

# Al-Baha Investment and Development Company

Reducing the company's capital by seventy-eight million, seven hundred and five thousand (78,705,000) Saudi Riyals from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals. This will result in a decrease in the number of shares from two billion, nine hundred and seventy million (2,970,000,000) ordinary shares to two billion, one hundred and eighty-two million, nine hundred and fifty thousand (2,182,950,000) ordinary shares.

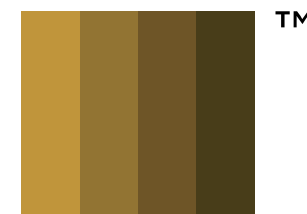
Extraordinary General Assembly \*\*/\*\*/1446 H (corresponding to \*\*/\*\*/2024 G)



شركة الباحة للإستثمار والتنمية  
AlBaha Investment & Development Co.

Financial Advisor

wasatah capital  
وساطة كابتال



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AlBaha Investment & Development Co.

## Financial Advisor Address

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wasatah capital  
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Information of the company's chartered accountant for the financial year ending on 31/12/2024G and the period ending on 06/30/2024G, (prepared to report the agreed upon procedures regarding the proposed reduction in the company's capital as in the unaudited initial consolidated financial statements on 06/30/2024G)

### **Talal Abu-Ghazaleh & Co. - Chartered Accountants**

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مجموعة طلال أبوغزالة  
Talal Abu-Ghazaleh Organization



## Terms and Definitions

Terms	Definitions
Company or issuer	Al-Baha Investment and Development Company.
Extraordinary General Assembly	Extraordinary General Assembly of the Company's Shareholders.
Capital Market Authority or the Authority	Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Tadawul	Saudi Tadawul Company (formerly the Saudi Stock Exchange Company) is one of the companies of the Saudi Tadawul Group, established in accordance with the Council of Ministers Resolution dated 29/02/1428 H (corresponding to 19/03/2007 G), in implementation of the Capital Market Law. It is a Saudi closed joint-stock company, and the only entity authorized to operate as a stock market in the Kingdom of Saudi Arabia, where it lists and trades securities.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Companies Law	The Companies Law in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/3) dated 28/01/1437 H (corresponding to 10/11/2015 G) and amended on 01/12/1443 H (corresponding to 30/06/2022 G).
Saudi Stock Exchange or Market or Tadawul	Saudi Stock Exchange (for trading stocks in the Kingdom of Saudi Arabia).
Capital reduction	Reducing the company's capital by cancelling (787,050,000) ordinary shares with a nominal value of 0.10 Halalas per share
Rules for offering securities and continuing obligations	Rules for the Offering of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439 H (corresponding to 27/12/2017 G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424 H (corresponding to 31/07/2003 G), and amended by the Authority's Board Resolution No. (8-5-2023) dated 25/06/1444 H (corresponding to 18/01/2023 G) and any amendments thereto.
Listing rules	Listing Rules issued by the Saudi Stock Exchange (Tadawul) and approved by the Capital Market Authority Board Resolution No. 3-123-2017 dated 09/04/1439 H (corresponding to 27/12/2017 G) and amended by its Resolution No. 1-108-2022 dated 23/03/1444 H (corresponding to 19/10/2022 G).
Circular / Shareholders Circular	This document that is prepared by the company in connection with the reduction of capital.
Chartered Accountant 's report on capital reduction	Limited assurance report on capital reduction, which shows the reasons for the capital reduction and its impact on the company.
Shareholders	Company shareholders
Eligible shareholders	All shareholders of the company registered in the company's records with the Saudi Stock Exchange (Tadawul) at the end of trading on the second day following the day of the Extraordinary General Assembly, including shareholders who did not attend the Extraordinary General Assembly meeting, as well as shareholders who attended the meeting and did not vote or voted against the decision to reduce the capital.
Electronic voting	A free electronic service for companies listed on the Saudi Stock Exchange, allowing shareholders the opportunity to exercise their voting rights on items on the agenda of general assemblies without attending in person, through Tadawulaty platform that is affiliated to the Securities Edaa Center Company.





### The purpose of this circular:

- This circular has been prepared by the Company to include the necessary information to enable the Company's shareholders to vote on the capital reduction process at the Extraordinary General Assembly Meeting based on their awareness and knowledge.

### Company's Background

- Al-Baha Investment and Development Company is a Saudi public joint stock company established pursuant to the decision of His Excellency the Minister of Commerce No. (600) dated 05/06/1413 H (corresponding to 30/11/1992 G) and was registered in the commercial register under number (5800005960) issued from the city of Al Baha on 19/07/1413 H (corresponding to 12/01/1993 G).
- The company's headquarters is located in Al-Baha City - Kingdom of Saudi Arabia - King Fahd Bin Abdulaziz Road - Building No. 7050 - Al Baher District, Sub-No. 4618

### Contact Information

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## Company's Background

The main objectives of the company, according to its Bylaws, are summarized as follows:

- Managing its subsidiaries, participating in the management of other companies in which it has a stake, and providing them with the necessary support.
- Real Estate Activities: Real estate activities in owned or leased properties.
- Real estate activities: Real estate activities on a fee or contract basis.
- Building construction.
- Specialized construction activities.
- Wholesale and retail trade.
- Accommodation.
- Food and beverage service activities.
- Financial services activities, except insurance and pension fund financing.
- Real estate activities.
- Leasing activities.
- Usage activities.
- Creative, arts and entertainment activities.

## Subsidiary Companies

Subsidiary	Main activity	Company ownership	Date of establishment
Elegant Centers Company Ltd	Its main activity, according to the commercial register, is focused on managing and leasing owned or rented residential and non-residential properties, managing and leasing self-storage warehouses, real estate brokerage, and property management.	86.96%	18/02/1436H
Ishraqh Regional Development and Real Estate Investment Company	Its main activity, according to the commercial register, is focused on managing and leasing owned or rented residential and non-residential properties, managing and leasing self-storage warehouses, real estate brokerage, property management, and real estate registration services.	86.96%	18/10/1438H



## Company's Background

The current capital of the company is two hundred and ninety-seven million (297,000,000) Saudi Riyals divided into two billion nine hundred and seventy million (2,970,000,000) ordinary shares with a nominal value of ten (10) Halalas per share, fully paid. The following are the most important events and changes in the company's capital since its establishment:

Date	Event
05/06/1413 H (corresponding to 30/11/1992 G)	Al-Baha Investment and Development Company was established as a Saudi public joint stock company with a capital of one hundred and fifty million (150,000,000) Saudi Riyals divided into one million and five hundred thousand (1,500,000) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share.
05/06/1413 H (corresponding to 30/11/1992 G)	The company's shares were listed on the Saudi Stock Exchange (Tadawul) with a capital of one hundred and fifty million (150,000,000) Saudi Riyals, divided into one million and five hundred thousand (1,500,000) ordinary shares with a nominal value of one hundred (100) Saudi Riyals per share.
May 1997 G	The Council of Ministers issued a decision approving the implementation of the decision of the Supreme Council of the Cooperation Council for the Arab States of the Gulf issued in its fifteenth session regarding the unified rules for the ownership and trading of shares of joint-stock companies in member states by GCC citizens, to come into effect in January 1998 G. This was followed by the issuance of a decision to split the nominal value of shares of most joint-stock companies from 100 Riyals to 50 Riyals since January 1998 G. The company's shares were split from one million and five hundred thousand (1,500,000) ordinary shares to three million (3,000,000) ordinary shares with a nominal value of (50) Saudi Riyals per share.
27/02/1427 H (corresponding to 27/03/2006 G)	Following the issuance of Capital Market Authority Resolution No. (4-154-2006) dated 27/02/1427 H (corresponding to 27/03/2006 G), which stipulated the splitting of shares of joint-stock companies into four stages and based on the Council of Ministers' decision stipulating that the nominal value of shares of joint-stock companies be ten (10) Saudi Riyals per share, the company's shares were split from three million (3,000,000) ordinary shares to fifteen million (15,000,000) ordinary shares with a nominal value of (10) Saudi Riyals per share.
22/11/1436 H (corresponding to 06/09/2015 G)	An acquisition agreement was signed for Elegant Centers Company Ltd by increasing the company's capital through issuing new shares to the owners of Elegant Centers Company Ltd in the amount of fourteen million five hundred thousand (14,500,000) shares with a nominal value of ten (10) Saudi Riyals and a total value of one hundred forty-five million (145,000,000) Saudi Riyals, so that the capital after completing the acquisition will become two hundred and ninety-five million (295,000,000) Saudi Riyals divided into twenty-nine million five hundred thousand (29,500,000) ordinary shares with a nominal value of (10) Riyals per share.



## Company's Background

Date	Event
06/08/1438 H (corresponding to 02/05/2017 G)	The (Extraordinary) General Assembly approved the acquisition of existing and unlisted companies through the issuance of new shares by acquiring Elegant Centers Company Ltd (a limited liability company established under Commercial Registration No. (1010428696) dated 18/02/1436 H (corresponding to 10/12/2014 G) and its headquarters are located in (Riyadh, Al-Malaz District, University Street, P.O. Box 231028, Postal Code 11321) by increasing the company's capital by issuing fourteen million five hundred thousand (14,500,000) new shares with a nominal value of ten (10) Saudi Riyals and a total value of one hundred and forty-five million (145,000,000) Saudi Riyals, so that the capital after completing the acquisition becomes two hundred and ninety-five million (295,000,000) Saudi Riyals divided into twenty-nine million five hundred thousand (29,500,000) ordinary shares with a nominal value of (10) Riyals per share.
06/08/1438 H (corresponding to 02/05/2017 G)	The Extraordinary General Assembly approved the reduction of the company's capital from two hundred and ninety-five million (295,000,000) Saudi Riyals to one hundred and seventy-seven million (177,000,000) Saudi Riyals, at a decrease rate of (40%), by canceling eleven million eight hundred thousand (11,800,000) shares, and thus reducing the number of shares from twenty-nine million five hundred thousand (29,500,000) shares to seventeen million seven hundred thousand (17,700,000) shares, meaning, (4) shares for every (10) shares.
20/07/1443 H (corresponding to 21/02/2022 G)	The Extraordinary General Assembly approved increasing the company's capital from one hundred and seventy-seven million (177,000,000) Saudi Riyals to two hundred and ninety-seven million (297,000,000) Saudi Riyals, and thus increasing the number of the company's shares from seventeen million and seven hundred thousand (17,700,000) ordinary shares to twenty-nine million and seven hundred thousand (29,700,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, by offering preemptive rights shares in the amount of twelve million (12,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals.
16/12/1444 H (corresponding to 04/07/2023 G)	The Extraordinary General Assembly approved the splitting of the nominal value of the share from ten (10) Saudi Riyals to ten (10) Saudi Halalas, so that the number of the company's shares would become two billion nine hundred and seventy million (2,970,000,000) ordinary shares with a nominal value of ten (10) Saudi Halalas instead of twenty-nine million seven hundred thousand (29,700,000) ordinary shares with a nominal value of ten (10) Saudi Riyals. There is no change in the total capital of the company before and after the splitting process.





## Company's Background

Date	Event
01/03/1446 H (corresponding to 04/09/2024 G)	The company announced on the Saudi Stock Exchange (Tadawul) website the recommendation of its Board of Directors to reduce the company's capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals by canceling seven hundred and eighty-seven million and fifty thousand (787,050,000) ordinary shares of the company's issued shares, in order to restructure the company's capital and extinguish an amount of seventy-eight million, seven hundred and five thousand (78,705,000) Saudi Riyals from the company's accumulated losses, representing (98.42%) of the company's accumulated losses amounting to seventy-nine million, nine hundred and sixty-nine thousand, five hundred and forty (79,969,540) Saudi Riyals as of the date of the unaudited consolidated financial statements 30/06/2024 G.
29/03/1446 H (corresponding to 02/10/2024 G)	The Capital Market Authority has approved the reduction of the company's capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals by cancelling seven hundred and eighty-seven million and fifty thousand (787,050,000) shares with a nominal value of ten (10) Saudi Halalas from the company's issued shares. This approval was announced on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (Tadawul).
**/**/1446 H (corresponding to **/**/2024 G)	The Extraordinary General Assembly approved the reduction of the company's capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals by cancelling seven hundred and eighty-seven million and fifty thousand (787,050,000) shares with a nominal value of ten (10) Saudi Halalas from the company's issued shares. This approval was announced on the website of the Saudi Stock Exchange (Tadawul).



## Company's Background - Board of Directors and Secretary

Name	Position**	Description	Membership Date*	Shares Ownership			
				Directly (before reduction)		Directly (after reduction)	
				Amount	Percentage	Amount	Percentage
Mohammed Bin Saleh Bin Mohammed Al-Hammadi***	Chairman	Non-Executive	10/02/2022G	88,172,000	2.9687542%	64,806,420	2.9687542%
Ibrahim Bin Abdullah Bin Rashid Bin Kulib	Vice Chairman and CEO	Executive	10/02/2022G	73,051,500	2.4596465%	53,692,852	2.4596465%
Dr. Abdulaziz Bin Saleh Bin Mohammed Al-Hammadi****	Board Member and Board Secretary	Non-Executive	10/02/2022G	70,718,500	2.3810943%	51,978,097	2.3810943%
Mishaal bin Mohammed bin Hassan Mufti	Board Member	Non-Executive	10/02/2022G	101,400	0.0034141%	74,529	0.0034141%
Saad bin Abdul Mohsen bin Abdulaziz Al-Humidi	Board Member	independent	10/02/2022G	1,600	0.0000539%	1,176	0.0000539%
Turki bin Abdulrahman bin Abdullah Al-Rasis	Board Member	independent	10/02/2022G	1,000	0.0000337%	735	0.0000337%
Abdullah bin Fahd bin Abdullah Al-Midian	Board Member	independent	10/02/2022G	-	-	-	-
Abdullah bin Mohammed bin Salem Balsharaf	Board Member	independent	10/02/2022G	15,000	0.0005051%	11,025	0.0005051%

Source: The Company and Tadawul.

\* On 06/07/1443 H (corresponding to 07/02/2022 G), the Ordinary General Assembly approved the election of the above-mentioned Board of Directors members for the current session, which began on 10/02/2022G and ends on 09/02/2025G.

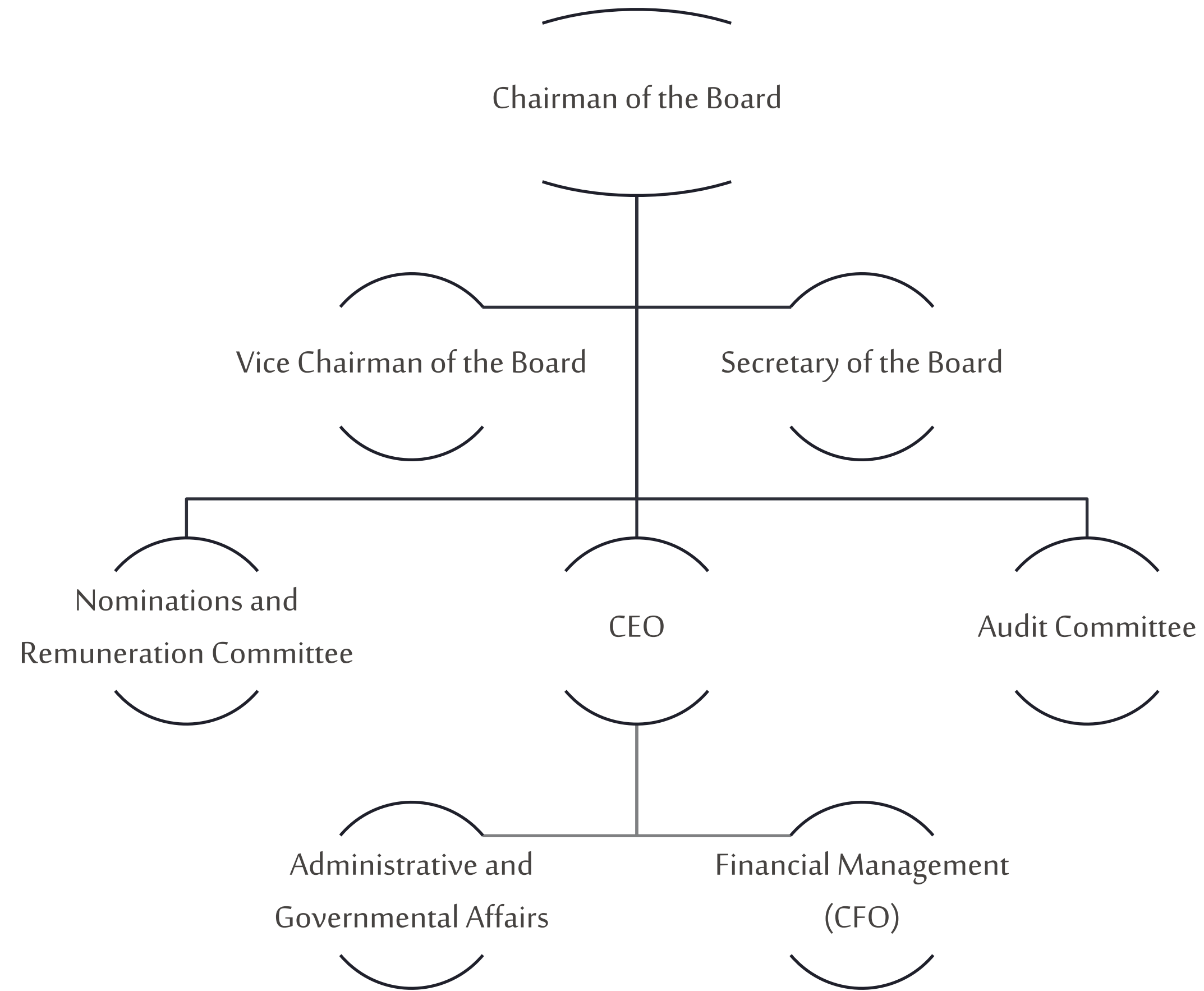
\*\* On 06/07/1443 H (corresponding to 07/02/2022 G), the company's Board of Directors decided to appoint the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Managing Director, and Secretary of the Board mentioned above for the current session, which began on 10/02/2022G and ends on 09/02/2025G.

\*\*\* The wife of the Chairman of the Board of Directors, Mr. Mohammed Bin Saleh Bin Mohammed Al-Hammadi, owns 108,200,000 shares in the company.

\*\*\*\* The wife of the board member, Dr. Abdulaziz Bin Saleh Bin Mohammed Al-Hammadi, owns 137,683,800 shares in the company, and the son of the board member, Dr. Abdulaziz Bin Saleh Bin Mohammed Al-Hammadi, owns 114,200,000 shares in the company.



## Company's Background – Company's Organizational Structure:



Source: Company



## Company's Background – Executive Management:

Name	Position	Qualification	Nationality	Date of appointment
Ibrahim Bin Abdullah Bin Rashid Bin Kulib	CEO	Bachelor of Business Administration Accounting	Saudi	17/08/2017 G
Mohammed Ahmed Mohammed Al-Gendy	CFO	Bachelor of Accounting	Egyptian	01/07/2023 G





## Development of Accumulated Losses

Period for the fiscal year ending on 31/12	Capital (Saudi Riyals)	Loss (Saudi Riyals)	Accumulated Losses (Saudi Riyals)	Accumulated losses to capital percentage (%)	Reason for increase/decrease in accumulated losses
2017G	177,000,000	3,921,767	(24,056,001)	13.59%	The reason for the increase during the current period compared to the same period of the previous year is due to profits resulting from the sale of shares in a subsidiary company in addition to the return of a previously established provision (claims provision) that was settled during 2017G.
2018G	177,000,000	(11,325,325)	(35,381,326)	19.99%	The reason for the loss during this year 2018G compared to the profit of the previous year 2017G is due to recording zakat expenses during this year related to the differences in the zakat assessment for the years from 2000G to 2010G in the amount of 16,849,347 Saudi Riyals.
2019G	177,000,000	(5,326,000)	(40,707,326)	22.99%	The reason for the decrease in the loss during this year 2019G compared to the loss of the previous year 2018G is due to the existence of non-recurring differences in the zakat assessment for the years from 2000G to 2010G that were recorded in 2018G, despite the exclusion of some of the properties, machinery and equipment of Al-Baha Company, which is (the artificial leather factory, the cable car project, and the poultry farm buildings) amounting to (8,049,930) Saudi Riyals, which are non-recurring.



## Development of Accumulated Losses

Period for the fiscal year ending on 31/12	Capital (Saudi Riyals)	Loss (Saudi Riyals)	Accumulated Losses (Saudi Riyals)	Accumulated losses to capital percentage (%)	Reason for increase/decrease in accumulated losses
2020G	177,000,000	(28,592,897)	(69,300,223)	39.15%	<p>The reason for the increase in net loss during this year compared to the previous year is due to:</p> <ol style="list-style-type: none"> <li>1. Increasing the provision to cover losses resulting from the exchange of assets with Al Sateaa Modern Company by an amount of 17,300,559 Saudi Riyals, after the ruling was upheld by the Court of Appeal.</li> <li>2. Recording an impairment loss on investment properties and goodwill impairment losses for subsidiaries amounting to 9,408,230 Saudi Riyals due to the repercussions of the coronavirus (COVID-19) pandemic and its direct impact on the real estate and leasing sector.</li> <li>3. Decrease in other revenue item by 4,815,859 Saudi Riyals.</li> <li>4. Recording expected credit losses of 3,201,760 Saudi Riyals.</li> <li>5. The company's share in the profits of its subsidiaries decreased due to the repercussions of the coronavirus (COVID-19) pandemic and its direct impact on the real estate and leasing sector, despite a 7% increase in revenues, as revenues for 2020G amounted to 11,175,312 Saudi Riyals compared to last year's revenues of 10,435,145 Saudi Riyals, and an 11.12% increase in gross profit, as gross profit for 2020G amounted to 6,311,668 Saudi Riyals compared to last year's gross profit of 5,679,900 Saudi Riyals, due to the increase in operating rates in the company's commercial centers. Administrative and general expenses for 2020G also decreased by 15%, as administrative and general expenses amounted to 2,929,900 Saudi Riyals compared to last year's 3,459,527 Saudi Riyals.</li> </ol>



## Development of Accumulated Losses

Period for the fiscal year ending on 31/12	Capital (Saudi Riyals)	Loss (Saudi Riyals)	Accumulated Losses (Saudi Riyals)	Accumulated losses to capital percentage (%)	Reason for increase/decrease in accumulated losses
2021G	177,000,000	(8,343,826)	(77,644,049)	43.87%	<p>The reason for the decrease in net loss during this year compared to the previous year is due to:</p> <ol style="list-style-type: none"> <li>1. Not recording a provision for potential claims losses that were recorded last year 2020G in the amount of 17,300,559 Saudi Riyals related to the asset exchange case with Al Sateaa Modern Company .</li> <li>2. No impairment losses in the value of goodwill.</li> <li>3. Decrease in expected credit losses.</li> <li>4. Other revenues increased by 1,186,444 Saudi Riyals.</li> <li>5. The estimated zakat allocation decreased compared to last year.</li> <li>6. Despite the increase in the recording of an impairment loss on the subsidiary's investment properties amounting to 7,046,667 Saudi Riyals due to the repercussions of the coronavirus (COVID-19) pandemic and its direct impact on the real estate and leasing sector.</li> </ol>
2022G	297,000,000	(7,975,100)	(85,619,149)	28.83%	<p>The reason for the decrease in net loss during this year compared to the previous year is due to:</p> <ol style="list-style-type: none"> <li>1. Recording other revenues amounting to 3,145,077 Saudi Riyals, despite a decrease in investment properties of 3,462,158 Saudi Riyals, and a decrease in the value of goodwill of 951,349 Saudi Riyals.</li> <li>2. Financing costs of 2,751,616 Saudi Riyals</li> <li>3. Zakat allocation of 2,721,382 Saudi Riyals.</li> <li>4. Subscription expenses of 3,995,600 Saudi Riyals (non-recurring).</li> </ol> <p>Noting that the projects acquired by the group from the net proceeds of the subscription will have a financial impact during the fiscal year 2023G.</p>



## Development of Accumulated Losses

Period for the fiscal year ending on 31/12	Capital (Saudi Riyals)	Loss (Saudi Riyals)	Accumulated Losses (Saudi Riyals)	Accumulated losses to capital percentage (%)	Reason for increase/decrease in accumulated losses
2023G	297,000,000	3,496,076	(82,123,073)	27.65%	<p>The reason for the increase in net profit during this year compared to the previous year is due to:</p> <ol style="list-style-type: none"><li>1. Increase in the group's revenues by 39%.</li><li>2. Decrease in the cost of revenues by 23%.</li><li>3. Decrease in financing costs by 73%.</li><li>4. No subscription expenses were recorded compared to the same period of the previous year, which recorded an amount of 3,995,600 Saudi Riyals subscription expenses.</li><li>5. Reversal of a decrease in investment properties during the current year by an amount of 4,679,505 Saudi Riyals.</li><li>6. Despite calculating a zakat provision on the group in the amount of 5,180,977 Saudi Riyals.</li><li>7. Recording provisions for the decrease in the value of other debit balances in the amount of 1,500,000 Saudi Riyals.</li></ol>
30 - June 2024G	297,000,000	2,153,533	(79,969,540)	26.92%	<p>The reason for the increase in net profit during the current period compared to the same period of the previous year is due to the increase in occupancy rates in the group's complexes.</p>





## Company plan and corrective steps to stop losses

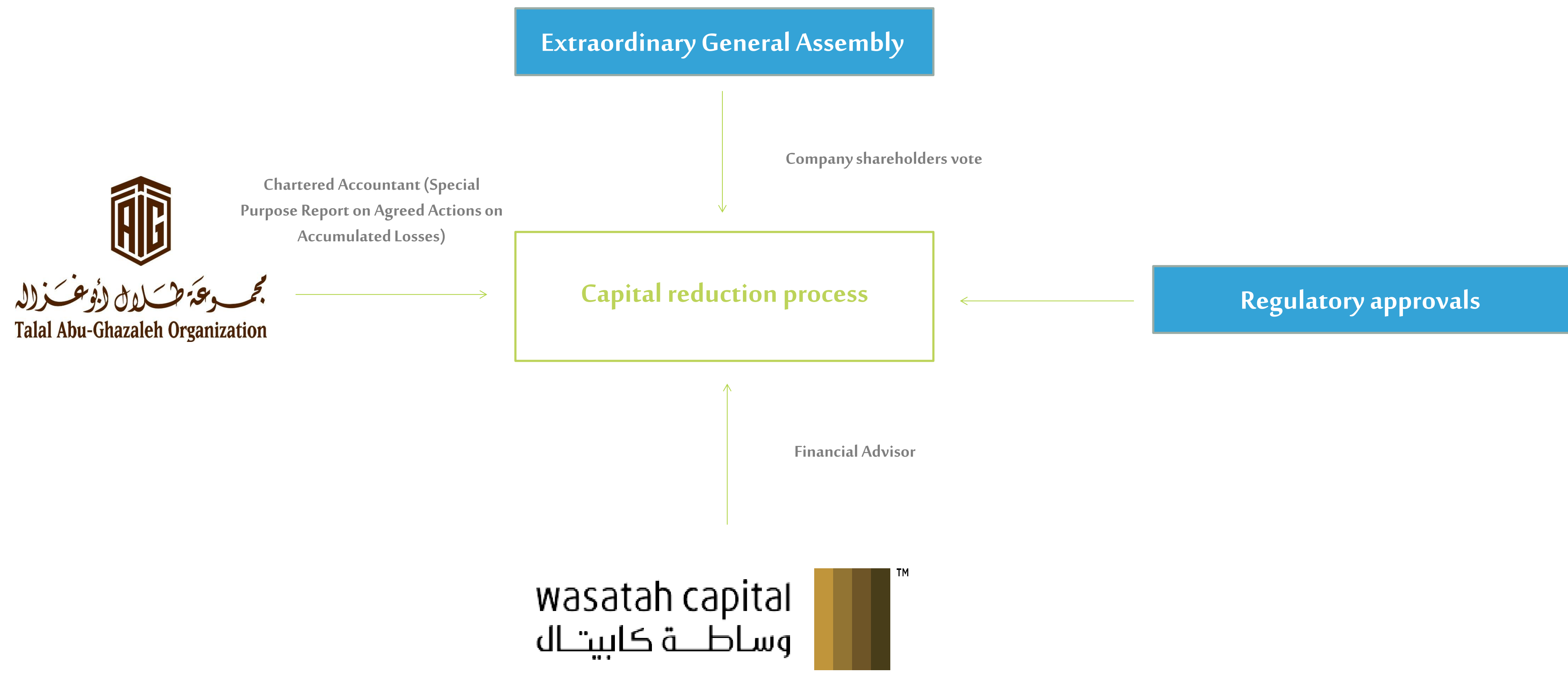
The company, represented by its current Board of Directors, has taken several reform steps aimed at reducing the company's accumulated losses, which is in the interest of shareholders. The most important of these steps are summarized as follows:

1. The company seeks to enhance its financial and operational performance by implementing a strategic plan that includes the following:
  - Investing in new and diverse projects that guarantee sustainable returns for the company. The company is currently working on acquiring the remaining shares in the Elegant Centers Company (so that the percentage of Al-Baha Investment and Development Company becomes (100%) in Elegant Centers Company Ltd) by purchasing seven hundred and fifty thousand shares (750,000) representing 13.04% of the capital of Elegant Centers Company Ltd (the subsidiary) for a value of nineteen million six hundred thousand (19,600,000) Saudi Riyals with easy payment terms (the buyer pays the purchase value within a period of one calendar year from the effective date. The buyer has the right to extend the payment period for an additional similar period or periods upon notification issued by the buyer to the seller ("Payment Period"), in installments (a first payment upon effective (20%) and (80%) during the payment period or any extension thereof and with a maximum at the end of the payment period or any extension thereof)), which contributes to reducing zakat expenses and consulting and accounting expenses, thus improving the profitability of Al-Baha Company and preventing the accumulation of new losses.
  - The company, through its subsidiary Ishraqh Regional Company, acquired the Al-Izdihar Complex in Riyadh City, which contributed to increasing the group's revenues and reducing the costs of finance lease contracts.
  - The Group works to find suitable opportunities that maximize the Group's real estate portfolio with the aim of improving and increasing revenues.
2. Improving cash flow and training employees to apply best practices in debt collection. All collection employees are required to follow up daily to speed up the collection process and obtain up-to-date reconciliations of accounts receivable balances.
3. 3. The company has modified its activities by adding activities with reasonable risks and generating profits, such as the commercial complexes activity in which the Elegant Centers Company operates. The company has also obtained a real estate developer qualification certificate.



## Capital reduction

The figure below illustrates the parties involved in the capital reduction process:





## General structure of the proposed capital reduction

- The current capital of the company is two hundred and ninety-seven million (297,000,000) Saudi Riyals, divided into two billion nine hundred and seventy million (2,970,000,000) ordinary shares with a nominal value of ten (10) Saudi Halalas per share, fully paid.
- The Board of Directors recommended on 30/02/1446 H (corresponding to 03/09/2024 G) to reduce the company's capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million and two hundred and ninety-five thousand (218,295,000) Saudi Riyals by canceling seven hundred and eighty-seven million and fifty thousand (787,050,000) ordinary shares, in order to restructure the company's capital to extinguish accumulated losses.
- The percentage of capital reduction is (26.5%), and the reduction process will be carried out by cancelling seven hundred and eighty-seven million and fifty thousand (787,050,000) ordinary shares, which means it will reduce (1) share for every (3.77) shares. To extinguish an amount of seventy-eight million, seven hundred and five thousand (78,705,000) Saudi Riyals from the company's accumulated losses, representing (98.42%) of the company's accumulated losses amounting to seventy-nine million, nine hundred and sixty-nine thousand, five hundred and forty (79,969,540) Saudi Riyals as of 30/06/2024G, so that the company's accumulated losses after the reduction become an amount of one million, two hundred and sixty-four thousand, five hundred and forty (1,264,540) Saudi Riyals, representing (0.58%) of the company's new capital amounting to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals.
- After the approval of the Extraordinary General Assembly to reduce the capital, the reduction decision will be considered effective and trading of the company's shares on Saudi Tadawul website will be suspended for two trading days, starting from the day following the approval of the Extraordinary General Assembly to reduce the capital, and then trading will resume at the adjusted price.
- The Company will collect any fractional shares (if any) in one portfolio that will result from the capital reduction process and then sell them in the market at the prevailing price at that time, and then the proceeds of their sale will be distributed to the Company's shareholders, each according to his ownership, within thirty (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the Company's capital.
- Date of financial statements relied upon for capital purposes: Financial statements for the financial period ending 30/06/2024G.



## Reasons for capital reduction and management analysis discussion

- The company's management worked on developing a strategy to improve the current situation and support the company's future growth and financial performance, and reached a decision to restructure the company's capital by reducing the company's capital to extinguish 98.42% of the accumulated losses.
- Reducing accumulated losses is one of the most important decisions in light of the circumstances the company is going through, and the company is working to correct its situation to stop losses and achieve profits.
- On 01/03/1446 H (corresponding to 04/09/2024 G), the company announced through the Saudi Stock Exchange (Tadawul) website the recommendation of its Board of Directors to reduce the company's capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million and two hundred and ninety-five thousand (218,295,000) Saudi Riyals by canceling seven hundred and eighty-seven million and fifty thousand (787,050,000) shares of the company's issued shares, in order to restructure the company's capital to extinguish accumulated losses.
- After reducing the company's capital, the accumulated losses will decrease to one million and two hundred and sixty-four thousand and five hundred and forty (1,264,540) Saudi Riyals, which is (0.58%) of the company's capital after the reduction. As of 30/06/2024G.





## The effect of reducing capital on the company's obligations

- The company appointed Talal Abu-Ghazaleh & Co. - Chartered Accountants as a chartered accountant to prepare the accounting report for the capital reduction process, which clarified the reasons for the reduction, its mechanism and its expected impact on the company's obligations.
- There will be no impact of the capital reduction on the company's obligations as stated in the chartered accountant's report in accordance with what is stated in (Appendix 1) of the attached report.



## The effect of reducing the company's capital on the company's shareholders' equity

- The Company's accumulated losses amounted to seventy-nine million, nine hundred and sixty-nine thousand, five hundred and forty (79,969,540) Saudi Riyals. As of 30/06/2024G, reducing the capital by seventy-eight million, seven hundred and five thousand (78,705,000) Saudi Riyals will extinguish (98.42%) of the total accumulated losses.
- The impact on shareholders' equity will be based on the financial statements for the financial period ending 30/06/2024G.

Shareholders' Equity	Before Capital Reduction Saudi Riyals	After Capital Reduction Saudi Riyals	Impact Saudi Riyals
Capital	297,000,000	218,295,000	(78,705,000)
Net non-controlling equity	20,166,767	20,166,767	-
Accumulated losses	(79,969,540)	(1,264,540)	78,705,000
Total shareholders' equity	237,197,227	237,197,227	0

Source: Attached Chartered Accountant's report, financial statements for the period ending 30/06/2024G.



## The effect of reducing the company's capital on the company's shareholders' equity

- The Company intends to reduce its capital by seventy-eight million, seven hundred and five thousand (78,705,000) Saudi Riyals from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals by cancelling seven hundred and eighty-seven million and fifty thousand (787,050,000) ordinary shares of the Company's issued shares at a cancellation rate of (0.265) shares for every (1) share.
- The Company will collect any fractional shares (if any) in one portfolio that will result from the capital reduction process and then sell them in the market at the prevailing price at that time, and then the proceeds of their sale will be distributed to the Company's shareholders, each according to his ownership, within (30) thirty days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the Company's capital.
- Reducing the company's capital will not affect the market value of the company's shareholders' portfolios, as shown below for a shareholder who owns 1,000 shares of the company's shares in his portfolio:

Item (Estimated)*	With capital reduction process	Without capital reduction process
Shares owned before the reduction	1000	1000
Share price before the reduction (Closing 29/09/2024G)**	20 Saudi Halalas	20 Saudi Halalas
Cancelled shares	265	Not applicable
Shares owned after reduction	735	Not applicable
Share price after reduction (Estimated)	27 Saudi Halalas	Not applicable
Market value of shares before reduction (Estimated)	200 Saudi Riyals	200 Saudi Riyals
Market value of shares after reduction (Estimated)	200 Saudi Riyals	Not applicable
Compensation value resulting from share fractions (Estimated)	0 Saudi Riyals	Not applicable

\*The example in the table above contains estimated values and is for guidance purposes. An investment decision should not be made based on the information contained therein. The actual value of the shares is based on the market conditions at the time.

\*\*The circular for shareholders will be updated by adding the closing price of the share on the day of the Extraordinary General Assembly.



## The effect of reducing the company's capital on the company's shareholders' equity

It is worth noting that a shareholder who owns one share of the company's shares in his portfolio will have his share cancelled and he will be compensated for the fractions of the shares due. The following table shows the effect on a shareholder who owns up to 10 shares:

Item (Estimated)*											
Shares owned before the reduction	1	2	3	4	5	6	7	8	9	10	
Share price before the reduction (Closing 29/09/2024G)**	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Cancelled shares	1	1	1	2	2	2	2	3	3	3	
Shares owned after reduction	0	1	2	2	3	4	5	5	6	7	
Number of fractional shares outstanding (Estimated)	0.74	0.47	0.21	0.94	0.68	0.41	0.15	0.88	0.62	0.35	
Share price after reduction (Estimated)	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Market value of shares before reduction (Estimated)	0.20	0.40	0.60	0.80	1.00	1.20	1.40	1.60	1.80	2.00	
Market value of shares after reduction (Estimated)	0.00	0.27	0.54	0.54	0.82	1.09	1.36	1.36	1.63	1.90	
Compensation value resulting from share fractions (Estimated)	0.20	0.13	0.06	0.26	0.18	0.11	0.04	0.24	0.17	0.10	

\*The example in the table above contains estimated values and is for guidance purposes. An investment decision should not be made based on the information contained therein. The actual value of the shares is based on the market conditions at the time.

\*\*The circular for shareholders will be updated by adding the closing price of the share on the day of the Extraordinary General Assembly.





## How to calculate the share price after capital reduction

The share price before the reduction was considered to represent the closing price of Al-Baha Investment and Development Company's share on 29/09/2024G, which amounted to (20) Saudi Halalas. The following table shows how to calculate the share price after the capital reduction.

Item (estimated)*	Value
(A) Share price before the reduction (closing 29/09/2024G)**	20 Saudi Halalas
(B) Number of shares before reduction	2,970,000,000
(C) The market value of the company's shares before the reduction = (A) * (B)	594,000,000 Saudi Riyals
(D) Number of shares after reduction	2,182,950,000
Market value of the company's share after the reduction = (C) ÷ (D)	27 Saudi Halalas

\*The example in the table above contains estimated values and is for guidance purposes. An investment decision should not be made based on the information contained therein. The actual value of the shares is based on the market conditions at the time.

\*\*The circular for shareholders will be updated by adding the closing price of the share on the day of the Extraordinary General Assembly.



## Potential risks resulting from reducing the company's capital

- The company's management believes that the decision to reduce the company's capital is one of the most important decisions in light of the circumstances the company is going through as a result of the accumulated losses amounting to seventy-nine million, nine hundred and sixty-nine thousand, five hundred and forty (79,969,540) Saudi Riyals as in the initial unaudited consolidated financial statements on 30/06/2024G, representing (26.93%) of the company's capital, which will decrease after reducing the capital by seventy-eight million, seven hundred and five thousand (78,705,000) Saudi Riyals to one million, two hundred and sixty-four thousand, five hundred and forty (1,264,540) Saudi Riyals which is (0.58%) of the company's capital after the reduction (for more information, please see page No. (20) "Reasons for capital reduction and management analysis discussion" of this circular).
- In addition, this decision and its impact have been studied from an accounting perspective, and it has been confirmed through a limited assurance report on the capital reduction that there are no risks regarding financial obligations resulting from this decision. As for the ranking of the potential risks mentioned below, their ranking does not mean their importance.

### Risks related to the volatility of the share price in the market and the impact of compensating for fractional shares (if any):

The company's share price may be subject to a significant degree of volatility and instability as a result of several factors including market conditions related to shares, regulatory changes in the sector, and the entry of new competing companies. In the event that the market price of the share decreases after the capital reduction process, shareholders will lose the value of their investments in the company's shares. In addition, the impact on the value of the compensation for fractional shares is similar to the impact of the volatility in the company's share price, as these fractions will be sold at the prevailing market price at that time

### Risks related to owning one share:

In the event that a shareholder owns one share, his share will be cancelled and thus compensated with fractional shares that will be sold at the time. It is worth noting that trading in the company's share will be suspended for two business days following the day of approval of the Extraordinary General Assembly, and that the Securities Depository Center (Edaa) will apply the reduction to the shareholders' investment portfolios, based on Article No. 36 and Subparagraph C-6 of the Listing Rules (for more details, see page No. (22) "The effect of reducing the company's capital on the company's shareholders' equity").



## Potential risks resulting from reducing the company's capital

### Risks related to future expectations

The future results and performance data of the company cannot be predicted and may differ from what is stated in this circular. The achievements and ability of the company to develop are what determine the actual results, which cannot be predicted or accurately determined. The inaccuracy of data and results is one of the risks that the shareholder must be aware of so that it does not affect his investment decision.

### Risks related to liquidity

The company faces liquidity risk when it is unable to provide the necessary funds to meet its financial obligations resulting from operating activities on time. The company's liquidity ratio was (0.42) times as of December 31, 2023G and (0.66) times as of June 30, 2024G. These ratios indicate that the company doesn't have good liquidity ratios and is unable to cover its short-term obligations due to the decrease in its current assets compared to its short-term liabilities. Therefore, the company must work to improve its liquidity level in order to be able to meet its short-term obligations, otherwise it will face additional liquidity problems that will negatively affect the company's business and consequently the results of operational and financial operations.

### Risks related to unexpected accidents

The business of the Company and its subsidiaries is entirely dependent on real estate properties and related investments. Therefore, the Company's business will be directly affected by any fluctuations in real estate prices, rental rates, building materials prices, and construction costs. This is because the Company's expansions depend on purchasing or leasing land and building new sites on it. Therefore, if any factor negatively affects its business, this may affect the continuity of the Company temporarily or permanently, which will negatively affect its operational and financial results.



## Potential risks resulting from reducing the company's capital

### Risks related to the company's continuity

- The accumulated losses reached (43.87%), (28.83%), (27.65%) and (26.93%) of the company's capital as of the fiscal years ending December 31, 2021G, 2022G and 2023G and the six-month period ending June 30, 2024G, respectively. It is worth noting that on 25/06/1444 H (corresponding to 18/01/2023 G), the Capital Market Authority Board of Directors issued Resolution No. (8-05-2023) amending the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses amount to 20% or more and less than 35% of their capital in light of the Companies Law, which stipulates that if the company's accumulated losses amount to 20% or more of its capital, the company must announce this event immediately. These procedures also stipulate the following:
- When the company's accumulated losses reach 20% or more and less than 35% of its capital, the company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach 20% or more and less than 35% of its capital. The announcement must include the amount of accumulated losses, their percentage of capital, and the main reasons that led to reaching these losses, with an indication in the announcement that these procedures and instructions will be applied to them. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from disclosing in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- Then, upon obtaining a report from the chartered accountant clarifying its financial position, the company must disclose to the public immediately and without delay in an independent announcement when its accumulated losses are reduced to less than 20% of its capital, provided that the announcement includes the measures taken by the company to amend its situation, and the report of the chartered accountant referred to in this paragraph is attached to the announcement.
- There is no confirmation that the company will incur additional losses in the future, which will force it to take the measures and instructions specific to companies whose shares are listed on the market and whose accumulated losses have reached 20% or more and less than 35% of their capital in light of the Companies Law.
- The company's continuity depends on the success of its expansion strategy, which includes opening new projects in its real estate and commercial fields, as well as expanding into new locations inside and outside the Kingdom when the opportunity arises. The company's inability to implement its expansion plans will negatively affect its future growth opportunities, which will be reflected in its financial position and results of operations.





## Time period for capital reduction process

Date	Event
<b>1- Procedures related to obtaining the approval of the Capital Market Authority to reduce the capital</b>	
01/03/1446 H (corresponding to 04/09/2024 G)	Announcement of the Board of Directors' recommendation to reduce the capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million, two hundred and ninety-five thousand (218,295,000) Saudi Riyals.
01/03/1446 H (corresponding to 04/09/2024 G)	Announcement of the appointment of the financial advisor for the company's capital reduction process.
08/03/1446 H (corresponding to 11/09/2024 G)	Submitting a request to reduce the company's capital to the Capital Market Authority.
29/03/1446 H (corresponding to 02/10/2024 G)	The Capital Market Authority approved the request to reduce the company's capital. This approval was announced on the Capital Market Authority website and the Saudi Stock Exchange (Tadawul) website.
<b>2- Procedures related to the Extraordinary General Assembly</b>	
**/**/1446 H (corresponding to **/**/2024 G)	Providing the available documents for inspection related to the capital reduction process, including this circular (within a period of no less than (14) days before the date of the extraordinary general assembly meeting for reducing the company's capital) (during official working hours from Sunday to Thursday from 8:00 A.M. to 4:00 P.M.).
**/**/1446 H (corresponding to **/**/2024 G)	The invitation to this Extraordinary General Assembly was made and announced on the website of the Saudi Stock Exchange (Tadawul), and a copy of this circular was included in the announcement.
**/**/1446 H (corresponding to **/**/2024 G)	The beginning of electronic voting on the items of the Extraordinary General Assembly meeting, including the reduction of capital (first meeting).



## Time period for capital reduction process

Date	Event
<b>2- Procedures related to the Extraordinary General Assembly</b>	
**/**/1446 H (corresponding to **/**/2024 G)	Holding the Extraordinary General Assembly including the reduction of capital (first meeting), The quorum for the first meeting shall be completed by the attendance of a number of shareholders representing at least half of the company's capital.
**/**/1446 H (corresponding to **/**/2024 G)	Holding the Extraordinary General Assembly, which includes reducing the capital (second meeting), shall be held one hour after the end of the period specified for holding the first Extraordinary General Assembly meeting, if the legal quorum required for its convening is not met. The legal quorum for the second meeting shall be met with the attendance of a number of shareholders representing at least a quarter of the company's capital.
**/**/1446 H (corresponding to **/**/2024 G)	Publishing the reduction decision and other decisions taken at the first or second meeting of the company's Extraordinary General Assembly on the website of the Saudi Stock Exchange (Tadawul), (or announcing the non-convening of the Extraordinary General Assembly in the event that its legal quorum is not achieved).
<b>3- Procedures related to the event of failure to achieve the legal quorum for the first and second meetings of the Extraordinary General Assembly</b>	
**/**/1446 H (corresponding to **/**/2024 G)	Announcing on the Saudi Tadawul website the invitation to the third meeting of the Extraordinary General Assembly at least (21) days before the date set for it.
**/**/1446 H (corresponding to **/**/2024 G)	The beginning of electronic voting period for shareholders in the third Extraordinary General Assembly meeting.
**/**/1446 H (corresponding to **/**/2024 G)	Holding the third meeting of the Extraordinary General Assembly. The legal quorum for holding the third meeting of the Extraordinary General Assembly shall be achieved regardless of the number of shares represented therein.
**/**/1446 H (corresponding to **/**/2024 G)	Publishing the reduction decision and other decisions taken at the third Extraordinary General Assembly meeting on the websites of the Saudi Stock Exchange (Tadawul).



## Time period for capital reduction process

Date	Event
<b>4- Procedures related to completing the capital reduction process</b>	
**/**/1446 H (corresponding to **/**/2024 G)	The decision to reduce capital shall be implemented and announced in the decisions of the Extraordinary General Assembly.
**/**/1446 H (corresponding to **/**/2024 G)	Suspension of trading of shares on the Saudi Stock Exchange (Tadawul) website for two trading days, starting from the day following the approval of the Extraordinary General Assembly to reduce the capital.
**/**/1446 H (corresponding to **/**/2024 G)	Adjusting the share price after reducing the capital, which shall be on the day following the suspension of trading the shares.
**/**/1446 H (corresponding to **/**/2024 G)	Announcing the deposit of the amounts resulting from the sale of fractional shares (if any) resulting from the reduction of the company's capital into the accounts of the eligible shareholders, within (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the company's capital.



## Capital reduction

### Capital reduction procedures:

The capital reduction process is subject to the following procedures:

- The company's Board of Directors' recommendation to reduce the capital.
- Appointing a financial advisor for the capital reduction process.
- Appointing a chartered accountant to prepare the accounting report for the capital reduction process.
- Preparing and submitting a capital reduction request to the Capital Market Authority in accordance with the terms of Article Seventy-Six of the Rules for Offering Securities and Continuing Obligations, related to the terms of capital reduction.
- The Capital Market Authority's approval of the request to reduce the company's capital.
- Submitting a notification to the Saudi Stock Exchange (Tadawul) in the form contained in Appendix (5) of the Listing Rules.
- The capital reduction process is depending to the approval of the Extraordinary General Assembly, and shareholders should be aware that if the approval of the Extraordinary General Assembly is not obtained for this capital reduction process, the capital reduction process will be completely stopped.
- The Saudi Stock Exchange (Tadawul) suspends trading in the company's shares for two consecutive trading sessions, starting from the day following the approval of the Extraordinary General Assembly to reduce the capital, and then trading resumes at the adjusted price.
- In the event that the Extraordinary General Assembly approves the capital reduction process, the company will contact the Ministry of Commerce to obtain its approval to amend the commercial register and the company's Bylaws.
- The amounts returned (if any) from the sale of fractional shares resulting from the reduction of the company's capital will be announced as deposited into the accounts of the eligible shareholders within (30) days from the date of the shareholders' approval in the Extraordinary General Assembly to reduce the company's capital.

### Board of Directors' Declaration:

The members of the Board of Directors of the Company confirm, to the best of their knowledge and belief, that reducing the Company's capital is in the best interests of the Company and the shareholders.





## Regulatory approvals required to complete the process of reducing the company's capital

- The Company obtained the approval of the Capital Market Authority on 29/03/1446 H (corresponding to 02/10/2024 G) to reduce the Company's capital from two hundred and ninety-seven million (297,000,000) Saudi Riyals to two hundred and eighteen million and two hundred and ninety-five thousand (218,295,000) Saudi Riyals by canceling seven hundred and eighty-seven million and fifty thousand (787,050,000) ordinary shares of the Company's issued shares, representing 26.5% of the capital. This approval was announced on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (Tadawul) on 29/03/1446 H (corresponding to 02/10/2024 G).
- The capital reduction process requires the approval of shareholders, and shareholders should be aware that if their approval is not obtained for this capital reduction process, the capital reduction process will not take place. (The company called for this Extraordinary General Assembly and announced it on the Saudi Stock Exchange website on \*\*/\*\*/ 1446 H (corresponding to \*\*/\*\* 2024 G), and a copy of this circular was included in the announcement).
- In the event that shareholders' approval is obtained for the capital reduction process, the company will continue with the procedures for reducing its capital and contact the Ministry of Commerce to obtain its approval for amending the Company's Bylaws and commercial register.
- Other than as stated above, there are no other regulatory approvals that the Company is required to obtain to complete the capital reduction process.



## Relevant rules, regulations and instructions

- The Companies Law issued by Royal Decree (M/132) dated 01/12/1443 H (corresponding to 30/06/2022 G) and any amendments thereto.
- The Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424 H (corresponding to 31/07/2003 G) and any amendments thereto.
- The rules for offering securities and continuing obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439 H (corresponding to 27/12/2017 G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424 H and amended by Resolution No. 3-6-2024 of the Board of the Capital Market Authority dated 05/07/1445 H (corresponding to 17/01/2024 G) and any amendments thereto.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/05/1438 H (corresponding to 13/02/2017 G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H amended by Resolution No. 8-5-2023 of the Board of the Capital Market Authority dated 25/06/1444 H (corresponding to 18/01/2023 G) based on the Companies Law issued by Royal Decree No. M/132 dated 21/12/1443H and any amendments thereto.
- The Executive Regulations of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-127-2016 dated 16/01/1438 H (corresponding to 17/10/2016 G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H amended by Resolution No. 2-26-2023 of the Board of the Capital Market Authority dated 05/09/1444 H (corresponding to 27/03/2023 G) based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443 H and any amendments thereto.
- Listing Rules approved by the Board of the Capital Market Authority Resolution No. 3-123-2017 dated 09/04/1439 H (corresponding to 27/12/2017 G) and amended by the Board of the Capital Market Authority Resolution No. 1-104-2019 dated 01/02/1441 H (corresponding to 30/09/2019 G) and amended by the Board of the Capital Market Authority Resolution No. 1-19-2022 dated 12/07/1443 H (corresponding to 13/02/2022 G) and amended by the Board of the Capital Market Authority Resolution No. 1-52-2022 dated 12/09/1443 H (corresponding to 13/04/2022 G) and amended by its Resolution No. 3-96-2022 dated 10/02/1444 H (corresponding to 06/09/2022 G) and amended by its Resolution No. 1-108-2022 dated 23/03/1444 H (corresponding to 19/10/2022 G) and any amendments thereto.
  - The Company's Bylaws and any amendments thereto.
  - Procedures and instructions for companies whose shares are listed on the main market and whose accumulated losses amount to (20%) or more of their capital, issued by the Board of the Capital Market Authority Resolution No. 4-48-2013 dated 15/01/1435 H (corresponding to 18/11/2013 G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, and amended by the Board of the Capital Market Authority Resolution No. 8-5-2023 dated 25/06/1444 H (corresponding to 18/01/2023 G) and any amendments thereto.



## Chartered Accountant's Report

- The Company has appointed Talal Abu-Ghazaleh & Co. - Chartered Accountants to prepare a limited review report to study the reasons for the capital reduction and the impact of such reduction on the Company's obligations and shareholders' equity in order to obtain the approval of the Capital Market Authority for the capital reduction request (for more details, please see the attached chartered accountant's report).
- Reciting the chartered accountant's report, based on Article one hundred and thirty-four of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 H (corresponding to 30/06/2022 G) which entered into force on 26/06/1444 H (corresponding to 19/01/2023 G) and the amendments thereto, the reduction decision shall not be issued except after reciting a special report prepared by the auditor on the reasons for it and on the obligations of the company and on the effect of the reduction on these obligations.
- A copy of the limited assurance report prepared by the chartered accountant was included in the announcement of the invitation to this Extraordinary General Assembly on the website of the Saudi Stock Exchange (Tadawul) dated \*\*/\*\*/1446 H (corresponding to \*\*/\*\*/2024 G).





## Important information

- Based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 H (corresponding to 30/06/2022 G), and any amendments thereto, and in particular Article (133) of the Companies Law, which stipulates that the capital shall be reduced in one of the following ways:
  - Canceling a number of shares equal to the amount required to be reduced.
  - Reducing the nominal value of the share by canceling a portion of it equal to the loss incurred by the company.
  - Reducing the nominal value of the share by returning a portion of it to the shareholder or by acquitting him of all or some of the unpaid amount of the share value.
  - The company purchasing a number of its shares equal to the amount required to be reduced, and then canceling them.
- With reference to the procedures and instructions for companies whose shares are listed on the market and whose accumulated losses amount to (20%) or more of their capital, issued by the Board of the Capital Market Authority Resolution No. 4-48-2013 dated 15/01/1435 H (corresponding to 18/11/2013 G) based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, and amended by the Board of the Capital Market Authority Resolution No. 8-5-2023 dated 25/06/1444 H (corresponding to 18/01/2023 G) and any amendments thereto.
- The company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach (20%) or more and less than (35%) of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of capital and the main reasons that led to reaching these losses, with an indication in the announcement that these procedures and instructions will be applied to it. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from disclosing in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- The company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach (35%) or more and less than (50%) of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of capital and the main reasons that led to reaching these losses, with an indication in the announcement that these procedures and instructions will be applied to it. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from disclosing in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- The company must disclose to the public immediately and without delay in a separate announcement when its accumulated losses reach (50%) or more of its capital, provided that the announcement includes the amount of accumulated losses, their percentage of capital, and the main reasons that led to reaching these losses, indicating in the announcement that the procedures and instructions for companies whose shares are listed on the Saudi Stock Exchange and whose accumulated losses reach (50%) or more of their capital will be applied. If the disclosure required in accordance with this paragraph coincides with the announcement of the preliminary or annual financial results, the company is exempted from disclosing in a separate announcement if it includes it in the announcement of the preliminary or annual financial results.
- If the company's shareholders agree to reduce the capital, the reduction decision will be effective for all the company's shareholders registered in the company's records with the Saudi Stock Exchange (Tadawul) by the end of trading on the second day following the day of the Extraordinary General Assembly, including shareholders who did not attend the Extraordinary General Assembly meeting, as well as shareholders who attended the meeting and did not vote or voted against the decision to reduce the capital.





## Documents available for viewing

The shareholders' circular will be published and made available to the public within a period of not less than (14) days prior to the convening of the Extraordinary General Assembly for the reduction of the company's capital.

- The company will provide the following documents for review at the company's headquarters in Al-Baha City - Kingdom of Saudi Arabia - King Fahd Bin Abdulaziz Road - Building No. 7050 - Al Baher District, Sub-No. 4618, from the date of the Capital Market Authority's approval on 29/03/1446 H (corresponding to 02/10/2024 G), and until the date of the Extraordinary General Assembly on \*\*/\*\*/1446 H (corresponding to \*\*/\*\*/2024 G) during official working hours from 8:00 AM to 4:30 PM:
  - A copy of the company's Board of Directors' recommendation to reduce the company's capital.
  - A copy of the financial advisor's appointment letter.
  - A copy of the chartered accountant's report on the reduction of the company's capital.
  - A copy of the Authority's announcement of its approval of the company's request to reduce its capital, published on the website of the Capital Market Authority and the website of the Saudi Stock Exchange (Tadawul).
  - A copy of this circular to shareholders (the circular made to the company's shareholders at the Extraordinary General Assembly meeting).



## Attachments

- Copy of the chartered accountant's report
- Proxy form for attending the extraordinary general assembly meeting



## The Shareholders

Al-Baha Investment and Development Company

A Saudi joint stock company

Al Baha- Kingdom of Saudi Arabia

## Limited Assurance Report on the Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of Al Baha Investment and Development Company (Saudi Joint Stock Company) as of June 30, 2024

We have undertaken a limited assurance engagement on the report concerning the reasons for the capital decrease and its effect on the liabilities of Al Baha Investment and Development Company (a Saudi Joint Stock Company) "the Company" as of June 30, 2024, prepared by the company's management in accordance with the applicable criteria and regulations outlined below.

### Subject matter

The subject matter of the limited assurance engagement is the report prepared by the company's management, which is accompanied to this report and provided to us.

### Criteria (Applicable Regulations)

The applicable criteria (Applicable Regulations) are in accordance with the following provisions:

- Article (76) of Chapter Two of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA).
- Article (133) of the Companies Law - Methods of Capital Reduction, issued by the Ministry of Commerce.
- Article (134) of the Companies Law - Issuance of a Capital Reduction Decision, issued by the Ministry of Commerce.
- Article (7) of the Company's Articles of Association - Capital.
- Article (8) of the Company's Articles of Association - Subscribing or Owning Shares.
- Article (15) of the Company's Articles of Association - Capital Reduction.



Limited Assurance Report on the Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of Al Baha Investment and Development Company (Saudi Joint Stock Company) as of June 30, 2024 (continued)

**Management's Responsibility**

The management of the Company is responsible for the preparation of the report in accordance with the Criteria (Applicable Regulations) and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the report that is free from material misstatement, whether due to fraud or error, and it is responsible on the report concerning the reasons for the capital decrease and its effect on the company's liabilities

**Professional Ethics and Quality Management**

We have complied with the independence requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our limited assurance engagement in the Kingdom of Saudi Arabia and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

The firm applies the International Standard on Quality Management (ISQM) 1, as endorsed in the Kingdom of Saudi Arabia, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the requirements of the criteria and applicable regulations in the preparation of the accompanied report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

**Summary of Work Performed**

We planned and executed the following procedures to obtain limited assurance over the company's compliance with the requirements of applicable regulations in preparing the report:

- Reading the Board of Directors' decision that canceled previous recommendations regarding the capital decrease, dated September 3, 2024, corresponding to Safar 30, 1446 (H), and to present a new recommendation to the Extraordinary General Assembly concerning the decrease of the company's capital from SAR 297,000,000 to SAR 218,295,000, representing a decrease of 26.5%.
- Examining the information in the accompanied report provided by the company, which outlines the reasons for the capital decrease and the effect of such decrease on the company's liabilities.



Limited Assurance Report on the Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of Al Baha Investment and Development Company (Saudi Joint Stock Company) as of June 30, 2024 (continued)

**Inherent limitations**

Our procedures relating to the prepared report, in accordance with the applicable regulations, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised), as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for obtaining sufficient appropriate evidence were limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, as endorsed in the Kingdom of Saudi Arabia, and, accordingly, we do not express an audit opinion or a review conclusion in relation to the adequacy of systems and controls around the preparation of the Report.

This conclusion relates only to the report on the period ended as of June 30, 2024, and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

**Limited Assurance Conclusion**

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the applicable regulations when preparing the report on the reasons for the capital decrease and the effect of such decrease on the company's liabilities.

**Restrictions of Use**

This report, including our conclusion, has been prepared solely upon the request of the management of the Company, in accordance with applicable regulations to be submitted to the Company's Extraordinary General Assembly. The report should not be used for any other purpose or to be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce, the Capital Market Authority, the shareholders of the Company, and Company's Board of Directors. To the extent legally permissible, we disclaim any liability or responsibility to the Ministry of Commerce, the Capital Market Authority or any other third party to whom this report is presented or into whose hands it may come.

Talal Abu-Ghazaleh & Co.



Waleed Ahmed Bamarouf

Certified Public Accountant - License No. 408

7<sup>th</sup> Rabi Al Awal, 1446 (H) corresponding to September 10, 2024 (G)



**Al Baha Investment and Development Company  
Saudi Joint Stock Company**

**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities  
of Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of  
June 30, 2024**

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**1) Description of Company's Requirements**

As of June 30, 2024, the company's accumulated losses amounted to SAR 79,969,540, representing 27% of the company's capital.

According to the Board of Directors' decision on Tuesday, Safar 30, 1446 (H), corresponding to September 3, 2024 that canceled previous recommendations regarding the capital decrease and to recommend to the Extraordinary General Assembly a decrease of the company's capital by 26.5% of the current capital, as follows:

- Capital before reduction: SAR 297,000,000.  
Capital after reduction: SAR 218,295,000.  
Capital reduction percentage: 26.5%.  
Number of shares before reduction: 2,970,000,000.  
Number of shares after reduction: 2,182,950,000.
- Reason for capital decrease: To quench amount of SAR 78,705,000 from the company's accumulated losses, which represents 98.42% of the accumulated losses amounting to SAR 79,969,540 as of June 30, 2024. After the decrease, the company's accumulated losses will amount to SAR 1,264,540, which is 0.58% of the new capital of SAR 218,295,000.
- Method of capital decrease: Cancellation of 787,050,000 shares with a nominal value of SAR 0.10 per share. This will involve a decrease of 1 share for every 3.77 shares.
- Effect of the capital decrease on the company's liabilities: There is no effect from the capital decrease on the company's financial liabilities.

Moreover, the capital decrease is subject to approval by the relevant official authorities, regulatory bodies, and the Extraordinary General Assembly.



**Al Baha Investment and Development Company**  
**Saudi Joint Stock Company**

**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of**  
**Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of**  
**June 30, 2024 (Continued)**

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**2) Relevant provisions from regulations and bylaws:**

• **Capital Market Authority:**

Article 76 of Chapter Two of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority:

- A. Where the issuer who wishes to reduce its share capital, it must submit to the Authority a letter of application that includes the minimum information set out in Annex (23) of these Rules, for the Authority's approval prior to obtaining the approval of the relevant extraordinary general assembly of the issuer on the capital reduction. The application must be accompanied by the following:
- 1- The letter of appointment of the financial advisor;
  - 2- The letter of appointment of the legal advisor (if any);
  - 3- An external auditor's report on the reasons for the capital reduction and the impact of the capital reduction on the issuer's liabilities;
  - 4- The proposed method of capital reduction and the expected effect of such reduction;
  - 5- A copy of the shareholders' circular as per paragraph (b) of this article; and
  - 6- Any other documentation as may be required by the Authority.
- B. Where an issuer wishes to reduce its share capital, it must also produce a circular for its shareholders stating the information required to enable the shareholders to make an informed vote at the relevant extraordinary general assembly. This circular shall include, but is not limited to, the following:
- 1- The general structure of the proposed reduction in share capital;
  - 2- The rationale behind the proposed reduction in share capital, including a reasoned discussion from management in this regard;
  - 3- The risk factors related to the proposed reduction in share capital;
  - 4- The proposed timing of the process; and
  - 5- A statement from the directors of the issuer confirming that in the board's view, the proposed reduction in share capital is in the best interests of the issuer and the shareholders.
- C. The shareholders' circular - submitted to the Authority in respect of a capital reduction request - must be produced in Arabic language and be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules have been included and any changes from any previous drafts must be clearly marked. Each draft shareholders' circular must indicate the draft number and date of submission on its cover page.

• **Companies Law**

**Article 133 - Methods of Capital Decrease:**

Capital shall be decreased by any of the following methods:

- A. Cancellation of a number of shares equal to the amount to be decreased.
- B. Reduction of the nominal value of a share by canceling a part thereof equal to the amount of losses incurred by the company.
- C. Reduction of the nominal value of a share by returning a part thereof to the shareholder or relieving him from all or part of the unpaid amount of the share's value.
- D. The company's purchase of a number of its shares equal to the amount to be decreased, and the cancellation of such shares thereafter.

**Al Baha Investment and Development Company**  
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**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of**  
**Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of**  
**June 30, 2024 (Continued)**

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**Article 134 - Issuance of a Capital Reduction Resolution:**

The extraordinary general assembly may decide to decrease the capital if it exceeds the company's needs or if the company incurs losses. In case of losses, the capital may be decreased below the limit specified in Article 59 of this Law. The decision to decrease the capital shall not be issued until a statement prepared by the board of directors stating the grounds for such decrease, the company's liabilities, and the effect of the decrease on satisfying such liabilities is presented at the general assembly. Said statement shall include the report of the company's auditor, and may be presented to shareholders in cases where the general assembly decision is passed by circulation.

• **Company's Articles of Association**

**Article 7 - Capital:**

1. The authorized capital is set at SAR 297,000,000.
2. The issued capital of the company is SAR 297,000,000 (two hundred ninety-seven million Saudi Riyals), divided into 2,970,000,000 nominal shares (two billion nine hundred seventy million nominal shares) of equal value, with each share having a nominal value of SAR 0.10 (ten halalas). All shares are ordinary shares, and the paid-up capital amounts to SAR 297,000,000.

**Article 8 - Subscription to or Ownership of Shares:**

Subscription to or ownership of shares implies the shareholder's acceptance of the company's articles of association and commitment to the decisions made by the General Assembly in accordance with the provisions of the Companies Law and the company's articles of association, whether the shareholder is present or absent, and whether they agree with or oppose the decisions.

**Article 15 - Capital Reduction:**

1. The Extraordinary General Assembly may decide to reduce the issued capital of the company using one of the methods specified by law if it exceeds the company's needs or if the company has incurred losses, provided it does not fall below the minimum required according to the Companies Law. A reduction decision shall only be issued after reading a statement prepared by the Board of Directors at the General Assembly regarding the reasons for the reduction, the company's obligations, and the impact of the reduction on fulfilling those obligations. This statement must be accompanied by a report from the company's auditor.
2. If the capital reduction is due to an excess over the company's needs, creditors must be invited to submit any objections to the reduction, if any, within the period specified by regulations before the date of the Extraordinary General Assembly meeting that will decide on the reduction. According to the regulations, if any creditors object to the reduction and provide their documentation to the company within the specified period, the company must either settle the debt if it is due or provide sufficient security for the debt if it is deferred.



**Al Baha Investment and Development Company  
Saudi Joint Stock Company**

**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of  
Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of  
June 30, 2024 (Continued)**

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**3) Reasons for Capital Decrease and the Effect on the Company's Liabilities**

**Reason for Capital Decrease:**

The capital decrease aims to quench an amount of SAR 78,705,000 from the company's accumulated losses. This amount represents 98.42% of the accumulated losses, which totaled SAR 79,969,540 as of June 30, 2024. Following the decrease, the company's accumulated losses will amount to SAR 1,264,540, which is 0.58% of the company's new capital of SAR 218,295,000.

**Effect of the Capital Decrease:**

The impact on shareholders' equity, based on the condensed consolidated financial statements for the six months ended June 30, 2024, will be as follows:

	<u>Before decrease</u>	<u>After decrease</u>	<u>The effect</u>
<u>Shareholders' equity</u>	(SR)	(SR)	(SR)
Capital	297,000,000	218,295,000	78,705,000
Accumalated Losses	(79,969,540)	(1,264,540)	(78,705,000)
<b>Net shareholders' equity attributable to company's shareholders</b>	<b><u>217,030,460</u></b>	<b><u>217,030,460</u></b>	<b><u>-</u></b>

The capital decrease will have no effect on the company's cash accounts. Additionally, there will be no effect on the net shareholders' equity or the company's liabilities.

**Al Baha Investment and Development Company**  
**Saudi Joint Stock Company**

**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of**  
**Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of**  
**June 30, 2024 (Continued)**

**4) Historical Financial Information of the Company Extracted from the Condensed Consolidated Financial Statements**

Condensed Consolidated Statement of Financial Position as of June 30, 2024:

<b>ASSETS</b>	<b>June 30, 2024</b>	<b>December 31,</b>
	<b>(Unaudited)</b>	<b>2023 (Audited )</b>
	<b>(SR)</b>	<b>(SR)</b>
<b>Current Assets</b>		
Cash and cash equivalents	13,085,804	7,229,551
Trade receivables - net	5,931,305	3,213,649
Other debit balances	255,837	71,178
Due from related party	464,267	141,914
<b>Total Current Assets</b>	<b>19,737,213</b>	<b>10,656,292</b>
<b>Non - Current Assets</b>		
Goodwill- net	22,159,064	22,159,064
Intangible assets - net	2	1,305
Right of use assets - net	9,518,797	10,371,228
Investment properties- net	224,762,852	225,690,381
Property and equipment- net	392,787	465,346
<b>Total Non Current Assets</b>	<b>256,833,502</b>	<b>258,687,324</b>
Non-current assets held for sale- net	-	-
<b>Total Assets</b>	<b>276,570,715</b>	<b>269,343,616</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	937,461	937,461
Other credit balances	8,305,525	5,409,335
Auction shares deposits under settlement	11,206,527	11,234,796
Lease liability - current	1,796,226	1,921,665
Zakat provision	7,344,088	5,825,132
<b>Total Current Liabilities</b>	<b>29,589,827</b>	<b>25,328,389</b>
<b>Non-Current Liabilities</b>		
Lease liability - non current	9,406,324	9,406,324
Employees' defined benefits obligation	377,337	330,984
<b>Total Non-Current Liabilities</b>	<b>9,783,661</b>	<b>9,737,308</b>
<b>Total Liabilities</b>	<b>39,373,488</b>	<b>35,065,697</b>
<b>Shareholders' Equity</b>		
Capital	297,000,000	297,000,000
Accumulated losses	(79,969,540)	(82,123,073)
<b>Net shareholders' Equity</b>	<b>217,030,460</b>	<b>214,876,927</b>
Non - Controlling interests	20,166,767	19,400,992
<b>Total Equity</b>	<b>237,197,227</b>	<b>234,277,919</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>276,570,715</b>	<b>269,343,616</b>

**Al Baha Investment and Development Company**  
**Saudi Joint Stock Company**

**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of  
Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of  
June 30, 2024 (Continued)**

Condensed Consolidated Statement of Comprehensive Income for the Three and Six Months Ended June 30, 2024 (Unaudited):

	For the three months ended		For the six months ended	
	June 30		June 30	
	2024	2023	2024	2023
	(SR)	(SR)	(SR)	(SR)
Revenues	4,501,175	3,620,728	8,953,494	7,068,865
Cost of revenues	(1,096,539)	(1,075,163)	(2,227,892)	(2,179,502)
<b>Gross profit</b>	<b>3,404,636</b>	<b>2,545,565</b>	<b>6,725,602</b>	<b>4,889,363</b>
General and administrative expenses	(1,048,548)	(751,586)	(1,911,377)	(1,527,725)
Reversal (provision) of the expected credit loss for the period	1,237,601	(161,136)	565,329	(382,196)
<b>Profit from operations</b>	<b>3,593,689</b>	<b>1,632,843</b>	<b>5,379,554</b>	<b>2,979,442</b>
Finance cost	(114,890)	(128,802)	(232,624)	(495,503)
Other revenue	-	-	99,794	22,040
<b>Profit for the period before Zakat</b>	<b>3,478,799</b>	<b>1,504,041</b>	<b>5,246,724</b>	<b>2,505,979</b>
Zakat	(497,415)	(1,094,653)	(2,327,416)	(1,769,653)
<b>Net comprehensive income</b>	<b>2,981,384</b>	<b>409,388</b>	<b>2,919,308</b>	<b>736,326</b>
<b>Comprehensive income for the period attributable to:</b>				
Shareholders of the Company	2,470,779	188,958	2,153,533	347,890
Non - Controlling interests	510,605	220,430	765,775	388,436
<b>Total</b>	<b>2,981,384</b>	<b>409,388</b>	<b>2,919,308</b>	<b>736,326</b>
Basic and diluted earnings per share for the shareholders of the Company	0.0008	0.0001	0.0007	0.0001

Condensed Consolidated Statement of Changes in Equity for the Six Months Ended June 30, 2024

	Capital	Accumulated Losses	Net Shareholders' Equity	Net Non- Controlling Interests	Total Equity
	(SR)	(SR)	(SR)	(SR)	(SR)
<b>For the period ended June 30, 2024</b>					
Balance at beginning of the period- audited	297,000,000	(82,123,073)	214,876,927	19,400,992	234,277,919
Total comprehensive income	-	2,153,533	2,153,533	765,775	2,919,308
<b>Balance at end of period- unaudited</b>	<b>297,000,000</b>	<b>(79,969,540)</b>	<b>217,030,460</b>	<b>20,166,767</b>	<b>237,197,227</b>
<b>For the period ended June 30, 2023</b>					
Balance at beginning of the period- audited	297,000,000	(85,619,149)	211,380,851	17,955,288	229,336,139
Total comprehensive income	-	347,890	347,890	388,436	736,326
<b>Balance at end of period- unaudited</b>	<b>297,000,000</b>	<b>(85,271,259)</b>	<b>211,728,741</b>	<b>18,343,724</b>	<b>230,072,465</b>



**Al Baha Investment and Development Company**  
**Saudi Joint Stock Company**

**Report Regarding the Reasons for Capital Decrease and the Effect of Such Decrease on the Liabilities of**  
**Al Baha Investment and Development Company - (Saudi Joint Stock Company) as of**  
**June 30, 2024 (Continued)**

Condensed Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2024 (Unaudited)

	For the six months ended	
	June 30	
	2024	2023
	(SR)	(SR)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before Zakat	5,246,724	2,505,979
<b>Adjustments to reconcile profit for the period before Zakat to net cash from operating activities</b>		
Depreciations of property and equipment , investment property and amortization of intangible assets	1,001,391	940,958
Depreciations of right of used assets	852,431	852,430
Employees' benefits - charged	46,353	47,653
Finance cost	232,624	495,503
(Reversal) provision of the expected credit loss	(565,329)	382,196
<b>Changes in Operating Assets and Liabilities</b>		
Trade receivables	(2,152,327)	(1,078,035)
Other debit balances	(184,659)	70,684
Due from related party	(322,353)	-
Other credit balances	2,896,190	159,978
Auction shares deposits under settlement	(28,269)	(22,208)
<b>Cash flows from operations</b>	<b>7,022,776</b>	<b>4,355,138</b>
Zakat - Paid	(808,460)	(768,899)
<b>Net Cash flows from Operating Activities</b>	<b>6,214,316</b>	<b>3,586,239</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property and equipment	-	(74,448)
<b>Net cash flows used in investing activities</b>	<b>-</b>	<b>(74,448)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liability-Paid	(358,063)	(676,375)
Loan	-	(50,242,000)
<b>Net Cash flows used in Financing Activities</b>	<b>(358,063)</b>	<b>(50,918,375)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,856,253</b>	<b>(47,406,584)</b>
Cash and cash equivalents at beginning of the period	7,229,551	50,950,741
<b>Cash and cash equivalents at end of the period</b>	<b>13,085,804</b>	<b>3,544,157</b>





### نموذج التوكيل

نموذج التوكيل غير متاح وذلك بسبب انعقاد الجمعية العامة العادية عن طريق وسائل التقنية الحديثة باستخدام منظمة تداولاتي. وللاستفسارات يرجى التواصل بإدارة علاقات المستثمرين عبر:

الهاتف: +966 (17) 7223333

البريد الإلكتروني: [invest@albahacompany.com](mailto:invest@albahacompany.com)

### Power of attorney form

The proxy form is not available due to the holding of the ordinary general assembly meeting through modern technology means using tadawulaty system. For inquiries, please contact the Investor Relations Department via:

Phone: +966 (17) 7223333

Email: [invest@albahacompany.com](mailto:invest@albahacompany.com)