

Leverage Capabilities for Growth

Annual Report 2023 – Riyadh Development Company





"What I like about our nation and our people is our constant ambition; wherein, we are not always satisfied with what we have achieved. Rather, we aspire for more. We are a persevering country with a persevering people working in harmony."

Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud



"Riyadh has everything it needs to create jobs, investments, and opportunities for growth and development. To that end, the Riyadh Strategy aims to propel the capital to be amongst the top 10 city economies in the world from its current ranking at the 40th spot and to lead in excellence in tourism, services, and quality of life."

His Royal Highness
Mohammed bin Salman Al Saud
Crown Prince, Prime Minister

Board of Directors 2023



His Royal Highness Prince
Faisal bin Bandar bin Abdulaziz
Governor of Riyadh, Honorary Chairman of the Board



His Highness Prince
Faisal bin Abdulaziz bin Ayyaf, PhD
Mayor of Riyadh Region, Chairman of the Board



Mr. Majed bin Nasser Alsubeaei
Vice Chairman of the Board



Eng. Ali Abdullah AlHassoun
Member of the Board



Mr. Fahad Abdullah AlKassim
Member of the Board



Mr. Abdullah Mohammed AlBahouth
Member of the Board



Mr. Sulaiman Nasser Al Hatlan
Member of the Board



Mr. Abdul-Ilah Abdul Rahman Al-Hussein
Member of the Board



Mr. Nayef Ibrahim Al-Hadithi
Member of the Board



Mr. Abdulrahman Ayed Alqahtani
Member of the Board

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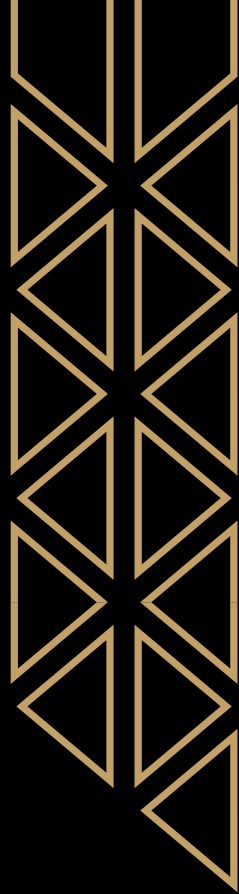
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Disclaimer:

This Annual Report covers financial and operational aspects of ARDCO and is issued in both Arabic and English. The print version is identical to its PDF counterpart, which is available at riyadh.dev. The Arabic version prevails in the event of any discrepancy. The images in this document are representative of the services provided by ARDCO.

01 Introduction



Foreword

"Thirty Years of Successful Legacy... And Prosperous Thirty to Come."

ARDCO celebrates 30 years since its establishment as a key building block of the inspiring vision of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, may God protect him. ARDCO was established as a strategic partnership within the private sector, enabling it to make its mark in the Kingdom's economic renaissance, and allowing Riyadh to become a global standard of urban prosperity as a model of welfare and quality of life.

The Board of Directors of Riyadh Development Company anticipate a bright future for our beloved country in light of the Kingdom's Vision 2030. as we transition from a thirty-year journey filled with achievement and success, which witnessed the company's successive boards of directors and its executive teams succeed in harnessing all its capabilities and resources to build a titan of industry that not only brought about positive social impact, but did so while maximizing total shareholder return for its investors. Accordingly, at the beginning of 2023, the board launched our company strategy under the theme of "Invest for Growth" to actively participate in the growth and development witnessed by the Kingdom and its capital. Riyadh has shown particular success and continues to be a vital contributor to the Kingdom's economy. Through this, we seek to launch more key real estate investment and development projects and initiatives, while establishing, operating and managing public good service projects, deeply aware of our role and responsibility in contributing to the Saudi economic renaissance and working towards sustainable growth. ARDCO possesses a great commitment to our vision, mission and values, adopting a comprehensive strategy that invests with clear goals, builds on our rich heritage, and carries us towards an ever brighter future.

"Development for a sustainable future..."

As we launched the company's strategy at the beginning of 2023, we were determined to harness our capabilities to invest in growth. We worked to develop a slogan for this stage based on "Leverage Capabilities for Growth" by meeting the desired strategic objectives, and utilizing our capabilities and resources in the most optimal manner. Therefore, we directed the executive management to invest in building capabilities and competencies in order to achieve sustainable growth and prioritize knowledge transfer through project partnerships.

In our strategy, we have committed to maximizing the return on our current assets, while exiting underutilized or low-performing assets. As an example, an agreement was signed in order to establish a joint venture between ARDCO and Riyadh Holding Company to centralize all operations in the markets owned by the two companies [AlTameer, AlMeaiglyah, and AlDirah], which would contribute to maximizing the return on assets.

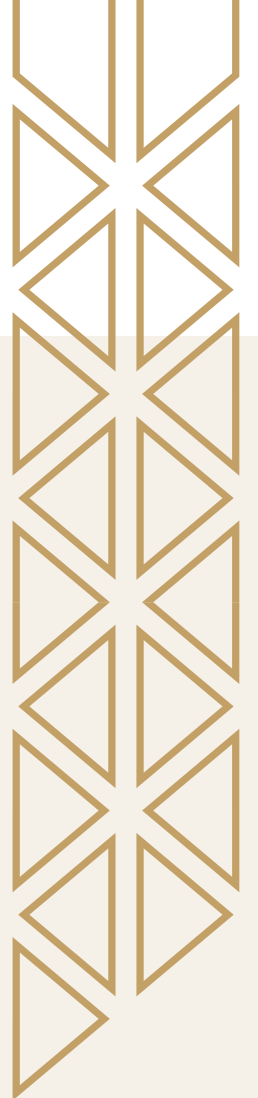
We also aimed to invest in new projects that fuels growth and contribute to establishing sustainable income and profits streams. The first of these investments was the signing of a 25-year framework agreement with the Misk Foundation to develop a number of educational complexes for their use.

"We harness today... to harvest tomorrow"

Leveraging our past achievements and aiming for our future goals. we express our sincere gratitude to our leadership for their unwavering support in propelling our beloved country forward. With unwavering optimism and a commitment to growth. we embark on this journey together. We recognize the tireless efforts of our employees, partners, and shareholders who are instrumental in achieving our shared vision and ambitions as we navigate our transformation.

Faisal bin Abdulaziz bin Ayyaf, PhD

Chairman of the Board of Directors



Board of Director's Letter

In 2023, the Riyadh Development Company experienced a significant turning point in its journey, after 30 years of success and progress. At the beginning of the year, the company launched its "Investing for Growth" strategy, culminating all the efforts made towards institutional development in 2022. Some of these efforts included the modernization of the company's basic infrastructure, digital & regulatory systems, and attracting exceptional talent to lead and implement the transformation journey.

The company's new strategy aims to achieve sustainable growth and strive towards excellence in real estate development and development management, as well as to strengthen our leading position in the fresh produce sector and public good service markets through their development and expanding into its value chain. This will allow us to raise our operational efficiency and property management, aiming to diversify our investments and maximize the return on our asset portfolio, ultimately maximizing total shareholder return. We are committed to achieving our objectives with a business model that seeks to create positive impact around us and our community as well as achieve sustainability in its broadest sense, reflecting positively on our clients, colleagues, partners, and shareholders.

The strategy also establishes a set of key targets for the company, including doubling our net income to more than 500 Mn SAR, raising recurring revenues to one Bn SAR, and restructuring investments to shift from an all-equity structure to one that comprises of a 28% leverage of the value of assets within 5 years, reaching 23% by 2032. This is a key enabler in allowing the company to enter into new projects worth more than 6 Bn SAR by 2032.

The company's strategy outlines a roadmap with three main phases towards achieving its objectives. The first phase includes improving the operational performance of current assets. The second phase will include the diversification and development of its investment portfolio in target sectors. The third phase seeks to achieve sustainable growth and explore promising opportunities.

In 2023, the company focused its efforts on executing the first phase of the strategy. In particular, it worked towards improving the operational performance of the company's current assets by raising operational efficiency and upgrading its business infrastructure, maximizing the return on the value of its current assets, and exiting underutilized and low-performing assets.

As a result, the company invested in maintaining, restoring and improving all of the company's real estate assets and centers in 2022 and 2023, obtaining necessary civil defense certificates and safety licenses. This was followed by the issuance of municipal licenses necessary to carry out various activities and contributed to an increase in the occupancy rate to 94% in 2023, driven mainly by an increase in the occupancy rate in Oteiqah Central Market from 67% to 95%. It also led to an increase in market revenues in 2023 by 39 Mn SAR in 2023 compared to the prior, as it rose from 259 Mn to 298 Mn. This was achieved despite the termination of the AlBatha Meat & Vegetables Market operation, which was exited due to its lack of economic feasibility as a result of the dilapidation of its infrastructure. In its stead, work is underway to establish a high-standard meat market in Oteiqah Central Market.

Investment was also made in a multi-purpose area in Oteiqah Central Market to host our fresh produce seasons throughout the year. This allowed us to host the second edition of the Oteiqah Dates Season in the market, where it attracted 800 thousand visitors, compared to 300 thousand visitors in the previous edition; saw the trade of over 14 thousand tons of dates; and rented space to more than 70 traders, with a marked rise in trader and customer satisfaction and sentiment compared to the first edition.

Implementation of the first phase also saw an improvement in operational performance and a review of pricing strategies in public good services markets and the AlTameer Public Transportation Center. This led to an increase in rental and operational revenues, diversification of revenue sources, and the introduction of new units in the market as well as new sources of income, which recorded an increase of 16% in recurring revenue compared to the previous year. Work was also done to utilize an area of 100 thousand m2 within AlTameer International Car Auction through contracting with a driving school, which is expected to bring an annual revenue ranging between 5-12 Mn SAR, through rental income and profit sharing. These efforts have contributed to raising the quality of the company's recurring revenues in line with its objective towards achieving sustainable growth.

Regarding investment and real estate development, the company inked a 25-year framework agreement with the Misk Foundation, through which the company will develop educational facilities to be operated by Misk in a BTS (Built-to-suit) arrangement. The first of these projects will be the development of the first educational facility on lands owned by an ARDCO-led consortium in Tilal AlRiyadh, AlMalqa district.

The company also signed a memorandum of understanding with Riyadh Holding Company to establish a new entity charged with investment, management, development and centralization in the operation of all markets owned by the two companies in AlDirah district (AlTameer Wholesale Market, Al-Meagliyah Commercial Center, AlDirah Markets) as well as improving the city's urban landscape and developing it into a tourist destination. Through this, the agreement seeks to maximize the return on asset.

In terms of human capital, ARDCO is proud of the increase in its Saudi workforce from 52% in 2022 to 75% in 2023, as well as the doubling of female employees in our organization from approximately 4% of the workforce in 2022 to 8% in 2023. We look to continue efforts to improve our work environment and culture as well as enhance inclusion and diversity within the organization.

The company achieved revenues amounting to 339 Mn SAR for our main business in the fiscal year ending December 31, 2023. This is an increase of 31% over the previous year, while total revenues amounted to 486 Mn SAR, an increase of 3% over the previous year. This comes despite the decrease in income from Tanal, an associate company, by 49%, as a result of the decrease in the volume of land sales compared to 2022, regardless of the increase in average selling prices. This contributed to achieving profits of 271 Mn SAR in 2023 compared to 300 Mn SAR for the previous year.

In conclusion, we would like to express our gratitude to all who contributed to achieving all the successes we have witnessed in 2023, particularly all our valued customers and suppliers for their constant cooperation. And to our shareholders, we extend our sincere gratitude for your trust and support.

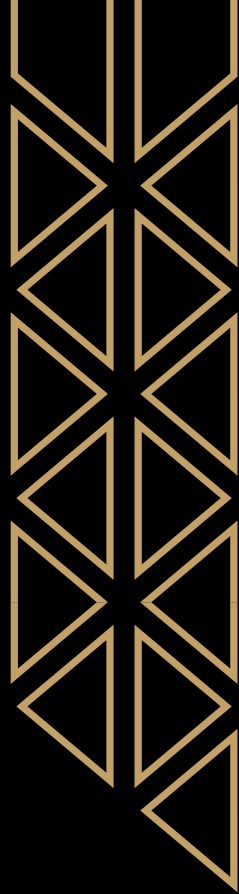
Board of Directors
Riyadh Development Company

Glossary of Terms

TERMS & ABBREVIATIONS	DESCRIPTION
ARDCO	Riyadh Development Company.
The Company	Riyadh Development Company.
Strategic Objectives	The strategic objectives on which the company's strategy is based upon, under the slogan «Invest for growth...»
Sustainability	Managing the organization in an environmentally, socially, and economically responsible manner in order to satisfy current needs without impeding on the ability of future generations to meet theirs.
Governance	The systems and controls that regulate stakeholder relationships and achieve the principles that the company operates upon.
Business Sectors	The company's three sectors: development, operations, and leasing.
Leasing Income	Revenues generated from the company's leasing activities.
Partnerships	The partnerships that bond ARDCO with the public sector, private sector, and third sector.

TERMS & ABBREVIATIONS	DESCRIPTION
Public Good Services	Sector providing the daily needs of the community, such as food, livestock, etc.
Digital Transformation	Integrating digital technologies, processes and strategies across the business to enhance performance, efficiency and value delivery, often involving innovations such as artificial intelligence, cloud computing, and data analytics.
Digitization	Creating a digital counterpart to a physical object or process.
Automation	The use of technology in various industrial, commercial and service applications to automatically and accurately manage the procedures and actions efficiently with the least possible error.
Logistics	Management of the flow of goods, services, and information from origin to destination. It includes transportation, warehousing, and inventory management within the supply chain.

02 Overview



Our Journey

ARDCO's journey began in 1994, built upon the grand vision for the future from King Salman bin Abdulaziz, during his time as Governor of Riyadh. We ventured into our first mandate to develop the Qasr AlHukm area in central Riyadh, followed by the Batha Meat & Vegetables Market in 1997, the Riyadh Market in 1999, and Tilal AlRiyadh in AlMalqa district.

Between 2001 and 2007, our business underwent a significant expansion through real estate development, investment, as well as the establishment, operation, and management of public good services. This period witnessed the opening of the Public Transportation Center in 2001, the Aziziyah Fruits & Vegetables Market in 2005, and AlTameer International Car Auction in 2007.

As our ambitions grew, we sought to facilitate our expansion by raising ARDCO's capital from 1 Bn SAR to 1.3 Bn in 2014. This constituted a significant leap in our sector, with which we were able to acquire land in AlThumama to begin a new phase in our company's development.

In 2016, we entered into a partnership with the Riyadh Municipality to operate the Oteiqah Central Market under a BOT framework, with which Oteiqah Market saw significant stages of growth throughout the years. We also entered a partnership with a real estate partner in the Tanal Real Estate Investment and Development Project, with our AlThumama property as an in-kind contribution equivalent to a 69.38% share of the project.

2023 saw the beginning of a new phase in our transformation wherein we launched our new corporate strategy, focusing on legacy, diversification, growth, sustainability, and digital transformation. As one of our first steps in bringing our strategy to life, we established a partnership with Riyadh Holding Company to establish an entity to manage our key real estate assets in AlDirah in central Riyadh.

Immediately following, these early stages of growth we signed a framework agreement with Misk Foundation to develop educational facilities, with an estimated cost of around 275 Mn SAR, including the value of the land owned by a coalition led by ARDCO and a binding lease contract for a period of 25 years, subject to renewal. This key development will contribute to maximizing shareholder return as well as supporting the Kingdom of Saudi Arabia's Vision 2030 into the future.



1994

Establishment

With King Salman Bin Abdulaziz's vision, ARDCO was established with His Majesty as the 1st honorary Chairman of the Board, setting the foundation for the company's 1st mixed-used development in the center of Riyadh [AlTameer Wholesale Center]

1997

Development

Meat & Vegetable Market in Al Bathaa Inaugurated 1997

1999 - 2000

Inauguration of Riyadh Market & AlTameer Wholesale Center

- ◇ Riyadh Market: Inaugurated 1999
- ◇ AlTameer Wholesale: Inaugurated 2000
- ◇ Commencement of Tilal Al Riyadh land development.

2001 - 2007

Expansion of Activities

- ◇ Bus Terminal Inaugurated 2001
- ◇ Alaziziyah Fruits & Vegetable Market Inaugurated 2005
- ◇ AlTameer International Car Auction Inaugurated 2007

2014 - 2015

Increase the company's capital

- ◇ Capital Increase
- Capital increase from SAR 1 Bn to SAR 1.3 Bn.
- ◇ AlTameer Plaza 3
- inaugural and commencement of its operations.
- Purchase of a 2.5 Mn sqm super plot in Thumamah.

2016 - 2019

New partnerships

- ◇ Otaiqah Central Market Partnership with Riyadh Municipality
- 1st phase inaugurated 2016
- 2nd phase inaugurated 2019
- ◇ Tanal Real Estate Development & Investment project partnership
- Land in-kind contribution worth 69.38% of the company's equity in the partnership

2020

Tanal Sales Commence

- ◇ Launch of Thumamah land sales [Tanal] through Tanal Real Estate Development & Investment Company.

2021

Memorandum of Understanding

- ◇ A memorandum of understanding with the Ministry of Environment, Water and Agriculture regarding public benefit markets.

2022

Strategy development

- ◇ Starting the work of developing the company's new strategy.

2023

Quality Partnerships

- ◇ Launch of ARDCO's new corporate strategy under the name "Invest for growth".
- ◇ MoU with Riyadh Holding Company to establish an entity to develop AlDirah district assets.
- ◇ 25-year framework agreement with Misk Foundation to develop educational facilities

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Our Business

Real Estate Investment and Development

Since 2001, ARDCO has invested in developing infrastructure and raw land for various residential plans and communities in north and northeastern Riyadh. It has also developed numerous retail, residential, and public good services projects in central Riyadh, as well as leading development in multiple residential plans and communities within the city. ARDCO has established itself as a leading entity in real estate investment and development in Riyadh and the Kingdom. With this sector being one of the main drivers of growth for ARDCO's new corporate strategy, we have identified key real estate sectors for investment which will maximize shareholder returns in the years to come.

ARDCO's strategy is founded on investment and economic acumen that delivers sustainable financial returns for investors. It achieves this by diversifying its income in leasing within its assets and centers, as well as leasing available space within projects that the company operates and manages. They are as follows:

01. AlTameer Wholesale Center

Developed in 2000 and considered ARDCO's first and largest project to date. A mixed-use complex with retail, office, and residential units, located in AlDirah area on a plot in excess of 105,000 m2.



02. Oteiqah Central Market

Built on an area of over 196,000 m2, phase one of Oteiqah Central Market was inaugurated in 2016, with phase two following three years later in 2019. Developed in partnership with Riyadh Municipality as the landowner on a B.O.T agreement, Oteiqah is a historically significant landmark that offers a multitude of food options, from fresh produce to dates, meat, fish, and legumes to individual consumers and SMEs.



03. Riyadh AlTameer Market

Opened in 1999, over 38,000 m2 of property situated near the intersection... between AlBatha Street and South Ring Road, it is a multiuse complex with retail and office units. The market is part of a larger development along with the nearby AlAziziya central market that evolves into a singular comprehensive service complex.



04. AlTameer Cold Storage

Located over 27,000 m2 near AlTameer fresh produce markets, the company's cold storage warehouses are instrumental in meeting the markets' logistical needs. The first unit was leased out in 2013, after 4 years of development beginning in 2009.



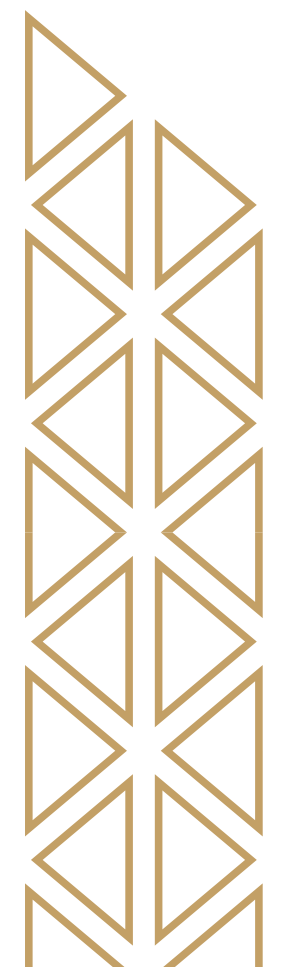
05. AlAziziyah Plots

Parcels of land with a total area of 46,000 m2 strategically located along the South Ring Road. These plots are are leased out in a build-operate agreement. Initially acquired in partnership with several investors in 2004.



06. Office Building

Acquired in 2022, and consists of 12-story office space with two-story parking, developed over a 3,346m2 plot, with a total of 10,500 m2 leasable area.



Operations & Public Good Services

ARDCO is the main operator of fresh produce markets, the Public Transportation Center, and the AlTameer International Car Auction.

The fresh produce market is a fast growing global sector. Within a local context, we are expected to see the sector grow 6.8% annual by 2026 as we experience continuing significant support through government initiatives under the leadership of the Ministry of Environment, Water, and Agriculture, as well as the inevitable increase in fresh produce consumption with the increase of Riyadh’s population. As a result, ARDCO has sought to identify the best global practices in order to adopt the most effective approach in achieving operational excellence in this vital, everchanging sector. We will also use our deeply rooted experience in this sector to identify and take advantage of key opportunities within the fresh produce value chain to expand our business in a sector that constitutes over 60 Bn SAR annually and sees 60% of its activities in the Kingdom run through ARDCO’s very own AlAziziyah Fruits & Vegetables Market.

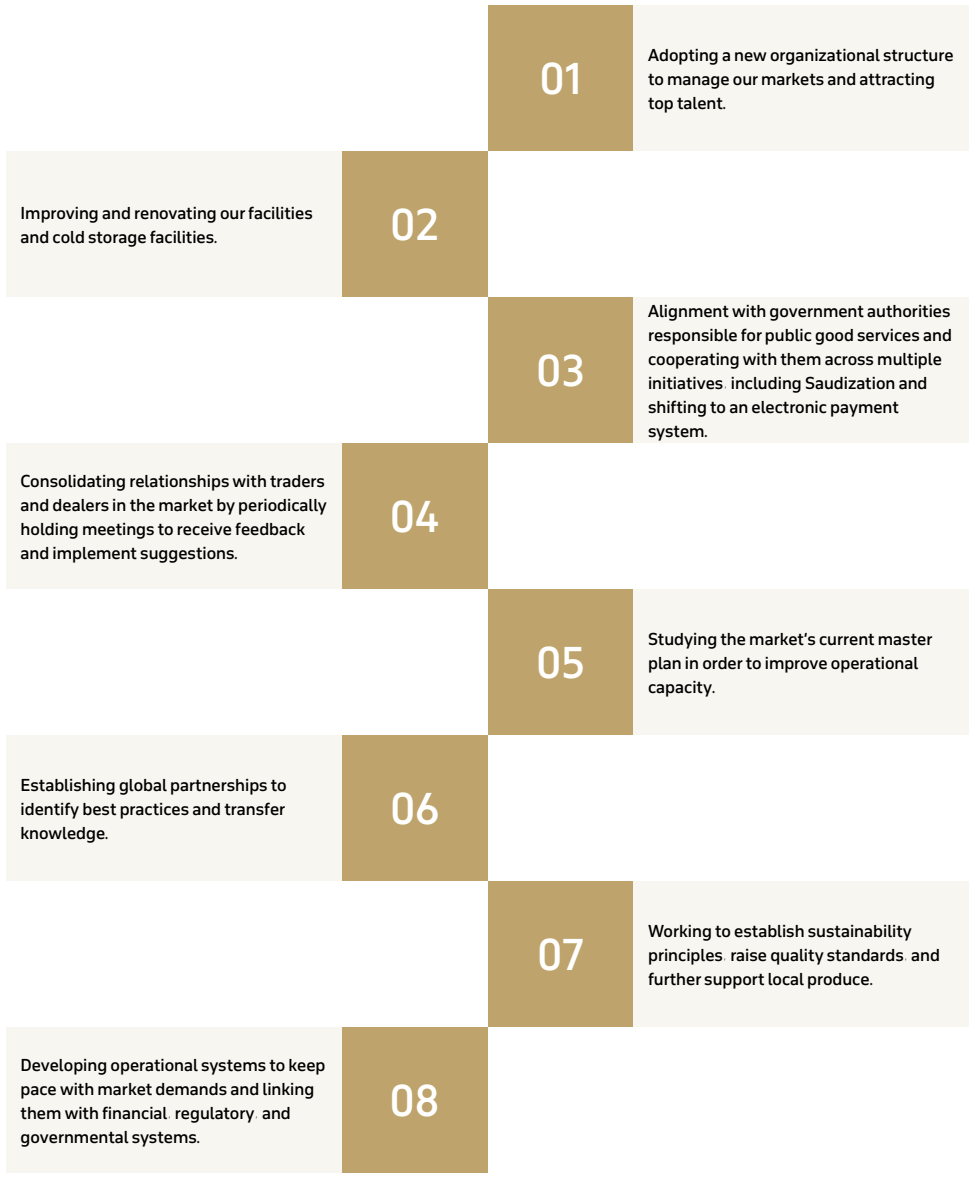
Shifting our focus to the car auction, where there is a car market that is increasing at a rate of 4% annual from 2021 to 2027 globally. This is due largely to a rise of the global middle class, ease of market entry and operations through digitization, and a vehicle supply shortage as a result of worldwide supply chain challenges. Locally, we expect to see the Saudi used car market to show accelerated growth at 5% annual by 2027. Saudi growth is outpacing this because of an increase in car ownership, the new influx of female drivers, increased demand in transportation, and the increase of new workforce in the country. Many also view the omittance of VAT from car sales between individuals as a boost to the current used car market. Consequently, ARDCO seeks to utilize its pioneering position in this market to improve its efficiency in operations and maximize returns.

Operation & public good service projects are as follows:



01. Fresh Produce Sector [AlAziziyah Fruits & Vegetable Market]

In 1998, ARDCO began developing the market on around 274,000 m2 of company-owned land in AlAziziyah, Riyadh. The market is considered to be among the largest in fresh produce wholesale in the Middle East. It plays a key role in food security in the Kingdom through providing all markets with both local and imported fresh produce, while also exporting to neighboring markets.





02. AlTameer Public Transportation Center

This center is an intercity bus terminal built on ARDCO's 150,000 m2 land in AlAziziya. Commencing operations in 2001, it is the Middle East's largest intercity bus terminal, with retail outlets for traveler shopping as well as office spaces for Hajj and Umrah companies.

ARDCO is working to raise its operational capacity through:



03. AlTameer International Car Auction Land

Established in 2007 and developed over 240,000 m2 of ARDCO-owned land in eastern Riyadh, the auction facility comprise nine auction lanes, supported by a 20,000-vehicle storage area. The location offers auctioning and sales centers servicing car financing companies.

ARDCO is working to further expand our car auction business through:

01

Developing the current auction operation by maintaining facilities, expanding the supplier base, and attracting more buyers.

02

Investing in promising opportunities in underutilized facilities, such as using all nine auction lanes instead of only one, as well as repurposing undeveloped land within the auction.

03

Digitizing all supply chains by creating digital channels, enabling infrastructure, and providing value-added services such as car inspection, photography, and car depots, in addition to delivering cars directly to customers.

04

Building new partnerships to transfer knowledge and adopt the best international practices in the car auction sector.

Our Projects



01. Company-Owned Centers and Markets

Center	Size [m2]
01 AlAziziyah Market for Fruits & Vegetables Wholesale	274,371
02 AlTameer International Car Auction Land	241,495
03 AlTameer Public Transportation Center	148,303
04 AlTameer Wholesale Center	104,476
05 Riyadh AlTameer Market	24,377
06 Office Building	3,346
07 Cold Storage	27,865
08 AlAziziyah Land - Leased under BOT contract	46,657
Total	870,890

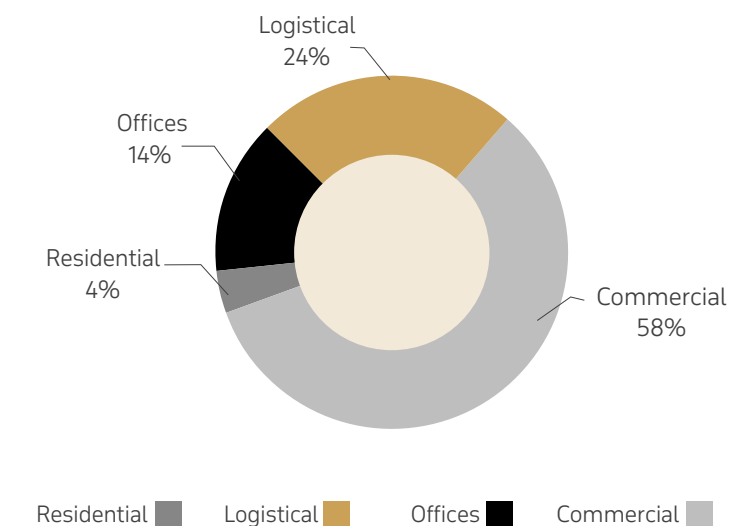
02. Company-Owned Land

Land	Size [m2]
01 Technical Services City Land	125,000
02 Area 7 Land (Qasr AlHukm area)	18,247
03 Tilal AlRiyadh Land (Educational)	10,586
04 Tilal AlRiyadh Land (Residential)	4,860
05 Tanal Development (Affiliate Company)	183,129
Total	341,822

03. Leased Land Projects

PROJECT	Size [m2]
01 Oteiqah Central Market	186,328 M2

Riyadh Development Asset Classification



Our Strategy

Our Vision

We strive to be the sustainable partner of choice to cultivate urban development and elevate human welfare building on Riyadh's legacy towards promising horizons.

Our Mission

We strive for excellence in real estate development and management, and to strengthen our pioneering position in the fresh produce and public good services sector. We are committed to enhancing our operational efficiency in our businesses and aim to diversify our investments, increasing returns on our assets, and maximizing total shareholder return. We will operate within a business philosophy that seeks to create impact all around us and achieve sustainability in its broadest sense. This is for the benefit of everyone across our value chain, including our customers, colleagues, partners and shareholders.

Our Values

ARDCO prides itself on its steadfast approach in its business through our set of holistic values:



01. Commitment

ARDCO values commitment to the highest standard of quality in all our initiatives, providing our shareholders with periodic reports on our financial performance and constantly informing them of our corporate decisions.



03. Adaptability

ARDCO values adaptability in managing a diverse portfolio by keeping a finger on the pulse of global best practices in building sustainable mixed-use projects. We view it as a key factor and a core value that makes us a constant example of progress and prosperity.



05. Collaboration

ARDCO values the spirit of cooperation and the importance of working as a singular team. As we are responsible for the needs of our employees, we invest in their capabilities through continuous development and training to help achieve their personal and professional goals with the organization.



02. Credibility

ARDCO values credibility through transparency and active communication as we consider it to be a key characteristic of the positive, successful relationship with our shareholders as well as our status as the model partner for all.



04. Excellence

ARDCO values excellence in all our projects and innovation in all our initiatives. We aim to achieve our vision and mission through our commitment to our values to be the highest standard of excellence for urban architecture that sets the ultimate priority on human well-being.



06. Initiative

ARDCO values the proactive initiative of our employees to contribute to our collective success. We care deeply about our employees and support them in taking innovative actions, as they are the key driving force for individual and collective progress.

Our Strategic Objectives

At ARDCO, we strive with all our efforts and resources to achieve the following strategic objectives:



1. Double our net income over the next 10 years, by 2032.



2. Achieve revenues close to SAR 1 billion within the next 10 years.



3. Improve profit margins from 60% to 68% within the next 10 years



4. Transition the capital structure from all-equity to one that comprises a 28% leverage in 5 years and a 23% in 10 years.



5. Maximize shareholders total return as an outcome of the strategy through dividend and potential capital gain.



6. Launching more sustainable projects based on a more balanced mix of real estate, fresh produce, existing and future leasing business, and other investment opportunities.

An Overview of Our 2023 Achievements

2023 was a year of significant achievements for ARDCO, with the completion of multiple projects that mark a key milestone in our transformation, ultimately contributing to national economic progress. Our achievements this year fell across 7 key pillars:

01. Strategy and Business Development

ARDCO launched its new corporate strategy with the objective of achieving sustainable financial returns for our investors by diversifying our sources of income across multiple sectors. We also launched a new corporate identity and brand consistent with our vision, along with a new corporate website with an investor relations portal. Additionally, we activated our social media accounts to increase engagement, as well as providing full coverage of our strategic partnership signing ceremonies.

Stage Strategy Implementation Roadmap

Phase 1 2023-24

Expected outcomes:

- Improving operational efficiency and business infrastructure.
- Maximizing returns on current assets.
- Divesting untapped and/or poorly performing assets.
- Further building and developing priority business sectors.

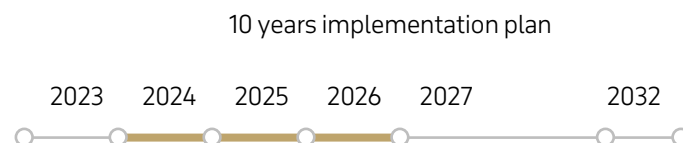


Within the first year of Phase 1, 133% of our strategic initiatives were achieved [66% of the total Phase 1]

Phase 2 2024-27

Expected outcomes:

- Strengthening ARDCO's position as a leading developer in key real estate sectors.
- Diversifying via broader operational scopes while accruing revenues on investments in targeted sectors.



Phase 3 2027-2032

Expected outcomes:

- Expanding investments in targeted sectors.
- Solidifying ARDCO's position as a top institutional developer and expanding in the fields of development management and property management.
- Approaching closer towards a holding company business model as business lines continue to mature.



Strategy and Corporate Communications Achievements

- Development and launch of ARDCO's new corporate identity.
- Completion of 66% of Phase 1 [2023-24] of our strategic initiatives.
- Won the Philip Kotler Award 2023 for Best Entertainment and Culture Campaign in Saudi Arabia for our National Day 93 campaign.



Sustainability

ARDCO places the principles of sustainability at the core of our business, setting it at the top of our list of priorities and strategies. We are keen to integrate these principles into all aspects of our activities, as we have created sustainable sources of income that effectively contribute to enhancing our financial stability in the long term. This approach enables us to reconcile our short-term goals, which focus on growth-generating investments, with the long-term goals of maximizing total shareholder return, in step with the ambitious economic renaissance witnessed in the Kingdom.

Through this approach, we seek to establish a platform for sustainability, carefully balancing between achieving immediate growth, as well as ensuring continued success and profitability for the future. By adopting these principles, we ensure that every step we take contributes to building a solid foundation for a sustainable future that benefits both our shareholders and the overall community.

Investment and Real Estate Development

2023 was a year of preparation and planning for ARDCO, through which we solidified our role as a major player in the real estate development sector in Riyadh. Our efforts this year were crowned by the success in attracting highly competent professionals in the field of investment and real estate development, reflecting positively on investor confidence in the company. We have also introduced real estate development fees for the first time in our history, expected to contribute no less than 10% of our total recurring income in the coming years.

We have also conducted a detailed study of all assets and lands owned by ARDCO in order to identify development and investment opportunities with the aim of maximizing total shareholder return and increasing operating efficiency, or make the decision to exit if they are not compatible with our new directions and strategy.

Partnerships

As part of our endeavor to strengthen our position in the business sector, ARDCO focuses on adopting best practices through building strategic partnerships with key players in both the local and international context. Through this approach, we will be able to achieve the maximum benefit for all stakeholders, guided by our firm conviction in the importance of investing in developing capabilities, as well as by our strong commitment to transferring knowledge, exchanging know-how, and establishing fruitful partnerships with global organizations with extensive experience across various sectors.

Among the notable steps we took in this context was the efforts to execute Dirah JV in partnership with Riyadh Holding Company. This agreement represents the type of ideal partnership that our company seeks to achieve, as it aims to develop pioneering projects that contribute to enriching the real estate sector and enhancing the quality of life within the communities in which we operate.

We also signed a 25-year framework agreement with Misk Schools, a strategic step aimed at strengthening the educational sector and supporting sustainable development. This partnership allows us to contribute to the development of educational infrastructure and provide high-quality educational facilities aimed at enabling future generations, emphasizing our effective role in supporting and promoting development in various sectors.

Key Achievements

With the consistent development and remarkable growth we are witnessing in Riyadh, along with the steady increase in the number of residents and visitors, many regional companies have begun to shift their regional headquarters to the capital. This paves the way for us to begin implementing our real estate development and investment strategy on the ground in 2023, where we accomplished the following:

- Prepared a detailed engineering and financial study on the car auction property and the undeveloped land of the technical services property, in which key opportunities were identified to potentially maximize the return on our investment in these properties.
- Signed a framework agreement with the Misk Foundation to develop schools throughout the Kingdom of Saudi Arabia through a BTS model, achieving an annual return of at least 8% annually.



Framework Agreement Signing with Misk Foundation

To develop a group of educational facilities on ARDCO-owned land in Tilal AlRiyadh - AlMalqa.



Pioneering a Sector



This agreement aims to develop a strategic partnership between ARDCO and Misk Foundation by developing BTS educational facilities.



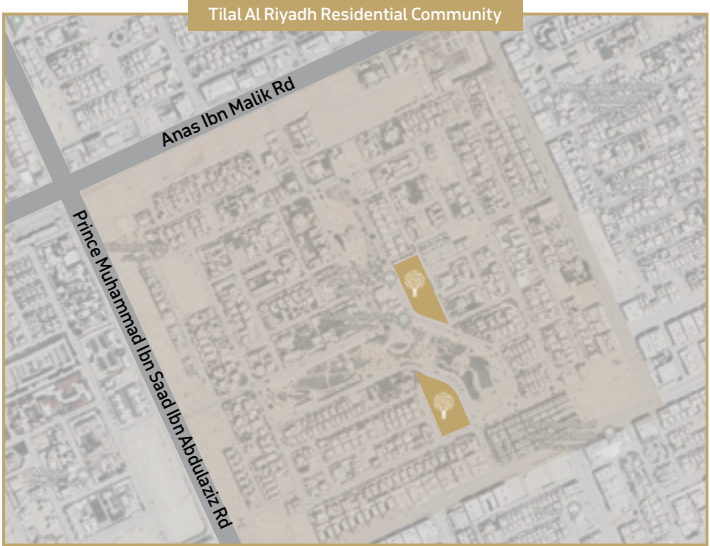
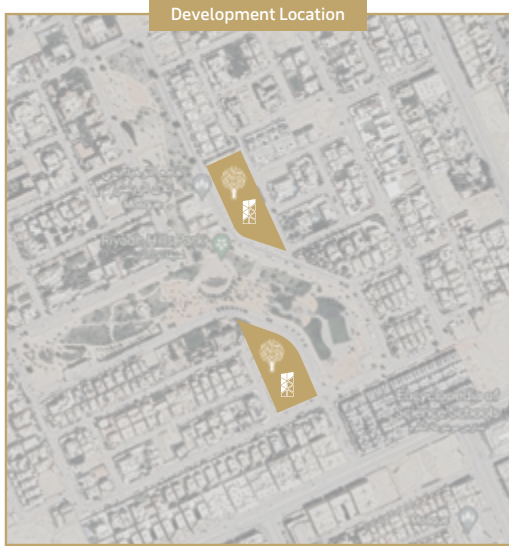
Cooperating with partners in the educational sector, expected to grow in demand with Riyadh's population growth, and catalyzing institutional investment in the education sector, creating added value to the knowledge economy.



Focused on investing in projects within promising growth sectors to achieve sustainable sources of income by engaging in long-term contracts prior to the development commencement. [Offtake Agreement]



Satisfying Misk Foundation's current and future requirements in their educational facilities and providing quality solutions to suit their needs, providing an educational environment at par with the highest international standards in the education sector.



Facts & Figures

- Development cost of the first project is estimated at 275 Mn SAR, including land value owned by the ARDCO-led consortium.
- ARDCO will begin development as per the scope of the framework agreement, which includes a renewable binding lease agreement with a period of 25 years.
- The first project will be developed on two lands in Tilal AlRiyadh in AlMalqa, with a total area of 22,000 m2.
- The net annual return on investment will be 8%. The financial impact of each educational facility will be announced separately after the approval of the financial structure and ARDCO's share in each project.

Economic Impact

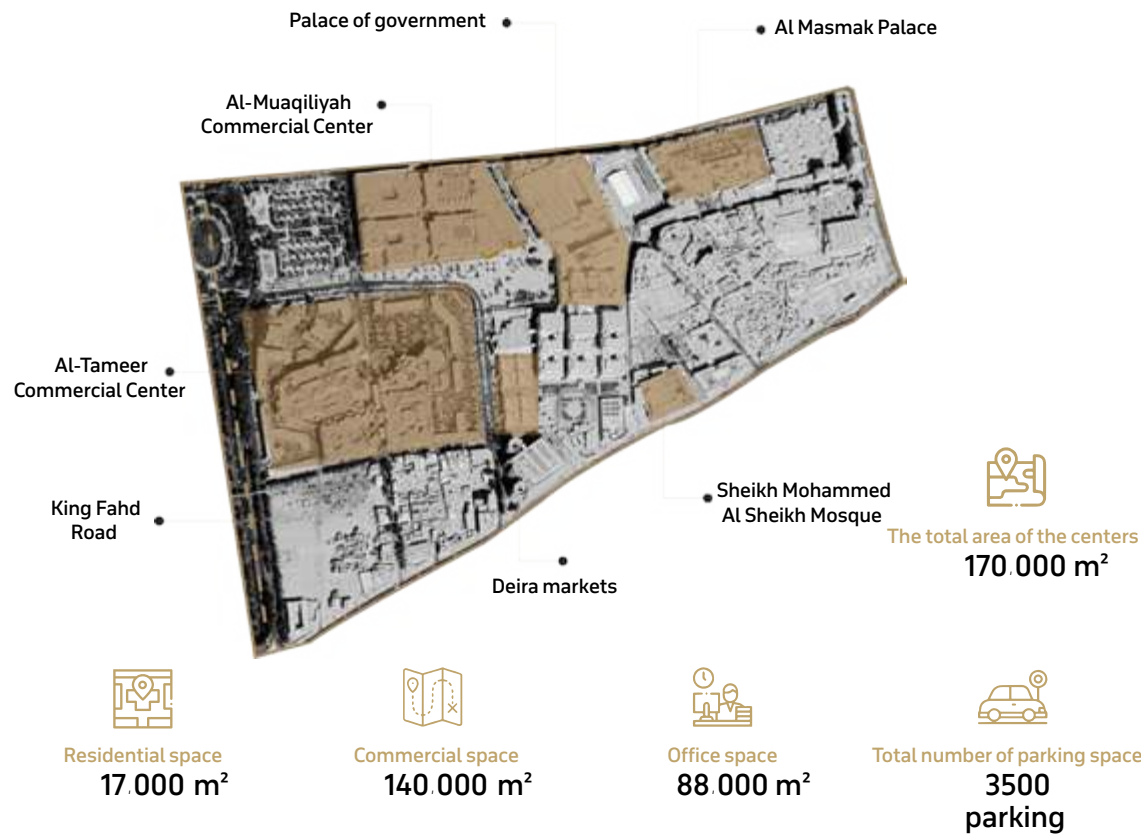
The agreement aims to satisfy the growing need for Riyadh's growing population, which expects student numbers to grow from 1.5 Mn to 3.7 Mn. The number of international and private schools is expected to double from roughly 1,700 schools in 2020 to more than 5,000 schools by 2030 based on a study conducted by Strategy&.

Aligning with Vision 2030

- Building an educational experience aligned with Vision 2030's Human Capabilities Development Program to keep pace with the economic renaissance witnessed by the city and the kingdom's.
- Achieving full alignment with Vision 2030 and relevant government agencies.
- Supporting the kingdom's efforts in attracting the business sector and foreign talents by providing an impeccable educational and family environment.

As part of our transformation to a holding company

ARDCO signs an MoU with Riyadh Holding Company to create an entity to develop AlDirah markets



Pioneering a Sector

- This agreement seeks to establish a pioneering entity in the development and property management sector in central Riyadh.
- It is the result of decades of experience and the track record of both companies in real estate and asset management in traditional markets.
- This partnership aims to contribute to Riyadh in solidifying its position as an economic, trade, and tourism hub.

Location and Assets

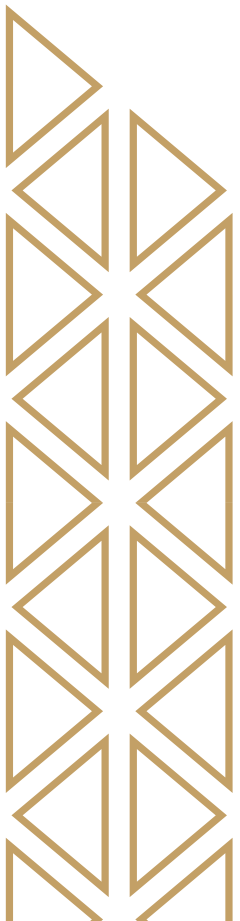
- The assets are located in a strategic location in the heart of historic Riyadh, near Qasr AlHukm.
- The three assets are situated on a total of 170 thousand m2 of land: AlTameer Center, AlMeaiqliyah Center, and AlDirah Markets.
- The assets have a combined total of 88 thousand m2 of office space and 140 thousand m2 of retail space.
- The total combined value of the assets is estimated between 1.2 Bn to 1.4 Bn SAR.

Economic Impact

- Improving integration between the three assets will allow for the raising of occupancy rates as well as improving operational efficiency.
- Capitalizing on economies of scale in operation and maintenance will lead to lower costs for both companies.
- Improving returns for both companies as well as maximizing total shareholder return.

Aligning with Vision 2030

- Contributing to achieving the Riyadh City Strategy goals, which aims to attract over 42 million visitors by 2030 through developing tourist attraction areas.
- Achieving full integration with Vision 2030 across government entities.
- Creating an entity that strives to develop the Qasr AlHukm area into an outstanding retail and tourism destination.



Operations & Public Good Services

As part of our commitment to our 2023 slogan, "Leverage Capabilities for Growth", we have been working to cement our values within our practice and build effective governance for our business. We set forth a plan to maximize total shareholder return and raise operational efficiency, which led to raising the occupancy rates in the centers and markets to 94%, and the increase of revenues in our centers and markets by 16% compared to 2022. Additionally, Alaziziyah Fruits & Vegetable Market revenue has increased by 40% as a result of our efforts.

ARDCO continuously seeks to improve through developing the infrastructure and urban landscape of our assets, reviewing asset price strategies periodically, and digitizing our operational and leasing processes, which allows for smooth integration with government systems and stakeholder follow-up.

We have also consolidated our institutional and organizational efforts through issuing civil defense licenses, reviewing global initiatives to implement best practices, and cooperating with the third sector, signing many agreements to support Saudization in our sectors, and providing electronic payment options for businesses in our market. Finally, the Oteiqah Dates Season launched its second edition in 2023, attracting more than 800,000 visitors within four months. We plan to continue its evolution as it becomes a starting point towards several seasons for various types of fresh produce throughout the Kingdom.

Key Operations & Public Good Services Achievements

- Occupancy rate increased to 95% in 2023 from 93% in 2022, largely due to an increase in occupancy in Oteiqah Central Market from 67% to 95%.
- Market revenue increased by 35.2 Mn SAR from 2022 to 2023 [94 Mn SAR in 2022 to 129.2 Mn SAR in 2023].
- Increased recurring revenue by 16% from 2022 to 2023 through reviewing pricing strategy, introducing new leasable units, and utilizing coupons.
- Obtained civil defense licenses for all our assets, contributing to the raise in occupancy rates.
- Launched the second edition of the Oteiqah Dates Season in Oteiqah Central Market, which saw over 800 thousand visitors in comparison to 300 thousand in the first edition, the trading of over 14 thousand tons of dates, renting units to over 70 merchants, and increased visitor satisfaction. This edition also saw an improvement in financial sustainability by obtaining sponsorships amounting to over 1 Mn SAR.

800
Visitors [Thousands]

14
tons of dates (thousands)

+70
Traders



- Better cooperation and alignment with MEWA by achieving agreement requirements and partnering across multiple initiatives
- Developed an operational and leasing program across all centers and markets to facilitate connectivity with other government and financial systems, allowing access to data and information to support decision making.
- Developed a digital platform allowing merchants and partners in AlAziziyah Central Market to view rentable units, prices, and contact the market management team.
- Signed agreements with 4 partners across multiple channels, including Jahez (sponsorship and logistical cooperation in Oteiqah Dates Season), Monshaat and Social Development Bank (Saudization initiatives), Neoleap (implementation of electronic payment systems), and Khairat (community initiatives)



Monsha'at and the Social Development Bank "Tawteen Initiatives"



NewLeap "Development of Financial and Digital Systems"



Khiyrat for Food Preservation "community initiatives"



Jahez Company "for care and cooperation in logistical services in the Atiqa season"

Occupancy rates for markets

Center	Occupancy rates 2023
Office building	100%
Otaiqah Market	95%
AlTameer Wholesale Center	98%
Riyadh market	92%
Public Transport Center	78%
AlAziziyah Fruits & Vegetable Market	98%
Car Auction	89%
Total	94%

04. Finance

In an unprecedented manner in 2023, ARDCO continued its approach in maintaining the financial strength and raising its recurring operating revenues. The company also further developed its business through:

- Revising financial procedures, allowing for better monitoring and improvement of performance. [Via periodic financial reports for centers and markets, capital expenditure reports, occupancy rate reports, and pricing strategy for operational and leasing activities].
- Addressing and consolidating legacy issues, which positively impacted decision-making through providing important context for previous cases.
- Developing and automating models for the 2024 budget across all ARDCO departments and divisions.
- Complying with the Capital Market Authority’s laws, policies, and procedures without incurring any violations.
- Completion of all zakat procedures in a timely manner.
- Settling outstanding financial disputes for some of our assets, leading to a significant rise in our occupancy rates.
- Revising and consolidating our internal collection system and developing a clear mechanism, contributing to a significant increase in our operating rates and collecting over 117 Mn SAR during the previous period.
- Consolidating and reviewing all legal cases in conjunction with the legal department and our centers and markets, leading to settling 21 cases in our favor and receiving approximately 950 thousand SAR in 2023. We were also able to secure final rulings for the company in 22 pending cases, with further work underway to collect 2.2 Mn SAR as a result.
- Building an institutional relationship with a wide segment of Saudi banks and financial advisors.

05. Legal Affairs

In 2023, ARDCO’s legal department played a key role in protecting the rights and interests of the company against other parties, holding the responsibility of handling any disputes that may have arisen from any actions or decisions taken by the company. In addition to this key role, the department also consulted and advised the top management in all trade and legal matters that the company had faced.

06. Corporate Transformation and Digitization

At ARDCO, we worked to attract a well-integrated workforce and develop their skills and capabilities in order to achieve our corporate objectives and priorities in 2023.

Through digitization, we adopted cutting-edge technology across various workflows, gathering and analyzing data to monitor and follow up on improvement and expansion opportunities, digitizing most processes and correspondences, and developing applications to support our business. This helped raise productivity and increase operating efficiency to allow us to reach our goals and aspirations.

Employee & Corporate Culture

At ARDCO, it was our utmost priority to make our work environment highly engaging and professional to attract and build an integrated working team. We have set a plan to further develop our corporate culture during 2024 across four key pillars:

Talent Attraction:

At ARDCO, we believe that, in order to achieve ambitious goals and aspirations, high-level competencies and skills are key by taking charge and driving the company towards our ambitions. As such, we attracted 15 highly competent individuals for 2023 across various corporate functions, with expertise in the fields of real estate development, asset management, and financial investments. Additionally, we developed a workforce plan as well as a roadmap to improve employee efficiency.

Saudization & Women Empowerment:

During 2023, ARDCO diligently worked to advance its efforts to nationalize its workforce, increasing the percentage of Saudization from 52% to 75%, resulting in a raise from a medium green rating to platinum in the Nitaqat program. We are committed to empowering our female workforce and fostering their growth within our organization. For the first time in our company’s history, we have appointed female talent in a leadership position. We have also raised women participation in our business from 4.4% to 8%.

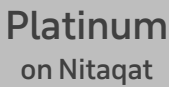
- Increased our Saudi workforce from 52% in 2022 to 75% in 2023, raising our rating from medium green to platinum in the Nitaqat program.



- Digitized and documented 93% of employee contracts on the Qiwa platform in 2023, up from 35% last year.



- Increased the percentage of females in the company from 4.4% in 2022 to 8% in 2023.



Digital Transformation and Digitizing Operations

At ARDCO, we were able to develop new operational and leasing systems for our central markets, Public Transportation Center, and car auction, allowing tenants to benefit from digitized services, such as information on leasable units, rent payment, and other services. The ZATCA application was also launched to allow better integration with the Zakat, Tax, and Customs Authority. Additionally, to support the consolidation of all invoices and digitize administrative communications, we introduced the administrative communications system [CTSC] as well as a digital archiving system for files across all departments.

- Developed new operational systems for all centers and markets without interrupting existing systems to allow for a smooth transition of workflow.
- Revised, digitized, and automated more than 26 financial and administrative procedures (including qualification, contracting, awarding, etc.).
- Developed a digital platform for AlAziziyah Fruits & Vegetable Market to allow tenants to register employees and vehicles, purchase coupons, and generate reports.
- Developed dashboards to analyze and display real estate management and market statistics.
- Automated more than 19 procedures for Shared Services, Financial, and Real Estate sectors within the company, with key examples being:

Fully transitioned all our internal processes to Dynamics365.	Fully transitioned all our Employee self-service [ESS] to Dynamics365	Archived all company files.	Automated employee salary systems.
	Digitized and automated the procurement system.	Digitized and automated real estate operational procedures in contracts, invoices, and leasing].	

07. Corporate Social Responsibility & Community Partnership

At ARDCO, we hold in high regard the importance of establishing a tangible presence through social responsibility. We have implemented various key initiatives in AlAziziyah Fruits & Vegetable Market, including:

Third Sector Cooperation Initiative



- To reduce food waste and ensure that it reaches those who need it, we have cooperated with AlBr Charity, Nemah Association, and Khayrat Association so that the company would support and finance the collection of surplus food and vegetables in the Oteiqah and AlAziziyah Central Markets and deliver them to those in need.
- We have also provided a designated section for the Nemah Association during Oteiqah Dates Season for four months to collect surplus dates and deliver them to those in need.

Facts and figures about the initiative

Aziziya branch

Beneficiary families	Baskets	Total weigh
3,344	3,344	74,000
family	Basket	kilo

Atiqa branch

Beneficiary families	Baskets	Total weigh
44	44	1,197
family	Basket	kilo

Total statistics of vegetables and fruits preserved in the Aziziyah and Ateeqa branches

3,399	3,399	75,000
family	Basket	Kilo

Entrepreneurial Support in Public Good Services Initiative

ARDCO signed an agreement with Monshaat and the Social Development Bank to establish an initiative to enable entrepreneurs and self-employed individuals to enter public good services markets through qualification and training, along with financial support from the Social Development Bank.



Saudization and Ease of Market Entry Initiative

At ARDCO, we provide on-the-job training for Saudi talents in our fruits & vegetables markets. We also provide a 50% discount on courses for Saudis through this initiative to empower entrepreneurs in public good services markets, as well as discounts of up to 10% on the annual rent for all refrigeration unit tenants (87 tenants) if they commit to fully employing Saudis.



Opportunities and Challenges

We believe that today, after three decades of our endeavors, efforts, and optimizing our capabilities, ARDCO has achieved a strong position in the market. This is a result of opportunities in the real estate development sector, embodying our vision, mission, and drive to achieve our strategic objectives to elevate human well-fare. We also believe that the key to further enhancing our position is to plan for the future in order to confront all potential challenges. As our goals and responsibility rise, so do the challenges. As such, we must overcome and look past each challenge to the potential achievements ahead.

Among the opportunities we wish to seize are:

- Our transformation into a holding company as we mature our businesses in all our sectors.
- The upholding of sustainability principles, underlining all efforts we must take to achieve this goal.
- Deepening our partnerships with regulatory entities, and building strategic companies with other entities.
- Investing in expected growth opportunities in (residential commercial, education, logistical services, infrastructure, and public good services).

The challenges and difficulties to overcome:

- Attracting, Attracting, developing and retaining capable talents.
- Structuring investments via acquiring financing and bank facilities due to unstable interest rates.
- Countering inflation resulting in high prices of land and building materials.



03 Financial Results

Technical development, digital transformation, and exceptional financial results lead to unprecedented operating revenues for our centers and markets since the company's inception.



01. Introduction

02. Overview

03. Financial Results

04. Corporate Governance

05. Financial Statements

"Through God's grace, operating income grew to reach 339 Mn SAR, an increase of 31% from the previous year, while total revenues reached 486 Mn SAR, an increase of 3% from the previous year. This is despite the decrease in income from Tanal Real Estate Investment & Development Company [Affiliate Company] by 49% as a result of the decrease in the volume of land sales compared to the previous year, while a net income of 271 Mn SAR was achieved."



Jehad Alkadi
Chief Executive Officer

"In 2023, the company put into action key successful strategies to strengthen its financial position and increase its recurring operating revenues to unprecedented levels., which had the impact of improving services and increasing the occupancy rate to 94%. This was done by expanding capital spending in infrastructure and operational and administrative systems, as well as attracting key talents, achieving an increase in operating revenues by 39 Mn SAR, and an increase in operating profit and other revenues by 71 Mn SAR, an increase of 58% over the previous year."



Mohammed AlKulaib
Chief Financial Officer



Results & Indicators Highlights 2023

Profit Before
Interest & Zakat
[Mn SAR]

294

Total Revenues
[Mn SAR]

486

Operating Revenues
[Mn SAR]

339

Capital
Expenditures
[Mn SAR]

42

Net Cash Generated
By Operating Activities
[Mn SAR]

226

Net Income
[Mn SAR]

271

Return on Average
Invested Capital

12%

Dividends Paid in 2023
Riyals per Share

0.50

Dividends Paid in 2023
[Mn SAR]

89

Earnings per Share in Riyals
[Reduced Basic]

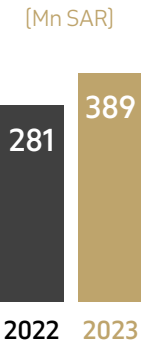
1.52

Company Performance

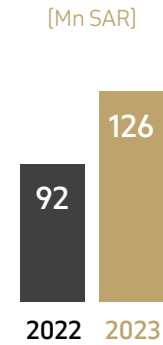
ARDCO's performance during 2023 was achieved through sustainable growth in our revenues from operational activities, as well as the optimal utilization of our assets.

Summary of 2023 Financial Results

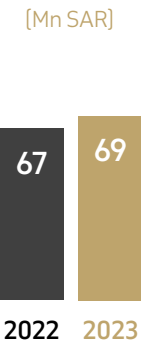
Revenues from Centers & Murabaha



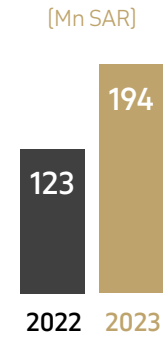
Costs of operating activities



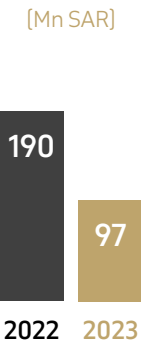
General and administrative expenses



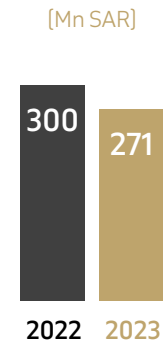
Operating profit



Tanal Profits

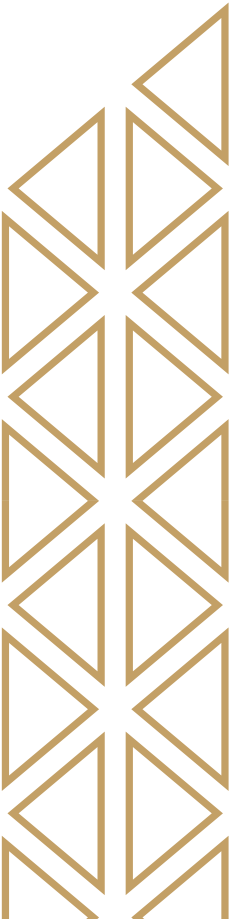


Net profit



Income Statement Summary

All amounts in millions unless stated otherwise	Mn SAR		
	Year ending December 31		
	Percentage Change	2022	2023
Operating & Other Revenues	38%	281	389
Total Costs	23%	158	195
Total Operating Profit & Other Income	58%	123	194
Share from Associate Companies Profits	-49%	190	97
Income before Zakat	-7%	313	291
Zakat	54%	13	20
Net Income	-10%	300	271



Financial Results

Revenues increased by 38% at approximately 108 Mn SAR in 2023, from 281 Mn SAR at the end of 2022 to 389 Mn SAR at the end of 2023. This is attributed to the significant growth in sustainable operating revenues during 2023, as well as the optimal utilization of ARDCO's assets and rise in occupancy rates within our centers and markets.

In 2023, the public good services sector saw a growth in revenues by 19% at approximately 22 Mn SAR as a result of the creation of new revenue sources within the market and an increase in leasing revenues.

The commercial centers sector also recorded a growth in revenues of approximately 12% at 17 Mn SAR as a result of the rise in occupancy rates, reaching 94%, which is an unprecedented achievement. Oteiqah Central Market in particular saw its occupancy rate reach 95% by the end of 2023 compared to 62% in the previous year. In addition to the increase in leasing income. AlTameer International Car Auction also witnessed a growth in revenues beginning from Q4 2023, as a driving school began operating towards the end of 2023. We have also attracted a number of financial institutions to operate within the auction.

The company was also able to utilize its for-sale lands and achieve revenues of approximately 41 Mn SAR by selling part of its underutilized lands in Tilal AlRiyadh, which was purchased and developed in 2002.

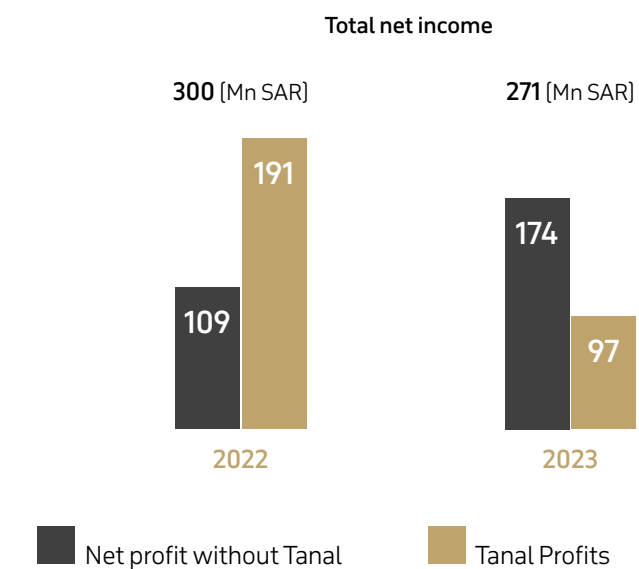
The company was also able to utilize available cash and achieve an increase in Islamic Murabaha revenues by approximately 17 Mn SAR, reaching 38 Mn SAR in 2023, compared to 21 Mn SAR in 2022 as a result of the rise in interest rates.

Total costs amounted to 195 Mn SAR for the year ending in December 31, 2023, compared to 158 Mn SAR for the year ending December 31, 2022. The 23% increase is due to higher maintenance costs, as we contracted a new maintenance and cleaning contractor for the company's markets and centers. This resulted in raising and improving the operational efficiency of our buildings and infrastructure, which in turn led to raising occupancy rates and improving customer experience, as well as obtaining the necessary government licenses to carry out our activities. ARDCO also continued its strategy in attracting high quality talents to drive forth our operational plans and achieve the company's strategic goals. In addition, we continued to build provisions for doubtful debts. In 2022 we reviewed all customer balances since the company's inception, resulting in the formation of provisions of approximately 13 Mn SAR in 2022 and approximately 12.5 Mn SAR in 2023, commensurate with the ages of the debts in question.

Our share in the profits of Tanal, an associate company, amounted to approximately 97 Mn SAR for the year ending on December 31, 2023, compared to 190 Mn SAR for the year ending on December 31, 2022, despite the increase in the average price per square meter during the year 2023. The decrease of 49% is attributed to the decrease in Tanal land sales. As for other lands, approximately 132 thousand m2 were sold at the end of 2023, compared to 312 thousand m2 at the end of 2022.

Net income before zakat amounted to approximately 291 Mn SAR for the year ending December 31, 2023, compared to 313 Mn SAR for the year ending December 31, 2022, a 7% decrease. This decrease of 22 Mn SAR is mainly attributed to a decrease in the company's share of profits in Tanal, which amounted to 93 Mn SAR. This decrease was offset by an increase in profits from the company's activities, amounting to 72 Mn SAR.

Zakat for the year amounted to 20 Mn SAR for the year ending December 31, 2023, compared to 13 Mn SAR for the year ending December 31, 2022.



Cash Flow Statement Summary

All amounts in millions unless stated otherwise	Mn SAR		
	Year Ending December 31		
	2023	2022	Percentage Change
Total assets	2,792	2,598	7.5%
Property rights	2,381	2,198	8%
Total liabilities	411	400	3%
Material changes in assets			
Projects under implementation	20	2	900%
Long term investments	600	185	224%
Trade receivables	68	98	-31%
Short term investments	270	460	-41%
Substantial changes in liabilities			
Payables - Attameer International Car Auction	22	11	100%

Total assets amounted to 2,792 million riyals as of December 31, 2023, compared to 2,598 million riyals as of December 31, 2022. This change is largely due to an increase in long-term investments and projects under implementation, and this was offset by a decrease in short-term investments and trade receivables.

The increase in long-term investments and the decrease in short-term investments reflects the optimal exploitation of cash available in long-term Islamic Murabaha to achieve higher returns as a result of the rise in interest rates.

The increase in projects under implementation also reflects the increase in capital expenditures in the company's centers and markets, as the projects diversified, some of which are related to the development of new income-generating activities, such as the meat market and the seasonal tent in Otaiqah Central Market, such as the cold storage in the AlAziziyah Fruits & Vegetable Market. The company also spent capital on digital transformation in internal transactions and developed all operational systems for centers and markets, automating them and linking them with the ERP system, which contributed to reducing human intervention and raising levels of internal control, as well as the accuracy and ease of obtaining the information necessary to make appropriate decisions at the right time.

The decrease in trade receivables balances is also due to the high collection rates during the last period, as the company intensified efforts, provided the necessary resources, and developed internal policies and procedures to improve collection levels, in addition to creating allocations commensurate with the age of the debts and their collectability.

Total equity amounted to 2,381 million Saudi riyals as of December 31, 2023, compared to 2,198 million as of December 31, 2022, an increase of 183 million, or 8%. This increase is mainly due to the net income collected during the year, partially offset by declared dividend payout of 88.8 million..

Total liabilities amounted to 411 million Saudi riyals as of December 31, 2023, compared to 400 million as of December 31, 2022. This change is due to the increase in payables resulting from financial institutions' receivables for cars sold in December 2023 at car auctions, in addition to the zakat due for the year 2023.

Cash Flow Statement Summary

All amounts in millions unless stated otherwise	Mn SAR		
	Year Ending December 31		
	2023	2022	Percentage Change
Net cash generated from operating activities	226	112	101%
Net cash used in investment activities	149	-133	212%
Net cash used in finance activities	-95	-1	9400%
Cash and cash equivalents at the end of the year	314	35	800%

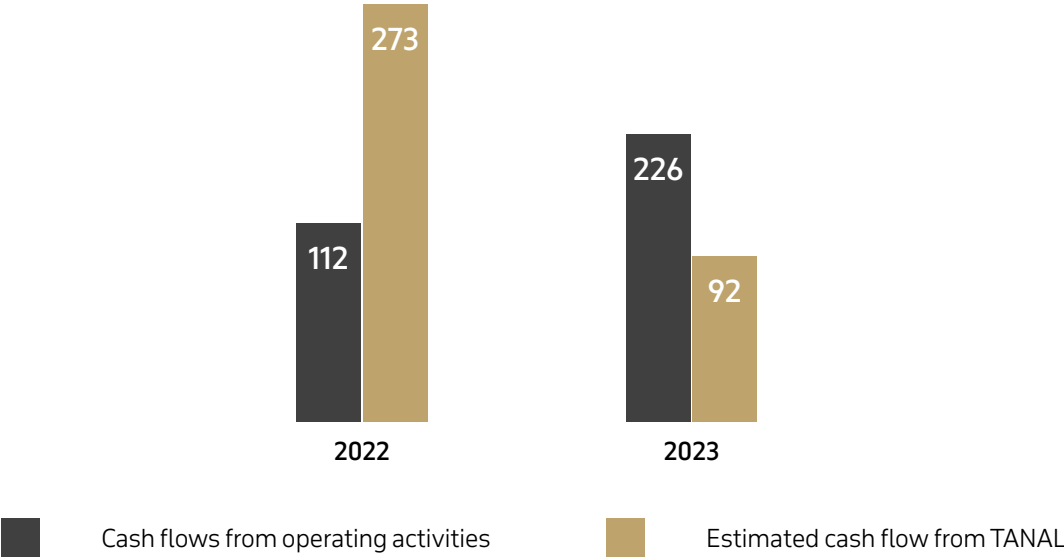
* Deposits due within 3 months from the date of deposit, amounting to 270 million Saudi riyals, were classified under cash and cash equivalents.

Cash Flow

Net cash generated from operating activities amounted to 226 Mn SAR for the year ending December 31, 2023, compared to 112 Mn in 2022. The increase of 114 Mn reflects the increase in operating revenues resulting from increased occupancy rates in ARDCO's markets and centers, in addition to a significant improvement in collection levels in 2023.

Net cash used in investment activities amounted to 121 Mn SAR for the year ending December 31, 2023, compared to 132 Mn in 2022.

Net cash used in finance activities amounted to 95 Mn SAR for the year ending December 31, 2023, compared to 1 Mn in 2022. The difference is mainly due to the reduction of capital from the company's share in Tanal in 2022.



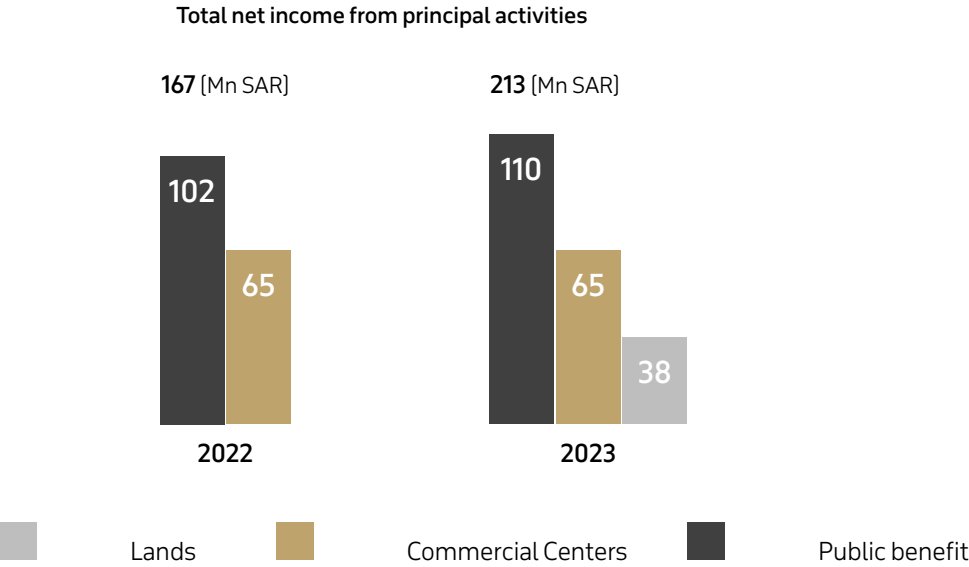
ARDCO's Operating Sectors

Information on each sector relates to the ARDCO's scope and business, which we relied on to prepare our financial information.

ARDCO's markets and centers are divided into:

- Public good services sector, including AlAziziyah Fruits & Vegetable Market.
- Commercial centers sector includes Riyadh Market, Public Transportation Center, AlTameer Wholesale Center, Oteiqah Central Market, AlBatha Meat and Vegetable Market, AlTameer International Car Auction, and an office building.
- Land Sales sector.

Company Sector Profits



Financial results of the public benefit sector

All amounts in millions unless stated otherwise	Mn SAR	
	Year Ending December 31	
	2023	2022
Revenue	135.3	113.5
Operating Expenses	25	15.5
Net Income	110.3	98
Net Value of Invested Assets	84.5	85.3
Occupancy Rate	98%	96%

The public good services sector witnessed an exceptional growth in revenues in 2023 by 22 Mn SAR, at a rate of 19% compared to 2022, as new revenue sources were created and occupancy rates increased, in addition to an increase in rental and operating revenues compared to 2022.

Operating costs also increased by approximately 9.5 Mn SAR, as we invested in attracting top tier talents to develop our markets and achieve sustainable growth. In addition, we contracted with a new service provider with extensive experience to provide maintenance and cleaning services, which contributed to raising the efficiency of our buildings, improving cleanliness levels, obtaining necessary government licenses to carry out activities, and improving customer experience within the markets. This reflected positively on occupancy rates and the growth of the market's total profit by 12.3 Mn during 2023, at a rate of 13% over 2022.

ARDCO also set forth a plan through which we aspire to realize even more successes and achievements, investing our efforts into making optimal use of our capabilities through:

- Consolidating relationships with traders and dealers in the market by periodically holding meetings to receive feedback and implement suggestions.
- Studying the market's current master plan in order to improve operational capacity.
- Establishing global partnerships to identify best practices and transfer knowledge in the fresh produce sector.
- Working to establish principles of sustainability, raise quality standards, and further support local produce.
- Developing operational systems to keep pace with market demands and linking them with the company's ERP system.

Commercial Centers Financial Results

All amounts in millions unless stated otherwise	Mn SAR	
	Year Ending December 31	
	2023	2022
Revenue	162.5	145
Operating Expenses	97	76
Net Income	65.5	69
Net Value of Invested Assets	1,168	1,295
Occupancy Rate	91%	82%

During 2023, ARDCO paid special attention to raising the operational efficiency of all our markets. By repurposing and capitalizing on underutilized spaces opportunistically and creating new, sustainable revenue sources for the company. This contributed to an exceptional growth in revenues during 2023 by 17 Mn SAR, at a rate of 12% compared to 2022. In addition, pricing policies and strategies were revised, which contributed to a significant increase in occupancy rates during 2023, at a rate of 9% in all of the company's markets and centers, particularly Oteiqah Central Market, where occupancy rates increased from 62% to 95%. In addition, revenues from the office building were recorded for the entire year, as it was acquired in Q4 2022. The car auction also witnessed the introduction of a driving school starting in the Q4 2023.

In 2023, the company also focused on raising the efficiency and quality of buildings, as it contracted with a company with extensive experience to provide facility maintenance and cleaning services. All operational systems were digitized and top tier talent was attracted to manage our centers, which contributed to obtaining the necessary government licenses for our assets, as operational costs amounted to 94.5 Mn SAR in 2023.

Land Sales Financial Results

All amounts in millions unless stated otherwise	Mn SAR	
	Year Ending December 31	
	2023	2022
Revenue & Other Revenue	52.6	0
Cost of Land Sales	3.4	0
Net Revenue	49.2	0

We were able to capitalize on our underutilized investment assets available for sale and achieve revenues of approximately 41 Mn SAR, by selling a portion of our Tilal AlRiyadh lands, which were purchased and developed in 2002.

Further Financial Information

Financial statements for the past five years
Statement of financial position as of December 31

Statement	Mn SAR				
	2023	2022	2021	2020	2019
Total Assets	2,792.11	2,597.74	2,434.22	2,367.59	2,331.42
Non-controlling Interests	-	-	-	-	-
Total Shareholder Equity	2,380.83	2,197.64	2,021.24	1,981.10	1,927.91
Total Liabilities	411.28	400.10	412.98	386.49	403.51

Financial statements for the past five years
Statement of financial position as of December 31

Statement	Mn SAR				
	2023	2022	2021	2020	2019
Operating and other Income	389	281	256	244	263
Total expenses	195	158	155	94	97
Total operating profit and other income	194	123	101	150	166
Share of associate companies profits	97	190	226	87	-18
Income before tax	291	313	327	237	148
Zakat	20	13	9	9	5
Net income	271	300	318	228	143

Financial statements for the past five years
Statement of financial position as of December 31

Statement	Mn SAR				
	2023	2022	2021	2020	2019
Cash flows from operating activities	226	112	144	166	190
Cash flows from investment activities	149	-133	-135	74	21
Cash flows from financing activities	-95	-1	-2	-64	179

* Some figures in previous years have been reclassified to conform to the presentation for the current year.

* The data is prepared in accordance with international accounting standards approved in the Kingdom of Saudi Arabia.

Statement of the statutory payments due value

Statement	Mn SAR			
	2023	2022	Description	Reason
Zakat and Tax	20,320,238	12,687,913	Zakat Expense	Government requirement
General Organization for Social Insurance	3,618,260	2,405,748	Social insurance expenses according to the labor system in the Kingdom of Saudi Arabia	Government requirement
Chamber of Commerce and Industry	3,200	3,150	Governmental fees	Government requirement
Edaa Company	400,000	400,000	Annual fees	Capital Market Authority requirement
Tadawul Company	355,795	420,909	Annuual fees	Capital Market Authority requirement
Saudi Authority for Intellectual Property	12,000	46,725	Trademark fees	Government requirement
Ministry of Trade	1,501	1,825	Governmental fees	Government requirement
Total	24,710,994	15,966,270		

Other Investments

ARDCO has carried out various investment activities, as follows:

1. Investment in the Saudi Heritage Hospitality Company [a closed Saudi joint stock company] with 2 million shares with a total value of 20 Mn SAR, at 8% of the capital. The company paid 5 Mn as an installment of its share in the investment, of which it recovered 1.2 Mn SAR within 2022. The company is currently under liquidation.
2. On 05/20/2019, we partnered with Sumou Holding Company to establish Tanal Real Estate Investment and Development Company [a limited liability company] with a capital of 100,000 Saudi riyals, with ARDCO owning 69.38% for Riyadh Development Company and Sumou Holding Company owning the remaining 30.62%. This corresponds with the percentage each company owns in the AlThumama land, which constitutes an area of 3 Mn m2 for the purpose of transferring the assets of the first Riyadh Real Estate Development Fund, in which participation was closed on 10/15/2019. This was in order to complete the implementation of the remaining infrastructure developments on the land in question. During Q2 2021, it was agreed to transfer 10% of Sumou Holding Company's stake in Tanal to Sumou Real Estate Company. Accordingly, the ownership percentage in Tanal Real Estate Investment and Development Company of Sumou Holding Company decreased to 20.62% with Sumou Real Estate Company entering at 10% and ARDCO's stake remaining the same. ARDCO's total investments in Tanal amounted to 237,264,477 SAR as of 12/31/2022.
3. Investing in short-term Murabaha investment deposits with Alinma Bank amounting to 120 Mn SAR.
4. Investing in short-term Murabaha investment deposits with Al Rajhi Bank amounting to 150 Mn SAR.
5. Investing in long-term Murabaha investment deposits with Al Rajhi Bank amounting to 600 Mn SAR.



04 Corporate Governance



Corporate Governance

In accordance to CMA requirements and regulations and our commitment to the ethical disclosure and transparency practices, we divulge the following to our valued shareholders:

1: Provisions of the Corporate Governance Regulations and the extent of the company's compliance with them.

The following table is a detailed breakdown of our compliance with the Saudi Corporate Governance Regulations issued by the Capital Market Authority.

#	Article Number	Article Description	Partially Applied	Not Applied
1	Thirty-Seventh / Training	2) Establish necessary mechanisms for both the members of the Board of Directors and the Executive Management to attend training programs and courses on an ongoing basis in order to acclimate their skills and knowledge in areas related to the company's scope of work.		✓
2	Thirty-Ninth / Evaluation	a) The Board of Directors, based on the proposal of the Nominations & Remuneration Committee, shall establish the necessary mechanisms to evaluate the performance of the Board on an annual basis, including its members, committees, and executive management. This is done through appropriate performance measurement indicators measuring success in achieving the company's strategic objectives, risk management performance, adequacy of internal control systems, etc., provided that strengths and weaknesses are identified and addressed in a manner consistent with the company's interest.	✓	
3	Thirty-Ninth / Evaluation	e) The Board of Directors shall make the necessary arrangements to have its performance evaluated from a suitable third party every three years.		✓
4	Sixty-Seventh / Risk Management Committee Establishment	By decision of the company's Board of Directors, a committee called the Risk Management Committee shall be formed, of which the chairman and majority of its members shall include non-executive members of the Board of Directors. Its members are required to have a sufficient level of knowledge of risk management and financial affairs.	✓	
5	Sixty-Ninth / Risk Management Committee Meetings	The Risk Management Committee meets periodically, at least every six months, and whenever necessary.		✓
6	Seventy-Fifth / Internal Audit Report	b) The internal audit unit or department shall prepare and submit a written report to the Board of Directors and the Audit Committee regarding audit operations conducted during the fiscal year and compare them with the approved plan, indicating the reasons for any violation or deviation from the plan, if any, during the quarter following the end of the relevant fiscal year.	✓	

#	Article Number	Article Description	Partially Applied	Not Applied
7	Eighty-Second / Employee Motivation	1) Forming committees or holding specialized workshops to gather ARDCO employee feedback and discuss issues and topics related to key corporate decisions.		✓
8	Eighty-Second / Employee Motivation	2) Programs for granting employees shares in the company or a share of profits as well as retirement programs, in addition to establishing an independent fund to finance said programs.		✓
9	Eighty-Second / Employee Motivation	3) Establishing social institutions for the company employees.		✓
10	Eighty-Fourth / Social Responsibility	The Ordinary General Assembly, based on a proposal from the Board of Directors, establishes a policy that ensures balance between its objectives and the objectives of the broader community for the purpose of developing the social and economic conditions of the community.		✓
11	Eighty-Fifth / Social Work Initiatives	1) Setting measurement indicators linking the company's performance in its social work initiatives, comparing such efforts to other companies with a similar scope.		✓
12	Eighty-Fifth / Social Work Initiatives	2) Disclosure of social responsibility objectives adopted by the company to its employees, providing them with awareness and education on the subject.		✓
13	Eighty-Fifth / Social Work Initiatives	3) Disclosure of plans to achieve social responsibility in periodic reports related to the company's activities.		✓
14	Eighty-Fifth / Social Work Initiatives	4) Develop community awareness programs to bring awareness to the company's social responsibility.		✓
15	Ninety-Second / Corporate Governance Committee Establishment	Should the Board of Directors form a committee specialized in corporate governance, it must delegate to it the powers stipulated in accordance with Article Ninety-Four of these regulations. The committee must follow up on any issues related to governance applications and provide the Board of Directors with its reports and recommendations at minimum on an annual basis.	✓	

2:

Board member classification, number of meetings held during the year, attendance record, and names of joint stock companies in which a board member is a member of its board of directors.

A. Board of Directors Composition

#	Member Name	Type of Membership		
		Executive	Non-Executive	Independent
1	Prince Faisal bin Abdulaziz bin Ayyaf, PhD Mayor of Riyadh Region Chairman of the Board			✓
2	Eng. Ali Abdullah AlHassoun*		✓	
3	Sulaiman Nasser AlHatlan			✓
4	Nayef Ibrahim AlHudaithi			✓
5	Majed Nasser Alsubeaei			✓
6	Abdul-Ilah Abdulrahman AlHussein			✓
7	Fahad Abdullah AlKassim			✓
8	Abdullah Mohammed AlBahouth		✓	
9	General Organization for Social Insurance Representative		✓	
	Abdulrahman Ayed AlQahtani*			

* Eng. Ali Abdullah AlHassoun's membership ended with his resignation on 19-11-2023

* Mr. Abdulrahman Ayed AlQahtani's membership began on 24-12-2023

B. Board Members' Current and Previous Positions Qualifications and Experience



Prince Faisal bin Abdulaziz bin Ayyaf, PhD

Current Positions

Mayor of Riyadh Region

Previous Positions

Royal Commission for Riyadh City

Qualifications and Experience

Specializes in city planning and management. Holds a Doctorate in city and regional planning and management from the University of California and obtained a master's degree from Harvard University in 2016 in urban planning and management and a master's degree in architecture and urban design from Columbia University in New York in 2014. In 2019, His Highness worked at the Royal Commission for Riyadh City. As an urban design and studies consultant, he also worked in 2019 at Skidmore Owings & Merrill (SOM) in Chicago, USA. In 2011, he worked as an architect in the Moriyama and Tashima Urban Planning Office in Canada.



Majed Nasser Alsubeaei

Current Positions

Managing Director of Awaser Investment Company

Previous Positions

Diverse experience in the field of investments spanning more than 18 years in various sectors, including his work as CEO of Nasser Al-Subaie and Sons Investment Company

Qualifications and Experience

Holds a Bachelor's degree in economics from King Saud University. He works as the Managing Director of Awaser Investment Company He is also a board member of the Saudi Automotive Services and Equipment Company (SASCO) as well as Mohammed Ibrahim Alsubeaei Investment Company (MASIC). He also previously worked at Morgan Stanley, and was a board member of the Islamic Bank of Brunei.



Sulaiman Nasser AlHatlan

Current Positions

Chief of Staff at AlHilal Club Company

Previous Positions

CEO of Masar AlNumou Investment Company

Qualifications and Experience

Holds a master's degree in professional accounting from the University of California and holds a bachelor's degree in accounting from King Saud University.



Abdul-Ilah Abdulrahman AlHussein

Current Positions

Member of the Board of Directors of Abdul-Ilah AlHussein and Partner Transport Company and Imdad AlRaidah Cement Company.

Previous Positions

Deputy General Manager of Abdulrahman AlHussein Goods Transporation Company

Qualifications and Experience

Holds a bachelor's degree in economics and management from King Abdulaziz University.



Abdulrahman Ayed AlQahtani

Current Positions

CEO and Managing Director of Bisan Commercial and Real Estate Investment Company.

Previous Positions

Vice President of Atar Holding Company

Qualifications and Experience

Holds a bachelor's degree in financial management from Prince Muhammad bin Fahd University in 2018, in addition to completing several courses and workshops to further develop his skills and specialization in the field.

* Mr. Abdulrahman Ayed AlQahtani's membership began on 12-24-2023.



Abdullah Mohammed AlBahouth

Current Positions

General Manager of Facilities Services at the General Organization for Social Insurance

Previous Positions

General Manager of the General Administration for Insurance Excellence at the General Organization for Pension

Qualifications and Experience

Holds a master's degree in applied statistics from the University of Guelph, Canada, and has worked in a number of positions at the General Organization for Pension.



Fahad Abdullah AlKassim

Current Positions

Chairman of the Board at AlKassim Accounting and Consulting Office

Previous Positions

Chairman of the Board at Amwal Financial Consulting Company

Qualifications and Experience

Holds a Bachelor's Degree in Accounting from King Saud University. Also completed a Management and Leadership Program from Oxford University and has membership in the boards of directors of a number of joint-stock companies.



Nayef Ibrahim AlHudaithi

Current Positions

Member of the Board of Directors of Najmat AlMadaen Group, which specializes in real estate development

Previous Positions

Has a professional career of more than ten years in the real estate sector, working at Colliers International in real estate consulting, evaluation and feasibility studies and at Najmat AlMadaen Group in business development.

Qualifications and Experience

Holds a bachelor's degree in financial management from the University of Arizona.



Eng. Ali Abdullah AlHassoun

Current Positions

Businessman

Previous Positions

CEO of ARDCO

Qualifications and Experience

Holds a Master's degree in Architecture and Planning from the USA and has experience in the field of real estate, investment, and architectural and engineering plans.

* Eng. Ali AlHassoun's membership ended with his resignation on 19-11-2023.

C. Companies in which ARDCO's board members are currently or previously a director or board member.

#	Member Name	Companies in which the board member is currently a director or board member	Inside/Outside the Kingdom	Legal Entity	Companies in which the board member was previously a director or board member	Inside/Outside the Kingdom	Legal Entity
1	Prince Faisal bin Abdulaziz bin Ayyaf, PhD Mayor of Riyadh Region Chairman of the Board	Riyadh Holding Company	Inside	Holding	-	-	-
		Riyadh Central Development Company	Inside	Holding	-	-	-
		Remat AlRiyadh Development Company	Inside	Holding	-	-	-
2	Eng. Ali Abdullah AlHassoun				AlAhsa Development Company	Inside	Listed Joint Stock
3	Majed Nasser Alsubeaei	Sasco	Inside	Listed Joint Stock	-	-	-
		Mohammed Ibrahim Alsubeaei and Sons Investment Company [Mask]	Inside	Closed Joint Stock	-	-	-
4	Fahad Abdullah AlKassim	Savola Group	Inside	Listed Joint Stock	Bank AlBilad	Inside	Listed Joint Stock
		Dallah Health Services Company	Inside	Listed Joint Stock	Naqel Company	Inside	Closed Joint Stock
		Taibah Investment Company	Inside	Listed Joint Stock	Saudi Post Corporation	Inside	Government Entity
		Dur Hospitality Company	Inside	Listed Joint Stock	Abdullatif Al-Issa Holding Group	Inside	Unlisted Joint Stock
		Jarir Marketing Company	Inside	Listed Joint Stock	AlRajhi Alfa Company	Inside	Limited Liability
		AlArjan Projects Company	Inside	Closed Joint Stock	Raj Real Estate Company	Inside	Limited Liability
		Fincorp Financial Consulting Company	Outside	Closed Joint Stock (Egyptian)	National General Automobile Company	Inside	Limited Liability
		Dr. Mohammed Rashed AlFaqih and Partners Company	Inside	Closed Joint Stock	Saudi Heritage Hospitality Company	Inside	Closed Joint Stock
		Abdullah Ibrahim Alsubeaei Holding Company	Inside	Closed Joint Stock	Rakeen Najd International Company	Inside	Closed Joint Stock
		Gulf Basqat Company	Inside	Limited Liability	-	-	-
		Century 21 Real Estate Valuation Company	Inside	Limited Liability	-	-	-
		Al Rajhi United Investment Holding Company	Inside	Closed Joint Stock	-	-	-
		Areez Commercial Investment Company Limited	Inside	Limited Liability	-	-	-
		Jarir Investment Company	Inside	Closed Joint Stock	-	-	-
		Mohammed Abdulaziz AlHabib and Sons Holding Company	Inside	Closed Joint Stock	-	-	-
5	Abdullah Mohammed AlBahouth General Organization for Social Insurance Representative	AlYamamah Cement Company	Inside	Listed Joint Stock	-	-	-
6	Sulaiman Nasser AlHatlan	Maharah Human Resources Company	Inside	Listed Joint Stock	-	-	-
		Saudi Clay Pipe Production Company	Inside	Listed Joint Stock	-	-	-
		Light Buildings Company	Inside	Closed Joint Stock	-	-	-
		AlHilal Club Investment Company	Inside	Closed Joint Stock	-	-	-
7	Abdul-Ilah Abdulrahman AlHussein	Abdul-Ilah AlHussein and Partner Transport Company	Inside	Limited Liability	-	-	-
		AlRaid Cement Supply Company	Inside	Limited Liability	-	-	-
8	Nayef Ibrahim AlHudaithi	Najmat AlMadaen Group	Inside	Closed Joint Stock	-	-	-
9	Abdulrahman Ayed AlQahtani	Bisan Commercial and Real Estate Investment Company	Inside	Closed Joint Stock	-	-	-
		Sumou Holding Company	Inside	Closed Joint Stock	-	-	-
		Murooj Jeddah Suburb Company	Inside	Limited Liability	-	-	-
		Atar Holding	Inside	Limited Liability	-	-	-

D. Executive Management's Current and Past Positions, Qualifications, and Experience



Jihad Abdulrahman Alkadi
CEO

Previous Positions
Senior Director - General
Administration of Local Real Estate
Investments at the Public Investment
Fund

Qualifications & Experience
Holds a bachelor's degree in economics from King Saud University in Riyadh and he holds a master's degree in executive management and is a candidate for an executive diploma for membership in boards of directors. He also completed a number of executive courses in a number of prestigious universities such as Harvard Business School, London Business School, and IE University in Madrid.



Dr. Wael Azzam Jundi
Chief Investment Officer

Previous Positions
CEO - SinoGulf (KSA)

Qualifications & Experience
Holds a doctorate degree in economics from the University of Liverpool in the United Kingdom, in addition to a master's degree in finance with distinction from the same university through the Chevening scholarship provided by the British government for outstanding students in the Middle East. He also holds a master's degree in political science and a bachelor's degree in accounting and finance, in addition to the Leadership Program for Executives from the University of Oxford in the United Kingdom.



Anas Tariq Najmi
Chief Strategy & Business
Development Officer

Previous Positions
Strategy Advisor & Head of City
Marketing & Investment Promotion at
the Royal Commission for Riyadh City

Qualifications & Experience
Holds a bachelor's degree in management information systems from King Fahd University of Petroleum and Minerals. He also completed programs on negotiation strategies and marketing planning from INSEAD and Georgetown, respectively. He also led several community programs within Prince's Charities and the Mosaic Leadership Summit in London and Manchester, United Kingdom, which focuses on community leadership.



Mohammed Ahmed AlKulaib
Chief Financial Officer

Previous Positions
Chief Financial Officer - Arabian
Agricultural Services Company

Qualifications & Experience
Holds a bachelor's degree in accounting from King Faisal University in 2003. He also holds a master's degree in business administration, specializing in accounting, from Murray State University, as well as a CMA certificate for management accounting.



Waleed Abdullah AlKharji
Chief Public Good Service Markets
Officer / Acting Chief Commercial
Centers Officer

Previous Positions
General Supervisor of Centers and
Markets - Riyadh Development
Company.

Qualifications & Experience
Holds a certificate in information systems from King Saud University with more than 18 years of experience in development processes for services and products, and more than ten years of work in digital transformation work in information and communications technology companies.



Amer Mohammed AlShehri
Chief Shared Services Officer

Previous Positions
Senior Vice President of Human
Resources - SALIC

Qualifications & Experience
Holds a bachelor's degree in economics from King Saud University in Riyadh with more than 17 years of experience in human capital and corporate services in various industries including investments, consulting companies, consumer goods, manufacturing, and the public sector.

E. Board of Directors measures to inform its members, particularly non-executives, of shareholders' proposals and comments on company performance.

During the first Board of Directors meeting, the Chairman informed all members, particularly non-executives, of any proposals and comments received from shareholders regarding the company and its performance. The Board of Directors met six times during the period from 01-01-2023 to 12-31-2023.

Member Name		Meeting						Attendance Rate
		First 12/02/2023	Second 21/03/2023	Third 08/05/2023	Fourth 27/07/2023	Fifth 26/10/2023	Sixth 24/12/2023	
1	Prince Faisal bin Abdulaziz bin Ayyaf, PhD Mayor of Riyadh Region Chairman of the Board	Present	Present	Present	Present	Absent	Present	83%
2	Eng. Ali Abdullah AlHassoun	Present	Present	Present	Present	Present	Membership ended	83%
3	Sulaiman Nasser AlHatlan	Absent	Present	Absent	Present	Present	Present	66%
4	Abdul-Ilah Abdulrahman AlHussein	Present	Present	Present	Present	Present	Absent	83%
5	Majed Nasser Alsubaei	Present	Present	Present	Present	Present	Present	100%
6	Nayef Ibrahim AlHudaithi	Absent	Present	Present	Present	Present	Present	83%
7	Fahad Abdullah AlKassim	Present	Present	Present	Absent	Present	Present	83%
8	Abdullah Mohammed AlBahouth General Organization for Social Insurance Representative	Present	Present	Present	Present	Present	Present	100%

F. The means relied on by the Board of Directors to evaluate the performance of itself and its committees and members, and the external party that conducted the evaluation and its relationship with the company, if any.

The Nominations and Remuneration Committee studies the strengths and weaknesses of the Board of Directors whenever they arise, analyzes them, determines their causes, and proposes solutions to address them in order benefits the company's interest and improves its performance.

3:

The interest and rights of board members, senior executives, their spouses and children.

Board Member Rights & Interests

#	Member Name	Beginning 01/01/2023		Percentage	Until 31/12/2023		Percentage
		Municipality	Personal		Municipality	Personal	
1	Prince Faisal bin Abdulaziz bin Ayyaf, PhD Mayor of Riyadh Region Chairman of the Board	35,554	0	0.02%	35,554	0	0.02%
2	Sulaiman Nasser AlHatlan	0	0	0	0	0	0
3	Eng. Ali Abdullah AlHassoun	37,510	0	0.02%	Membership ended		
4	Abdul-Ilah Abdulrahman AlHussein	47,140	0	0.03%	504,293	0	0.28%
5	Nayef Ibrahim AlHudaithi	0	0	0	0	0	0
6	Majed Nasser AlSubaei	6,596,999	0	3.71%	8,669,773	0	4.88%
7	Fahad Abdullah AlKassim	2,000	0	0.001%	2,000	0	0.001%
8	Abdullah Mohammed AlBahouth General Organization for Social Insurance Representative	GOSI 8,800,001	Personal 0	4.95%	GOSI 8,800,001	Personal 0	4.95%
9	Abdulrahman Ayed AlQahtani	Membership began 24/12/2023			25,000	0	0.01%

Senior Executives Rights & Interests

#	Name	Beginning 01/01/2023	Percentage	Until 31/12/2023	Percentage
1	Jehad Abdulrahman Alkadi	0	0	0	0
2	Dr. Wael Azzam Jundi	7,000	0.004%	0	0
3	Anas Tariq Najmi	0	0	0	0
4	Mohammed Ahmed AlKulaib	0	0	0	0
5	Waleed Abdullah AlKharji	0	0	0	0
6	Amer Mohammed AlShehri	Joined in 2023		3,700	0.002%

4:

Board Committee's Responsibilities

Executive Committee

Overview of Committee Responsibilities

1. Review and verify working capital sufficiency, applied business model, strategic plans and financing activities.
2. Review all works and express insights and recommendations before presenting them to the board.
3. Review investment, merger and acquisition, and partnership opportunities, and provide recommendations to the board.
4. Review the impact of the proposed transactions and agreements on the company's financial position statement, including assessing the required financing, impact on liquidity and debt ratios, and providing recommendations to the board.
5. Review transition and integration procedures following any mergers or acquisitions during the initial three-month period following the completion of formal procedures for any such agreement in order to ensure the smooth and successful transition of the acquired asset into the company's scope and business.
6. The Executive Committee may perform any other tasks consistent with its purposes, tasks and responsibilities and any other roles and responsibilities requested by the Board of Directors.
7. The committee, through its chairman, must submit a periodic report to the Board of Directors on all the decisions, procedures, and actions it has undertaken.
8. The company shall bear any costs necessary for the committee to carry out its work after obtaining the approval of the board.

2023 Executive Committee Members & Meeting Summary



Abdullah Mohammed AlBahouth
Board Member



Nayef Ibrahim AlHudaithi
Board Member



Majed Nasser AlSubaei
Vice Chairman of the Board



Fahad Abdullah AlKassim
Board Member

The Executive Committee conducted six meetings from 01-01-2023 to 31-12-2023:

Committee Members	Meeting					
	First 26/01/2023	Second 28/02/2023	Third 3/05/2023	Fourth 23/07/2023	Fifth 22/10/2023	Sixth 18/12/2023
1 Majed Nasser AlSubaei Committee Head	Present	Present	Present	Present	Present	Present
2 Fahad Abdullah AlKassim Member	Present	Present	Present	Present	Present	Present
3 Nayef Ibrahim AlHudaithi Member	Present	Present	Present	Present	Present	Present
4 Abdullah Mohammed AlBahouth Member	Present	Present	Present	Present	Present	Present

Review Committee

Overview of Committee Responsibilities

The committee studies matters within its jurisdiction or those referred to it by the board, and submit its recommendations to the board to reach a decision or actions the decisions that the board has delegated upon it. The committee must inform the board of its results or the decisions it actions or recommends.

The committee is responsible for monitoring the company's business and financial activities to verify its policies and procedures and ensure the integrity of reports and financial statements and their internal control systems. The committee's specific tasks include the following:

01. Financial Reports

- Review preliminary quarterly and annual financial statements before they are presented to the Board of Directors and express insights and recommendations to ensure their integrity, fairness, and transparency.
- Upon the Board's request, provide insights as to whether the board's annual report and the company's financial statements are fair, balanced, and understandable and include all necessary information to allow shareholders and investors to accurately evaluate the company's financial position, performance, business model, and strategy.
- Analyze any important or extraordinary matters included in financial reports and accounts.
- Research any matters raised by the company's financial director (or whoever assumes such duties), the company's compliance officer, or the auditor.
- Verify accounting estimates regarding material matters contained in financial reports.
- Review accounting policies adopted by the company and express insights and recommendations regarding them to the Board of Directors.

02. Internal Audit:

- Review and analyze the company's internal, financial, and risk management systems.
- Supervise the plans and actions of the Internal Audit Department and verify their effectiveness in line with the rules, regulations and professional standards and provide recommendations to the Board of Directors regarding the appointment of the internal audit department director or an internal auditor and proposed compensation.
- Review internal audit reports and follow up on the implementation of corrective measures for observations contained therein.
- Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the company in order to verify required resource availability, as well as their effectiveness in performing their assigned tasks. If the company does not have an internal auditor, the committee must submit its recommendations to the board regarding the necessity of appointing one, if any.
- Ensure internal audit impartiality and enable it to carry out its roles and responsibilities effectively.

01. External Audit:

- Provide recommendations to the board regarding nominations of external auditors, their dismissal, fees, and performance evaluation, after ensuring their impartiality and reviewing the scope of work and terms of their contracts.
- Verify the impartiality and objectivity of the external auditor, taking into account the relevant rules and standards.
- Review the company's auditor's work plan, verify the absence of transgression and deficiency in their actions, verify that no tasks outside the scope of audit work are performed, and express any insights in relation to this.
- Answer inquiries from the company's external auditor.
- Study external auditor reports and observations on financial statements, express insights in relation to them, if any, and follow up on any actions or decisions taken regarding them.

02. Commitment Guarantee

- Review the results of reports from regulatory authorities and verify the actioning of any necessary measures regarding them.
- Supervise company compliance with the rules, regulations, policies and instructions related to our scope of work.
- Review proposed contracts and transactions with related parties and potential conflicts of interest, if any, and submit its recommendations thereon to the board.
- Submits to the board any issues within its scope it deems necessary to action and provide recommendations on required measures.

2023 Audit Committee Members & Meeting Summary



Sulaiman Nasser AlHatlan
Committee Chairman - Board Member



Nayef Ibrahim AlHudaithi
Board Member



Ahmed Abdullah AlKanhall
External Member



Saled Moqbel AlKhalaf
External Member

The Audit Committee conducted six meetings from 01-01-2023 to 31-12-2023:

		Meeting					
		First	Second	Third	Fourth	Fifth	Sixth
Committee Members		02/01/2023	26/02/2023	01/05/2023	20/07/2023	19/10/2023	30/10/2023
1	Sulaiman Nasser AlHatlan Committee Chairman	Present	Present	Present	Present	Present	Present
2	Saleh Moqbel AlKhalaf Member	Present	Present	Present	Present	Present	Present
3	Ahmed Abdullah AlKanhall Member	Present	Present	Present	Present	Present	Present
4	Nayef Ibrahim AlHudaithi Member	Present	Present	Present	Present	Present	Present

Nominations and Remuneration Committee

Overview of Committee Responsibilities

01. The committee is responsible for the following regarding remuneration:

- Prepare a clear remuneration policy for board members and all committees related to the board and executive management and present it to the Board of Directors for consideration prior to its approval by the General Assembly, provided that the policy takes into account performance standards, their disclosure, and verification of their implementation.
- Clarify the relationship of any rewards granted to the remuneration policy and indicate any deviation from this policy.
- Periodically review the remuneration policy and evaluate its effectiveness in achieving its objectives.
- Recommend to the Board the remuneration of its members, committees, and the company's senior executives in accordance with the approved policies and regulations.
- Review and approve the CEO's recommendations regarding financial rewards and benefits for senior executives, to be implemented by the CEO as per the established policy mentioned in the first bullet point above.

02. The committee is responsible for the following regarding nominations:

- Propose clear policies and qualifications for membership in the board and executive management.
- Recommend to the Board of Directors to nominate or re-nominate members in accordance with the approved policies and qualifications, taking into account to avoid nominating individuals who have previously been convicted of a crime involving breach of trust.
- Prepare a description of the competencies and qualifications required for board membership and executive management positions.
- Determine the time that a member must devote to the Board of Directors.
- Review necessary skills and experience requirements for board membership and senior management positions on an annual basis.
- Review the structure of the board, the executive management, and their committees and present to the board should any changes be recommended.
- Verify the impartiality of independent board members and ensure the absence of any conflict of interest if the member is also a board member in the board of another company.
- Develop job descriptions for the board's executive members, non-executive members, independent members and senior management.
- Establish procedures to refill positions in the event of a vacancy within the board membership or senior management.
- Identify the strengths and weaknesses of the board and propose solutions to address them consistent with the company's interest through proposing the necessary mechanisms to evaluate the performance of the board, its members and committees on an annual basis. The solutions should use appropriate performance measurement indicators linked to performance in achieving the company's strategic objectives and the quality and adequacy of the internal control systems in order to identify strengths and weaknesses. The results should be accompanied with a proposal to address them in line with the company's interest.
- Review the remuneration of the board committees and recommend any amendments thereto and present them to the board for approval.
- Provide an appropriate level of training and education for new members of the Board and its committees regarding the company's scope and achievements, enabling them to perform their work effectively.
- Develop the necessary policies and procedures to allow each member of the board or executive management to attend training programs and courses on an ongoing basis for the purpose of developing their skills and knowledge in areas related to the scope or management of the company.

03. The committee is also responsible for the following tasks and responsibilities:

- Assist the Board of Directors in developing and reviewing the company's organizational structure.
- Monitor the implementation of the employee grievances policy and ensure its effectiveness.

Board of Directors Remuneration Policy and Determination Mechanism

The board member remuneration may be a specific amount, a meeting attendance allowance, an expense allowance, in-kind benefits, or a percentage of profits. It is permissible to combine two or more of these benefits, though not exceed what is stipulated in the Companies Law and Regulations, in accordance with the policy and any amendments to it in the future.

The remuneration may be of varying amounts as per the policy. The annual report of the Board of Directors to the General Assembly of Shareholders must include a comprehensive statement of all remunerations, expense allowances, and other benefits that board members received during the fiscal year, and must also include a statement of anything received by board members in their capacity as employees, administrators, or in exchange for technical, administrative, or consulting work (if any), and it should also include a statement of the number of board sessions as well as the attendance records of each member from the date of the last meeting of the General Assembly.

If the remuneration for board members is to be a percentage of profits, the provisions of Paragraph [2] of Article Seventy-Six of the Companies Law and Article [45] of the Articles of Association must be taken into account, provided that it does not exceed the total amount received by one board member of all financial and in-kind rewards and benefits, set at 500 thousand SAR annually.

Ensure that independent board members are not remunerated through a percentage of the profits achieved by the company or in a manner that is based directly or indirectly on the company's profitability.

Each member of the board, including its chairman, is entitled to the following remunerations:

1. An annual remuneration, provided that the total amount received by a member of the Board of Directors of financial or in-kind rewards and benefits does not exceed the amount of 500 thousand SAR annually according to the regulations. The Chairman of the Board and the heads of the committees may be granted additional remuneration in exchange for the responsibilities and work assigned to them.
2. A remuneration of three thousand SAR per attendance per session.
3. Travel and transportation allowance of three thousand SAR for those outside the meeting location city.
4. Profits-related remuneration: A specific percentage of net profits determined based on the recommendation of the Nominations and Remuneration Committee if the company achieves its profits after fulfilling the regulatory conditions and requirements, provided that the remuneration of the independent board members is not a percentage of the profits achieved by the company or be based directly or indirectly on the company's profitability.
5. The lump sum annual remuneration amount for any board member may be reviewed from one period to another based on a recommendation from the committee as per any variables related to performance, followed by receiving the approval of the General Assembly of Shareholders.
6. The meeting attendance remuneration and any additional attendance allowance are paid on a quarterly basis, while the annual lump sum bonus is paid after the approval of the General Assembly of Shareholders.

Each board committee member is entitled to the following remunerations:

1. An annual lump sum of 150 thousand SAR.
2. A remuneration of three thousand SAR per attendance per session.
3. The annual lump sum and session attendance remuneration are paid on a quarterly basis.

Board and committee members are entitled to the following allowances and benefits:

1. The company bears the costs of travel tickets for board and committee members residing outside the city of Riyadh.
2. The company shall bear the costs of accommodation and tickets for all members of the board, committees and executive management should the meeting be held outside the city of Riyadh. Alternatively, the member may be given a lump sum, if preferred, provided that the amount does not exceed five thousand SAR.
3. All round-trip travel tickets for board and committee members are to be in the first or business class.

The company also confirms that there is no deviation from this policy.

2023 Nomination & Remuneration Committee Members & Meeting Summary



Abdul-Ilah Abdulrahman AlHussein
Committee Head - Board Member



Dr. Fahad Mousa AlZahrani
External Party



Abdullah Mohammed AlBahouth
Board member

The Nomination & Remuneration Committee conducted four meetings from 01-01-2023 to 31-12-2023:

		Meetings			
		First	Second	Third	Fourth
Committee Members		30/01/2023	18/05/2023	22/05/2023	11/12/2023
1	Abdul-Ilah Abdulrahman AlHussein Committee Head	Present	Present	Present	Present
2	Dr. Fahad Mousa AlZahrani Member	Present	Present	Present	Present
3	Abdullah Mohammed AlBahouth Member	Present	Present	Present	Present

5: Remuneration & Compensation

Item		Five senior executives who received the highest rewards and compensation, including the CEO and Chief Financial Officer
1	Salaries and compensation	8,824,194
2	Benefits	-
3	Periodic and annual rewards	-
4	Incentive plans	6,584,461
5	Any other compensation or in-kind benefits paid monthly or annually	-

		Fixed Remunerations						Variable Remunerations									
		Lump Sum	Attendance Remuneration	Total Committee Attendance Remuneration	In-Kind Benefits	Technical Administrative and Consulting Work Remuneration	Remuneration of the Chairman, Managing Director, or Secretary, if he is a member	Subtotal	Percentage of Profits	Periodic Bonuses	Short-Term Incentive Plan	Long-Term Incentive Plan	Shares granted [including value]	Subtotal	End of Service Benefit	Grand total	Expense Allowance
First: Independent Members																	
1	His Highness Prince Faisal bin Abdulaziz bin Ayyaf, PhD Riyadh Region Municipality	0	15,000	0	0	0	0	15,000	0	400,000	0	0	0	400,000	0	415,000	0
2	Majed Nasser Alsubeaei	0	18,000	18,000	0	0	0	36,000	0	200,000	0	0	0	200,000	0	236,000	0
3	Fahad Abdullah AlKassim	0	15,000	18,000	0	0	0	33,000	0	200,000	0	0	0	200,000	0	233,000	0
4	Sulaiman Nasser AlHatlan	0	12,000	18,000	0	0	0	30,000	0	200,000	0	0	0	200,000	0	230,000	0
5	Abdul-Ilah Abdulrahman AlHussein	0	15,000	12,000	0	0	0	27,000	0	200,000	0	0	0	200,000	0	227,000	0
6	Nayef Ibrahim AlHudaithi	0	15,000	36,000	0	0	0	51,000	0	200,000	0	0	0	200,000	0	251,000	0
Total			90,000	84,000	0	0	0	192,000	0	1,400,000	0	0	0	1,400,000	0	1,592,000	0
Second: Non-Executive Members																	
1	Abdullah Mohammed AlBahouth General Organization for Social Insurance Representative	0	18,000	30,000	0	0	0	48,000	0	200,000	0	0	0	200,000	0	248,000	0
2	Eng. Ali Abdullah AlHassoun	0	15,000	0	0	0	0	15,000	0	200,000	0	0	0	200,000	0	215,000	0
Total		0	33,000	30,000	0	0	0	63,000	0	400,000	0	0	0	400,000	0	463,000	0

Committee Member Remuneration

	Name	Fixed Remunerations [Excluding meeting attendance]	Meeting Attendance	Total
Audit Committee Members				
1	Sulaiman Nasser AlHatlan	150,000	18,000	168,000
2	Saleh Moqbel AlKhalaf	150,000	18,000	168,000
3	Ahmed Abdullah AlKanhal	150,000	18,000	168,000
4	Nayef Ibrahim AlHudaithi	150,000	18,000	168,000
	Total	600,000	72,000	672,000
Nominations and Remuneration Committee Members				
1	Abdul-Ilah Abdulrahman AlHussein	150,000	12,000	162,000
2	Abdullah Mohammed AlBahouth	150,000	12,000	162,000
3	Dr. Fahad Mousa AlZahrani	150,000	12,000	162,000
	Total	450,000	36,000	486,000
Executive Committee Members				
1	Majed Nasser Alsubaei	150,000	18,000	168,000
2	Fahad Abdullah AlKassim	150,000	18,000	168,000
3	Abdullah Mohammed AlBahouth	102,000	18,000	120,000
4	Nayef Ibrahim AlHudaithi	99,000	18,000	117,000
	Total	501,000	72,000	573,000

6:
Annual Audit of Internal Control Procedures Outcomes

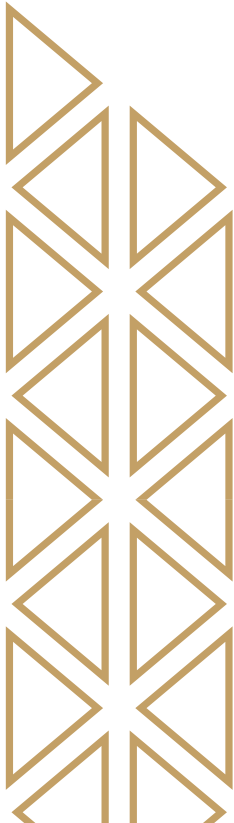
The external auditor, as part of their review of the company's complete financial statements, evaluates the internal control system, including the accounting system, from both theoretical and practical aspects, and provides the company with a report that outlines any weaknesses in the system, if any, as well as methods of addressing them. They are also provided with internal audit reports for the auditing period. Under the supervision of the Audit Committee, the company's internal audit department carries out continuous financial, operational, and technical audits to verify the effectiveness and efficiency of internal control systems in protecting the company's assets, evaluating business risks, and measuring the performance quality. The internal audit department submits its quarterly periodic reports to the audit committee, which includes results of the company's internal control evaluation. The annual audit committee report has confirmed the effectiveness and quality of the company's internal control procedures and did not detect any fundamental weaknesses in the company's internal control system during 2023.

Board of Director's Declarations

The account records are prepared in an appropriate and proper manner.

The internal control system was prepared on sound principles and implemented in an effective manner.

There is no doubt regarding the issuer's ability to carry out the audit.



Disclosure and Transparency Policy

ARDCO follows a strict policy of disclosure and transparency in order to ensure that all essential topics are disclosed accurately and in a timely manner, including the company's financial position and performance. Our disclosure and transparency policy is also considered one of our most important principles of governance. Accordingly, we acknowledge the following:

- The company does not have any loans.
- There is no penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory, or judicial body.
- None of the members of the Board of Directors, the CEO, the CFO, or any person related to them has any direct or indirect interest in the business carried out on behalf of the company. Board of Directors members have neither taken any loan nor has the company offered or guaranteed any member of the Board of Directors a loan or commitment of any kind in exchange for other benefits.
- The company does not have any information regarding arrangements or agreements under which any member of the Board of Directors or any of the senior executives has waived any salary or compensation.
- There are no contracts with parties related to members of the Board of Directors, the CEO, his assistants, the CFO, or any of their relatives.
- The company does not have any information about arrangements or agreements under which any of the company's shareholders waived their rights to profits.
- There are no investments or other reserves created for the benefit of any of the company's employees.
- The company has not reported any interest in a class of voting shares nor any change in those rights during the most recent fiscal year.
- The company does not have debt instruments convertible into shares, nor any option rights, subscription rights notes or similar rights.
- We have not issued any conversion or subscription rights under debt instruments convertible into shares, option rights, subscription rights memorandums, or similar rights.
- We do not have any redemption, purchase or cancellation of any redeemable debt instruments.

The company's Board of Directors recommended to the General Assembly to distribute cash dividends amounting to 0.25 Saudi Riyal per share to the company's shareholders for the second half of the year 2023. In addition, a special distribution of 0.25 Saudi Riyal per share as a result of selling a part of the company's available-for-sale land, making the total distribution 0.50 Saudi Riyal per share. This is in line with the company's strategy, which aims to balance between profit distribution and sustainable growth.

General Assemblies

Attendance Record Ordinary General Assembly Meeting 30/04/2023 [held remotely]		
	Name	
1	Prince Faisal bin Abdulaziz bin Ayyaf, PhD Mayor of Riyadh Region Chairman of the Board	Apologies received
2	Eng. Ali Abdullah AlHassoun	Present
3	Majed Alsubaei	Present
4	Fahad Abdullah AlKassim	Present
5	Abdullah Mohammed AlBahouth - General Organization for Social Insurance Representative	Present
6	Sulaiman Nasser AlHatlan	Present
7	Abdul-Ilah Abdulrahman AlHussein	Present
8	Nayef Ibrahim AlHudaithi	Present

Dividends Distribution

Percentages of profits distributed during the year				
	H2 2022 Profits	H1 2023 Profits	Proposed percentage of profits distributed at the end of the year	Total profits
Percentage	%2.5	%2.5	5%	10%
Total	44,444,444.25 SAR	44,444,444.25 SAR	88,888,888.50 SAR	177,777,777 SAR

Shareholder register requests and dates

# of shareholder register requests by the company	Date	Reasons
1	15/11/2023	Other
2	14/08/2023	Earnings File
3	03/05/2023	Earnings File
4	30/04/2023	General Assembly

Risk Management

Risk management falls under the Internal Audit Department, whose responsibility is to manage company risks, address them, and develop methods and policies to avoid or resolve them. In 2023, actions have been taken in preparing the internal audit department's work charter and guide. Risks were also assessed, including all the company's management and risk classification, in line with the company's strategy.

In addition, a review plan was prepared, constituting fiscal years 2023, 2024, and 2025. A draft policy for reporting violations was also prepared. Whistleblowing Policy. It is worth noting that the International Standards for Internal Auditing (IIA) were followed and awareness was raised within the company. As a result, a set of recommendations were presented to activate control and oversight processes and improve daily workflow.

ARDCO's Potential Risks

The list of risks described below is not comprehensive. It is possible that there are additional unknown risks that may hinder our operations or risks that we may consider immaterial.

01. Volatility in Company Operations and Reliance on Public Good Services Projects

ARDCO's business is based on two main lines: (1) public good services projects (2) real estate development projects and commercial centers. The future income of these projects may be affected by the extent of their demand, which may result in a negative impact on our operating results and financial condition. Our activity in public good services projects may also be affected by any change in seasonal demand witnessed in Riyadh in particular and the Kingdom as a whole. However, we have turned to projects that provide various services and goods in the fields of transportation, cars, vegetables, fruits, meat, and commercial centers, and their growth correlates directly with Riyadh's population growth.

02. Revenue Collection

ARDCO's revenues from its centers and markets are collected via checks, bank deposits, and cash, with cash being the most prevalent. However, we have addressed these risks by preparing accurate documentation cycles and digitizing and automating our systems, monitoring, and follow-up to reduce such risks.

03. Obstruction of the Company's Business

ARDCO relies on the high quality infrastructure of our assets, which has contributed to increasing our customers' confidence in us. We have taken the necessary actions to protect our properties from natural disasters or terrorist incidents by applying the highest levels of safety and security through regular maintenance and security protection. However, there cannot be any guarantee against any hindering or obstruction of our business operations, whether directly or indirectly, by such obstacles.

04. Saudization

We do not view any risk regarding Saudization at ARDCO as the company is classified as platinum according to the Ministry of Labor's Nitaqat system. However, there is no guarantee that we will be able to maintain the current Saudization rate. It is pertinent to note, however, that we have accurate, modern and documented systems, regulations and procedures for all practical tasks, in addition to adopting a policy that seeks to employ Saudis and keep the rate of Saudization high within the company.

05. Credit Risk

Credit risk represents the inability of one party to fulfill its obligations, resulting in the other party incurring financial losses. ARDCO constantly seeks to reduce credit risks through periodic follow-up of any outstanding receivables from other parties.

06. Liquidity Risk

Liquidity risk is defined as the risk of an entity being unable to secure the liquidity necessary to meet obligations related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value. ARDCO manages liquidity risks by ensuring that the necessary financing is available to the company whenever needed.

07. Currency Risk

Currency risk is the risk of change in the value of financial instruments due to changes in exchange rates of foreign currencies. As our major transactions are made in SAR, we believe that currency risk is insignificant.

08. Fair Value

This represents the fair value at which an asset is exchanged or a liability is settled between willing parties under fair negotiating terms. Since the company's financial statements are prepared according to the historical cost principle, it may result in differences between the book value and the estimated fair value. We believe that the fair value of our financial assets and liabilities is not significantly different from their carrying value.



Dividend Distribution Policy

As a consistent general policy, the Board of Directors proposes the following for the end of each fiscal year:

1. Set aside 10% of the net profits to form a statutory reserve. The Ordinary General Assembly may halt this process should the aforementioned reserve reach half of the company's capital.
2. From the remainder, a payment is then distributed to shareholders equal to 5% of the paid-up capital.
3. Following the above, 5% of the remainder is allocated to remunerate members of the Board of Directors, taking into account the decisions or instructions issued in this regard by the relevant authorities. The remainder is then distributed to shareholders as an additional share in profits.

Results of Internal Audit Procedures

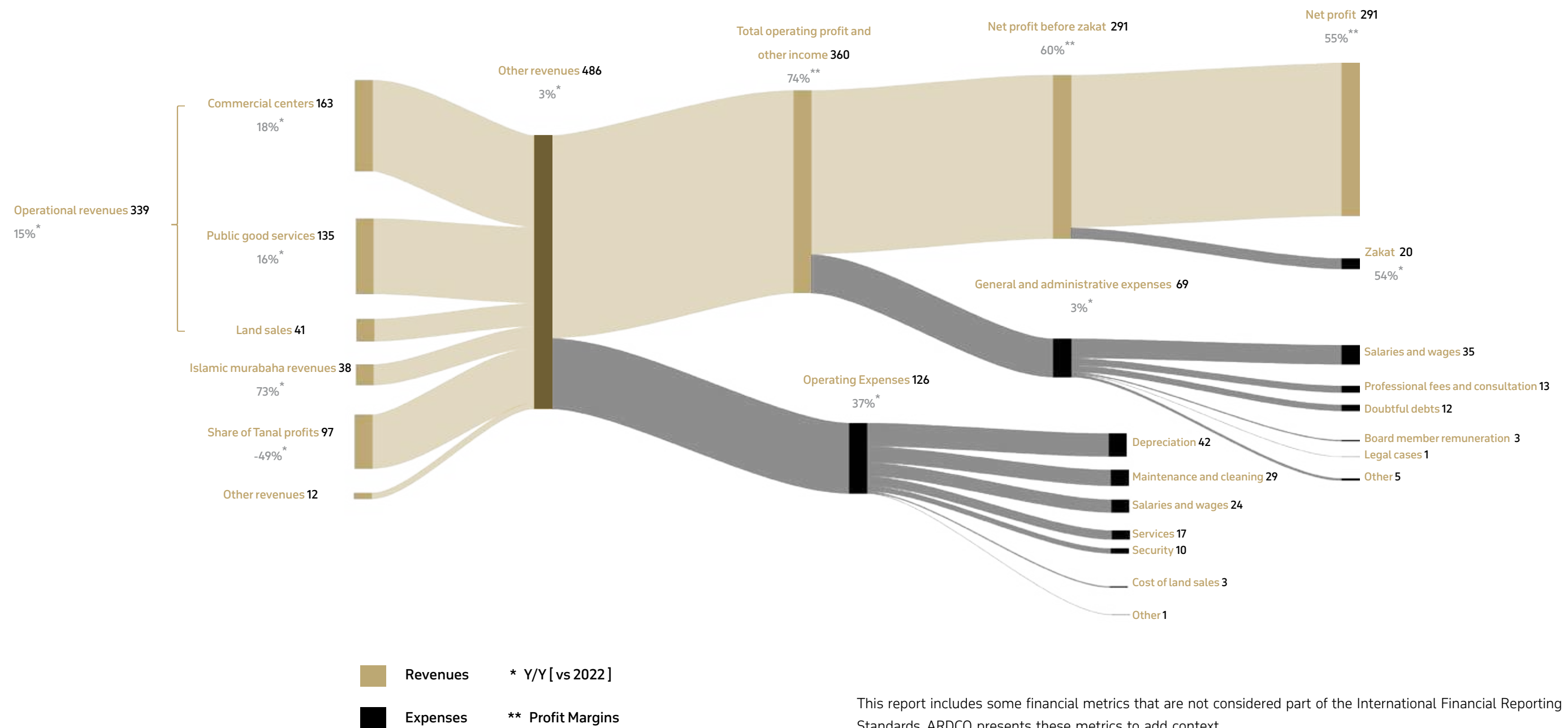
ARDCO follows precise procedures of internal auditing, where the auditor reviews the company's final financial statements. The most prominent results are as follows:

1. Evaluated the internal control system, including the accounting system, from both a theoretical and practical perspective, and provided the company with a report that outlines any weaknesses in the system and how to address them.
2. Supervised the plans and actions of the Internal Audit Department and verify their effectiveness in line with the rules, regulations and professional standards
3. Prepared internal audit department reports for the audit period.
4. The company's internal audit department carried out continuous financial, operational, and technical inspections under the supervision of the Audit Committee to verify the effectiveness and efficiency of internal control systems in protecting the company's assets, evaluate business risks, and measure performance efficiency.
5. The internal audit department submits quarterly reports to the Audit Committee, which details the results of the company's internal control evaluation.
6. The Audit Committee supervised the performance and activities of the internal auditor and the internal audit department to verify the required resource availability, as well as their effectiveness in performing their assigned tasks.
7. Ensured internal audit impartiality and enabled it to carry out its roles and responsibilities effectively.
8. The Audit Committee's annual report confirmed the effectiveness and quality of the company's internal control procedures. No fundamental weaknesses were detected in the company's internal control system during 2023.



2023 Facts & Figures

2023 Financial Results Summary (Mn SAR)



2023 Facts & Figures

Operations & Public Good Services Sector

Collection Efficiency

95%

Occupancy Rate in Centers

94.5%

AlAziziyah Fruits & Vegetable Market

Value of Traded Goods

3.92

[Mn Ton]

Subscribers' Cars

0.56

[Mn Car]

Shopper's Cars

1.11

[Mn Car]

Car Auction

of Car Sales Agreements

23

of Auctions Held

152

Value of Traded Cars

176.21

[Mn SAR]

of Cars Sold

5,000

of Bidding Cards

10,000

of Auction Cars

36.6

[thousand]

Public Transportation Center

Average Daily
Passengers

2,730

Domestic Trips

31,220

of Passengers

1

[million]

Hajj and Umrah Trips

3,770

International Trips

3,830

Oteiqah Dates Season

of Boxes Sold

11.6

[Mn SAR]

Dates Traded

27.4

[thousand tons]

Daily Visitors

6,800

Total Visitors

813

[thousand]

Strategy and Corporate Communication Sector

ARDCO Strategy
Launch

Completed

133%

of the 21 Initiatives
in the First Year
of the First Phase

New Corporate Identity
Launch

Completed

66%

of the 21 Initiatives
in the First Phase

Developed

21

Strategic Initiatives
Over 3 Phases

Visited

7

Local, Regional, and
International
Public Good Service
Markets

Legal Affairs

Collected

2.47

[Mn SAR]

Through the Enforcement
Court

Raised and Monitored

102

Enforcement Verdicts

Collected

9.40

[Mn SAR]

From Enforcement Verdicts

Updated

650

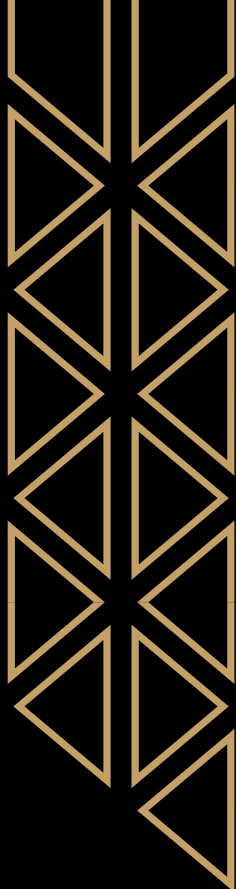
Land Deeds

Monitored and Handled

90

Cases

05 Financial Statements



**ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR’S REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2023

**ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**
FINANCIAL STATEMENTS
31 DECEMBER 2023

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

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eyksa@sa.ey.com
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Arriyadh Development Company (the "Company"), which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia ("IFRS") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements. We also have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY) (Continued)

Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the key audit matter
REVENUE The Company's revenues primary consists of leasing and operating revenues, totaling SR 339.1 million for the year end 31 December 2023. We considered this as a key audit matter, as there are inherent risks about the accuracy of the recorded revenues due to the impact of the terms of the contracts on the revenue recognition process, which may affect its recording at a higher or lower value than its actual value, in addition to the materiality of the amounts related to revenues. <i>Please Refer to note (3) for a summary of material accounting policies related to revenue recognition</i>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">Assessed the Company's revenue recognition policies for compliance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.Tested the effectiveness of the design and implementation of key controls over the revenue recognition process.Performed analytical procedures by comparing revenue expectations with actual results and analyzed variances.Tested a sample of customer invoices and contracts to verify the revenue recording process.Recalculated a sample of lease income for a sample of contracts to verify the accuracy of the recording.Assessed the adequacy of the relevant disclosures in the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (Continued)**

Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the key audit matter
<p>Impairment of investments properties</p> <p>As at 31 December 2023, investment properties amounted to SR 1,490 million, represents 53% of the Company's total assets, which are stated at cost, net of accumulated depreciation and impairment, if any.</p> <p>For the purposes of impairment assessment testing and the disclosure of the fair value in the Company's financial statements, investment properties are valued by an accredited independent external valuer properties expert ("the Valuer") who performs the valuation using generally accepted valuation approaches and methodology, based on assumptions and estimates related to several factors affecting the fair value of the investment properties.</p> <p>We considered this as a key audit matter as impairment assessment testing of the investment properties requires significant judgments by management and also involves key estimates, in addition to the materiality of the amounts involved.</p> <p><i>Please refer to note (3) for a summary of material accounting policies related to investment properties and note (5) for details of investment properties and fair values.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> Assessed the Valuer's objectivity, independence and experience. Compared the fair value of investment properties at year end with the valuation amounts included in the valuation report provided by the Valuer. Assess the valuation approaches and methodology used by the Valuer. We evaluated, on a sample basis, the real estate valuations carried out by the valuer, with the help of our specialists, to help us evaluate the reasonableness of the key assumptions that were used to determine the fair values of the investment properties. Checked the title deeds for the investment properties. Assessed the adequacy of the relevant disclosures in the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (Continued)**

Other information included in the Company's 2023 Annual Report

Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Company's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Company's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, the provisions of the Companies' Law and Company's by-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



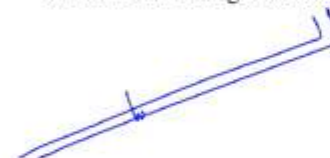
**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst and Young Professional Services


Fahad M. Altoaimi
Certified Public Accountant
License No. (354)

Riyadh: 1 Ramadan 1445H
(11 March 2024)



ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	31 DECEMBER 2023	31 DECEMBER 2022
ASSETS			
NON-CURRENT ASSETS			
Property, plant, and equipment	4	12,524,996	9,159,447
Investment properties	5	1,490,786,762	1,527,752,437
Right of use Assets	6	45,113,224	49,603,946
Investments properties under development	7	19,888,240	1,819,500
Investments designated at FVOCI	8	986,929	986,929
Investment in an associate	9	237,264,477	231,347,588
Murabaha investment deposits – long term	12	600,000,000	185,000,000
TOTAL NON-CURRENT ASSETS		2,406,564,628	2,005,669,847
CURRENT ASSETS			
Accounts receivable, prepayments and other receivables	10	68,314,757	97,518,588
Murabaha investment deposits – short term	12	270,000,000	460,000,000
Assets held for sale	13	2,247,695	-
Cash at banks	14	44,981,796	34,555,510
TOTAL CURRENT ASSETS		385,544,248	592,074,098
TOTAL ASSETS		2,792,108,876	2,597,743,945
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	15	1,777,777,770	1,777,777,770
Statutory reserve	16	155,081,438	127,927,485
Retained earnings		450,786,058	294,744,421
Revaluation reserve of Investments designated at FVOCI	8	(2,813,070)	(2,813,070)
TOTAL SHAREHOLDER'S EQUITY		2,380,832,196	2,197,636,606
NON-CURRENT LIABILITIES			
Lease liabilities	6	42,077,256	45,579,655
Employees' defined benefits obligations	17	12,404,275	10,659,905
TOTAL NON-CURRENT LIABILITIES		54,481,531	56,239,560
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	18	249,654,208	242,916,728
Lease liabilities - current portion	6	6,009,280	5,999,592
Dividends payable	19	74,251,232	73,917,517
Zakat provision	20	26,880,429	21,033,942
TOTAL CURRENT LIABILITIES		356,795,149	343,867,779
TOTAL LIABILITIES		411,276,680	400,107,339
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,792,108,876	2,597,743,945


 Chief Financial Officer
 Mr. Mohammed Alkulaib


 Member of the Board of Directors
 And Chairman of the Audit Committee Mr. Suleiman
 bin Nasser
 Al-Hattlan


 Chief Executive Officer
 Mr. Jihad Abdul Rahman
 Al-Kadi

The attached notes (1) to (33) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

	Notes	2023	2022
REVENUE	21	339,185,405	258,897,034
Costs of revenue	22	(122,974,851)	(88,712,220)
Gross profit		216,210,554	170,184,814
General and Administrative expenses	23	(69,102,952)	(66,696,445)
Profit for the year from main operations		147,107,602	103,488,369
Finance costs	6	(2,707,289)	(2,899,047)
Mudarabah deposits income	12	37,922,988	21,596,059
Share of profit of an associate	9	97,498,489	190,465,838
Other income		12,037,981	392,959
Net profit for the year before Zakat		291,859,771	313,044,178
Zakat	19	(20,320,238)	(12,687,913)
NET INCOME FOR THE YEAR		271,539,533	300,356,265
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to the statement of profit or loss			
Actuarial gains of employees' benefit obligations	16	544,946	1,129,113
Net change in fair value of investments designated at FVOCI	8	-	8,242,217
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		544,946	9,371,330
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		272,084,479	309,727,595
Earnings per share			
Basic and diluted earnings per share from net profit for the year	30	1.53	1.69


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 And Chairman of the Audit Committee Mr. Suleiman
 bin Nasser
 Al-Hattlan


 Chief Executive Officer
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 Al-Kadi

The attached notes (1) to (33) form an integral part of these financial statements.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(All Amounts in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve of Investments designated at FVOCI	Total shareholders' equity
Balance as at 31 December 2021	1,777,777,770	97,891,859	129,094,523	16,478,192	2,021,242,344
Net income for the year	-	-	300,356,265	-	300,356,265
Other comprehensive income for the year	-	-	1,129,113	8,242,217	9,371,330
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	301,485,378	8,242,217	309,727,595
Transferred to statutory reserve	-	30,035,626	(30,035,626)	-	-
Dividends (Note 29)	-	-	(133,333,333)	-	(133,333,333)
Transferred from the revaluation reserve of investments designated at FVOCI to retained earnings (Note 9)	-	-	27,533,479	(27,533,479)	-
Balance as at 31 December 2022	1,777,777,770	127,927,485	294,744,421	(2,813,070)	2,197,636,606
Balance as at 31 December 2022	1,777,777,770	127,927,485	294,744,421	(2,813,070)	2,197,636,606
Net income for the year	-	-	271,539,533	-	271,539,533
Other comprehensive income for the year	-	-	544,946	-	544,946
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	272,084,479	-	272,084,479
Transferred to statutory reserve	-	27,153,953	(27,153,953)	-	-
Dividends (Note 29)	-	-	(88,888,889)	-	(88,888,889)
Transferred from the revaluation reserve of investments designated at FVOCI to retained earnings (Note 9)	-	-	-	-	-
Balance as at 31 December 2023	1,777,777,770	155,081,438	450,786,058	(2,813,070)	2,380,832,196


Chief Financial Officer
Mr. Mohammed Alkulaib


Member of the Board of Directors And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan


Chief Executive Officer
Mr. Jehad Abdul Rahman Al-Kadi


The attached notes (1) to (33) form an integral part of these financial statements.

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ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All Amounts in Saudi Riyals unless otherwise stated)

	2023	2022
OPERATING ACTIVITIES		
NET INCOME FOR THE YEAR	271,539,533	300,356,265
Adjustments:		
Depreciation of property, plant and equipment, investment properties and right of use Assets	42,852,694	38,384,133
Finance costs	2,707,289	2,899,047
Murabaha deposits income	(484,526)	(17,225,690)
Share of profit of an associate	(97,498,489)	(190,465,838)
Gains on sale of property, plant and equipment	-	(38,405)
Gains of sale of investment properties	(37,882,788)	-
Provided for expected credit loss allowance	8,504,112	11,933,638
Provided for employees benefit liabilities	4,245,315	2,124,199
Provided for Zakat	20,320,238	12,687,913
	214,303,378	160,655,262
Changes in working capital:		
Accounts receivable, prepayments and other receivables	21,184,244	(24,134,829)
Accounts payable, accrued expenses and other payables	6,737,480	(14,261,646)
Employees' defined benefit obligations paid	(1,955,999)	(913,781)
Zakat provision paid	(14,473,751)	(9,306,257)
Net cash flows from operating activities	225,795,352	112,038,749
INVESTING ACTIVITIES		
Proceeds from liquidation and sale of investments designated at FVOCI	-	68,879,324
Proceeds from / (additions to) murabaha investment deposits	45,000,000	(275,000,000)
Purchase of investment properties	(3,649,080)	(189,867,685)
Dividends received from an associate	91,581,600	272,780,692
Purchase of property, plant and equipment	(5,884,698)	(7,518,637)
Addition of investments properties under development	(19,021,110)	(1,812,000)
Proceeds from sale of investments properties	41,359,395	-
Proceeds from sale of property, plant and Equipment	-	41,126
Net cashflows from / (used in) investing activities	149,386,107	(132,497,180)
FINANCING ACTIVITIES		
Lease liabilities paid	(6,200,000)	(6,200,000)
Recovered from the additional capital reduction	-	137,473,752
Dividends	(88,555,173)	(132,102,918)
Net cash used in financing activities	(94,755,173)	(829,166)
Increase/ (decrease) in cash and cash equivalents	280,426,286	(21,287,597)
Cash and cash equivalents at the beginning of the year (Note 24)	34,555,510	55,843,107
Cash and cash equivalents at the end of the year (Note 24)	314,981,796	34,555,510
Non-cash transactions		
Transferred from investment properties under development to investment properties	952,370	2,109,650
Dividends payable	333,715	1,230,415
Change in fair value of investments designated at FVOCI	-	8,242,217


Chief Financial Officer
Mr. Mohammed Alkulaib


Member of the Board of Directors And Chairman of the Audit Committee
Mr. Suleiman bin Nasser Al-Hattlan


Chief Executive Officer
Mr. Jehad Abdul Rahman Al-Kadi

The attached notes (1) to (33) form an integral part of these financial statements.

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ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

1- COMPANY INFORMATION

Arriyadh Development Company (a Saudi joint stock company) (hereinafter referred to as the "Company") was established by Royal Decree No. M/2 dated 9 Safar 1414 H (corresponding to 28 July 1993). The Company is registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010124500 issued in the city of Riyadh on 29 Dhu Al-Qi' dah 1414 H (corresponding to 10 May 1994). The Company is listed on the Saudi Stock Exchange (Saudi Tadawul). The Company's head office is located in Riyadh, King Fahd Road, Al-Dirah District, P. O. Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the Company are the purchase and sale of lands and real estate, its division, off-plan sales activities, management and leasing of owned or leased out residential and non-residential properties, in addition to real estate development of residential and commercial buildings using modern construction methods, as well as the wholesale and retail sale of new and used private cars, including ambulances, minibuses and four-wheel drive vehicles.

2- BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The financial statements have been prepared on the historical cost convention except investments in equity instruments at fair value and the recognition of employee benefit liabilities at the present value of future liabilities using the expected credit unit method.

The financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES

The summary of material accounting policies adopted by the Company in preparing its financial statements are applied consistently as follows:

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- due to be settled within twelve months after the reporting period, or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

The Company classifies all other liabilities as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and other short-term highly liquid investments if any, with maturities of less than three months from the acquisition date.

Assets held for sale

Assets held for sale are recognized and measured in accordance with International Financial Reporting Standards (IFRS) 5 - Non-current Assets Held for Sale and Discontinued Operations. An asset is classified as held for sale if it meets the criteria specified in IFRS 5, indicating that it is expected to be sold within one year from the financial statement's date.

Assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell at the date of classification as held for sale. The carrying amount of the asset is not depreciated or amortized once it is classified as held for sale.

Measurement:

The carrying amount of assets held for sale is determined based on their historical cost less any accumulated depreciation and impairment losses, adjusted for any revaluation surplus or deficit, where applicable.

Fair value less costs to sell is determined based on the estimated selling price in an arm's length transaction between knowledgeable, willing parties, less the estimated costs to sell.

Significant judgements and assumptions applied in determining assets held for sale, as well as the nature and extent of assets classified as held for sale, are disclosed in the notes to the financial statements.

Fair Value Measurement

The Company measures financial instruments such as investments in equity instruments at FVOCI, and investments at FVTPL at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial assets considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement isn't unobservable.

Investment properties

Investment properties include lands, buildings held by the company for rental or capital development, or both. Investment properties are initially measured at cost. The fair value is determined on the basis of an annual valuation by an independent external valuer with recognized professional qualifications for the purpose of disclosure in the financial statements.

Investment properties are stated at cost less accumulated depreciation, if any. Such cost includes the cost of replacing part of the Investment properties. When significant parts of investment properties are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investments properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria related to recognised provision are satisfied.

The depreciation of buildings according to the straight-line method is calculated on the basis of their useful life by adopting the following annual ratios:

Building	1.6% – 7%
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Investment lands include lands wholly owned by the company (except as mentioned in Note 5) that are carried at cost plus development expenses.

An item of investment properties and any material part is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss for the year when the asset is derecognized. The residual values, useful lives and methods of depreciation of investments properties are reviewed at each financial period end and adjusted prospectively, if appropriate.

Investment Properties under Development

Investment properties under development are represented by the amount incurred on the establishment or purchase of investment properties under development. And upon completion and as appropriate, it is transferred to investment properties. Investment properties under development are stated at cost and any impairment is reviewed annually (if any).

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria related to recognized provision are satisfied.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

• Tools and equipment	4 years
• Furniture and Decoration	4 years
• Computers	4 years
• Motor vehicles	4 years

The useful life and depreciation method are periodically reviewed to ensure that the depreciation method and period are consistent with the expected economic benefits of property, plant and equipment.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. For all such lease arrangements the Company recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-Of Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance of fixed lease payments or a change in the assessment to purchase the underlying asset.

ARRIYADH DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., below SR 20,000). Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Investment in an associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investments in an associate are accounted for using the equity method, and initially recognized at cost.

Under the equity method, investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date the Company determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in 'Company's share in earnings of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate the Company measures and recognizes any retained investment at its fair value. difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds disposal is recognized in the statement of profit or loss.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

First: Financial Assets

The classification of financial assets depends on the Company's business model for managing its financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as:

- Financial assets measured at amortized cost, or
- Financial assets measured at fair value.

Gains or losses of assets measured at fair value are recognized through the statement of profit or loss or other comprehensive income.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Initial Measurement

Financial assets are measured initially at its fair value plus transaction cost. Transaction costs of financial assets carried at fair value through income statement are recognized in the statement of profit or loss and other comprehensive income as incurred.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements to be recognized as solely payment of principal and interest (SPPI).

Subsequent Measurement

Debt Instruments

The Company recognizes three classifications to subsequently measure its debt instruments.

• *amortized cost*

Financial assets held for collection of contractual cash flows, where those cash flows represent Solely Payments of Principal and Interest ("SPPI"), are measured at amortized cost. A gain or loss on a debt investment subsequently measured at amortized cost and not part of a hedging relationship is recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• *Fair value through Other Comprehensive Income (FVTOCI)*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss and other comprehensive. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI, is reclassified from equity to the statement of profit or loss and other comprehensive income and recognized in other revenues/ (expenses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other revenues/expense.

• *Fair value through profit or loss ("FVTPL")*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income. This category includes derivative financial instruments.

Equity Instruments

The Company measures all equity investments at fair value and presents changes in fair value of equity investments in OCI. Dividends from such investments continue to be recognized in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through the statement of profit or loss and other comprehensive income.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

First: financial assets (continued)

Derecognition

A financial asset or a part of a financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired, Or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
 - A. The Company has transferred substantially all the risks and rewards of the asset, or
 - B. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through other Comprehensive Income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognized in two stages: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL), either for those credit exposures for which there has been a significant increase in

Credit risk since initial recognition, an expected loss allowance is required over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date after forming a provision for accounts receivables not expected to be collected. The company has made a provision matrix that is based on the experience of prior credit losses, adjusted to future factors related to debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there is a significant increase in credit risk when contractual payments are due for more than 60 to 90 days more than the due date.

The Company considers a financial asset in default when contractual payments are 90 days. In some cases, the Company may also consider that the financial asset to be in default when internal and external information indicates that the Company is not probable not receive the full existing contractual amounts before taking into account the credit improvements held by the Company. A financial asset is written off in the case there is no reasonable expectation of from the contractual cash flows.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

Second: Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVTPL; and
- Other financial liabilities measured at amortized cost using the EIR method.

The category of financial liabilities at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVTPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognized when the Company becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and payables, the proceeds received net of directly attributable transaction costs.

Subsequent Measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the statement of profit or loss.

For other financial liabilities, including loans, after initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the statement of profit or loss.

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derecognition

Financial liabilities are derecognized when the obligations under the liabilities are settled or discharged. When existing financial liabilities are replaced by others from the same lender on substantially different terms, or the terms of existing liabilities are substantially modified, such an exchange or modification is treated as the derecognition of the original liabilities and the recognition of new liabilities. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is disclosed in the statement of financial position if there is a currently enforceable legal right to offset recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Zakat and Taxes

Zakat is provided for the Company in accordance with the Regulations of Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

The Company withholds taxes on certain transactions with non-resident counterparties in the Kingdom of Saudi Arabia as required under ZATCA regulations.

Employees benefit obligations

The liabilities recognized in the statement of financial position in respect of the employees' defined benefits liabilities, is the present value of the employees' defined benefits liabilities at the end of the reporting period. The employees' defined benefits liabilities are calculated annually by independent actuaries using the projected unit credit method.

The net finance cost is calculated by applying the discount rate to the net balance of the employees' defined benefits liabilities. This cost is included in employee benefit Expenses in the statement of income and other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of profit or loss and other comprehensive income. They are included in retained earnings in the statement of changes in shareholder's equity and in the statement of financial position.

Changes in the present value of the employees' end of service termination benefits liabilities resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Revenue

Revenue is measured based on the amount specified in a contract with a customer and excludes the amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to the customer. The application of the principles in IFRS 15 is carried out in five steps:

- Step 1: Identify the contract(s) entered into with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and the Company criteria for every contract that must be met.
- Step 2: Identify the performance obligation(s) in the contract: A performance obligation is a promise in contract with a customer to transfer goods or render a service to a customer.
- Step 3: Determine the transaction price; The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognize revenue when the Company satisfies a performance obligation.

The Company's revenues are as follows:

a) Revenue from the sale of investment properties

Revenue from the sale of investment lands held for sale (developed or undeveloped) are recognized at a certain point in time when implementing and completing the sale process and transferring significant ownership risks and concessions to the buyer, as well as the revenues resulting from the sale of land contributions (under development) are recognized upon entering into the sale contract and the issuance of a contribution certificate to the new owner.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Revenue (Continued)

b) Operating revenue

The revenues resulting from the operation of the investment property are recognized when contracting or when providing the service, and the revenue is calculated for the period related to the reporting period by straight-line or operating period, and other revenues are recognized when realized.

c) Rental revenue

The Company is the lessor in operating leases. Rental income arising from operating leases on investment property is recognized on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature, except for contingent rental revenue which is recognized when it arises. Initial direct costs incurred in negotiating and entering into an operating lease is recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for vandalism are recognized in the statement of profit or loss and other comprehensive income when the right to receive them arises.

Costs of revenues

Revenue costs include amounts that are directly attributable to revenue generation such as: Expenses related to the management and maintenance of properties, its depreciation and the cost of land sold.

General and Administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of direct costs of revenue, sales or marketing activities of the Company.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, they are probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Segmental Information

A business segment is a set of assets and operations that together share the delivery of products or services subject to risks and returns that differ from those of other business sectors and that are measured according to reports used by the Chief Executive Officer and the company's chief operating decision maker.

Earnings Per Share

Basic and diluted EPS is calculated based on the weighted average number of outstanding shares as at end of the year.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Use of estimates and judgments

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant influence causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has determined its estimates and assumptions based on the factors available when preparing the financial statements.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are recognized prospectively.

Use of Estimates and Assumptions

The Company sets out estimates and assumptions for future. Accounting estimates arising from this might be rarely similar to related actual results. Below are estimates and assumptions that are subject to material risks that may lead to a significant adjustment in the book values of assets and liabilities during the subsequent financial year.

Expected credit losses provision

For accounts receivable, the Company applies a simplified approach in calculating ECLs. Accounts receivable have been grouped in accordance with common credit risk and past due dates. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Useful Life of investment properties, plant and equipment

The company's management determines the estimated useful life of investment properties, plant and equipment for the purpose of calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management periodically reviews annually estimated useful lives and depreciation method to ensure that the depreciation method and duration are consistent with the expected pattern of economic benefits of the assets.

Employees' end of service benefits

The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation requires making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, resulting from assessments raised by ("ZATCA") for previous years are accounted for in the year in which these final assessments are raised.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, they are probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Provisions (continued)

Impairment of non-financial assets

The company assess the asset on the reporting date whether there is an indication that the asset has impaired. If any such indication exists, then the Company estimates the asset's recoverable amount. The asset's recoverable amount is the higher of an asset's fair value asset less costs to sell and value in use. In assessing value in use, the estimated future cash flows of the asset are discounted to their present value using a discount price that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit and loss. If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the adjusted value of the recoverable amount, but only to the extent that the carrying amount is no more than the carrying amount that would have been determined in the absence of impairment loss of the asset's carrying amount in previous years. A reversal impairment loss is recognized immediately in statement of profit and loss.

New standards, amendments and interpretations

The Company applied for the first-time certain standards and amendments which are effective on an annual basis for the periods beginning on or after 1 January 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates- Amendments to IAS (8)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

This amendment had no impact on the financial statements of the Company.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'significant' accounting policies material and adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Company's financial statements.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued as listed below, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The seller-lessee recognized any amount of profit or loss related to the right of use that it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Company's financial statement.

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

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3- SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

New standards, amendments and interpretations (Continued)

Standards issued but not yet effective (Continued)

Classification of Liabilities as Current or Non-current- Amendments to IAS 1

In January of 2020 and October of 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan. Agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May of 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

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4. Property, plant and equipment

	<i>Plant and Equipment</i>	<i>Furniture and Decoration</i>	<i>Motor vehicles</i>	<i>Projects in progress</i>	<i>Total</i>
Cost:					
At 1 January 2022	10,139,724	4,880,204	1,306,996	1,011,487	17,338,411
Additions	3,182,386	232,399	239,220	3,864,632	7,518,637
Disposals	(1,235,936)	(23,197)	-	-	(1,259,133)
Transfer from projects in progress to property, plant and equipment	1,627,858	-	-	(1,627,858)	-
At 31 December 2022	13,714,032	5,089,406	1,546,216	3,248,261	23,597,915
Additions	604,518	173,942	-	5,106,238	5,884,698
Disposals	-	-	-	-	-
Transfer from projects in progress to property, plant and equipment	4,768,128	-	-	(4,768,128)	-
At 31 December 2023	19,086,678	5,263,348	1,546,216	3,586,371	29,482,613
Depreciation:					
At 1 January 2022	8,958,442	4,528,147	961,547	-	14,448,136
Charge for the year	1,007,192	119,783	119,769	-	1,246,744
Related to disposals	(1,234,682)	(21,730)	-	-	(1,256,412)
At 31 December 2022	8,730,952	4,626,200	1,081,316	-	14,438,468
Charge for the year	2,181,465	181,560	156,124	-	2,519,149
Related to disposals	-	-	-	-	-
At 31 December 2023	10,912,417	4,807,760	1,237,440	-	16,957,617
Net Book Value:					
At 31 December 2023	8,174,261	455,588	308,776	3,586,371	12,524,996
At 31 December 2022	4,983,080	463,206	464,900	3,248,261	9,159,447

- The depreciation of property, plant and equipment is charged as follows:

	<i>31 DECEMBER 2023</i>	<i>31 DECEMBER 2022</i>
Cost of revenue	1,715,926	865,865
General and Administration expenses	803,223	380,879
	2,519,149	1,246,744

ARRIYADH DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2023
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5. INVESTMENT PROPERTIES

	<i>Lands</i>	<i>Lands on which buildings are constructed</i>	<i>Buildings</i>	<i>TOTAL</i>
Cost :				
1 January 2022	211,190,203	401,428,705	1,157,523,613	1,770,142,521
Additions	8,592,685	60,230,000	123,154,650	191,977,335
Reclassification	21,968,844	(21,968,844)	-	-
31 December 2022	241,751,732	439,689,861	1,280,678,263	1,962,119,856
Additions	-	-	3,649,080	3,649,080
Transfer from investment properties under development	-	-	952,370	952,370
Transfer from lands to lands on which buildings are constructed	(100,587,258)	100,587,258	-	-
Transferred to Assets held for sale	(2,247,695)	-	-	(2,247,695)
Disposals	(3,476,606)	-	(22,637,459)	(26,114,065)
31 December 2023	135,440,173	540,277,119	1,262,642,254	1,938,359,546
Depreciation:				
1 January 2022	-	-	401,720,752	401,720,752
Charge for the year	-	-	32,646,667	32,646,667
31 December 2022	-	-	434,367,419	434,367,419
Charge for the year	-	-	35,842,824	35,842,824
Disposals	-	-	(22,637,459)	(22,637,459)
31 December 2023	-	-	447,572,784	447,572,784
Net Book Value:				
31 December 2023	135,440,173	540,277,119	815,069,470	1,490,786,762
31 December 2022	241,751,732	439,689,861	846,310,844	1,527,752,437

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5. INVESTMENTS PROPERTIES, (Continued)

As set out in the material accounting policies, investment properties are stated at cost less accumulated depreciation. The fair value of investment properties amounted to SR 3,318,701,013 as at 31 December 2023 (31 December 2022: SR 4,193,387,000), based on the valuations performed by a real estate valuer, Esnad and its Partner for Real Estate Appraisal, with license no. 1210000448. (independent valuer accredited by the Saudi Authority for Accredited Valuers).

Investment properties include buildings constructed on land leased from the Riyadh Municipality (Otaqa Market) under 23-year lease starting from 30 March 2011, which will be transferred to the Municipality at the end of the lease. The net book value as at 31 December 2023 amounted to SR 164.8 million (31 December 2022: SR 177.4 million).

The investment properties include lands totaling an amount of SR 28,872,546 not yet registered in the name of the Company as it was expropriated in favor of the Company under Royal Decree No. 4 / B / 2732 dated 8 Rabi Al Awwal 1412H. However, the previous owners of the lands have not submitted their claims and haven't transferred the land ownership to the Company until 31 December 2023. (Note 18).

The fair value measurement of the investment property is categorized under Level 3 of the fair value hierarchy.

All investment properties are located in the Kingdom of Saudi Arabia.

6. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The carrying value of the recognized right-of-use assets and changes during the year are as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
Balance at the beginning of the year	49,603,946	54,094,668
Depreciation for the year	(4,490,722)	(4,490,722)
Balance at the end of the year	45,113,224	49,603,946

The lease liabilities as at 31 December are as follows:

	<i>31 December 2023</i>	<i>31 December 2022</i>
Non-current lease liabilities	42,077,256	45,579,655
Current lease liabilities	6,009,280	5,999,592
Total lease liabilities	48,086,536	51,579,247

The following is the carrying amount of lease liabilities and changes during the year:

	<i>31 December 2023</i>	<i>31 December 2022</i>
Balance at the beginning of the year	51,579,247	54,880,200
Paid during the year	(6,200,000)	(6,200,000)
Accrued interest- lease liabilities	2,707,289	2,899,047
Balance at the end of the year	48,086,536	51,579,247

The following are the amounts recognized in profit or loss:

	<i>31 December 2023</i>	<i>31 December 2022</i>
Depreciation of right of use assets	4,490,722	4,490,722
Interest expense on lease liabilities	2,707,289	2,899,047
	7,198,011	7,389,769

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7. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	1,819,500	2,117,150
Additions	19,021,110	1,812,000
Transferred to investment properties (Note 5)	(952,370)	(2,109,650)
Balance at the end of the year	<u>19,888,240</u>	<u>1,819,500</u>

8. INVESTMENT DESIGNATED AT FVOCI

Investments at FVOCI are represented as the following:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Investments in companies' equity listed on the Saudi Stock Exchange (a)	-	-
Investments in companies' equity not listed on the Saudi Stock Exchange (b)	986,929	986,929
	<u>986,929</u>	<u>986,929</u>

The movement in the revaluation reserve of Investments designated at FVOCI was as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	(2,813,070)	16,478,192
Change in the fair value of investments designated at FVOCI	-	8,242,217
Transferred from revaluation reserve of investments designated at FVOCI to retained earnings	-	(27,533,479)
	<u>(2,813,070)</u>	<u>(2,813,070)</u>

a) Investments in companies' equity listed on the Saudi Stock Exchange (a)

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	-	59,437,107
Additions during the year	-	-
Change in fair value	-	8,242,217
Proceeds from disposals during the year *	-	(67,679,324)
Balance at the end of the year	<u>-</u>	<u>-</u>

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8- INVESTMENT DESIGNATED AT FVOCI (Continued)

b) Investments in companies' equity not listed on the Saudi Stock Exchange

The board of directors decided at its meeting held on 15 January 2015 to enter as a founding partner in Saudi Hospitality Heritage Company ("Nuzul") (Saudi Closed Joint Stock Company) located in Riyadh, with 2,000,000 shares at total value of SR 20 million and 8% of the Company's capital. The Company paid a payment of SR 5,000,000 for its investment share.

During the period ended 31 December 2022, the shareholders of Nuzul decided to liquidate the company, and the Company received during the period an amount of SR 1,200,000 till the completion of the liquidation procedures. The Company's management does not believe that any additional losses will result from the liquidation process.

The investment movement is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	986,929	2,186,929
Change in fair value	-	-
Recovered from liquidation	-	(1,200,000)
Balance at the end of the year	<u>986,929</u>	<u>986,929</u>

9- INVESTMENT IN AN ASSOCIATE

During 2019, the Company, agreed with Sumou Holding Company, to establish Tanal Investment and Real Estate Development Company ("Tanal") (a Limited Liability Company) with a capital of SR 100,000, with 69.38% for Arriyadh Development Company and 30.62% for Sumou Holding Company - which is The same proportions of ownership of companies in the First Riyadh Al-Tameer Real Estate Fund - for the purpose of transferring the assets and liabilities of the First Riyadh Al-Tameer Real Estate Fund, which was closed and its assets has transferred in 2019 to Tanal Investment and Real Estate Development Company and its subsidiary (Ruba Real Estate Building Company), which is 100% owned.

The financial statements of Tanal Investment and Real Estate Development Company have not been consolidated due to the lack of control by the Company, as the Company does not currently have majority voting rights on operational and administrative decisions, as the Articles of Association states that a board of directors consisting of (5) five directors shall undertake the management of Tanal Company. They represent the partners and form among themselves the Board of Directors of Tanal Company, whereby the partner (Sumou Holding Company) appoints (3) three directors, and the partner (Arriyadh Development Company) appoints (2) directors. The Article of Association can't amended unless there is unanimous approval by all partners. Accordingly, significant influence exists for the Arriyadh Development Company on the Tanal Company, and the investment was accounted for using the equity method.

During the second quarter of 2021, it was agreed between partners in Tanal Company to transfer part of the share of Sumou Holding Company to Sumou Real Estate Company - a Saudi Joint Stock Company, and the Company's Article of Association was amended accordingly. Accordingly, the percentage of ownership in the Tanal Investment and Real Estate Development Company became 69.38% for the Arriyadh Development Company, 20.62% for the Sumou Holding Company and 10% for the Sumou Real Estate Company. The method of accounting the investment in Tanal Investment and Real Estate Development Company was not affected due to the non-change of the voting rights referred to above in the Articles of Association.

The address of the head office of Tanal Company is in Riyadh. The Company is engaged in the management and leasing of owned or leased out properties (residential), management and leasing of owned or leased out properties (non-residential).

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9. INVESTMENT IN AN ASSOCIATE (Continued)

Summary of the financial information of Tanal Investment and Real Estate Development Company and its wholly owned subsidiary (Ruba Buildings Real Estate Company)

The financial statements of this Company and its subsidiary are prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The following table shows the summarized financial information of the Company's investment in Tanal Investment and Real Estate Development Company:

	31 December 2023	31 December 2022
At the beginning of the year	231,347,588	451,136,194
Share in profits	97,498,489	190,465,838
Decrease in additional capital	-	(137,473,752)
Dividends received	(91,581,600)	(272,780,692)
At the end of the year	237,264,477	231,347,588

The following is the summarized consolidated statement of financial position of Tanal Investment and Real Estate Development Company:

	31 December 2023	31 December 2022
Current assets	352,294,129	355,833,444
Non-current assets	-	-
Current liabilities	(10,315,327)	(22,382,876)
Equity	341,978,802	333,450,568
The Company's share in equity	237,264,477	231,347,588
The Company's carrying amount of investment	237,264,477	231,347,588

The following is the summarized consolidated statement of profit or loss and other comprehensive income of Tanal Investment and Real Estate Development Company:

	2023	2022
Revenue	269,468,247	563,625,557
Cost of revenue	(116,426,673)	(275,702,909)
General and Administrative expenses	(3,579,920)	(3,567,770)
Selling and marketing expenses	-	(914,636)
Finance costs	-	-
Other income	-	-
Income before Zakat	149,461,654	283,440,242
Zakat	(8,933,420)	(8,914,674)
Net income for the year	140,528,234	274,525,568
The Company's share in the income for the year	97,498,489	190,465,838

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10. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLE

	31 December 2023	31 December 2022
Accounts receivable	108,263,352	113,456,734
Less: Provision for expected credit loss*	(48,376,304)	(39,872,192)
Net accounts receivable	59,887,048	73,584,542
Accrued Murabaha revenue from deposits	484,524	17,225,690
Advances to suppliers	1,522,060	4,123,659
Prepaid expenses	1,613,480	1,338,507
Employees' advances	1,507,528	563,570
Others	3,300,117	682,620
	68,314,757	97,518,588

* The movement of the provision for expected credit loss during the year is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	39,872,192	27,938,554
Provided during the year (Note 23)	12,510,445	13,444,768
Reversal during the year	(4,006,333)	(1,511,130)
Balance at the end of the year	48,376,304	39,872,192

The following is an analysis of the aging of receivables and the provision for expected credit losses as at December 31:

	Total	1- 90 Days	91- 180 Days	181- 270 Days	271- 365 Days	More than one year
Trade receivables						
2023	108,263,352	33,102,582	16,108,442	3,310,450	12,896,362	42,845,516
2022	113,456,734	27,375,151	27,209,279	6,115,081	15,625,783	37,131,440
Provision for expected credit loss						
2023	48,376,304	1,134,814	1,510,010	571,379	3,478,861	41,681,240
2022	39,872,192	1,359,988	2,961,146	1,263,959	4,409,465	29,877,634

11. RELATED PARTY TRANSACTIONS

Related parties are represented in transactions with the associate (Tanal Investment and Real Estate Development Company), the Board of Directors (and its sub-committees), key management personnel of the Company. Key management personnel are the persons who exercise authority and responsibility in planning, managing and controlling the Company's activities, directly or indirectly, including the managers.

During the normal course of its business, the Company had the following significant transactions with major related parties during the year ended 31 December 2023 and 2022, as follows:

Description	Nature of transaction	31 December 2023	31 December 2022
Tanal Investment and Real Estate Development Company (Associate)	Additional capital reduction	-	137,473,752
Board of Directors (Note 23)	Dividends	91,581,600	272,780,692
	Bonus and allowances	3,156,000	3,357,000
Key management personnel	Salaries, allowances and incentives	17,379,521	13,805,868
Key management personnel	End of service benefit	793,205	389,129

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12. MURABAHA INVESTMENT DEPOSITS

As at 31 December 2023, total Murabaha investment deposits amounted to SR 870 million (31 December 2022: SR 645 million), which were placed with a number of local financial institutions. The Murabaha rates range from 2.73% to 6.11% during the year.

Below is long or short term Murabaha classification:

Murabaha Investment Deposits – Long term

	31 December 2023	31 December 2022
Murabaha Investment Deposits with Banks	600,000,000	185,000,000
	<u>600,000,000</u>	<u>185,000,000</u>

Murabaha Investment Deposits – Short term:

	31 December 2023	31 December 2022
Murabaha Investment Deposits with Banks	270,000,000	60,000,000
Murabaha Investment Deposits with Investment Company	-	400,000,000
	<u>270,000,000</u>	<u>460,000,000</u>

The following is a statement of the revenue collected from deposits during the year:

	31 December 2023	31 December 2022
Revenue From Investment Deposits - long term	300,864	51,857
Revenue From Investment Deposits - short term	37,622,124	21,544,202
	<u>37,922,988</u>	<u>21,596,059</u>

13. ASSETS HELD FOR SALE

On the 26 of October 2023, the board of directors of the Company issued a resolution (49/05/10/2023) to authorize the CEO to sell the Company's share in the available Telal Arriyadh plots land in the event of receiving an offer that is suitable exceeding the average of two values submitted by two licensed valuers. The sale of the land plots is expected to be completed within a year from the reporting date. At 31 December 2023, Telal Arriyadh was classified as a disposal land held for sale and as a discontinued operation. With Telal Arriyadh land being reclassified as discontinued operations, the land is no longer presented in the investment properties note. There have been no revenue or cost associated with this land held for sale.

	31 December 2023	31 December 2022
Land held for sale	2,247,695	-

14. CASH AT BANKS

	31 December 2023	31 December 2022
Cash at Banks	44,981,796	34,555,510
	<u>44,981,796</u>	<u>34,555,510</u>

Credit risk on cash at banks is limited, as the cash is held with banks with good credit ratings.

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15. SHARE CAPITAL

The share capital consists of SR 1,777,777,770 fully paid, divided into 177,777,777 shares with value of SR 10 each.

16. STATUORY RESERVE

According to the Company's By-laws, the Company must transfer 10% of its net income each year until this reserve totals 30% of the capital. This reserve is not available for distribution.

17. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The Company grants end-of-service benefits to its employees after taking into account the applicable labor law in the Kingdom of Saudi Arabia. These benefits are an unfunded defined benefit plan.

The benefits provided by these pension plans are based primarily on years of service and employee compensation. The plan funding is in line with local requirements. The liabilities is subject to demographic, legal and economic risks. Economic risks are primarily attributable to unexpected developments in the commodities, capital markets and changes in the discount rate used to calculate defined benefit obligations.

Key actuarial assumptions:

	31 December 2023	31 December 2022
Financial assumptions:		
Discount rate	5.7%	6.1%
Salary growth rate	4%	3.8%
Demographic assumptions:		
Retirement age	60 Years	60 Years
Mortality rate	SA-WHO	SA-WHO

Movement in the present value of defined benefit obligations:

	31 December 2023	31 December 2022
Balance at the beginning of the year	10,659,905	10,578,600
Interest cost	433,396	211,580
Current service cost	3,811,919	1,912,619
Actuarial (gains) losses on employee benefit obligations	(544,946)	(1,129,113)
Paid during the year	(1,955,999)	(913,781)
Balance at the end of the year	<u>12,404,275</u>	<u>10,659,905</u>

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18. ACCOUNT PAYBLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2023	31 December 2022
Payables of Al-Shorouk land contribution (A)	84,280,797	87,664,963
Unearned revenue	44,001,330	39,552,182
Accruals for Car Auction	21,558,615	11,272,886
Accrued expenses	11,122,900	7,899,819
Payable from expropriated real estate (B)	28,872,546	28,872,546
Insurance for others	18,550,087	17,764,084
Accrued wages and other benefits	17,194,380	13,683,434
Provisions (C)	14,142,172	14,142,172
Securing reservation of rental units	3,868,044	3,514,102
Bonuses and allowances of board members & committee members	3,441,000	3,450,000
litigation expenses	1,396,418	11,602,077
Others	1,225,919	3,498,463
	249,654,208	242,916,728

- a) These amounts represent the value of sales of Al-Shorouk contribution lands that were collected by the Company, and the liquidation of the contribution is in progress after deducting all remaining costs on Al-Shorouk lands shareholders in favor of the Company.
- b) The amount represents the payable amounts to the previous owners of the properties that were expropriated under Royal Decree No. 4 / B / 2732 dated 8 Rabi Al-Awal 1412 H those who have not yet claimed their dues until 31 December 2023 (Note 5).
- c) The amount of the provisions represents commitments for construction works for the implementation of a canal for draining flood and rain in Al-Shorouk lands in Al-Remal district, according to the request of the regulatory authorities in the region.

19. DIVIDENDS PAYABLE

The balance represents the amounts approved by the ordinary general assembly of the Company for previous years, which the shareholders did not receive until 31 December 2023 amounting to SR 74,251,232 (31 December 2022: SR 73,917,517).

20. ZAKAT PROVISION

Assessment status

The Company submitted zakat returns up to 2022 and finalized its zakat position for the years 2019 and 2020 by paying zakat differences amounting to SR 1 one million. During the years 2020 and 2021, the Company received Zakat assessment for the previous years from 2015 to 2018, which resulted in a total zakat difference of SR 109 million. An objection was submitted against These differences to the General Secretariat of Tax Committees. In addition, the case was submitted to The Tax Committees for Resolution of Tax Violations and Disputes with Zakat, Tax and Customs Authority (ZATCA) in exchange for paying a certain amount to settle the dispute, and a payment of an amount of SR 59 Million was reached, but the amount was rejected by the Company's management. The Company decided to appeal the foreseeable objection before the General Secretariat of the Tax Committees. The ruling of the Committee for Settlement of Tax and Income Violations and Disputes was issued, which resulted in a reduction in the amount of zakat under protest by SR 39 million. The Company filed an appeal against this decision to the first appellate Department for income tax violation and disputes at the General Secretariat of Tax Committees. The Company is still awaiting a response from the Appeals Department.

Movement in Zakat provision

	31 December 2023	31 December 2022
Balance at the beginning of the year	21,033,942	17,652,286
Provided during the year	20,320,238	12,687,913
Paid during the year	(14,473,751)	(9,306,257)
Balance at the end of the year	26,880,429	21,033,942

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20. ZAKAT PROVISION (continued)

Zakat base

Zakat provision is calculated based on the following:

	31 December 2023	31 December 2022
Adjusted shareholders' equity	2,200,449,677	2,004,764,150
Opening provisions	59,147,386	50,380,175
Other additions	122,328,080	133,842,793
The book value of the adjusted long-term assets	(1,570,560,917)	(1,588,335,330)
Investments	(238,251,406)	(232,334,517)
Investments revaluation reserve	(2,813,070)	(2,813,070)
Other deductions	(89,175,737)	(133,333,333)
Adjusted net profit for the year	316,735,332	339,564,864
Zakat base	797,859,345	571,735,732
Zakat for the year	20,320,238	14,473,752

21. REVENUE

	2023	2022
Rental revenue	220,941,681	187,667,948
Operating income	76,884,329	71,229,086
Sale of lands revenue	41,359,395	-
	339,185,405	258,897,034

22. COST OF REVENUE

	2023	2022
Depreciation expenses	42,033,057	37,985,374
Employees' salaries, wages and other benefits	24,042,553	15,114,172
Market and center maintenance expenses	15,742,141	4,369,129
Market and center cleaning expenses	13,212,986	9,801,659
Security and safety expenses	9,901,886	9,149,910
Market and center service expenses	3,986,942	3,686,005
Land selling costs	3,476,607	-
Market and center event expenses	2,833,142	2,411,893
Franchise expenses	2,500,000	2,539,136
Other Expenses	5,245,537	3,654,942
	122,974,851	88,712,220

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employees' salaries, wages and other benefits	35,429,779	29,917,676
Loss of a provision for expected credit losses (Note 10)	12,510,445	13,444,768
Professional and consultation fees	13,511,582	12,663,378
Accrued litigation expenses	-	4,509,174
Board of directors' attendance allowances and compensation (Note 11)	3,156,000	3,357,000
Maintenance and operation	1,263,624	1,467,736
Others	3,231,522	1,336,713
	69,102,952	66,696,445

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24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following.

	2023	2022
Cash at Banks (Note 14)	44,981,796	34,555,510
Deposits maturing within 3 months from the placement date (Note 12)	270,000,000	-
	314,981,796	34,555,510

25. SEGMENT INFORMATION

The segment information is attributable to the Company's activities and business on the bases of which the Company's management used to prepare its financial information in line with financial reporting preparation process.

The assets, liabilities and operating activities of the segments include items that are directly related to a specific segment and items that can be allocated to the different segments on a reasonable basis. Items that cannot be allocated between the segments are classified under the heading of common assets and liabilities.

The following is a summary of the segmental financial information in Saudi Riyal as at 31 December 2023 and 2022, respectively according to the nature of the activity:

	Commercial centers segment	Public benefit segment	lands and contributions segment	Common assets and liabilities segment	Total
31 December 2023:					
Total assets	1,412,878,033	116,230,870	135,440,173	1,127,559,800	2,792,108,876
Total liabilities	121,189,654	25,252,478	98,422,969	166,411,579	411,276,680
31 December 2022:					
Total assets	1,441,704,521	106,827,614	138,916,780	910,295,030	2,597,743,945
Total liabilities	114,867,474	19,736,741	110,038,427	155,464,697	400,107,339
31 December 2023:					
Revenue	162,510,242	135,315,768	41,359,395	-	339,185,405
Costs of revenues	(94,450,684)	(25,047,560)	(3,476,607)	-	(122,974,851)
Finance costs	(2,707,289)	-	-	-	(2,707,289)
Other Income	-	-	11,274,109	763,872	12,037,981
Operating results	65,352,269	110,268,208	49,156,897	763,872	225,541,246
General & administrative expenses	-	-	-	(69,102,952)	(69,102,952)
Mudarabah income	-	-	-	37,922,988	37,922,988
Share of profit of an associate	-	-	-	97,498,489	97,498,489
Net profit for the period before zakat	65,352,269	110,268,208	49,156,897	67,082,397	291,859,771
Zakat	-	-	-	(20,320,238)	(20,320,238)
Net profit for the period	65,352,269	110,268,208	49,156,897	46,762,159	271,539,533
31 December 2022:					
Revenue	145,376,365	113,520,669	-	-	258,897,034
Costs of revenues	(73,182,530)	(15,529,690)	-	-	(88,712,220)
Finance costs	(2,899,047)	-	-	-	(2,899,047)
Other Income	187,103	183,061	-	22,795	392,959
Operating results	69,481,891	98,174,040	-	22,795	167,678,726
General & administrative expenses	-	-	-	(66,696,445)	(66,696,445)
Mudarabah income	-	-	-	21,596,059	21,596,059
Share of profit of an associate	-	-	-	190,465,838	190,465,838
Net profit for the period before zakat	69,481,891	98,174,040	-	145,388,247	313,044,178
Zakat	-	-	-	(12,687,913)	(12,687,913)
Net profit for the period	69,481,891	98,174,040	-	132,700,334	300,356,265

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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25. SEGMENT INFORMATION (continued)

The commercial centers sector represents the public transportation market, Al-Tameer International Car Auction, Al-Tameer Center, Atiqa market, meat market, Riyadh market, office tower, and the leased land of Al-Aziziyah, the public benefit sector represents the fruit and vegetable center, the lands and contributions sector represent the Company's projects represented by the sale of developed lands, the common assets and liabilities segments represents all items that do not fall under any of the specific segments.

26. FAIR VALUES MEASUREMENT

The following table shows the fair value measurement hierarchy of the Company's financial assets and financial liabilities as at 31 December 2023 and 31 December 2022:

As at 31 December 2023	Carrying value	Level 1:	Level 2:	Level 3:	Fair Value
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929
As at 31 December 2022					
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929

The management assess that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their book value due to the short maturity of these instruments.

27. RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company's principal financial liabilities consist of trade payables, accruals and other liabilities. While the Company's main financial assets include trade and other receivables, cash and cash equivalents resulting directly arising directly from its operations. The Company also has investments in equity instruments that are carried at fair value through other comprehensive income.

The Company may be exposed to the following risks arising from financial instruments:

- Market risk
- Commission rate risk
- Foreign currency risk
- Credit risk
- Liquidity risk

The Company's overall risk management program focuses on managing liquidity in addition to monitoring various changes in the relevant market, and thus constantly seeks to reduce potential negative effects on the Company's financial performance. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices involve three types of risks Commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 DECEMBER 2023

(All Amounts in Saudi Riyals unless otherwise stated)

27. RISK MANAGEMENT POLICIES AND OBJECTIVES (Continued)

The sensitivity analysis in the following sections relate to the situation as at 31 December 2023 and 2022.

The sensitivity analysis has been prepared on the basis that the net debt value, the fixed-to-floating debt commission rate and the financial instrument ratio are all fixed and based on specific hedge allocations as at 31 December 2023.

The analysis excludes the effect of market changes on the book value of pensions and other post-retirement liabilities and provisions.

The following assumptions were used when calculating the sensitivity analyses:

- ▶ The sensitivity of the items related to the statement of profit or loss and other comprehensive income is the effect of assumed changes in the relevant market risk. This is based on the financial assets and financial liabilities acquired as at 31 December 2023 and 2022.

profit rate risk

The financial instruments on the statement of financial position are not subject to profit rate risk

Foreign currency risk,

The Company is not exposed to significant foreign exchange risk and therefore there is no need for effective management of this risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions and other financial instruments.

To reduce exposure to credit risk, the Company has approval procedures through which credit limits are applied to its customers. The management also constantly monitors exposure to credit risks related to customers and sets aside a provision for expected credit losses, based on the customer's status and payment history. Outstanding customer receivables are also monitored on a regular basis.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2023	31 December 2022
Cash at banks	44,981,796	34,555,510
Murabaha investment deposits*	870,000,000	645,000,000
Accounts receivables, net	59,887,972	73,584,542
Investments designated at FVOCI	986,929	986,929
	975,856,697	754,126,981

- * The Company has Murabaha investment deposits amounting to SR 870 million with a number of financial and local institutions, which represents about 31% of the value of the Company's assets as at 31 December 2023 (31 December 2022: 25%).

Cash at banks, Murabaha investment deposits and receivables are also accounted for at amortized cost.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize financial assets quickly at an amount close to its fair value.

liquidity risk is managed through monitoring such risks on a regular basis to assure sufficient funds are available to meet the Company's future obligations.

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31 DECEMBER 2023

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28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company continues as a going concern and gains maximum returns through optimal debt and shareholders' equity.

The Company's capital structure includes the Company's shareholders' equity, which consists of capital, reserves, fair value reserve and retained earnings as included in the statement of changes in shareholders' equity.

29. Dividends

Based on the approval of the General Assembly issued on 10 Shawwal 1444 H (corresponding to 30 April 2023) to authorize the Board of Directors to distribute interim dividends on a semi/quarterly basis for 2023, the Board of Directors of the Company decided during its meeting held on 9 Muharram 1445 H (corresponding to 27 July 2023) to distribute cash dividends for the first half of 2023 amounting to SR 44,444,444 at 25 halalas per share.

On 10 Shawwal 1444 H (corresponding to 30 April 2023), the Company's general assembly approved the Board of Directors' decision to distribute dividends for the first half of 2022 at 25 halalas per share for a total amount of SR 44,444,444 as well as the Board of Directors' recommendation to distribute dividends for the second half of 2022 at 25 halalas per share for a total amount of SR 44,444,444.

On 12 May 2022, the Company's General Assembly approved the Board of Directors' recommendation to distribute dividends for the second half of 2021 and the first half of 2022 at 75 halalas per share for a total amount of SR 133,333,333.

On 7 March 2024, the Board of Directors recommended distributing cash dividends to shareholders for the second half of 2023 at the rate of 50 halalas per share. This recommendation is to be presented to the General Assembly for its next voting.

30. COMMITMENTS AND CONTINGENCIES

The Company has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingencies arise in the ordinary course of business. No significant additional liabilities are expected to be incurred from these potential claims.

31. EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2023 and the year ended 31 December 2022 are calculated by dividing the net profit of the main business and the net profit for the year by the weighted average number of shares outstanding during the year, amounting to 177,777,777 shares.

Diluted earnings per share for the years ended 31 December 2023 and the year ended 31 December 2022 are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the year and adjusted for the effect of potential dilution of common shares. Since there is no obligation that can be converted into equity instruments, diluted earnings per share doesn't differ from basic earnings per share.

32. SUBSEQUENT EVENTS

There were no significant subsequent events after 31 December 2023 and up to the date of approval of the financial statements by the Board of Directors that might have a material impact on the financial statements as on 31 December 2023.

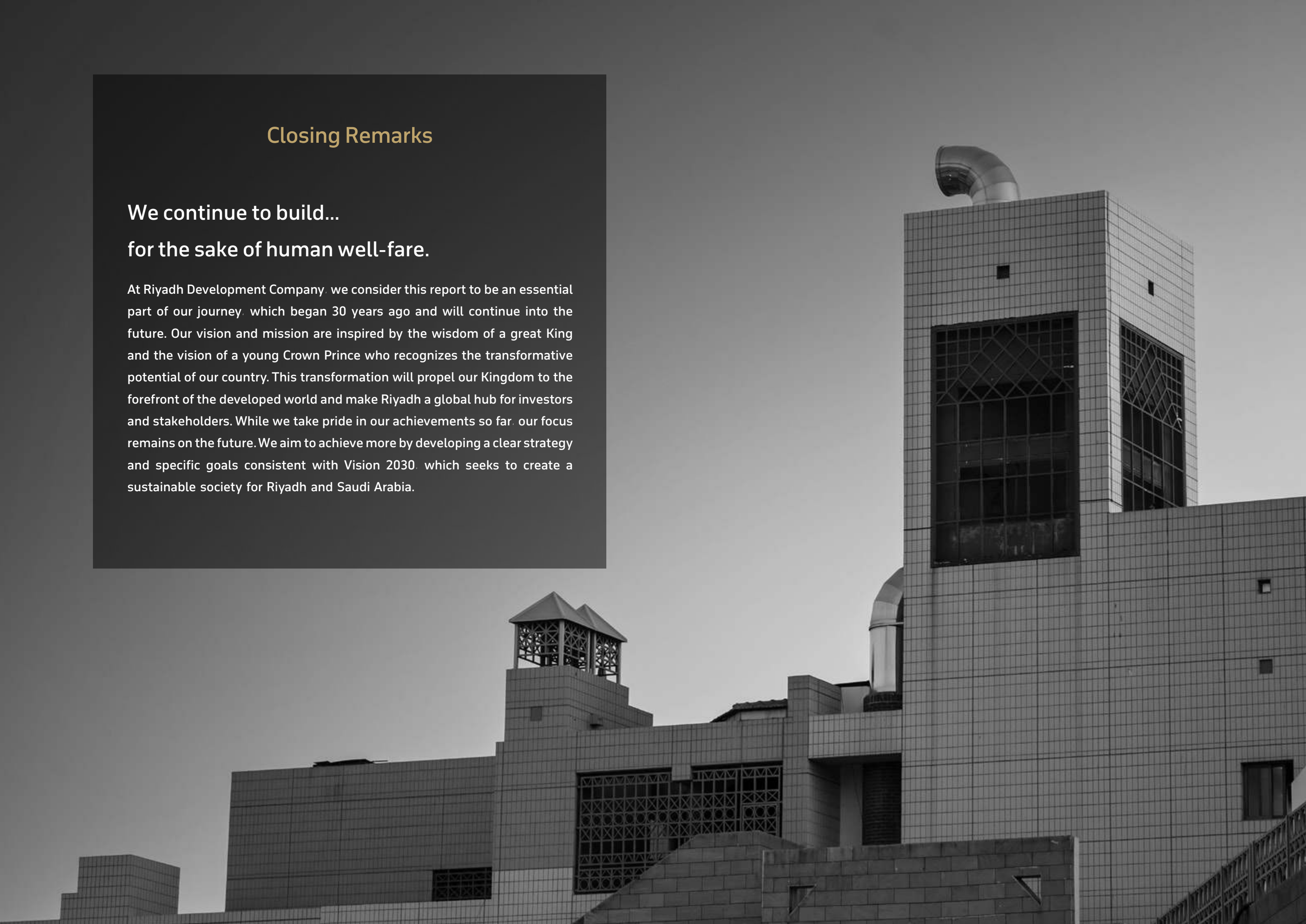
33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26 Sha'ban 1445H (corresponding to 7 March 2024).

Closing Remarks

**We continue to build...
for the sake of human well-fare.**

At Riyadh Development Company, we consider this report to be an essential part of our journey, which began 30 years ago and will continue into the future. Our vision and mission are inspired by the wisdom of a great King and the vision of a young Crown Prince who recognizes the transformative potential of our country. This transformation will propel our Kingdom to the forefront of the developed world and make Riyadh a global hub for investors and stakeholders. While we take pride in our achievements so far, our focus remains on the future. We aim to achieve more by developing a clear strategy and specific goals consistent with Vision 2030, which seeks to create a sustainable society for Riyadh and Saudi Arabia.



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