	Total Distribution Amount (SAR million)	Percentage of the distributed amount of net profits: (%)
2003	108,9	4,53	20	96	88
2004	120,6	5,02	22	105,6	87.6
	Capital increased from 240 millions to 300 millions by granting one free share for every 4 shares				
2005	176,2	5,87	20	120	68
2006	243,3	8,11	6	180	74
2007	276	9,20	8	240	87
2008	332,7	11,09	9	270	81.1
2009	373,9	10,23	8	295	78.9
	Capital increased from 300 millions to 400 millions by granting one free share for every 3 shares				
2010	401	10,01	7,85	314	78.3
2011	517,5	11,89	9,70	388	81.1
	Capital increased from 400 millions to 600 millions by granting one free share for every 2 shares				
2012	569,8	9,47	7,75	465	81.6
2013	653,2	9,98	8	480	79.9
	Capital increased from 600 millions to 900 millions by granting one free share for every 2 shares				
2014	745,4	8,28	6,65	598,5	80.3
2015	828,5	9,21	7,71	693,9	84.3
2016	737,9	8,16	7,30	657	89.03
2017	867,7	9,64	8,70	783,0	90.29
2018	Capital increased from 900 millions to 1200 millions by granting one free share for every 3 shares				
	960	8,0	7,85	942	98.12
2019	984,7	8,21	8,00	960	97.49

7



Risks and Future Outlook



1. Risks Jarir May Face

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

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

Economic risks:

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

Strategic risks:

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

Operational risks:

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

1 - Currency risks:

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

2 - Credit risks:

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

3 - Liquidity risks:

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

4 - Human resources risks:

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

5 - Legal risks:

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

6 - Technical risks:

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

2. Future Outlook



Based on the above and the changes in consumer behavior in Saudi Arabia, Jarir has followed a new strategy based on reducing the profit margin sometimes to gain a larger share in the market under these economic conditions, and to seek competitive prices from suppliers. Jarir will continue to have the same strategy, and will maintain its expansion plans, which will include new areas in Saudi Arabia, Kuwait, the UAE and Bahrain. Jarir also looks at expansion in other countries.

In 2019, Jarir opened five showrooms, and Jarir Bookstore showrooms reached 59 inside and outside the Kingdom. Jarir intends to open six to eight showrooms in 2020, and to continue to develop the company's website. The wholesale and distribution sector will continue to grow by doubling the current distribution network and entering new markets.

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

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

Based on these data and plans, and under the current and expected market conditions, and in light of the challenges surrounding the field in which we operate, Jarir expects to achieve positive growth of 5% in fiscal year 2020 compared to fiscal year 2019, unless Jarir work is affected by Covid-19.

8



Governance



1. Composition of the board

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



Muhammad Bin Abdulrahman Alagil.
Chairman of the board
(non-executive)

Current positions

Chairman of Jarir Marketing Company

Qualifications

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

Experience

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

Abdullah Bin Abdulrahman Alagil.
Managing director
(executive)

Current positions

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

Qualifications

- Bachelor of management from King Saud University.

Experience

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

Nasser Bin Abdulrahman Alagil
(non-executive)

Current positions

Chairman of Kite Arabia Contracting Co.

Previous positions.

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

Qualifications

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

Experience

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

Abdulkarim Bin Abdulrahman Alagil.
CEO, Vice chairman.
(executive)

Current positions

- CEO.
- Vice chairman.

Previous positions

- Mandatory lecturer at the Institute of Public Administration In Riyadh

Qualifications

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

Experience

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



Nasser Bin Abdulaziz Alagil

Chief operating Officer
(executive)

Current positions

Chief operating Officer

Previous positions

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

Qualifications

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

Experience

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

Fahd Bin Abdullah Al Qassem

(independent)

Current positions

Chairman of Amwal Financial Consultants Company.

Previous positions

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

Qualifications

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

Experience

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

Badr Bin Hamed Al-Aujan

(independent)

Current positions

Member of boards of and committees of a number of companies

Previous positions

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

Qualifications

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

Experience

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

Basil Bin Muhammad Bin Jabr
Representative General
Organization for Social Insurance

(independent)

Current positions

Consultant to the Saudi Bin Laden Group.

Previous positions

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

Qualifications

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

Experience

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

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

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

Member name	Companies in which the board member is a member of its current boards or one of its directors			Companies in which the board member was a member of its former boards or one of its directors							
	Company name	legal entity	within / outside Kingdom	Company name	legal entity	within / outside Kingdom					
Fahd Bin Abdullah Al Qassem	Savola Group	listed contribution	Within Kingdom	Albilad Bank	listed contribution	Within Kingdom					
	Dor Hospitality Company			Abdullatif Alissa Group Holding Co	Unlisted contribution						
	Dallah Healthcare Company			Naqel Company							
	Riyadh Development Company			Al Rajhi Alfa Investment Holding Company	Limited						
	Fahd Bin Abdullah Bin Abdula ziz Al Qasim & Sons for Trading & Investment Company	Raj Real Estate company									
	The Saudi Heritage Hospital-ity Co.	National General Automot-ive Company									
	Dr. Mohammad Bin Rashed Al Faqih & Cos Company	General Organization of Saudi Post		Governmen- tal institu- tion							
	Rakeen Najd International Company										
	Alrajhi united investments holding (executive)										
	Argan Projects company										
	Amwal Financial Consultants Company.				Limited						
	Areez Commercial Invest-ment, Ltd.										
	Abdullah Bin Ibrahim Al-Sub- aie Holding Company (AIMS)										
	Twenty First Century compa-ny & its partner for real estate evaluation										
	Al Qasim Fund for Investment and Commercial Develop-ment										
	Fincorp Investment Holding	Egyptian closed company	Outside Kingdom								
Badr Bin Hamed Al-Aujan	Savola Foods Company	Unlisted contribu- tion	Within Kingdom	Muhaidib Food Company.	Limited	Within Kingdom					
	United Sugar Company										
	Afia International Company			Aujan Industrial Company	Unlisted contribution						
	International Company for Food Industries	Limited									
	National Biscuits Confection-ery Co.										
Basil Bin Muhammad Bin Jabr	Technical Investment Com-pany.	Unlisted contribu- tion	Within Kingdom	Muhammad & Abdullah Al-Subaie Investment Company	Unlisted contribution	Within Kingdom					
	Tayseer Finance Company.			Al-Malaz Technical Investment Company							
	Taiba Holding Company.	listed contribu- tion		interactive Saudi Arabia Ltd.	Limited						
	Allianz Saudi Fransi Company.										

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

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

2. Record of the attendance of board meetings and general assemblies for fiscal year 2019

Record of the attendance of board meetings for the fiscal year 2019. The following are their dates and the record of attendance of board members:

	Name	Date of board meeting					Total attendance
		30/04/2019	15/09/2019	05/11/2019	30/12/2019	12/03/2020	
1	Muhammad Bin Abdulrahman Alagil	√	√	√	√	√	5
2	Nasser Bin Abdulrahman Alagil	xx	√	√	√	√	4
3	Abdullah Bin Abdulrahman Alagil	xx	√	√	√	√	4
4	Abdulkarim Bin Abdulrahman Alagil	√	√	√	√	√	5
5	Nasser Bin Abdulaziz Alagil	√	√	√	√	√	5
6	Fahd Bin Abdullah Al Qassem	√	√	√	√	√	5
7	Badr Bin Hamed Al-Aujan	√	√	√	√	√	5
8	Basil Bin Muhammad Bin Jabr	√	√	√	√	√	5
Date of the last meeting of the general assembly 18/4/2019							

√ in person

x by proxy by another board member

xx absence

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

Record of the attendance of assembly meetings for the fiscal year 2019. The following are their dates and the record of attendance of board members:

	Name	Attendance record	
		Ordinary general assembly 17/2/2019	Ordinary general assembly 30/4/2019
1	Muhammad Bin Abdulrahman Alagil	√	√
2	Abdullah Bin Abdulrahman Alagil	√	XX
3	Nasser Bin Abdulrahman Alagil	XX	√
4	Abdulkarim Bin Abdulrahman Alagil	√	√
5	Nasser Bin Abdulaziz Alagil	XX	√
6	Fahd Bin Abdullah Al Qassem	√	√
7	Samer Bin Muhammad Al – Khawashki*	XX	---
8	Nader Bin Ibrahim Al-Wahibi*	√	---
9	Badr Bin Hamed Al-Aujan**	---	√
10	Basil Bin Muhammad Bin Jabr**	---	√

√ attendance

xx absence

* The membership of each of Mr. Samer Bin Muhammad Al-Khawashki and Mr. Nader Bin Ibrahim Al-Wahibi expired at the end of the board's session on 03/08/2019.

** The membership of each of Mr. Badr Bin Hamed Al-Aujan and Mr. Basil Bin Muhammad Bin Jabr began at the beginning of the board's session on 03/08/2019.

4. Company's applications for the register of shareholders

Statement of the number of the company's applications for the shareholders register during the year 2019:

Number of the company's application for shareholders register	Date of application	Reasons for application
1	29/01/2019	other
1	21/02/2019	other
1	28/02/2019	other
1	20/03/2019	Profits file
1	29/04/2019	General Assembly
1	26/05/2019	Profits file
1	25/08/2019	Profits file
1	20/11/2019	Profits file
1	21/11/2019	Profits file
1	25/11/2019	Company Procedures

5. Committees

1. Audit Committee:

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

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

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

Financial reports:

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

Internal audit:

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

Auditor:

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

Commitment Guarantee:

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

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

No	Name	Current positions	Previous positions	Qualifications	Experience
1	Abdulsalam Bin Abdulrahman Alagil Chairman of Committee	<ul style="list-style-type: none"> Chairman of of Asala Holding Company, Intiaz Al Arabia Co, Riyadh Najd school, Horma national Company). Managing Director of Jarir Company for Commercial Investments, Jarir Trading Development Company). CEO of Jarir Company for Commercial Investments. General Manager of Burooj International Co Ltd., Future Markets Co Ltd., Advanced Markets Co Ltd., Afrass arabia Co Ltd., Jarir Union Company). Chairman of Future Houses Company. Chairman of the Investment Committee at Kinan International for Real Estate Development). Member of the Audit Committee at the General Authority for Investment. Chairman of the Audit Committee at Jarir Markeing Company). 	<ul style="list-style-type: none"> Financial analyst at Cresscot Inc -New York -USA. (1989-1990)• Facilities official for major companies at Banque Saudi Fransi- Saudi Arabia (19911993-). Member of the Advisory Committee - Capital Market Authority (2013-2016). Board member of the General Authority for Investment (2015-2018). 	<ul style="list-style-type: none"> Bachelor of Science in Industrial Management from King Fahd University of Petroleum and Minerals - Kingdom of Saudi Arabia. CPE course from the Family Establishments Office - United States of America. Certificate in Strategic Finance from Harvard University - USA Certificate in Private Wealth Management - Wharton Education Program - Pennsylvania, USA. Certificate of passing the CME test from the Institute of Banking - Riyadh. A course in Corporate Governance, Compliance, Anti-Money Laundering and Combating Terrorism from Al-Jazira Bank in Riyadh. 	<ul style="list-style-type: none"> (Former) Member of the Advisory Committee at Capital Market Authority. (Former) board member of Malath Insurance and Reinsurance Company. Board member of Herfy Food Services Company. (Former) member of Jarir Holding Company (liquidated).
2	Fahd Bin Abdullah Al Qassem	He has already been identified in the names and data of the members of the board of directors			
3	Medhat Farid Abbas Tawfik	<ul style="list-style-type: none"> Executive partner at Irsaa Al Jazira Group for Business Solutions. 	<ul style="list-style-type: none"> Samba Financial Group 	<ul style="list-style-type: none"> Bachelor of Science majoring in Chemistry from Belmont University, Tennessee. 	<ul style="list-style-type: none"> Member of the Audit Committee of the Saudi Telecom Company Stc. Chairman of the Audit Committee of AWJ Holding Company. Independent Board Member of Rana Investment Company.

Four meetings of the Committee were held in 2019. The attendance record is as follows:

NO	Name	Position	Date of meeting				total attendance
			11/03/2020	03/11/2019	04/08/2019	28/04/2019	
1	Abdulsalam Bin Abdulrahman Alagil	Committee Chairman	√	√	√	√	4
2	Fahd Bin Abdullah Al Qassem	Member	√	√	√	√	4
3	Medhat Farid Abbas Tawfik	Member	√	√	√	√	4

√ in person × by proxy by another Audit Committee member ×× absence

It should be noted that the audit committee held a meeting by telephone to review the financial statements for the second quarter and made recommendations to the board thereon.

In the light of the work done by the committee during 2019, the audit committee considers that there is no material deficiency or change in the internal control systems, that they are effective to prevent and detect material errors, and that there has been no material breach of the internal control systems during 2019.

2. Rewards and Nominations Committee:

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

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

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

In respect of rewards, the Committee shall:

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

In relation to nominations, the Committee shall:

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

The following is a list of the names and record of the attendance of the members of the Committee during the fiscal year 2019:

No	Name	Current positions	Previous positions	Qualifications	Experience
1	Fahd Bin Abdullah Al Qassem	He has already been identified in the names and data of the members of the board of directors			
2	Abdulsalam Bin Abdulrahman Alagil	He has already been identified in the names and data of the members of the board of directors			
3	Basil Bin Muhammad Bin Jabr	He has already been identified in the names and data of the members of the board of directors			

Two meetings of the Committee were held in 2019. The attendance record is as follows:

No	Name	Position	Date of meeting		Total attendance
			03/11/2019	11/03/2020	
1	Fahd Bin Abdullah Al Qassem	Committee Chairman	√	√	2
2	Abdulsalam Bin Abdulrahman Alagil	Member	√	√	2
3	Samer Bin Muhammad Al – Khawashki*	Member	√	√	2

√ in person

× by proxy by another Audit Committee member

xx absence

* The membership Mr. Samer Bin Muhammad Al – Khawashki expired from The board of Directors and its committees at the end of the board's session on 03/08/2019.

** The membership Mr. Basil Bin Muhammad Bin Jabr began in The board of Directors and its committees at the beginning of the board's session on 03/08/2019.

3. Governance Committee:

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

In accordance with Article (2) of the Corporate Governance Regulations, which is approved by the Board of Directors in its decision dated 9/3/1441 AH, corresponding to 6/11/2019:

The committee undertakes the study of matters that are pertaining to it or referred to it by the board of directors, and it submits its recommendations to the board to take a decision regarding them, or it takes decisions if the board delegates to it to do so, and the committee informs the board of directors of the results it reaches or the decisions it takes or recommends. The committee is responsible for the following:

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

The following is a list of the names and record of the attendance of the members of the Committee during the fiscal year 2019:

No	Name	Current positions	Previous positions	Qualifications	Experience
1	Fahd Bin Abdullah Al Qassem	He has already been identified in the names and data of the members of the board of directors			
2	Badr Bin Hamed Al-Aujan	He has already been identified in the names and data of the members of the board of directors			
3	Medhat Farid Abbas Tawfik	He has already been identified in the names and data of the members of the Audit Committee.			

The meeting of the Committee was held in 2019. The attendance record is as follows:

	Name	Position	Date of meeting	Total attendance
			04/11/2020	
1	Fahd Bin Abdullah Al Qassem	Committee Chairman	√	1
2	Badr Bin Hamed Al-Aujan	Member	√	1
3	Medhat Farid Abbas Tawfik	Member	√	1

√ in person

× by proxy by another Audit Committee member

×× absence

6. Disclosure of rewards

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

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

General criteria for rewards:

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

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

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

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

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

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

Executive management rewards include:

- (base salary) payable at the end of each month.
- Medical insurance for them and their families.
- Transfer allowance.
- Accommodation allowance.
- Annual tickets for them and their families that are spent at the time of their annual leave.
- Annual bonus determined according to performance.
- Long-term incentive reward.

Following is a breakdown of the rewards paid to board members and senior executives during fiscal year 2019

Rewards for board members:

A breakdown of rewards paid to board members during fiscal year 2019 (in their capacity as board members):

(In SAR thousand)

	Fixed rewards						Variable rewards						severance pay	Grand total	expenses allowance
	Certain amount	Attendance allowance for board sessions	Total of Attendance allowance for board sessions	In-kind benefits	Technical, administrative and consulting rewards	reward of the chairman of the board, the managing director or the secretary if they are members	Grand total	percentage of profits	Periodic bonuses	Short - term incentive plans	long - term incentive plans	Granted shares			
First: independent members															
Fahd Bin Abdullah Al Qassem	300	12					312							312	
Badr Bin Hamed Al-Aujan	300	12					312							312	
Basil Bin Muhammad Bin Jabr	300	12					312							312	
Total	900	36					936							936	
Second: non-executive members															
Muhammad Bin Abdulrahman Alagil	300	12				250	562							562	
Nasser Bin Abdulrahman Alagil	300	9					309							309	
Total	600	21				250	871							871	
Third: executive members															
Abdullah Bin Abdulrahman Alagil	300	9					309							309	
Abdulkarim Bin Abdulrahman Alagil	300	12					312							312	
Nasser Bin Abdulaziz Alagil	300	12					312							312	
Total	900	33					933							933	

In this regard, the company affirms the following:

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

Senior Executive Rewards

Following is a breakdown of rewards paid to five senior executives who received the highest rewards, including the CEO and the chief financial officer during the fiscal year 2019:

In SAR thousand

Fixed rewards	
Salaries	10,214
Allowances	3,381
In-kind benefits	223
Total	13,818
Variable rewards	
Periodic rewards	19,173
Profits	0
Short-term incentive plans	0
Long - term incentive plans	1,595
Granted shares	0
Total	20,768
Severance pay	2,480
Severance pay (Included in the other comprehensive income)	-5,849
Total of executives' rewards	900
Grand total	32,117

Rewards of members of committees

Following is a breakdown of rewards paid to members of committees during the fiscal year 2018:

In SAR thousand

	Fixed rewards (except for Session attendance allowance)	Session attendance allowance	Total
Members of Audit Committee			
Abdelsallam Bin Abdulrahman Alagil	100	9	109
Fahd Bin Abdullah Al Qassem	100	9	109
Medhat Farid Abbas Tawfik	100	6	106
Total	300	24	324
Members of Rewards and Nominations Committee			
Fahd Bin Abdullah Al Qassem	40	0	40
Muhammad Bin Abdulrahman Alagil	40	0	40
Basil Bin Muhammad Bin Jabr	40	0	40
Total	120	0	120
Members of Governance Committee			
Fahd Bin Abdullah Al Qassem	40	00	40
Badr Bin Hamed Al-Aujan	40	00	40
Medhat Farid Abbas Tawfik	40	00	40
Total	120	000	120

7. Employee incentive programs

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

Employee Incentive Program

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

Housing Finance Program:

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

Sales Staff Rewards:

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

Rewards of Employees

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

8. Equity share and its change for board members and senior executives, and their spouses and minor children

Board members, their spouses and minor children

The following table shows the number of shares of Jarir owned by the board of directors before 2019:

	Member name	Beginning of 2019	End of 2019	Change during the year	Change percentage %	Debt instruments
1	Muhammad Bin Abdulrahman Alagil	4,848,338	2,688,338	(2,160,000)	%44.55	None
2	Abdulkarim Bin Abdulrahman Alagil	5,520,000	3,840,000	(1,680,000)	%30.43	None
3	Abdullah Bin Abdulrahman Alagil	4,574,604	2,657,844	(1,916,760)	%41.90	None
4	Nasser Bin Abdulrahman Alagil	4,560,000	3,840,000	(720,000)	15.78 %	None
5	Nasser Bin Abdulaziz Alagil	481,237	481,237	0	0%	None
6	Fahd Bin Abdullah Al Qassem	2,000	2,000	0	0%	None
7	Badr Bin Hamed Al-Aujan	0	1,500	0	0%	None
8	Basil Bin Muhammad Bin Jabr General Organization for Social Insurance	0 4,823,914	0 2,083,009	0 (2,740,905)	0 56.81%	None

Senior executives, their spouses and minor children:

The following table shows the number of shares of Jarir owned by senior executives before 2019:

	name	Beginning of 2019	End of 2019	Change during the year	Change percentage %	Debt instruments
1	Faisal Bin Anbar Al – Anbar	860	860	0	0 %	None
2	Muhammad Diaa Mustafa Al- Ayoubi	0	0	0	0	None

9. Transactions with related parties

During the fiscal year 2019, some of the contracts in which Jarir was a party and from which some board members benefit, continued. Some of these contracts were agreed upon from previous years and are an extension of the continuous relations that started before the fiscal year 2019.

These contracts are summarized in the table below:

	Party of contract	Nature of contract	amount of dealing during the year	Duration of contract (annual)	Terms of contract	Member name / senior executives or any person related to any of them
1	Kite Arabia Co.	Business contract Implementation, design and technical consultation for the company, which started on 01/01/2011	89,788,789	Five years, automatically renewed	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
2	Kite Arabia Co.	Office lease contract that was held at Jarir Building (Riyadh), and started on 15/11/2012	196,020	Five years, automatically renewed	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
3	Jarir Company for Commercial Investments	office Lease contract in Jarir Building (Riyadh), which started on 15/11/2012	306,240	Five years, automatically renewed	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
4	Jarir Company for Commercial Investments	office Lease contract in Jarir Building (Riyadh), which started on 15/12/2008	145,860	Five years, automatically renewed	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
5	Amwaj Dhahran Company Limited	Showroom Lease contract in Dhahran, which started on 15/12/2012	1,653,750	Twenty two years	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
6	Future Markets Company for Trading	Showroom Lease contract in Riyadh Panorama (Al-takhosisi St), which started on 01/12/2005	2,434,950	Twenty two years	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
7	Jarir Real Estate Company	office Lease contract in Jarir Building (Riyadh), which started on 15/11/2012	138,600	Five years, automatically renewed	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
8	Jarir Real Estate Company	office Lease contract in Jarir Building (Riyadh), which started on 14/10/2015	171,625	Two years, automatically renewed	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
9	RoBin Arabia Co.	showroom lease contract in Riyadh - Northern Ring Road (RuBin Plaza Complex) which started at 01/05/2017	2,408,800	Twenty five years renewable	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
10	Reef Tabuk Limited	showroom lease contract in Tabuk (Tabuk Plaza Complex) which started at 01/04/2018	1,803,600	Twenty years	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil

11	East Health Medical Company Ltd.	The lease contract for the residential building located in Al-Rakah Al Janoubia district in Khobar Governorate, which began on 01/09/2019	2,666,667	Twenty years	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil
12	RoBin Arabia Co.	contract to provide management, operation and maintenance services (not including rental-related services) in RuBin Plaza Complex which started at 01/07/2019	842,333	One year renewable	No special terms	Muhammad Bin Abdulrahman Alagil Nasser Bin Abdulrahman Al- Agil Abdullah Bin Abdulrahman Alagil Abdulkarim Bin Abdulrahman Alagil

10. Auditors of Jarir

Jarir asserts that the financial statements were prepared in the fiscal year 2019 according to the International Accounting Standards for financial reporting approved by the board of directors of the Saudi Organization for Certified Public Accountants.

Proposals had been received from major auditing offices for auditing Jarir during the fiscal year 2019, which were presented to the Audit Committee. After discussion, the Committee settled on the nominations that are to be presented to the next general assembly for shareholders to consider the selection of Jarir auditor for the fiscal year 2020.

11. Representations of the board of directors

The board of Jarir acknowledges the following:

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

Jarir's Board also affirms:

- There is no penalty, sanction or reserve imposed on Jarir by the Capital Market Authority or any supervisory, regulatory or judicial body – except as mentioned in this report.
- There are significant differences in operating results from the results of the previous year or any projections previously announced by Jarir, as indicated in the financial results.
- There is no difference from the international accounting standards. There are no material observations from the chartered accountant on the annual financial statements of Jarir during 2019. The board of directors is obliged to provide the Capital Market Authority with any additional information required at any time, In the event that the auditor makes any reservations About Jarir's annual financial statements.

12. Corporate governance

Jarir issued its corporate governance rules, which were approved by the general assembly held on 10/03/2008 and re-approved by the general assembly held on 13/03/2012, then some of them were re-approved by the General Assembly on 28/02/2019 following some modifications of some of its provisions in line with the new regulations promulgated by the Capital Market Authority

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

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

The company's policies and regulations are reviewed annually.

In addition, some points of Policy of the company have been amended and approved by the general assembly held on 28/10/2018 to correspond with the recent amendments to the companies 'system and the Capital Market Authority's regulations.

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

- Jarir did not provide any cash loan of any kind to any of the members of its board nor did it secure any loan that a member of its board held with others.
- Jarir does not have convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by Jarir in 2019.
- No rights of transfer or subscription under convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by Jarir in 2019.
- Jarir has no redemption, purchase or cancellation of any redeemable debt instruments.
- Jarir has no preference shares or shares of special interest, especially in voting, whether for shareholders or directors. All Jarir shares are ordinary shares of equal nominal value, equal voting rights and other equal rights according to the statute.
- Jarir is subject to zakat according to the regulations of the General Authority for Zakat and Income in the Kingdom of Saudi Arabia. Jarir registers the annually due Zakat allocation, and charges it to the income statement. The modifications that occur during the final association of zakat – if any - are recorded in the period in which the association is made.
- During the fiscal year 2019, the company's external auditor did not provide any advisory services to the Company and received no fees in this respect.

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

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

9



Shareholders' Rights and the Mechanism of Communication with Them



1. Shareholders' proposals and comments on the company and its performance.

The Board approved the policy and procedures of disclosure, which included procedures that guarantee shareholders the right to inquire, request information and get answers to their inquiries in a manner that does not harm the interests of the company. The Board also confirms that during 2019, its members, especially non-executive members, were informed of all inquiries received from shareholders, and no proposals were received from shareholders about the company's performance.

2. Mechanisms to communicate with our shareholders.

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

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

or by e-mail
jmir@jarirbookstore.com

3. The most important events and developments during the year.

During 2019, Jarir witnessed a number of events and developments that are illustrated in the following table:

Date	Event or development
11/03/2019	Jarir board of directors' decision to appoint the Chairman, Vice President and Managing Director, and to form committees.
25/03/2019	The opening of the first Jarir showroom in airports in the interior hall of the new King Abdulaziz International Airport in Jeddah (the 56th showroom).
09/04/2019	Opening a new showroom for Jarir in Buraidah (as an alternative to its showroom on Ali Bin Abi Talib Street).
30/04/2019	The opening of the third showroom for Jarir in the United Arab Emirates in the city of Al Ain (the fifty-seventh showroom).
16/05/2019	Opening of a new showroom for Jarir in Jeddah (the fifty-eighth showroom).
24/06/2019	Signing a contract worth eight million riyals with East Health Medical Company Ltd. (a related party).
04/08/2019	Opening of a new exhibition for Jarir in Riyadh (the fifty-ninth showroom).
10/12/2019	Signing a contract with RoBin Arabia (a related party).

4. Dates of interest to shareholders.

The following table shows the expected dates of major events and occasions of interest to shareholders during the fiscal year 2020:

Expected date	Event
13/04/2020	Meeting of the general assembly for the fiscal year 2019.
07/05/2020	Board meeting for the first quarter.
07/05/2020	Announcement of the results of the first quarter.
07/05/2020	Announcement of the board's decision to distribute dividends for the first quarter, maturity date and the payment of profits.
10/08/2020	Board meeting for the second quarter.
11/08/2020	Announcement of the results of the second quarter.
11/08/2020	Announcement of the board's decision to distribute dividends for the second quarter, maturity date and the payment of profits.
03/11/2020	Board meeting for the third quarter.
04/11/2020	Announcement of the results of the third quarter.
04/11/2020	Announcement of the board's decision to distribute dividends for the third quarter, maturity date and the payment of profits.
16/03/2021	Board meeting for the fourth quarter.
17/03/2021	Announcement of the annual results for the year 2020 and issuance of the report of the board of directors for the fiscal year 2020.
17/03/2021	Announcement of the board's decision to distribute dividends for the fourth quarter, maturity date and the payment of profits.
30/04/2021	Meeting of the general assembly for the fiscal year 2020.

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

Final Word

In accordance with the results reviewed in this report and in the final accounts for the fiscal year 2019, which were published at Local newspapers, your company has continued to achieve remarkable growth and development in its activities and the results of its work. This has been accompanied by financial and administrative steps taken to reduce operating costs, add and develop Jarir products while maintaining their quality and competitive prices, as well as continue to strengthen Jarir's management with competent staff.

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

Abdullah Bin Abdulrahman Alagil

Managing Director

Abdulkarim Bin Abdulrahman Alagil

Vice Chairman,
CEO

Muhammad Bin Abdulrahman Alagil

Chairman



شركة جرير للتسويق
Jarir Marketing Co.