



To the Shareholders
Saudi Company for Hardware
(Saudi Listed Company)

Report on Declaration by the Chairman of the Board of Directors

We have undertaken a limited assurance engagement in respect of the accompanying declaration of statement of work and contracts with related parties for the year ended 31 December 2020 related to Saudi Company for Hardware (the "Company") which has been prepared by the management and approved by the Chairman of the Board of Directors (the "Board") of the Company in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 71 of the Regulations for Companies.

Subject matter

The Subject Matter for our limited assurance engagement is the Declaration prepared and submitted to us by the management of the Company and approved by the Chairman of the Board of Directors as attached to this report and stamped for identification by us.

Criteria

The applicable Criteria is the requirement of Article 71 of Regulations for Companies issued by the Ministry of Commerce (2015-1437H) which states that any member of the Board of Directors (the "Board") with any interest, both directly or indirectly, in the transactions or contracts made for the account of the Company shall declare such interests for the approval of a general assembly of the Company. The Board member must notify the Board of such interest and excuse himself in vote by the Board to approve such transactions or contracts. The Chairman of the Board will notify the general assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

Management's responsibility

Management of the Company is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility also includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence requirements of the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, and the ethical requirements that are relevant to our limited assurance engagement in the Kingdom of Saudi Arabia, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, as endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive system of quality control including documented policies and 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 Declaration 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 with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration, for the year ended December 31, 2020.

The procedures selected depend on our judgment, including the assessment of risks such as failure of systems and controls, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies.

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 have planned and performed the following procedures to obtain limited assurance over the Company's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discuss with management the process for conducting business and entering into contracts with any of the Board members, either directly or indirectly, with the Company which includes that the Board member notifies the Board on the transactions and contracts entered into by the Company, in which the Board member may have any interest, either directly or indirectly, and further that the concerned Board member will not vote on the resolution issued in this regard at the meetings of the Board and the shareholders.
- Obtain the accompanying Declaration which is stamped for identification by us that includes the lists of all transactions and contracts entered into by any of the Board members of the Company, either directly or indirectly, with the Company during the year ended December 31, 2020.
- Review the minute of Board meeting held on December 5, 2019; Which included approval of Board members on contracting with the concerned related party with regard to investment in land at Jeddah as illustrated in the accompanying Declaration that are stamped by us for identification purposes.
- Review the minutes of Board meetings held during the year ended December 31, 2020. These minutes did not include any notification from any of the Board members with respect to, any new businesses or contracts, entered into with the Company, where the Board member has an interest, either directly or indirectly, as compared to prior year.
- Review the General Assembly minute of meeting held on 30 April, 2020 which includes the list of all transactions and contracts entered into by any of the Board members of the Company, either directly or indirectly, with the Company during the year ended December 31, 2020 were approved.
- Review the confirmations obtained from the concerned Board of directors members on the business and contracts entered by the Board of directors members, either directly or indirectly, during the year ended December 31, 2020, and obtaining a confirmation from the Board members who have no business or contracts with the Company.

- Ensure the consistency of the transactions and contracts included in the Declaration with the disclosure in Note (29) to the Company's audited consolidated financial statements for the year ended December 31, 2020.

Inherent limitations

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of the Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

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 gathering sufficient appropriate evidence were deliberately 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 or a review opinion in relation to the adequacy of systems and controls.

This conclusion relates only to the Declaration for the year ended December 31, 2020 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 requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended December 31, 2020.

Restriction of use

This report, including our conclusion, has been prepared solely upon the request of the management of the Company, to assist the Company and its Chairman of the Board of Directors in fulfilling their reporting obligations to the General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce, Capital Market Authority and the shareholders of the Company.

PricewaterhouseCoopers


Bader I. Benmohareb
License Number 471
April 6, 2021



Date: 6-4-2021

Dear M/S shareholders of Saudi Company for Hardware (SACO),

Greetings,

We would like to inform you that the Board of Directors has not received any information or reporting on the business and contracts in which any Board Member has a personal interest directly or indirectly except what mentioned in this report.

The below mentioned engagements that took place during 2020 G, were authorized by the General Assembly of shareholders held on April 30, 2020 G, wich it is required to be authorized for a new year in addition to a new contract that took place during 2020 G according to the company's announcement dated 02-03-2020, and they are as follows:

First: The transactions and contracts that took place between the company and the Inheritors of Abdullah Taha Bakhsh, owners of Abrar International Holdings Company, (a major shareholder of SACO), represented by Board of Directors members, Mr. Talal Mohamed Bakhsh and Mr. Hany Alshuwaier, represented in a lease agreement for a store in Jeddah (Andalus Street), signed on 28-02-2009 Between the Saudi Company for Hardware (SACO) and the Inheritors of Abdullah Taha Bakhsh, And renewed Up to 26/02/2025 G and authorizing them for a coming year according to the attached appendix for the amounts and conditions, noting that the amount of the transaction during 2020 After the discount for the Corona pandemic, was (1,333,333) Saudi riyals and during 2021 G will be an amount of (2,000,000) Saudi riyals, and there are no preferential terms in this transaction.(Attached contract details)

Second: The transactions and contracts that took place between the company and one of Inheritors of Abdullah Taha Bakhsh, owners of Abrar International Holdings



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A handwritten signature in blue ink, appearing to be 'Hany Alshuwaier', written over a circular scribble.A handwritten signature in blue ink, appearing to be 'Talal Mohamed Bakhsh', written in the bottom right corner.

Company, (a major shareholder of SACO), represented by Board of Directors members, Mr. Talal Mohamed Bakhsh and Mr. Hany Alshuwaier, represented in a lease agreement for a store in Jeddah, Prince Muhammad Bin Abdulaziz Street, Al Safwa Al Tahlia Center signed on 06-04-2014, which will be between the company and one of the Inheritors of Abdullah Taha Bakhsh, owners of Abrar International Holding Company, one of the major shareholders of SACO, according to the attached appendix of the amounts and conditions, noting that the amount of the transaction during 2020 G, After the discount attributed for the Corona pandemic , was (1,585,000 (Saudi riyals and during 2021 the contract amount will be(1,985,000) Saudi riyals and there are no preferential terms in this transaction. .(Attached contract details)

Third: The transactions and contracts that took place between the company and one of the Inheritors of Abdullah Taha Bakhsh, owners of Abrar International Holding Company, one of the major shareholders of SACO, represented by Board Members , Mr. Talal Muhammad Bakhsh and Mr. Hany Alshuwaier , represented in signing a lease contract of investment of land in Jeddah on 02-03-2022 G partially owned by Mr. Samoal Taha Bakhsh, one of the owners of Abrar International Holding Company (a related party) according to the appendix explaining the amounts and conditions, noting that the amount of the transaction during 2020 after the discount attributed for the Corona pandemic , was (1,653,750) Saudi riyals and during 2021 the contract amount will be) 2,250, 000(Saudi riyals) and there are no preferential terms in this transaction. .(Attached contract details)

Yours sincerely and with the greatest respect,

Board of Directors' Chairman of Saudi Company for Hardware (SACO)

Abdel-Rahman Amin Jawa

Date: 06-04-2020 G



Appendix

TRANSACTIONS WITH RELATED PARTIES:

During 2020 G, the company dealt with related parties the Inheritors of Abdullah Taha Bakhsh,(owners of Abrar International Holdings Company) a major shareholder, represented by the board members Mr. Talal Bakhsh, and Mr. Hany Alshuwaier.

The contracts and transactions mentioned in the table below items (1 & 2) were presented and authorized for the next year and were approved in the general assembly that was held on 30/04/2020 G. Additionally, the company signed a land investment contract in Jeddah on 02-03-2022 G partially owned by Mr. Samoal Taha Bakhsh, one of the owners of Abrar International Holding Company (a related party), and it is worth noting that the transactions between the company and the related parties will be presented to be approved annually at the next general assemblies. With the exception of what is mentioned in the table below, during 2020 G, there were no businesses or contracts in which the company was a party or in which there was an interest for a board member, senior executives, or any related party.

The below table shows the details of agreements made between the Company and the related parties during 2020 G:





No.	First Party	Second Party	Subject	Services and products offered under agreements	Date of agreements	Duration	Value (SAR)																														
1	One of the inheritors of Abdullah Taha Bakhsh	SACO	Rent Agreement	SACO company rents a store from the first party in Jeddah (Andalus Street)	28/02/2009 Current extension on 03/02/2019	This contract had been renewed for 5 Years on 18/05/2014, and then renewed on 03/02/2019 starting from 27/02/2020 until 26/02/2025 Details: <table border="1"> <thead> <tr> <th>Duration</th> <th>Value (SAR)</th> </tr> </thead> <tbody> <tr> <td>27-02-2020 to 26-02-2021</td> <td>2,000,000 riyals</td> </tr> <tr> <td>27/02/2021 to 26-02-2022</td> <td>2,000,000 riyals</td> </tr> <tr> <td>27-02-2022 to 26 -02-2023</td> <td>2,000,000 riyals</td> </tr> <tr> <td>27-02-2023 To 26-02- 2024</td> <td>2,000,000 riyals</td> </tr> <tr> <td>27-02-2024 To 26-02-2025</td> <td>2,000,000 riyals</td> </tr> </tbody> </table>	Duration	Value (SAR)	27-02-2020 to 26-02-2021	2,000,000 riyals	27/02/2021 to 26-02-2022	2,000,000 riyals	27-02-2022 to 26 -02-2023	2,000,000 riyals	27-02-2023 To 26-02- 2024	2,000,000 riyals	27-02-2024 To 26-02-2025	2,000,000 riyals	1,333,333 Saudi riyals during 2020																		
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2	One of the inheritors of Abdullah Taha Bakhsh	SACO	Rent Agreement	SACO company rents a store from the first party in Jeddah (Althalia)	06/04/2017	From 06/04/2017 to 31/12/2020 Details: <table border="1"> <thead> <tr> <th>Duration</th> <th>Annual rental value</th> </tr> </thead> <tbody> <tr> <td>From 09-04-2017 to 31-12-2017</td> <td>1,312,602</td> </tr> <tr> <td>From 1-1-2018 to 31-12-2018</td> <td>1,985,000</td> </tr> <tr> <td>From 1-1-2019 to 31-12-2019</td> <td>1,985,000</td> </tr> <tr> <td>From 1-1-2020 to 31-12-2020</td> <td>1,985,000</td> </tr> <tr> <td>From 1-1-2021 to 31-12-2021</td> <td>1,985,000</td> </tr> <tr> <td>From 1-1-2022 to 31-12-2022</td> <td>1,985,000</td> </tr> <tr> <td>From 1-1-2023 to 31-12-2023</td> <td>2,084,250</td> </tr> <tr> <td>From 1-1-2024 to 31-12-2024</td> <td>2,084,250</td> </tr> <tr> <td>From 1-1-2025 to 31-12-2025</td> <td>2,084,250</td> </tr> <tr> <td>From 1-1-2026 to 31-12-2026</td> <td>2,084,250</td> </tr> <tr> <td>From 1-1-2027 to 31-12-2027</td> <td>2,084,250</td> </tr> <tr> <td>From 1-1-2028 to 31-12-2028</td> <td>2,188,463</td> </tr> <tr> <td>From 1-1-2029 to 31-12-2029</td> <td>2,188,463</td> </tr> <tr> <td>From 1-1-2030 to 31-12-2030</td> <td>2,188,463</td> </tr> </tbody> </table>	Duration	Annual rental value	From 09-04-2017 to 31-12-2017	1,312,602	From 1-1-2018 to 31-12-2018	1,985,000	From 1-1-2019 to 31-12-2019	1,985,000	From 1-1-2020 to 31-12-2020	1,985,000	From 1-1-2021 to 31-12-2021	1,985,000	From 1-1-2022 to 31-12-2022	1,985,000	From 1-1-2023 to 31-12-2023	2,084,250	From 1-1-2024 to 31-12-2024	2,084,250	From 1-1-2025 to 31-12-2025	2,084,250	From 1-1-2026 to 31-12-2026	2,084,250	From 1-1-2027 to 31-12-2027	2,084,250	From 1-1-2028 to 31-12-2028	2,188,463	From 1-1-2029 to 31-12-2029	2,188,463	From 1-1-2030 to 31-12-2030	2,188,463	1,585,000 Saudi riyals during 2020
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3	One of the Inheritors of Abdullah Taha Bakhsh	SACO	Land investment agreement - lease	SACO company rents a land from the first party in Jeddah (Prince Sultan)	2-3-2020 Details of the contract from 01-04-2020 to 31-03-2042	The duration of the contract is from 01-04-2020 to 01-04-2041 Details:	1,653,750 Saudi riyals during 2020																																														
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