



شركة مجموعة فتحي القابضة

FITAIHI HOLDING GROUP COMPANY

Annual Board Report 2021



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

The Annual Report of Board of Directors

For the Fiscal Year ending on 31/12/2021



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Board Members

Ahmed H. Fitaihi



Chairman of the BOD
Chair of Investment Committee



Dr. Ibrahim Hassan Al-Madhoun
Vice-Chairman of the
Chair of Risk
Management Committee



Eng. Abdulmalik Abdullah Fathaddin
Board Member



Mr. Omar Riyadh Al-Humaidan
Board Member



Dr. Suhail Hassan Qadi
Board Member
Chair of Nomination
and Remuneration
Committee



Dr. Adnan Abdulfattah Soufi
Board Member
Chair of Audit Committee



Mrs. Bayan Adel Mohammed Fakieh
Board Member



Mr. Yasser Yehia Abdelhamid
CEO



Mr. Uthman Riyadh Al-Humaidan
External Member of Audit Committee



Chairman's Message



His Excellency SHK. Ahmed H. Fitaihi

In the name of Allah, the Compassionate and the Merciful

May Blessings and Peace be upon our Prophet Mohammed, His Family and Companions!

Messrs., the Honorable Shareholders of Fitaihi Holding Group,

AA.

It gives me great pleasure to welcome you through the Annual Report of the Board of Directors for the fiscal year 2021. I am honored to share with you the results achieved by the Group, by the Grace of ALLAH, and then with the efforts of the employees, reviewing the most prominent transformations of the Company.

The year 2021 was an extension of the previous year as it was a continuation of the challenges faced by the sectors in which the Group invests, especially the retail sector, which focuses on trading gold, jewelry, and luxury products. We trust in ALLAH, that the efforts made and the plans developed will lead to a better future for the Company and its shareholders.

The measures taken by the Company were a realistic response to the surrounding circumstances in general. Those taken measures resulted in a significant improvement in our business results, by the Grace of the Almighty. We are also optimistic while looking to the future so that the Company, God willing, will continue to complete the process of development and growth.



We cannot forget that our wise government, by direct instructions from the Custodian of the Two Holy Mosques and his Crown Prince, has been doing decisive and prudent actions at levels. In addition to providing numerous distinguished services at all levels to reduce -to the maximum extent possible- the effects of the Corona Virus Crisis, which led to -thankfully- overcoming this global crisis smoothly and peacefully, and achieving many gains, especially at the economic level.

From our inception until today, and with the Grace of ALLAH, and then thanks to the efforts of the employees of our distinguished national, professional and skillful cadres, Fitaihi Holding Group maintained a rich historical record of achievements and successes, which enabled us to innovate and achieve the best results.

Today, we are proud of the results achieved, and we look forward with confidence to a brighter future that our hands can build, and our tomorrow's generations reap its fruits.

On behalf of the Members of the Board, Executive Management, and all the Company's employees, I pray for our wise Leadership -may Allah protect, and special thanks to my colleagues in the executive management and the Company's employees for their sincere efforts in developing the Company, raising performance, and achieving high returns for the benefit of the shareholders.

Thank you for your trust.

Best Regards,

Ahmed H. Fitaihi

Chairman



CEO's Message



Mr. Yasser Yehia Abdelhamid Abdrabou

AA.

Messrs., the Honorable Shareholders of Fitaihi Holding Group

Praise be to Allah, Lord of all creations, and Prayers and Peace be upon the Most Honorable Messengers, Our Prophet Mohammed, His Family and all His Companion.

I am pleased to meet with you through the Annual Report of the Board of Directors for 2021. Together we will review the most prominent transformations in the performance of the Company in 2021 where the Company achieved net profits amounted to SAR 149.6 million against SAR 30 million representing an increase of 398.7%.

The Company has restructured the Group and its subsidiaries, taking deliberate measures to counter the negative impact of Covid-19. This negative impact was because of less spending on luxury goods, such as jewelry, due to the global economic condition and the decrease in demand in general. The Group has worked too to reduce this impact by managing working capital and rationalizing spending, especially selling, marketing, general and administrative expenses, and taking the investment decisions that achieve the best return for shareholders.

The Group also seeks to diversify its investments, sources of income, distribute risks, re-examine strategies, arrange priorities and reformulate objectives according to the variables. We believe that there are opportunities to improve performance and profitability in the future.

The Group is doing everything in its power to maintain its competitive position and it will constantly strive to achieve growth and excellence to maximize the rights of the shareholders.

Thankfully, for the fourth year in a row, I am honored to congratulate the shareholders and those leading Fitaihi Holding Group for receiving the Excellence Award in applying corporate governance (non-financial sectors) in the Saudi Stock Exchange during the Third International Corporate Governance Conference, held by Corporate Governance Centre, affiliated to the College of Business at Alfaisal University on 22 December 2022.

I seize the opportunity to extend my gratitude to the Chairman, Members of the Board of Directors, and the entire team of the Group, for their tireless work, which resulted in the achieved developments.



مجموعة فتيحي القابضة
FITAIHI HOLDING GROUP

Best Regards,

Yasser Yehia Abdelhamid Abdrabou
CEO





About the Group

Fitaihi Holding Group is a Saudi joint-stock Company registered in the KSA under the Ministerial Decree No. 1058 on Ramadan 9, 1418H, and CR No. 4030085128 issued in Jeddah on Sha'aban 2nd, 1412H, corresponding to February 5, 1992.

The name Fitaihi goes back to the year 1907, it is a famous brand name in the field of gold, jewelry and luxury goods, such as gifts, crystals, silverware, antiques, and Chinaware made of the highest quality and finest raw materials.

The Group has focused on the fields in which it operates. It currently works in the Retail Sector (branches bearing the trademark **Fitaihi**), and the Investment Sector through (Investment in the medical sector through its contribution in the International Medical Center - Jeddah, and the household products sector through its contribution to the Oriental Weavers Company - Egypt).

Retail showrooms are currently in Jeddah. The share capital of Fitaihi Holding Group is SAR 275 million, divided into 27,500,000 shares after capital reduction (for exceeding the Company's need).

The Fitaihi Holding Group is registered in the Saudi Stock Exchange "Tadawul" since 2000. The Group is managed by a Board of Directors consists of expertise in the financial, administrative and commercial fields. The Group has developed a strategic vision for the next period, to be implemented in order to improve the rate of investment returns and to maximize shareholders' equity.



I: Key Activities of the Group¹

The key activities and objectives of the Group include the following:²

- 1) Management of its subsidiaries or participating in the management of other companies in which it contributes; as well as providing the necessary support.
- 2) Investment of its funds in the shares and other securities.
- 3) Owning the properties and movables necessary to practice its activity.
- 4) Ownership, utilization and lease of industrial property rights, such as patents, trademarks, industrial trademarks, franchise and other moral rights to its subsidiaries or third parties.

The Company shall carry out its business activity according to the applicable laws after obtaining the required licenses from the competent authorities, if any.

¹ - Paragraph 15) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

² - Article 3) of the Articles of Association of Fitaihi Holding Group



Description of key activities of the Company and relevant impacts on the Company's business and its contribution to the outcomes:³

The Company's activities are divided into two main activities:

- 1) Retail:** Selling and purchasing precious metals, gemstones, jewelery, accessories, antiques, gifts, tableware, bedspreads, and chocolate.
- 2) Investment:** Management of subsidiaries or participation in the management of other companies, as well as providing the necessary support.

(In SAR Thousand)

Activity Type	Activity Revenue	%	Impact on results Profit (loss)
Retail Activity	52,670	%24.02	(17,79)
Investment Activity	166,578	%75.98	167,43
Total	219,248	%100	149,64

³ - Paragraph 15) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



II: Strategy of the Group⁴

The General Strategy of the Group is summarized in three main axes:

Axis (I):

The first axis is represented in getting ready for growth strategy through developing and preparing the Group's infrastructure to achieve future objectives and plans, getting out from unprofitable and unutilized activities and assets, attracting, training and developing qualified human cadres, developing the administrative structure and setting out modern administrative systems in line with the strategic direction of the Group.

Axis (II):

Focusing on the key activities and working on improving and developing the sales channels, preserving our customers, and targeting new ones by providing distinguished service of the best and finest products and services.

Axis (III):

Improving the rate of investment revenues and maximizing shareholder equity through the optimal use of the Company's assets and resources, and diversifying income sources through investment by purchasing or merging into companies or entering into strategic partnerships with existing companies.

The implementation of the Group's strategy will proceed, by completing the sale of the untapped assets, opting out of the unprofitable activities, and using the proceeds of the sale through a comparison between different strategic options for choosing the best alternatives that contribute to improving the return on shareholders' equity, according to the prevailing conditions in the future.

During the previous two years, 2020 and 2021, the Group took advantage of the share price increase of one of its associate companies selling the entire investment (Al-Jouf Agricultural Development Company) and achieving capital gains amounting to SAR 125.7 million.

Also, during the previous two years, the Group closed many unprofitable retail branches, which contributed to a significant reduction in expenses.

The Group also sold its assets underutilized optimally in Riyadh, achieving a total capital gain of SAR 13.7 million.

The above-mentioned measures have contributed to improving the rate of return on investment and maximize the shareholders' equity.

⁴ - Paragraph 16) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



III: Plans, Decisions, Future Prospects and Potential Risks⁵

The Company's Significant Plans and Decisions

The Company restructured its business by focusing on the key activities represented in the trade of gold and jewelry and other complementary activities, and focusing in its investments on vital sectors such as the medical, agricultural as well as other promising sectors. [\(As stated in the paragraph entitled "Key Recommendations and Decisions of the Board of Directors"\)](#)

Within this framework, the Group announced on the Tadawul website the sale of its total stake in its associate, Al-Jouf Agricultural Company, and also the sale of its unutilized assets in Riyadh at a total of SAR 223 million achieving exceptional capital gains amounting to SAR 139.4 million.

Future Prospects of the Group's Business

The Group is currently seeking to focus on its key activities, taking into account the current market conditions, and trying to seize all investment opportunities available and to requisite all possible material and human capabilities to meet this objective.

Potential Risks⁶

A- Operational Risks

Branches and Unprofitable Activities

Periodically, the Group's management shall carry out a detailed study on the performance of each branch. These reports mainly show the volume and cost of sales for each branch, and indicate some prospects that can be worked upon. However, some branches may not achieve the expected results due to the external factors such as changes in market conditions, customer behavior or a change in common sense. In such a case, the Company may be forced to close or make amendments to some of these branches to achieve the general objectives of the Company, the most important of which is to increase sales and profitability.

⁵ - Paragraph 16) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁶ - Paragraph 17) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Inventory

One of the most significant risks - which can be encountered by companies engaged in Retail Sales in general, and luxury goods in particular- is that such companies cannot market their goods, since the stagnant or surplus inventory freezes part of the capital and negatively affects the margin of profitability. The Company periodically estimates the value of the decline in the value of the inventory according to the accumulated experience and the analysis of the inventory aging and its current status. Such reduction is equal to the value of the discrepancies between the cost of the inventory and its estimated market value. In case that the actual future conditions are less than the management's prospects, a reduction in the value of the inventory can be resorted to once again, as the estimates and assumptions that are based on in estimating the value of the inventory decline may change from time to time according to any future developments, in addition to reformulating part of the inventory. In this context, during the current year, the Company reduced the value of the idle and unsalable inventory. Based on the requirements of International Accounting Standard No. 2 applied in the Kingdom of Saudi Arabia, the inventory was valued at cost or net realizable value, whichever is lower, as the provision for previously formed inventory was written off at SAR 7.7 million in addition to a direct write-off of SAR 17.9 million, which was affected in the cost of sales.

Risks Related to Human Resources

The Group's performance depends mainly on the experiences, skills and capabilities of its executives and other senior employees. The future performance of the Group depends, to a large extent, on its ability to attract and preserve highly qualified individuals. The Company is working to reduce employees' turnover to minimize the impact of losing key employees. However, in any case, there are no guarantees that the Company's business will not be affected in case of failing to attract, develop, preserve or replace the qualified employees with employees of the same level of qualifications, abilities and experiences. The Company may be affected by the loss of services of one or more of its key employees who cannot be replaced in the short and medium term, which may lead to the disruption of some business and may negatively affect the financial position of the Company and the results of its operations. Consequently, the Company has been able to replace those employees with other qualified employees.

B- Investment Risks

Investing in stock markets has several advantages such as the value increase of those stocks in market and receiving cash dividends, but its risks lie in several aspects of as follows:

1- Economic Risks

It lies in the decline in the fair value of the stocks invested in as a result of changes in the level of stock indicators and economic activities. The results of these companies' businesses are also affected by the economic situation in the markets in which they operate. Therefore, stock prices and indicators are monitored to take the appropriate decision in the interest of the Group.



2- Foreign Currency Risks:

Most of the Group's transactions are made in SAR, USD, GBP, EUR, and EGP, and the USD is linked to the Saudi Riyal at a fixed exchange rate. Currency Risks are represented in the fluctuation of the value of a financial instrument due to fluctuations in foreign exchange rates. The Group is exposed to the risks of fluctuations in currency exchange rates during its normal business cycle. The risks related to currency fluctuations associated with financial instruments are concentrated in the currency fluctuations of the Group's foreign investments, whereas, the Group's main investments in the stock market are concentrated in the Egyptian Exchange. Therefore, its fair value is affected by the Egyptian pound exchange rate from one period to another, according to the economic conditions in the A.R.E. The Group considers most of its investments to be for long-term strategic purposes.

3- Risks of Price Fluctuations:

The investments of the Group are subject to stock price risks as the Company has investments in the Capital Market in Egypt. Accordingly, the Company continuously monitors the rates of these stocks and sectors as well as diversifies the Group's investment portfolio to take the appropriate decision for the interest of the Group.

4- Stock Price Risks:

The Group is exposed to market price risks on its investments in traded stocks arising from uncertainties surrounding the future value of traded stocks. Reports on investment in traded stocks are submitted to the Senior Management periodically.

5- Market Risks:

Market Risks mean the risks related to the fluctuation of the value of financial instruments as a result of changes in the market interest prices or the market price as a result of a change in the credit classification of the issuing authority or the instrument, change in market sentiment, speculative activities, offer and demand on securities, and liquidity in the market.

C- Credit Risks:

Credit risk is represented in the failure of one party in the financial instrument to fulfill its obligation and causing the other party to incur a financial loss. The Group works on limiting the credit risks. The Management believes that credit risks are limited as the Group's sales are in cash.

D- Liquidity Risks:

The primary responsibility for managing liquidity risk is attributed to the Board, which has set an appropriate framework for managing liquidity risks to manage the Group's short, medium and long term requirements and



liquidity management requirements. The Group shall manage liquidity risks by maintaining adequate funds through monitoring projected and actual cash flows continuously by matching the dates of the financial assets and liabilities. The Group is not exposed to Interest Rate Risk, as the Group's management depends fundamentally on providing liquidity through the Group's operational and investment operations. It does not depend on facilities and loans. Therefore, interest rate sensitivity analysis has not been presented.

Liquidity Risks are represented in the inability of the Group to meet its obligations related to financial liabilities once they are due. Liquidity needs are monitored on a monthly basis. The Management works on ensuring that sufficient funds are available to meet any obligations as they arise.

The Group's current financial liabilities consist of trade payables, accrued expenses, advances from customers, other payables and Zakat payable. It is expected that all these financial liabilities will be settled within 12 months from the date of the consolidated financial position statement. The Group expects to have sufficient funds to perform the work needed.

The Group's non-current financial liabilities consist of employee defined benefit obligations. The employee defined benefit obligations shall be paid according to the actual timing of the end of employee's service period.

E- Interest Rate Risks:

Interest Rate Risks are the fluctuations risks of the value of financial instruments or the associated cash flows due to changes in the interest rates. The Group has no significant assets with variable interest.

F- Other Risks:

- 1)- The Group's performance is directly linked to the economic situation in KSA; the financial solvency of targeted customers may be affected by this economic situation as a result of the large decrease in the volume of consumer spending. Therefore, the Group depends on diversifying investment through its investment portfolio in diversified companies.
- 2)- The advancement of the Retail Sector in the Group is linked to its ability to increase sales; in order to achieve this goal, the Retail Sector shall carry out many activities such as planning, selecting sites and differentiating between them, making the leasing decision, discussing prices, terms and other conditions of concluded contracts, preparing and equipping sites, developing computer systems and linking the same to the headquarter. Accordingly, the sector's success in achieving this advancement is closely linked to its ability to carry out all these activities in a successful manner. Therefore, the sector uses its expertise, key staff and its trade name in implementation, limitation or mitigation of the relevant risks through diligence, accuracy, and reviewing reports before making expansion decisions and lease new sites.
- 3)- The Group's ability to continue to growth is also linked to providing and training human resources timely to meet the needs of new exhibitions and to attract the necessary managerial qualifications and experiences. Therefore, the Group seeks at the first place to preserve the important and leadership key staff through distinguished financial compensation and training whenever needed, as well as working on developing an administrative succession plan.



- 4)- The sales volume and profitability of the Company's Retail Sector are affected by seasonal timing, and thus the Company's profitability may fluctuate from period to another during one year. Therefore, the Sales and Marketing Departments of the sector monitor the sales performance daily, and take the necessary corrective actions for the marketing activities.
- 5)- The Company's Retail Sector operates in a highly competitive environment where many retail establishments operate in the same fields in which the Company operates, and the growth of the Company's Retail Sector and its profit levels are linked not only to its ability to compete successfully, but to maintaining its advanced competitive position. That is why the Sector Management monitors the market and submits reports to take the necessary actions, whether by expanding or exiting from areas or markets.
- 6)- The Company depends heavily on IT systems to manage its assets and control its financial activities and records, Therefore the Company's continued satisfactory performance is linked to the continued efficient operation of those systems. Therefore, the Company is working on updating the Company's IT systems.
- 7)- The Company may also be affected by some of the risks that the Company's suppliers abroad, are exposed to, such as the increase in the prices of production requirements (especially gold, diamonds and gemstones), shipping, insurance, as well as the economic conditions and the political situation in their countries. That is why the Company always seeks to expand the supplier base and the regional areas in which these suppliers operate to limit or mitigate these risks as much as possible.
- 8)- The Company's sales may also be affected if the decision to reduce the working hours of trade exhibitions is applied. If this decision is applied, the Company will resort to focusing on sales through e-channels.
- 9)- The region is affected by the surrounding political events, which may affect the Company's activities generally in the future. Therefore, the Company has diversified its investment portfolio with a distinctive variety of stocks in various sectors.
- 10) - The high prices of properties lease in KSA, which may lead to an increase in the lease of sales exhibitions. In order to mitigate this risk, the Company shall enter into lease contracts for relatively long periods.
- 11)- Imposition of fees or taxes such as labor fees, VAT, or any other fees or taxes. In order to mitigate this impact, the Group shall seek to increase its profitability from its existing investments.
- 12)- Force Majeure, including but not limited to: (Floods - wars - earthquakes - epidemics - volcanoes - hurricanes - etc...).
- 13)- In addition to the mentioned risks, that the Group may face, in the notes attached to the Annual Consolidated Financial statements for the fiscal year.



G- Capital Risk Management:

For the purpose of managing the Group's Capital Risk, the Company's capital consists of capital and an investment assessment reserve in shareholders' equity instruments at FVOCI, retained earnings and statutory reserves of the shareholders of the parent Company.

The Group manages its capital to ensure its sustainability and to maximize return to shareholders by improving the balance between debt and shareholders' equity. The Group's General Strategy remains unchanged from the previous year.

The Group manages and adjusts its capital structure in light of changes in economic conditions and financial pledges requirements. In order to maintain or adjust the capital structure, the Group may adjust dividends to stakeholders or issue new stocks, or reduce its capital; as the main objective of capital management is to maximize the return on equity.

The Group has no capital structure with specific objectives, or rates that should be achieved in relation with managing Capital Risk. The General Strategy of the Group remains the same and unchanged comparing to the previous year. The Group's Capital consists of equity (consisting of capital, statutory reserve, retained earnings and investment assessment reserve in stakeholders' equity instruments at FVOCI).



Risk Management and Control Policy

I: Risk Management Committee Functions

The Board has formed emanating committee, called the Risk Management Committee, which ends with the end of the current session of the Board on 21/04/2022G, and among its most important main functions are the following: **(Indicative)**

- 1- Developing a comprehensive strategy and policy of risk management that are consistent with the nature and magnitude of the Company's activities, monitoring its implementation, reviewing and updating the same based on the Company's internal and external variables of the Company;
- 2- Determining and maintaining the risk appetite that may be faced by the Company and ensuring that the Company does not go beyond such level;
- 3- Ensuring the feasibility of the Company continuation, the successful sustainability of its activities and determining the risks that threaten its existence during the subsequent twelve (12) months;
- 4- Overseeing and evaluating the effectiveness of Company's risk management system and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areon weaknesses;
- 5- Regularly re-assessing the Company's risk appetite and exposition to such risks periodically through endurance tests;
- 6- Preparing and referring to the Board, detailed reports on the exposure to risks and the recommended measures to address such risks;
- 7- Providing recommendations to the Board on matters related to risk management;
- 8- Ensuring the availability of adequate resources and systems for risk management;
- 9- Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board;
- 10- Verifying the independence of the risk management employees from activities that may expose the Company to risk;
- 11- Ensuring that the risk management employees understand the risks threatening the Company and working on risks awareness-raising culture; and
- 12- Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.

II: Objectives of Implementing the Risk Management Policy

- Complying with the Company's corporate governance standards related to identifying risks and in some cases disclosing those risks;
- Avoiding what threatens the strategic objectives and the Company's activities and providing the needed protection;
- Coordinating and developing Risk Management Systems related to all Company activities, aiming to limit the impact of those risks; and
- Seizing investment opportunities in order to increase the value of the Company's assets and profitability in the short and long term, while finding a balance between revenues and risks.



III: Identify Risks

The Company shall determine the risks it encounters through investigation and holding meetings with those responsible for identifying risks. An external body can be used for this or through the results of the internal or external auditors, or any other method the Company deems appropriate.

IV: Risk Assessment

The Company shall assess the expected losses in case of any risk and the expected impact on the Company and its shareholders. As well as the Company shall perform an initial risk assessment in the light of what it deems appropriate and classify the risk category.

V: Methods of managing and directing risks

- Accept Risk.
- Share Risks with third Parties.
- End Risks.
- Finance Risks. (Insurance)
- Diversify Risks.

VI: Persons Responsible for the Risk Management System

- The heads of departments and units within the Company are responsible for identifying and discussing the risks they encounter within their departments.
- The Company shall adhere to implement the Company's General Risk Management Policy.

VII: The Board shall periodically implement the following:

- Identify the nature of the risks the Company encounters.
- Identify the acceptable and unacceptable risks for the Company.
- Identify the ability of the Company to sustain risk-related losses.

VIII: The Risk Management Committee shall:

- Conduct an annual assessment of the Company's Risk Management System.
- Identify the changes that take place in the nature and priority of risk as well as the Company's ability to deal with those variables.
- Identify the quality and volume of activities of the executive Members, internal auditors, and other persons in the internal control in relation to Risk Management.



IX: Disclosure of Information

- Communication channels shall be always maintained between the Board, the executive managers and all department heads.
- In the annual report, the Board shall disclose information on any risks encountered by the Company (whether operational, financial or market risks) and the policy of managing and controlling these risks to the shareholders.
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IV: Financial Performance

A- Summary of Financial Results⁷

Income Statement (in SAR Thousand): (Comparison of Business Results)

Statement	2021	2020	2019	2018	2017
Activity Revenue	219,247	113,212	100,626	147,721	194,389
Activity Costs	(47,700)	(29,864)	(52,853)	(62,018)	(86,032)
Total Profit of Activity	171,547	83,348	47,773	85,703	108,357
Marketing, Administrative and General Expenses	(29,737)	(37,009)	(52,110)	(74,002)	(101,210)
Other Net Income (Expenses)	12,990	(5,587)	(713)	715	493
Zakat	(5,162)	(10,751)	(4,809)	(5,297)	(6,636)
Minority Interests	-	-	316	652	(302)
Net Income (loss)	149,638	30,001	(9,543)	7,771	702

⁷ - Paragraph 18) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



B- List of financial position (in SAR Thousand): (Comparison of Assets and Liabilities)⁸

Statement	2021	2020	2019	2018	2017
Current Assets	122,037	217,620	201,334	230,893	288,258
Current Liabilities	17,015	20,543	29,591	19,652	30,717
Working Capital	105,022	197,077	171,743	211,241	257,541
Non-Current Assets (long term)	362,306	376,517	372,679	367,469	366,484
Fixed Assets and In Progress	41,732	54,668	80,678	66,602	82,871
Total Assets	526,074	648,805	654,691	664,964	737,613
Current Liabilities	17,015	20,543	29,591	19,652	30,717
Non-Current Liabilities	1,527	2,011	12,469	7,424	15,853
Total Liabilities	18,542	22,554	42,060	27,076	46,570
Paid Capital	275,000	550,000	550,000	550,000	550,000
Reserves and Retained Profits	197,605	72,515	52,696	85,963	111,662
Reserve of Investment Assessment in Equity Instruments at Fair Value through Comprehensive Income	34,927	3,736	4,841	(3,493)	23,380
Shareholders' Equity	507,532	626,251	607,537	632,470	685,042
Non-Controlling Rights	-	-	5,093	5,418	6,001
Total Liabilities and Shareholders' Equity	526,074	648,805	654,690	664,964	737,613

Some figures of previous years have been reclassified to comply with the presentation for the current FY year.

⁸ - Paragraph 18) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



The Company Sectors consist of the following:⁹

(In SAR Thousand)

<u>2021</u> In Thousand SAR	Retail Activity	Investment Activity	Total
Revenues	52,670	166,578	219,248
Total Profit of Activity	4,969	166,578	171,547
Net (loss) income of the FY year	(17,789)	167,427	149,638
Assets	116,707	409,367	526,074
Liabilities	9,983	8,559	18,542

(In SAR Thousand)

<u>2020</u> In Thousand SAR	Retail Activity	Investment Activity	Total
Revenues	48,020	65,192	113,212
Total Profit of Activity	18,156	65,192	83,348
Net (loss) income of the FY year	(14,935)	44,484	29,549
Assets	139,087	509,718	648,805
Liabilities	14,263	8,291	22,554

⁹ - Paragraph 15) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



C- Geographical Analysis of Company Sales:¹⁰

Description		2021	2020
		In SAR Thousand	In SAR Thousand
Western Region Sales	Inside KSA	52,670	41,906
Central Region Sales			6,114
Eastern Region Sales			-
Outside KSA		-	-
Total Sales		52,670	48,020

C- Geographical Analysis of Company Revenues:¹¹

Description	2021	2020
	In SAR Thousand	In SAR Thousand
Revenues of Retail Sector		
Kingdom of Saudi Arabia	52,670	48,020
Outside KSA		-
Total	52,670	48,020
Revenues of Investment Sector		
Kingdom of Saudi Arabia	151,449	57,601
Arab Republic of Egypt	15,129	7,591
Total	166,578	65,192
Total Revenues	219,248	113,212

¹⁰ - Paragraph 19) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

¹¹ - Paragraph 19) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



E- The substantial discrepancies in the operating results as at the previous year results or any prospects announced by the Company:¹²

(In SAR Thousand)

Statement	2021	2020	Difference (+) or (-)	Percentage of the difference
Sales / Revenues *	219,248	113,212	106,036	93.66%
Cost of Sales/ Revenues	(47,701)	(29,864)	(17,837)	59.73%
Total Profit	171,547	83,348	88,199	105.82%
Operating Expenses	(29,737)	(37,009)	7,272	(19.65%)
Operating Profit	141,810	46,339	95,471	206.03%

* This item includes (sales and investment profits).

Results of Operations during the FY 2021:

The operating profit during the current year reached SAR 141.810 million, compared to SAR 46.339 million in the previous year, mainly due to the result of the difference between the following positive and negative aspects:

• Positive Aspects

- 1- Achieve exceptional capital gains during 2021 from selling the shares of an associate company at 125.7 million SAR, compared to 32.1 million SAR, in addition to reversing the impairment in an associate company by an amount of 16 million SAR during the previous year.
- 2- The Company's share in the results of the operations of associate companies during the year 2021 increased by 157.9%, reaching 24.5 million SAR, compared to 9.5 million SAR during the previous year.
- 3- An increase of 98.7% in dividends from equity instruments at fair value through comprehensive income during 2021, reaching 15.1 million SAR, compared to 7.6 million SAR during the previous year.
- 4- Achieve exceptional capital gains from selling unutilized properties amounting to 13.8 million SAR during 2021.
- 5- Record the profits of evaluating investments at fair value through profit or loss amounting to 1.2 million SAR during 2021.

¹² - Paragraph 20) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



- 6- A decrease in Zakat expense by 51.9% during 2021, reaching 5.2 million SAR, compared to 10.8 million SAR during 2020.
- 7- Selling, distribution, administrative, general expenses, and other expenses decreased by 16.7%, amounting to 30.5 million SAR during 2021, compared to 36.6 million SAR during the previous year, where a provision for stagnant and slow-moving inventory was recorded at 7.4 million SAR last year.
- 8- Achieve losses from discontinued operations during the previous year, amounting to 6.5 million SAR, resulting from the Group's exit decision by selling its share in the capital of its subsidiary company, Luxury Goods Trading Company Ltd.

- **Negative Aspects**

- 1- A decrease in total sales profit by 72.5%, reaching 5 million SAR during 2021, compared to 18.2 million SAR during 2020, due to the recording of a decrease in the value of inventory by 17.9 million SAR during 2021, compared to 3.4 million SAR during 2020.

This comes in the context of reducing obsolete inventory, despite an increase in sales by 9.8% during 2021, reaching 52.7 million SAR, compared to 48 million SAR in the last year.



The following table shows the names of the subsidiaries, their main activities, headquarter of their operations, and the country of incorporation:¹³

	Sodouq International Holding Investment Company L.L.C	Fitaihi Retail Company L.L.C	Tawteen Saudi Company for Maintenance and Operation
Main Activity	Activities of holding companies (i.e.; units that acquire assets of owning a dominant share of a Group of subsidiaries capital, which main activity is the ownership of that Group)	Retail sale of gold, jewelry, jewels and precious metals.	Providing general maintenance services, maintenance of air conditioners and computers, cleaning and operation of factories, companies, buildings and shops, maintenance of machinery, equipment, vehicles and devices, commercial services, export and marketing to third party.
Percentage of Company's ownership therein	100%	100%	100%
Status	Commercial Registration was cancelled during the year.	Active	Active
Capital - SAR	-	100 million	100 thousand
Number of stocks /shares owned	-	100,000	100
Loans for subsidiaries - SAR	-	50,5 million	-
Loans from subsidiaries - SAR	-	-	93.4 thousand
Main Country of Operations	KSA	KSA	KSA
Country of Incorporation	KSA	KSA	KSA

¹³ - Paragraph 22) and 23) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



F-Investments:

1. Associate companies

1- The International Medical Center (IMC)



The capital of the International Medical Center Company (IMC) (a closed joint stock Company) is SAR 750 million, and the contribution of Fitaihi Holding Group is estimated at 19.25% of the total capital of IMC, and the transfer of the Company was approved according to the Minister of Commerce and Industry Decision (Ministerial Decree) No. (Q/99) on 08/04/1437H, from (Limited Liability Company) to (Closed joint stock Company).

In order to fulfill its mission to follow the best international medical standards in treatment, the hospital obtained the Joint Commission International (JCI) accreditation for assessing the quality of health services for the first time in 2008, with the highest success rate in the region, for the second time in 2011, for the third time in January 2014, then for the fourth time in February 2017G, and for a period of 3 years until 2020. The establishment was assessed for accreditation for 5th time in February 2020 for a period of 3 years extending up to 2023.

The IMC also obtained the Australian Council for Healthcare Standards International (ACHSI) accreditation in October 2014 for a period of 4 years, and the re-assessment took place in December 2018, and the renewal was for a period of 4 years until 2023.



At the local level, the IMC was keen to obtain the accreditation of the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), which it successfully obtained for a period extends from November 2017 to November 2020, and the facility was assessed for accreditation in September 2020, for a period of 3 years extends to 2023.

In 2014, a cooperation was made between the IMC and the American College of Surgeons to monitor and analyze the results of surgical operations, As part of the IMC's journey and its aspiration to improve the services provided to its patients, it has obtained the accreditation certificate from the American Association of Blood Bank (AABB) in 2018, and then obtained the accreditation certificate in February 2020, which extends for 2 years until 2022.

The IMC won the King Abdulaziz Quality Award for the category of private health facilities at the silver level for the year 2020, and IMC was the only private hospital to win this competition. The King Abdulaziz Quality Award is the main award for institutional excellence at the level of KSA and for all sectors. Therefore, participation in the award race is one of the most important indicators of the establishments' leaders' adoption of quality and excellence and providing products and services that meet and exceed the beneficiaries' aspirations.

Dr. Mohammed Ahmed Hassan Fitaihi and **Mr. Yasser Yehia Abdelhamid (CEO)** represent Fitaihi Holding Group in the Board of Directors of the IMC, in order to reinforce the strategy of Fitaihi Holding Group in focusing on its investment in the medical sector.

On 30/09/2021, the Board of Directors of the IMC issued a resolution to take the necessary measures to transform the IMC into a public joint-stock company listed in the main market.

2- Al-Jouf Agricultural Development Company

A Saudi listed joint stock Company with a capital of SAR 300 million and the contribution of Fitaihi Holding Group thereto was 9% at the end of 2020. Its main activity is agricultural production

As part of Fitaihi Group's strategy to increase profitability and maximize shareholder's equity, on March 2, 2021, Fitaihi Holding Group sold its entire equity in the capital of Al-Jouf Agricultural Development Company, achieving SAR 125.7 million (exceptional) capital gains.



2-Investments Available for Sale

Oriental Weavers Corporate



Oriental Weavers is one of the world's largest manufacturers of machine-made carpets. Our contribution is estimated at 11.13% of its capital as of 31/12/2021. Over the past four decades, Oriental Weavers has been able to continuously expand their production capacity to nearly 150 million square meters produced through 8 plants in each of Arab Republic of Egypt, the United States of America, and the People's Republic of China.

Thankfully, with the continuing efforts of Oriental Weavers' employees and the rigorous planning of the team, in addition to the use of the latest technological means, product quality and innovative design, Oriental Weavers were able to grow at rapid pace in exporting to world markets, which amounts to 68% of Company's sales in 2021. Oriental Weavers is one of the largest exporters in the Arab Republic of Egypt, where the Company exports its products to more than 130 countries around the world, and the Company exports to United States of America cover 14% of American imports of machine-made carpets This is in addition to the leading position in the Egyptian market, with the market share of more than 80% through Company's showrooms and wholesale outlets.

In an effort of Oriental Weavers Corporate to keep up with the continuous development of the quality of items, the efficiency of production, and meet the growing demand for the Company's products in both domestic and export markets, The Company has purchased in the year 2021, 9 new looms that cost \$26 million. It is worth noting that the most of added looms are among the latest in machine technology in the world, allowing an increase in production capacity by 3%.

The Company has also added 4 Goblin machines to cope with the increasing demand for Goblin carpets. In addition, the Company upgraded the printing machines at MAC and EFCO specialized in printed and non-woven



carpets. The Company is adding new capacities to yarns, which will increase the self-sufficiency ration of yarns as well as looms for carpet industry. The Company plans to invest \$15 million during 2021 in this development.

Oriental Weavers Corporate acquires market share of up to 80% of the Egyptian local market, through distribution networks and showrooms of up to 259 showroom and wholesale outlet spread throughout Arab Republic of Egypt. Given the expected growth in the domestic market, the Company plans to open new showrooms in order to cope with increasing growth, 7 showrooms have opened in 2021 and new showrooms are planned to open in 2022.



Dividend Policy:¹⁴

- A) The Company's top priority is to ensure the liquidity needed to meet all operating and investment expenses and future expansions of the Company, taking into account the prevailing conditions in the Company, future investment patterns, the Company's growth and the economic climate, as well as the amount of available liquidity, the financial needs of the Company, and the available investment opportunities.
- B) Profits shall be distributed annually in case that the Board recommends that and the general assembly of the shareholders of the Company approves this methodology of distribution (within 6 months on the end of the fiscal year for which the profits are to be disbursed), and then the annual net profits of the Company shall be distributed after deducting all general expenses and other costs. According to what is stated in Article (44) of the Company's articles of association, the annual net profits of the Company shall be distributed as follows:
- 1) (10%) of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may decide to stop this deduction when the mentioned reserve reaches 30% of the paid capital.
 - 2) The Ordinary General Assembly based on the proposal of the Board may set aside (10%) of the net profits to form a consensual reserve and allocate it to one or more specific purposes. This agreement reserve may not be used for a purpose other than the purpose for which it is made except by a decision of the Ordinary General Assembly according to the Board recommendation.
 - 3) The general assembly may decide to create other reserves, to the extent that it serves the interest of the Company or ensures that fixed dividends are distributed as much as possible to the shareholders. The aforementioned assembly may also deduct a percentage do not exceed (10%) of the net profits to establish social institutions for the Company's workers or to assist those existing institutions.
 - 4) After that, a percentage of no less than (1%) of the Company's paid capital shall be distributed to the shareholders.
- C) The Company's Board may also take a decision to distribute interim dividends to the shareholders of the Company on a semi-annual or quarterly basis under an authorization from the Board's general assembly, to be renewed annually. Upon taking a decision to distribute interim dividends to shareholders by the Board, the Company shall disclose this in the market and send a copy of this decision to the Authority.
- D) The shareholder shall be entitled to his share in the profits according to the General Assembly resolution issued regarding the distribution of profits to shareholders, or Board decision to distribute interim dividends; the decision shall specify the due date and the date of distribution. Eligibility for dividends shall be for shareholders

¹⁴ - Paragraph 24) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



registered in the Company's shareholders register at the Securities Depository Center (Depository Center) at the end of the second trading day following the due date.

E) When the Board of Directors decides to distribute interim dividends to shareholders, the Company shall disclose this in the Market and send a copy of this resolution to the CMA.

F) The Board shall implement the decision of the General Assembly or Board regarding the distribution of profits to the registered shareholders within (15) days from the due date of these profits specified in the decision of the General Assembly or in the decision of the Board to distribute interim profits.

The percentage of dividends distributed during the year ¹⁵			
	Interim dividends were distributed for the second half of 2020, disbursed on 31/03/2021*	Interim dividends were distributed for the first half of 2021, disbursed on 30/11/2021**	Total disbursed and proposed interim profits (In & for the FY 2021)
Halalas/Share	20	50	70
%	2%	5%	7%
Total distributed dividends	SAR 11,000,000	SAR 13,750,000	SAR 24,750,000

* Before capital reduction.

** After capital reduction by 50%, from SAR 550 million to SAR 275 million (for exceeding the Company's need).

- On 7/3/2021, the Company announced on the Tadawul website the resolution of its BOD's to distribute interim dividends for the second half of 2020, at 2% of the nominal value, a total amount of SAR 11 million, 20 Halalas per share. The dividends were disbursed on 31/03/2021.
- On 7/11/2021, the Company announced on the Tadawul website the resolution of its BOD's to distribute interim dividends for the first half of 2021, at 5% of the nominal value, a total amount of SAR 13.75 million, 50 Halalas per share. The dividends were disbursed on 30/11/2021.
- This is in addition to SAR 275 million paid to the Group's shareholders as compensation for the capital reduction by 50%, from SAR 550 million to SAR 275 million (for exceeding the Company's need). The compensations were paid on 20/9/2021, SAR 10 for each canceled share.

¹⁵ - Paragraph 24) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Description of any interest, securities and subscription rights belonging to the Members of Board of directors and their relatives in the Company's shares and debt instruments¹⁶

	The name of whomsoever has the interest, securities or subscription rights	Beginning of year		End of year		Net variation	Percentage of variation
		Number of Shares*	Debt Instruments	Number of Shares**	Debt Instruments		
1	Shk. Ahmed Hassan Fitaihi	16,417,792	-	6,325,000	-	(1,883,896)	(22.95%)
2	Dr. Ibrahim Hassan Al-Madhoun	1,000	-	500	-	0	0.00%
3	Mr. Omar Riyadh Mohammed Al-Humaidan	159,359	-	7500	-	(72,180)	(90.59%)
4	Eng. Abdulmalik Abdullah Fathaddin	1,000	-	500	-	0	0.00%
5	Dr. Suhail Hassan Qadi	1000	-	500	-	0	0.00%
6	Dr. Adnan Abdulfattah Soufi	1000	-	500	-	0	0.00%
7	Mrs. Bayan Adel Mohammed Fakieh	20	-	10	-	0	0.00%
8	Mr. Uthman Riyadh Mohammed Al-Humaidan	140,000	-	35,000	-	(35,000)	(50.00%)
9	Mrs. Thuraya Jamil Abdulrahim Attar	549,996	-	0	-	(274,998)	(100%)
10	Shk. Riyadh Mohammed Abdullah Al-Humaidan	8,100,000	-	3,070,000	-	(980,000)	(24.20%)

* Before capital reduction.

** Taking into consideration while calculating net variation the capital reduction by 50%, from SAR 550 million to SAR 275 million (for exceeding the Company's need).

¹⁶ - Paragraph 26) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Description of any interest, securities and subscription rights belonging to the Members of Board of directors and their relatives in the Company's shares and debt instruments¹⁷

	The name of whosoever has the interest, securities or subscription rights	Beginning of year		End of year		Net variation	Percentage of variation
		Number of Shares*	Debt Instruments	Number of Shares**	Debt Instruments		
1	Mr. Yasser Yehia Abdelhamid Abdrabou*	20	-	10	-	0	0.0%
2	Mr. Hussien Ali Hussien Al-Yarimi	10,340	-	0	-	(10,340)	(100%)

* Before capital reduction.

** Taking into consideration while calculating net variation the capital reduction by 50%, from SAR 550 million to SAR 275 million (for exceeding the Company's need).

* Mr. **Yasser Yehia** holds the position of Chief Executive Officer and Chief Financial Officer at Fitaihi Holding Group.

** Mr. **Hussien Ali Hussien Al-Yarimi** holds the position of Manufacture Director at Fitaihi Retail Company of Fitaihi Holding Group.

Description of any interest, securities and subscription rights belonging to the Members of Board of directors and their relatives in the subsidiary shares and debt instruments (Luxury Goods Trading Company Ltd)¹⁸

	The name of whoever has the interest, securities or subscription rights	Beginning of year		End of year		Net variation	Percentage of variation
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
1	N/A	-	-	-	-	-	-

¹⁷ - Paragraph 26) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

¹⁸ - Paragraph 26) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Description of any interest, securities and subscription rights belonging to the executives and their relatives in the subsidiary's (1) shares or debt instruments¹⁹

	The name of whoever has the interest, securities or subscription rights	Beginning of year		End of year		Net variation	Percentage of variation
		Number of Shares	Debt instruments	Number of Shares	Debt instruments		
1	N/A	-	-	-	-	-	-

Description of any interest in the voting rights category belonging to persons (except Board Members, senior executives, their spouses and relatives) who informed the Company of these rights under Article (68) of Rules on the Offer of Securities and Continuing Obligations or change in those rights during the last fiscal year²⁰

	The name of whoever has the interest, securities or subscription rights	Number of shares at the beginning of the year	Number of shares at the end of the year	Net variation	Percentage of variation
1	N/A	-	-	-	-

The Company has not issued any convertible debt instruments or any contractual securities, and there are no prospectus or any similar rights issued or granted by the Company during the last fiscal year²¹

Company's issues and stock splits				
	Convertible debt instruments	Contractual Securities	Prospectus	Similar rights
Class	N/A	N/A	N/A	N/A
Number	-	-	-	-
Reparation	-	-	-	-

¹⁹ - Paragraph 26) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

²⁰ - Paragraph 25) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

²¹ - Paragraph 28) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



The Company has not issued any transfer or subscription rights under convertible debt instruments to shares, or contractual securities, and there are no rights of option, prospectus or any similar rights issued or granted by the Company during the last fiscal year.²²

Company's issues and grants under convertible debt instruments ,contractual securities, subscription Prospectus or any similar rights		
	Transfer rights	Subscription rights
Class	N/A	N/A
Number	-	-

The Company has not made any recovery, purchase or cancellation of any recoverable debt instrument and any value of remaining securities, the Company did not distinguish between listed securities bought or those bought by its subsidiaries in the last fiscal year (**Except for the below mentioned**).²³

Recovery, purchase or cancellation from the Company or its subsidiaries								
Company	Process Recovery/ purchase/ cancellation	Type of Recoverable Debt Instrument	Number	Value	Date	Reason	Remaining	
							Number	Value
Fitaihi Holding Group	N/A	-	-	-	-	-	-	-
Subsidiary (1)	N/A	-	-	-	-	-	-	-
Subsidiary (2)	N/A	-	-	-	-	-	-	-

** The Extraordinary General Assembly of Fitaihi Holding Group, held on 7/7/2021, approved the capital reduction of the Company, by 50%, from SAR 550 million to SAR 275 million, for exceeding the Company's need, and to compensate shareholders by disbursing SAR 275 million (SAR 10 for each canceled share). On 8/9/2021 the share of the Company returned back to regular trading, after the end of the creditors' rejection period (end of 5/9/2021) and the enforcement of the capital reduction resolution.

²² - Paragraph 29) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

²³ - Paragraph 30) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



V: Governance

The Board of Directors, in its eighth session, consists of seven Members as follows, whose tenure began on 22/04/2019 and shall be valid until 21/04/2022:²⁴

Member Name	Membership Nature	Membership Classification		
		Independent	Executive	Non-Executive
Shk. Ahmed Hassan Ahmed Fitaihi	Chairman			✓
Dr. Ibrahim Hassan Mohammed Al-Madhoun	Vice-Chairman			✓
Eng. Abdulmalik Abdullah Fathaddin	Board Member	✓		
Mr. Omar Riyadh Mohammed Al-Humaidan	Board Member			✓
Dr. Suhail Hassan Abdulmalik Qadi	Board Member	✓		
Dr. Adnan Abdulfattah Mohammed Soufi	Board Member	✓		
Mrs. Bayan Adel Mohammed Fakieh*	Board Member			✓

Communicating with shareholders and investors:

The Group recognizes the importance of communicating and providing its shareholders providing with the information. For the implementation of the principle of disclosure and transparency, the Group shall do the following:

- Publish the quarterly financial statements and final accounts for the fiscal year on the Tadawul website and on the Company's official website, within the period specified by Regulations.
- Comply with the announcement format set by the Capital Market Authority, the essential information that should be included, and the dates for publishing these announcements.
- Prepare Board of Directors' Report in accordance with the disclosure requirements set forth in the Governance Regulations.

²⁴ - Paragraph 4) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



- All Company shareholders, without exception, may have access to the minutes of general assemblies, and any annual reports of the Board of directors on Tadawul and Company's website and also in person or via e-mail or fax.

The Company's disclosures on the Tadawul Website over the FY 2021:

The Company made a number of disclosures on the Tadawul website over the FY 2021, as follows:

	Announcement Date	Announcement Subject Summary	Link
1	02/03/2021	Achieve SAR 125.7 Million Exceptional Capital Gains from Selling the Group's Total Stake in its Associate Al-Jouf Agricultural Company	Here
2	03/03/2021	Addendum Announcement Regarding the Achievement of SAR 125.7 Million Exceptional Capital Gains from Selling the Group's Total Stake in its Associate Al-Jouf Agricultural Company	Here
3	07/03/2021	The Annual Financial Consolidated Results for the Period Ending on 2020-12-31	Here
4	07/03/2021	The Distribution of Cash Dividend for the Second Half of the Year 2020	Here
5	07/03/2021	The Board's Recommendation to Reduce the Company's Capital (that Exceeds the Company's Need)	Here
6	07/03/2021	Addendum Announcement regarding the Annual Financial Consolidated Results for the Period Ending on 2020-12-31	Here
7	10/03/2021	The Appointment of a Financial Advisor for the Capital Decrease (as it exceeds the Company's need)	Here
8	14/03/2021	Correction Announcement in Regards to the Board's Recommendation to Reduce the Company's Capital (that Exceeds the Company's Need)	Here
9	30/03/2021	The Submission of the Decrease of the Company's Capital Application file to the CMA	Here
10	31/03/2021	Invite the Shareholders to Attend the General Assembly Meeting (First Meeting)	Here
11	21/04/2021	Announce the Starting Date of the Electronic Voting on the Agenda of the Ordinary General Assembly Meeting	Here
12	29/04/2021	Announce the results of the General Assembly Meeting	Here
13	09/05/2021	Announce the Consolidated Interim Financial Results for the Period Ending on 31-03-2021 (Three Months)	Here
14	08/06/2021	Announce the CMA's Approval on the Capital Reduction Request of the Company	Here



15	14/06/2021	Invite the Shareholders to Attend the Extraordinary General Assembly Meeting Which Includes the Reduction of the Company's Capital (First Meeting)	Here
16	01/07/2021	Announce the Starting Date of the E-Voting on the Agenda of the EGA Meeting Which Includes the Reduction of the Company's Capital	Here
17	08/07/2021	Announce the results of the Extraordinary Assembly Meeting Which Included the Approval on the Capital Reduction of the Company (Second Meeting)	Here
18	08/07/2021	Announce the Start of the Creditors' Objection Period Related to the Company's Capital Reduction (that Exceeds the Company's Need)	Here
19	13/07/2021	Announce the Sale of an Unutilized Accommodation Building in Riyadh for SAR 5 Million	Here
20	12/08/2021	Announce its Consolidated Interim Financial Results for the Period Ending on 30-06-2021 (Six Months)	Here
21	29/08/2021	Announce that the Creditors' Objection Period to Reduce the Company's Capital will Soon End	Here
22	06/09/2021	Announce the End of the Creditors' Objection Period Related to the Company's Capital Reduction and the Enforcement of the Capital Reduction Resolution	Here
23	08/09/2021	Announce the Date of Depositing the Compensation Amounts for the Written-off Shares Resulted from the Reduction of the Company's Capital (that Exceeds the Company's Need)	Here
24	19/09/2021	Announce the Deposit Date of the Sale Proceeds of Share Fractions Resulted from the Reduction of the Company's Capital in the Accounts of the Eligible Shareholders	Here
25	03/10/2021	Announce its Associate Company (International Medical Center - a Closed Joint-Stock Company) Issued a Board of Directors' Resolution to Take the Necessary Measures to Transform it into a Public Joint-Stock Company Listed in the Main Market	Here
26	05/10/2021	Announce the Sale of an Owned Unutilized Commercial Building in Riyadh for SAR 18 Million	Here
27	06/10/2021	Addendum Announcement in Regards to the Sale of an Owned Unutilized Commercial Building in Riyadh for SAR 18 Million	Here
28	07/11/2021	Announce the Interim Consolidated Financial Results for the Period Ending on 2021-09-30 (Nine Months)	Here
29	07/11/2021	Announce the Distribution of Cash Dividend for the First Half of the Year 2021	Here



Declaration from the Board of Directors in accordance with the requirements of Governance Regulations:

Since the Corporate Governance Regulations issued by Capital Market Authority, emphasizes the need to disclose in the annual report of the Board of Directors all the items contained in these Regulations, in such case, if any paragraph is inapplicable, this shall be indicated in the report and clarified in disclosure form No. 8. Accordingly, we would like to point out that in this report the Group has disclosed the requirements to which it applies and the Board of directors recognizes that the following topics are inapplicable to the Group.

The Board shall disclose the same whenever this is applied by the Group or occurred:

- Currently, the Group does not apply option rights plans.
- The Group does not have debt instrument to be converted into shares

Arrangement or agreement under which a Board Member or Senior Executive of the Group waives any remunerations:²⁵

- 1- The Chairman, SHK. **Ahmed Hassan Fitaihi** has not received any allocations or allowances and waived his annual financial remuneration for the fiscal year 2021 (without written assignment contract or agreement).

Assignment arrangement or agreement under which any of Company's shareholders assign any rights of profits:²⁶ N/A

Remuneration and Allowances for the Board's Committee Members:²⁷

No attendance allowances have been paid to the Members of the Board's Committees for the year 2021 (only the remunerations of the Board members, and the external member of the Audit Committee).

Remunerations and Compensations of the Board Members, Senior Executives and Members of Board's Committees:²⁸

The following tables describe the details of remunerations and compensations **PAID** to each Board Member, Board's Committee Members, and five of senior executives who received the highest remunerations and compensation from the Group (including the CFO):

²⁵ Paragraph 35) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

²⁶ Paragraph 36) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

²⁷ Paragraph 4c) of Article 93 - Corporate Governance Regulations (Disclosure of Remuneration)

²⁸ Paragraph A - 2) of Article 93 - Corporate Governance Regulations (Disclosure of Remuneration) - Paragraph 8) of Article 90 - Corporate Governance Regulations - (the Board's Report)



Remunerations of the Board Members	Remunerations of the Board Members											End of Service Benefit	Aggregate Amount	Expense allowance	
	Fixed Remunerations				Total										
	Certain Amount	Allowance for attending Board Meeting	Total of Committee Meetings Attendance Allowance	In-kind Benefits	Remunerations for Technical, Managerial & Consultative Work	Remuneration of Chairman, Managing Director, or Secretary if he is a Member	Total	Percentage of the profits	Periodic Remunerations	Short-term Incentive Plans	Long-term Incentive Plans	Value of Granted Shares	Total		
I: Independent Members															
1 Eng. Abdulmalik Abdullah Fathaddin	250,000						250,000					0	0	250,000	
2 Dr. Suhail Hassan Qadi	250,000						250,000					0	0	250,000	
3 Dr. Adnan Abdulfattah Soufi	250,000						250,000					0	0	250,000	
Total	750,000	0	0	0	0	0	750,000	0	0	0	0	0	0	750,000	0
II: Non-Executive Members															
1 SHK. Ahmed Hassan Fitaihi	0						0					0	0	0	
2 Dr. Ibrahim Hassan Al-Madhoun	250,000						250,000					0	0	250,000	
3 Mr. Omar Riyadh Al-Humaidan	250,000						250,000					0	0	250,000	
4 Mrs. Bayan Adel Fakeih*	218,630						218,630					100,000	100,000	318,630	
Total	718,630	0	0	0	0	0	718,630	0	0	0	0	0	100,000	818,630	0
III: Executive Members															
1	0						-					0	0	0	
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

The fixed remunerations (SAR 250,000) disbursed over 2021 for each Member include the following: SAR 200,000 for the Board membership for the FY 2021, in addition to SAR 50,000 (for the second half of the FY 2020 Board remunerations).

* The fixed remunerations of Mrs. Bayan Adel Fakeih disbursed over 2021, include the following: SAR 200,000 for the Board membership of the FY 2021, in addition to SAR 18,630 (for her Board membership during the FY 2020), and SAR 100,000 for her direct supervision over the online sales project.



Remunerations of Senior Executives

Five Senior Executives who have received the highest remunerations (including CEO financial officer)	Fixed Remunerations				Variable Remunerations						End of Service Benefit	Total remunerations for Board executives, if any	Aggregate Amount
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Value of granted shares	Total			
CEO, CFO	477,030	166,970		644,000	310,000					310,000	82,500		1,036,500
Director of jewelry sector	458,491	160,509		619,000	62,545					62,545	78,000		759,545
Sales Manager, Western Region	274,060	96,198		370,258	66,099					66,099	0		436,357
Board Secretary, Director of CG & IR	211,102	73,898		285,000	72,000					72,000	36,000		393,000
Supply Chain, Manager	198,140	81,360		279,500	26,100					26,100	0		305,600
Total	1,618,823	578,935	0	2,197,758	536,744	0	0	0	0	536,744	196,500	0	2,931,002



Remunerations of the Committees' Members

Fixed Remunerations (Except for the allowance for :e for attending Board			Total
Audit Committee Members			
Dr. Adnan Abdulfattah Soufi			
Dr. Ibrahim Hassan Al-Madhoun			
Mr. Omar Riyadh Mohammed Al-Humaidan	100,000		100,000
Total	100,000	0	100,000

* Mr. Uthman Al-Humaidan's total disbursed remunerations for his membership in the Audit Committee include an amount of SAR 80,000 (for his membership in the Audit Committee for the FY 2021), in addition to SAR 20,000 (the second half of his remunerations in the Audit Committee for the FY 2020).

Nomination and Remunerations Committee (NRC) Members

Dr. Suhail Hassan Qadi			
Dr. Ibrahim Hassan Al-Madhoun			
Eng. Abdulmalik Abdullah Fathaddin			
Total	0	0	0

Risk Management Committee Members

Dr. Ibrahim Hassan Al-Madhoun			
Dr. Adnan Abdulfattah Soufi			
Eng. Abdulmalik Abdullah Fathaddin			
Total	0	0	0

Investment Committee Members

SHK. Ahmed Hassan Fitaihi			
Dr. Ibrahim Hassan Al-Madhoun			
Mr. Omar Riyadh Mohammed Al-Humaidan			
Total	0	0	0



Remunerations Policy²⁹

I: Board Members and its Committees Remunerations

- a) Taking into consideration other relevant laws and regulations issued by other supervisory entities, the Board should take into account while determining and disbursing the remuneration that each of its Members shall receive, the relevant provisions contained in the Companies Law and the Corporate Governance Regulations, in addition to the following standards:
- 1) Remuneration policy should be in line with the Company strategy and goal.
 - 2) Remunerations shall be provided with the aim of promoting the Board Members and Executive Management to achieve the success of the Company and its long-term development, by making the variable part of the remuneration linked to the long-term performance.
 - 3) Remunerations shall be determined based on job level, duties and responsibilities, academic qualifications, experience, skills and performance level.
 - 4) Remunerations shall be consistent with the magnitude, nature and level of risks encountered by the Company.
 - 5) The practices of other companies shall be taken into consideration in respect of the determination of remunerations, while avoiding the disadvantages of such comparisons, leading to unjustifiable increases in remunerations and compensations.
 - 6) Remunerations shall be reasonably sufficient to attract, motivate and retain professional talents and Board Members with appropriate competence and experience, without exaggeration.
 - 7) Remunerations shall be based on the Nomination and Remunerations Committee recommendation and in coordination with the Nomination and Remunerations Committee in respect of new appointments.
 - 8) Remunerations shall be fair and commensurate with Members' competencies, the business and responsibilities undertaken by the Board Members, in addition to the deliverables set by the Board during the fiscal year.
 - 9) Remunerations shall be commensurate with the Company's activities and required competence to be managed.
 - 10) Taking into consideration, the sector that the Company belongs to, its size and the Board expertise.
 - 11) Nomination and Remunerations Committee could regulate the grant of Company's shares to the Board Members and the Executive Management, whether newly issued or purchased by the Company
 - 12) Taking into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a Member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.
- b) The Board Members are not allowed to vote on Board Members remuneration item in the General Assembly meeting.
- c) The Board Members remuneration shall consist of an amount of SAR 200,000 (two hundred thousand Saudi Riyal) for each Member in exchange for his/her Membership in the Board and his/her participation

²⁹ Paragraph A - 1) of Article 93 - Corporate Governance Regulations (Disclosure of Remuneration)



- in its business, including attendance allowance and additional bonuses in the event of Member participation in the emanating committees from the Board and within the limits of which is stipulated in the Companies Law and Regulations.
- d) Member of Board remuneration may be a specific amount (SAR 200,000), an attendance allowance, in-kind benefits, or a specific percent of the profit net, and two or more of these benefits may be combined.
 - e) Independent Board Members remunerations may not be based on a percentage of the profits that the Company shall earn, or directly or indirectly on the profitability of the Company.
 - f) If the remuneration is a specific percentage of the Company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the law and the Company's articles of association, and after distributing a profit of no less than (1%) of the Company's paid-up capital; provided that the entitlement to such remuneration shall be commensurate with the number of meetings attended by the Member, and otherwise it shall be void and null.
 - g) In any case, the total of financial or in-kind benefits and remuneration that a Board Member shall receive, does not exceed an amount of five hundred thousand Saudi Riyal annually, according to the controls decided by the competent authority.
 - h) The Company may distribute interim dividends to its shareholders biannually or quarterly under an annually renewable authorization from the General Assembly Board.

II: Remunerations and Allowance of Audit Committee Members

- 1) Each independent Member of the Audit Committee –External Member- shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed indemnities.
- 2) The attendance allowance of audit committee meeting is amounting to (SAR 1500) for each session (as approved in the Shareholders' Assembly meeting dated 4/20/2016), and shall not exceed the attendance allowance prescribed for the Board Members, and a specific amount for each hour spent by the Member outside the committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 3) The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the committee Members.
- 4) If the committee Member or the committee secretary is an employee of the Company or whosoever receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending committee meetings above-mentioned.
- 5) A Board Member could have a remuneration for his Membership in the audit committee formed by the General Assembly, or for additional executive, technical, managerial or consultative positions -under professional license- assigned in the Company, in addition to his remuneration as a Member in the Board or the committees formed by the Board, based on the Companies Law and the Company's Articles of Association. In other words, the total remunerations that a Board Member shall obtain in return for his Membership in the Audit Committee formed by the General Assembly or for any additional business or executive, technical, administrative, or advisory positions- under a professional license - business or



assigned at the Company shall not be listed within the scope of the upper limit of remuneration stipulated in paragraph (3) of Article 76 of the Companies Law.

III: Additional Remunerations of the Board Member

A Board Member may have a remuneration for his Membership in the audit committee which formed by the General Assembly, or for additional executive, technical, managerial or consultative positions -under professional license- assigned in the Company, in addition to his remuneration as a Member in the Board or the committees formed by the Board, based on the Companies Law and the Company's Articles of Association.

IV: Disparities in Remunerations of the Board Members

- a) Remunerations of the Board Members may be varied according to the Member's experience, specialties, tasks assigned to him, independence, the number of attended sessions, and other considerations.
- b) Remunerations of independence Board Members should not be deducted from Company's dividends percentage, in order to not connect remunerations with the Company's performance or any other factors that could affect his decisions' independency.

V: Suspend and reclaim remunerations by the Company

- 1) If the General Assembly decided to terminate the Membership of a Board Member because of his absence for three consecutive meetings without legal excuse, this Member will not have any remunerations for the period after his last attended meeting. In addition, this Member have to reimburse all remunerations he received for that period.
- 2) If the Audit Committee or Authorities discovered that the remunerations disbursed to any Board Member or Executive Member based on incorrect or false information (provided to General Assembly or included in the Board annual report), these remunerations shall be repaid to the Company. The Company has the right to reclaim or suspend these remunerations in order to prevent abuse of power to obtain unmerited remunerations.
- 3) If the general shareholders' assembly did not approve disbursing the annual remunerations to Board Members for their Membership in the Board, the Member who received their remunerations should repay the same within 15 working days after the date of convening the General Assembly meeting or suspend remunerations disbursing. This will be in exchange for their Board Membership in the Fiscal year of the relevant remunerations.

VI: Disclosure of Remunerations and Policies by the Company

The Board shall disclose -in the annual report- the details of policies related to remunerations, its identification mechanisms, amounts, benefits in kind and financial benefits paid for every Board Member (whether it is Salaries, Percentage of the profits, Allowance for attending, Expenses Allowance, or any other benefits) for any executive,



technical, managerial or consultative positions or works. In addition, this report should disclose the number of Board sessions that the Member has attended since the last meeting of the General Assembly.

VII: Disbursement Method for Remunerations and Compensations for the Board Members

- 1) The annual remuneration for the Board members can be disbursed in the amount of (SAR 200,000) for the Board member in (4) installments: each at the end of the fiscal quarter.
- 2) If the shareholders' Assembly did not approve the disbursement of remunerations to the Board members as at the fiscal year, the Board members who received such remuneration for that fiscal year, shall repay it within 15 working days after the date of convening the General Assembly meeting.
- 3) This regulation will be updated in accordance with any updates to the Company's Articles of Association and related statutory regulations.
- 4) If the compensations are in fact a salary for the Board member, it should be paid according to the payroll system.

VIII: Remunerations and Compensations for the Executive Management

Executive Management remunerations shall include the following:

- Basic salary (to be paid monthly in the end of every calendar month),
- Allowances that include, but are not limited to, a housing allowance, a transportation allowance, medical insurance benefits for the employee and his family.
- Other benefits that include, but are not limited to, annual leave, annual tickets, and end-of-service benefits according to Labor Law and the Human Resources policy approved by the Company.

Clarifying the relevance between the awarded remunerations and the applicable remuneration policy, and any material deviation from that policy³⁰

We would also like to point out that the relevance between the awarded remunerations and the applicable remuneration policy is characterized by compliance. There is no material deviation from this policy. It shall be noted that the Board Members have not received any allowances for attending the Board meetings or its committees held within the FY 2021.

³⁰ Paragraph A - 3) of Article 93 - Corporate Governance Regulations (Disclosure of Remuneration)



Fitaihi Holding Group Board of Directors and its Committees³¹



³¹ - Paragraph 2) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Member Name	Membership Classification	Board and Committee Members				
		Board of Directors	Audit Committee	NRC committee	Risk Management Committee	Investment Committee
SHK. Ahmed Hassan Fitaihi	Non-Executive	Board Chairman				Chair
Dr. Ibrahim Hassan Al-Madhoun	Non-Executive	Vice Chairman	Member	Member	Chair	Member
Eng. Abdulmalik Abdullah Fathaddin	Independent	Member		Member	Member	
Mr. Omar Riyadh Al-Humaidan	Non-Executive	Member				Member
Dr. Suhail Hassan Qadi	Independent	Member		Chair		
Dr. Adnan Abdulfattah Soufi	Independent	Member	Chair		Member	
Mrs. Bayan Adel Fakieh*	Non-Executive	Member				
Mr. Uthman Riyadh Al-Humaidan	External Member	-	Member			

* Mrs. Bayan Adel Mohammed Fakieh joined the Board on 25/10/2020, succeeding the resigned Board Member Dr. Mohammed Ahmed Hassan Fitaihi (Executive).



Means adopted by the Board for evaluating the performance of the Board, its committees and Members³²

A)- Internal Regulations of the mechanisms for evaluating the performance of the Board and its committees stipulated the following: **(Indicative)**

- 1- Periodically, the Board Chairman shall evaluate the performance of the Board and its Members according to the approved performance cards.
- 2- Periodically, the Committee Chairman shall evaluate the performance of the Committee and its Members according to the approved performance cards.
- 3- Periodically, the non-executive Members shall evaluate the performance of the Board Chairman according to the approved performance cards.

B)- Currently, there is no external body that evaluates the performance of the Board. **(Indicative)**

Diversity:

Diversity in the formation of the Board and committees shall be an additional factor of strength in applying the best practices of governance. Fitaihi Holding Group diversifies its Board and its committees, in terms of age structure, and wide experience in various commercial and investment fields.

³² - Paragraph 7) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Meetings of the General Assemblies of Shareholders held during the FY 2021³³

Fitaihi Holding Group held (2) General Assembly meetings for the Shareholders (**remotely**) during the FY 2021, as follows:

	Member Name*	Membership Nature	Number of Meetings (2)		
			Attendance Register		
			The 22th Ordinary General Assembly 28/04/2021	The 7th Extra-ordinary General Assembly 07/07/2021	Total
1	SHK. Ahmed Hassan Ahmed Fitaihi	Chairman	✓	✓	2
2	Dr. Ibrahim Hassan Al-Madhoun	Vice-Chairman	✓	✓	2
3	Eng. Abdulmalik Abdullah Fathaddin	Member	✓	✓	2
4	Mr. Omar Riyadh Al-Humaidan	Member	✓	✓	2
5	Dr. Suhail Hassan Qadi	Member	✓	✓	2
6	Dr. Adnan Abdulfattah Soufi	Member	✓	✓	2
7	Mrs. Bayan Adel Fakieh	Member	✓	✓	2

³³ - Paragraph 14) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Meetings of the Board³⁴

In order to enhance the work of the Group's Board, during 2021, the Board convened during its 8th session, in 2021, (5) meetings. The status of the Board Members attending these meetings is indicated below:

Member Name	Membership Nature	Number of Meetings (5 meetings)					Total
		First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	
		04/03/2021	12/08/2021	22/09/2021	07/11/2021	28/12/2021	
SHK. Ahmed Hassan Ahmed Fitaihi	Chairman	✓	✓	✓	✓	✓	5
Dr. Ibrahim Hassan Al-Madhoun	Vice-Chairman	✓	✓	✓	-	✓	4
Eng. Abdulmalik Abdullah Fathaddin	Member	✓	✓	✓	✓	✓	5
Mr. Omar Riyadh Al-Humaidan	Member	✓	✓	✓	✓	✓	5
Dr. Suhail Hassan Qadi	Member	✓	✓	✓	✓	✓	5
Dr. Adnan Abdulfattah Soufi	Member	✓	✓	✓	✓	✓	5
Mrs. Bayan Adel Mohammed Fakieh	Member	✓	✓	✓	✓	✓	5

Date of the General Assembly Last Meeting: 07/07/2021

³⁴ - Paragraph 31) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



The most significant decisions and recommendations of the Board during or related to the FY 2021:³⁵

No.	Date of Decision	Content of the Resolution
1	02/03/2021	The sale of 2,700,000 shares owned by Fitaihi Holding Group in its associate company, Al-Jouf Agricultural Development Company.
2	04/03/2021	The disbursement of (SAR 11 million) as interim dividends for the second half of the FY 2020, at 20 Halalas per share, and at a rate of 2%.
3	04/03/2021	The recommendation to the General Assembly to reduce the Company's capital by 50%; from SAR 550 million to SAR 275 million, for exceeding the Company's need, and to compensate shareholders for the canceled shares.
4	11/07/2021	The sale of Riyadh staff accommodation for SAR 5 million.
5	15/09/2021	The sale of Fitaihi Center in Riyadh, the land of the car park, and the villa attached to the building for SAR 18 million.
6	07/11/2021	The disbursement of (SAR 13,750,000) as interim dividends for the first half of the FY 2021, at 50 Halalas per share, at a rate of 5% of the Company's capital amounting to SAR 275 million.

³⁵ - Paragraph 16) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Participation of the Board Members in the Membership of other companies' Board of Directors inside and outside the KSA:³⁶

Some Board Members are members of other companies' Board of Directors, and the below table shows the names of the Members and companies in which they are present or former members, or directors.

Member Name	Names of other companies in which they are <u>present</u> members, or directors.	Inside / Outside KSA	Legal Entity (Listed Joint Stock/ Unlisted Joint Stock / Limited Liability / ...)	Names of other companies in which they are <u>former</u> members, or directors.	Inside /Outside KSA	Legal Entity (Listed Joint Stock/Unlisted Joint Stock/Limited Liability / ...)
SHK. Ahmed Hassan Fitaihi	-	-	-	- CEO of Fitaihi Holding Group until 12/04/2017.	Inside KSA	Listed-Joint Stock
	-	-	-	- Chairman of Sukoon International Real Estate Company in Jeddah	Inside KSA	Closed-Joint Stock
	-	-	-	- Member of the Board of Credit Agricole Bank - Egypt	Outside KSA	Listed-Joint Stock
	-	-	-	- Member of the Board of Dar Al Fouad Hospital - Cairo	Outside KSA	Closed-Joint Stock
Dr. Ibrahim Hassan Al-Madhoun	-	-	-	- Red Sea Housing Services Company	Inside KSA	Listed-Joint Stock
	-	-	-	- Almarai Company	Inside KSA	Listed-Joint Stock
	-	-	-	- Herfy Food Services Company	Inside KSA	Listed-Joint Stock
	-	-	-	- Kingdom Holding Company	Inside KSA	Listed-Joint Stock

³⁶ - Paragraph 3) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



				- Arabian Shield Insurance Company - Obeikan Investment Group	Inside KSA Inside KSA	Listed-Joint Stock Closed-Joint Stock
Mr. Omar Riyadh Al-Humaidan	- Al-Jouf Agricultural Development Company (a representative of Fitaihi Group)	Inside KSA	Listed-Joint Stock	- Member of the Board of Al-Hayah Pharmacies	Inside KSA	Limited Liability Company
	- The National Company for Glass Industries (Zoujaj)	Inside KSA	Listed-Joint Stock	- Founder and Chairman of Trans-Arabian Peninsula Trading Corporation	Inside KSA	Limited Liability Company
	- Board Member of Abraj Al Hayat Contracting Est.	Inside KSA	Limited Liability Company			
Eng. Abdulmalik Abdullah Fathaddin	- CEO of Al-Khomasiah International Real Estate Development Company	Inside KSA	Limited Liability Company	- CEO of Tasra Real Estate Development Company	Inside KSA	Limited Liability Company
				- Board Member and a partner of Arab Home Real Estate Development Company Ltd.	Inside KSA	Limited Liability Company
				- Chairman of Kinan Real Estate Development Company (a subsidiary of the Savola Group)	Inside KSA	Closed-Joint Stock
				- Chairman of Real Estate Sector (Savola Group)	Inside KSA Inside KSA	Listed-Joint Stock



				<ul style="list-style-type: none"> - Board Member of Al-Seera City for Real Estate Development Co. Ltd. - Board Member of Knowledge Economic City Developers Co. - Board Member of Amlak Namya Company Ltd - Chairman of the consultant team for Rua'a Al Madinah project, owned by the Public Investment Fund - Consultant in Al Madinah Region Development Authority 	<ul style="list-style-type: none"> Inside KSA Inside KSA Inside KSA Inside KSA 	<ul style="list-style-type: none"> Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Government Agency
Dr. Suhail Hassan Abdul-Malik Qadi	<ul style="list-style-type: none"> - Society Empowerment Company - Al-Ber Society in Jeddah 	<ul style="list-style-type: none"> Inside KSA Inside KSA 	<ul style="list-style-type: none"> Limited Liability Company A Charity 	<ul style="list-style-type: none"> - Makkah Construction & Development Company - Elaf Group for Travel and Hotel 	<ul style="list-style-type: none"> Inside KSA Inside KSA 	<ul style="list-style-type: none"> Listed-Joint Stock Limited Liability Company
Dr. Adnan Abdulfattah Mohammed Soufi	<ul style="list-style-type: none"> - Savola Company - Wadi Jeddah Company - Panda Retail Company - Adnan Abdulfattah Soufi Management 	<ul style="list-style-type: none"> Inside KSA Inside KSA Inside KSA Inside KSA 	<ul style="list-style-type: none"> Listed-Joint Stock Closed-Joint Stock Closed-Joint Stock Sole Corporation 	<ul style="list-style-type: none"> - SEDCO Holding Company - Bupa Arabia for Cooperative Insurance Company - Arab Cement Company - AWJ Holding Company 	<ul style="list-style-type: none"> Inside KSA Inside KSA Inside KSA Inside KSA 	<ul style="list-style-type: none"> Closed-Joint Stock Listed-Joint Stock Listed-Joint Stock Limited Liability Company



	Consulting Office - Saudi Industrial Services Company - Natixis Saudi Arabia Investment Company	Inside KSA Inside KSA	Listed-Joint Stock Closed-Joint Stock	- Al-Ahly Capital Company	Inside KSA	Closed-Joint Stock
Mrs. Bayan Adel Mohammed Fakieh (Her membership in the Board of Directors came into force on 25/10/2020)	- General Manager of Aljada Holding Company - General Manager of Brisco Real Estate Company	Inside KSA Outside of KSA	Limited Liability Company Limited Liability Company	-	-	-



Qualifications, Experiences, Current and Previous positions of Members of the Board, Committees and Executive Management³⁷

1- Board Members

	Name	Current positions	Previous positions	Qualifications	Experiences
1	SHK. Ahmed Hassan Fitaihi	Chairman of Fitaihi Holding Group	1- CEO of Fitaihi Holding Group (until 12/04/2017) 2- Board Chairman of Sukoon International Real Estate Company in Jeddah 3- Board Member of "Credit Agricole Bank" - Egypt. 4- Board Member of Dar Al Fouad Hospital - Cairo 5- Board Member of General Organization for Social Security. 6- Chairman of Gold and Jewellery Committee in Jeddah Chamber of Commerce. 7- Board Member of Chamber of Commerce and Industry. 8- Deputy General Director of Al Madina Press Est.	High school	- More than 50 years in establishing, managing and leading companies of all kinds. - Former Board Member of "Credit Agricole" Bank - Egypt. - Former Board Member of General Organization for Social Security. - Former Board Member of Jeddah Chamber of Commerce and Industry. - Former Chairman of Gold and Jewelry Committee at Jeddah Chamber of Commerce for one term. - Former Board Member of Dar Al Fouad Hospital in Cairo.
2	Dr. Ibrahim Hassan Al-Madhoun	Vice- Chairman of Fitaihi Holding Group	- Chairman of Red Sea Housing Services Company - Board Member of Al-Maraie Company	- PhD in Civil Engineering - University of Arizona, USA, 1981	<u>KAU 1981- 1992</u> - Assistant Professor, Department of Civil Engineering - KAU - Vice Dean of College of Engineering - KAU

³⁷ - Paragraph 2) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



		<ul style="list-style-type: none"> - Board Member of the Red Sea Housing Services Company - Board Member of Herfy Food Services Company - Board Member of Kingdom Holding Company - Board Member of Arabian Shield Insurance Company - Board Member of Obeikan Investment Group 	<ul style="list-style-type: none"> - Master of Civil Engineering – KFUPM - 1975 - Bachelor in Civil Engineering - KFUPM -1973 	<ul style="list-style-type: none"> - General Supervisor of Project Management <p><u>Savola Company 1992-2006</u></p> <ul style="list-style-type: none"> - General Director of the Group and in charge of the Legal Department - Public Affairs - Public Relations - Director of Snack Foods sector - Deputy Executive Chairman for Investments 	
3	Mr. Omar Riyadh Al-Humaidan	<ul style="list-style-type: none"> - Businessman - Al-Jouf Agricultural Development Company (A representative of Fitaihi Group) - The National Company for Glass Industries (Zoujaj) - BOD Member of Abraj Al Hayat Contracting Est. 	<ul style="list-style-type: none"> - Board Member of Al-Hayah Pharmacies Founder and Chairman of Trans-Arabian Peninsula Trading Corporation 	Bachelor of Sharia and Law 1998	Professional experience in Business Administration and Leadership and incorporation of companies for more than 20 years
4	Eng. Abdulmalik Abdullah Fathaddin	<ul style="list-style-type: none"> - CEO of Al-Khomasih International Real Estate Development Company 	<ul style="list-style-type: none"> - CEO of Tasra Real Estate Development Company - Board Member and a partner of Arab Home Real Estate Development Company Ltd. 	<ul style="list-style-type: none"> - Master of Industrial Engineering and Management, Oklahoma State University - America - 1985 	Professional experience in Senior Management, Human Resource Management, Strategic Planning, Investment Management and Real Estate Investment



		<ul style="list-style-type: none"> - Chairman of Kinan Real Estate Development Company (a subsidiary of the Savola Group) - Chairman of Real Estate Sector (Savola Group) - Vice- Chairman -Al-Azizia Company - Panda - Vice- Chairman and General Manager - Savola Food Oils Company - Vice- Chairman and General Manager - Savola Packaging Systems Company - General Manager of Sales- Savola Food Oils Company - Board Member of Al-Seera City for Real Estate Development Co. Ltd. - Board Member of Knowledge Economic City Developers Co. - Board Member of Amlak Namya Company Ltd - Chairman of consultant team for Rua Al Madinah project, owned by the Public Investment Fund 	<ul style="list-style-type: none"> - Bachelor of Industrial Engineering, KAU - 1979 	<ul style="list-style-type: none"> Management for more than 30 years
5	<p>Dr. Suhail Hassan Abdul-Malik Qadi</p> <ul style="list-style-type: none"> - Chairman of the Board of Directors of Al-Ber Society in Jeddah - Vice-Chairman of the Board of 	<ul style="list-style-type: none"> - Vice-Chairman of Makkah Construction & Development Company - Chairman of Elaf Group for Travel 	<ul style="list-style-type: none"> - Doctorate in Educational Systems Administration from University of Colorado Boulder, 	<ul style="list-style-type: none"> - Member of the Shura Council (1414 -1416 H) - Member of the Board of Trustees of King Abdulaziz Center for National



		Directors of the Community Empowerment Company	<ul style="list-style-type: none"> and Hotels (from 2011 to 2017) - Chairman of Makkah Cultural Club (1427-1432H) - Director of Umm Al-Qura University (1416-1421H.) - Dean Assistant for Faculty of Education for Postgraduate Studies and Scientific Research and Acting Dean of the Faculty (1404-1409H) - Assistant Mayor of Jeddah Governorate for Administrative and Financial Affairs and Chairman of the Administrative Development Committee (1401-1403H) 	<ul style="list-style-type: none"> United States - 1980 - Master of Educational Systems Administration from Champaign University, California, United States - 1976 - Bachelor Degree in Education and Psychology from Faculty of Education, Makkah - 1393H 	<ul style="list-style-type: none"> Dialogue (1435 - 1439H) - A faculty Member at Umm Al-Qura University (1400H)
6	Dr. Adnan Abdulfattah Mohammed Soufi	<ul style="list-style-type: none"> - Founder and Executive Partner for Dr. Adnan Abdulfattah Soufi Management Consulting Office 	<ul style="list-style-type: none"> - CEO of SEDCO Holding Company - Dean of Faculty of Economics and Administration at King Abdulaziz University - Professor of Business Administration at Faculty of Economics and Administration 	<ul style="list-style-type: none"> - Doctorate in Business Administration from George Washington University in the United States of America in 1984 - Master of Business Administration from the University of Seattle in 1979 - Bachelor Degree in Electrical Engineering from the University of Seattle in 1977 	<ul style="list-style-type: none"> - Former Member of Saudi Capital Market Authority's Board of Directors (from 2014 to 2016) - Specializing in governance, business development, strategies, change-management, transformation programs, and institutional investment. - Started as CEO's Advisor at SEDCO Holding Company, then Senior Vice



					Chairman for Direct Investments Group and a Member of the Executive Committee, then Managing Director of the Financial Investments Group, then the CEO of SEDCO Holding Company, then Chairman of the Board of Directors' Advisor (from 1991 to 2013)
7	<p>Mrs. Bayan Adel Mohammed Fakieh</p> <p>(Her membership in the Board of Directors came into force on 25/10/2020)</p>	<ul style="list-style-type: none"> - General Manager of Aljaddah Holding Company, Jeddah, KSA - General Manager of Briscoe Real Estate, London, UK 	<p>Unilever-Saudi Arabia from 2011 to 2015:</p> <ul style="list-style-type: none"> - Client-Marketing Manager - Trade Sector-Assistant Manager - Operations Sector-Assistant Manager - Brand-Assistant Manager <p>Al Azizia Panda United from 2010 to 2011:</p> <ul style="list-style-type: none"> - Key Accounts-Assistant Manager - 	<ul style="list-style-type: none"> - Master of Science in International Management in the Middle East and North Africa SOAS from University of London, United Kingdom in 2009 - Bachelor of Business Administration from University of Westminster, London, United Kingdom - 2008 	<ul style="list-style-type: none"> - 15 years-experience in investment, real estate marketing, retail sales, and brand management
8	<p>Mr. Uthman Riyadh Mohammed Al-Humaidan</p>	<ul style="list-style-type: none"> - Investment Manager at Abraj Al Hayat Company 	<ul style="list-style-type: none"> - Investment Manager at Al-Hayat Pharmacies Group (2006 - 2010) - Financial Analyst at NAEEM Investment Company (2004 - 2006) 	<ul style="list-style-type: none"> - Bachelor Degree in Finance from College of Industrial Management, King Fahd University of Petroleum and Minerals - 2004 	<ul style="list-style-type: none"> - Establishing and operating real estates and investing in various activities - Analyzing indicators and shares



2- Audit Committee Members:

	Name	Current positions	Previous positions	Qualifications	Experiences
1	Dr. Adnan Abdulfattah Soufi				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members
2	Dr. Ibrahim Hassan Al-Madhoun				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members
3	Mr. Uthman Riyadh Al-Humaidan				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members

3- Nomination and Remuneration Committee Members:

	Name	Current positions	Previous positions	Qualifications	Experiences
1	Dr. Suhail Hassan Qadi				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members
2	Dr. Ibrahim Hassan Al-Madhoun				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members
3	Eng. Abdulmalik Abdullah Fathaddin				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members

4- Risk Management Committee Members:

	Name	Current positions	Previous positions	Qualifications	Experiences
1	Dr. Ibrahim Hassan Al-Madhoun				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members
2	Dr. Adnan Abdulfattah Soufi				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members
3	Eng. Abdulmalik Abdullah Fathaddin				Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members



5- Investment Committee Members:

	Name	Current positions	Previous positions	Qualifications	Experiences
1	SHK. Ahmed Hassan Fitaihi	Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members			
2	Dr. Ibrahim Hassan Al-Madhoun	Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members			
3	Mr. Omar Riyadh Al-Humaidan	Please refer to the items of the table of Qualifications, experiences, and current and previous positions of Board Members			

6- Executive Management Members:

	Name	Current positions	Previous positions	Qualifications	Experiences
1	Mr. Yasser Yehia Abdelhamid Abdrabou	<ul style="list-style-type: none"> - Chief Executive Officer (CEO) - Chief Financial Officer (CFO) 	<ul style="list-style-type: none"> - Head of Accounts Department at Ahmed Hassan Fitaihi & Partners Co. - Accountant at Ahmed Hassan Fitaihi & Partners Co. - Accountant at Ismail Abu-Shady Company for Importing and Trading Agricultural Equipment, Cairo 	<ul style="list-style-type: none"> - Bachelor Degree in Commerce - Al-Azhar University - 1992 	<ul style="list-style-type: none"> - Developing strategic plans - Developing business plans - Financial analysis and investment assessment - Operations risk assessment - Developing financial control plans - Supervising the implementation of the Corporate Governance Laws - Developing financial statements - Board Member of the IMC (representing Fitaihi Holding Group) – to date



					<ul style="list-style-type: none"> - Board Member of Nozha International Hospital – to date - Chairman of Audit Committee, and Member of CG Committee - Nozha International Hospital – to date - Former Board Member, and Member of the Audit Committee - Al-Jouf Agricultural Company
2	Mr. Hussien Ali Hussien Al-Yarimi	<ul style="list-style-type: none"> - Manufacturing Manager 	<ul style="list-style-type: none"> - Procurement Officer - Sales Officer 	<ul style="list-style-type: none"> - Certificate of General Secondary 	<ul style="list-style-type: none"> - More than 50 years of experience in Gold and Jewelry - Valuation of precious metals and gemstones
3	Mr. Reda Ibrahim Ibrahim Toubar	<ul style="list-style-type: none"> - Secretary of the Board of Directors - Director of Corporate Governance and Investor Relations 	<ul style="list-style-type: none"> - Director of Marketing Department at Fitaihi (until 1/2016) - Brand Director at Fitaihi (until 01/2016) - General Manager of Nour East Company for Marble and Granite, Egypt - Italian and English translator 	<ul style="list-style-type: none"> - Bachelor degree of Al-Alsun Faculty - Italian Language Department, Ain Shams University, Cairo, 1996 - Professional Certificate of Disclosure - Saudi Stock Exchange (Tadawul) 	<ul style="list-style-type: none"> - 20+ years of experience in advertising, marketing, brand-building, corporate governance, and investor relations
4	Mr. Walid Mohammed Hussein	<ul style="list-style-type: none"> - Manager of Supply Chain Department 	<ul style="list-style-type: none"> - Supervisor of Inventory Department 	<ul style="list-style-type: none"> - Bachelor degree in Business Administration, 	<ul style="list-style-type: none"> - 15+ years of experience in managing supply



			- Assistant-Manager of Commercial Department	American College, Switzerland	chain operations and inventory
5	Mr. Mohammed Osama Bakr Bakr	- Sales Manager, Western Region	- Golden Service, Relationship Officer – Riyadh Bank, Jeddah, KSA - Relationship Officer, Affluent Banking – Arab National Bank, Jeddah, KSA	- Masters in Business Administration (MBA), University of Business & Technology, Jeddah, KSA - Bachelor in Marketing Management, University of Business & Technology, Jeddah, KSA - Four GIA Certificates in Diamond Jewelry	- 7+ years of experience in jewelry sales and customer service



- Board Committees³⁸

A number of Committees are emanating from the Board of Directors. These committees assist the Board of Directors and the Executive Management to perform the assigned functions to achieve the Group's objectives, as follow:

1- Audit Committee:

The Committee has been formed by a resolution of the Sixth Extraordinary General Assembly held on 18/04/2019, setting out its functions, Controls, and Members' remunerations. Thereunder the Committee has come into effect in its new session on 22/04/2019 for a period of three calendar years ending on 21/04/2022. The committee consists of (3) Members, as shown in the following table:

	Name	Membership Nature
1	Dr. Adnan Abdulfattah Soufi	Chair - Independent
2	Dr. Ibrahim Hassan Al-Madhoun	Member - Non-Executive
3	Mr. Uthman Riyadh Al-Humaidan	External Member

Summary of Audit Committee's duties and responsibilities:

The Audit Committee shall be responsible for monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following (as stated in the Governance Regulations of the Company):

A) Financial Reports:

- 1- Analyzing the Company's interim and annual financial statements before referring to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- 2- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- 3- Analyzing any material or irregular issues contained in the financial reports;
- 4- Accurately investigating any issues raised by the Company's CFO or any person assuming his/her duties or the Company's compliance officer or external auditor;

³⁸ - Paragraph 6) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



- 5- Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- 6- Paying attention to the extraordinary actions such as accounting reclassification and unusual titles (irregular).
- 7- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- 8- Reporting its proposals and recommendations to the Board for approval.
- 9- Ensuring that the Board is aware of all matters that affect substantially the financial matters and administrative affairs.
- 10- Examining the accounting policies or any amendments therein adopted by Company before being approved, providing the committee's recommendations in this regard and considering the appropriateness of accounting policies to the nature of Company business and its effects on the financial position and business results.
- 11- Auditing the annual report prior to its publication and ensuring that the information is understandable and in conformity with the knowledge of Members about the Company and its activities as well as reviewing any legal issues that affect the financial position of the Company.
- 12- Evaluating the fairness of periodic financial reports and explanations contained therein and seeking the advice of the Management, internal auditor, and auditor about:
 - A) if the discrepancies in the financial percentages are inconformity with the changes of the Company's operations and financial practices.
 - B) If the general accepted accounting principles are applied constantly.
 - C) If there any unusual events or procedures.
 - D) If the financial and administrative internal control system effectively meets its objectives.
 - E) If the periodic financial reports contain sufficient and appropriate information for publication.

B) Internal Audit:

- 1- Examining and reviewing the Company's internal and financial control and risk management systems.
- 2- Examining the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- 3- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board if there is a need to appoint an internal auditor.
- 4- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest the candidate remunerations
- 5- Inviting the internal auditor to attend meetings of audit committee at least on annual basis to discuss audit plans and any other matters under consideration. It also has the right to invite him/her at any time to discuss any other matters relevant to internal audit.
- 6- Verifying the sufficiency and efficiency of the control activities in the facility in an appropriate way, limiting and detecting fraud and errors, immediately upon occurrence, and the effectiveness of the implementation of control activities in a manner allowing verifying the quality of control activities and consistency of implementation.



- 7- Overseeing investigations related to fraud or errors occurred in the Company or any matters that the committee deems substantial for investigation.
- 8- The internal audit department may be taken as a reference for the audit committee information in cases of important and unusual embezzlement in addition to the Company's application of legal aspects.
- 9- Examining the nomination applications for the auditor general post in the Company, remuneration, allowances, and other benefits allocated and nomination of the most suitable person with the reasons and consideration of the termination of general auditor service whether due to resignation, disability, or dismissal and present relevant recommendations to the Board.
- 10- The audit committee shall prepare a report on its opinion about the adequacy of the internal control system in the Company and other activities, carried out within its competency. The Board shall submit sufficient copies of this report to the Company headquarter, ten-day prior to the meeting of the General Assembly to provide a copy thereof to the interested shareholders. The report shall be read during the General Assembly meeting.

** According to the Audit Committee's recommendation, (**Talal Abu-Ghazaleh Global**) will be appointed to perform the internal audit tasks and risk assessment and management.³⁹

the Audit

Committee's recommendations and the Board of Directors' resolutions. The Board disregarded the committee's recommendations as to appointing or dismissing the Company's auditor or determining its remuneration, assessing his performance or appointing the internal auditor.⁴⁰

C) External Auditor

- 1- Providing recommendations to the Board to nominate, dismiss, set out the remunerations and assess the performance of external auditors after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- 2- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- 3- Reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- 4- Responding to queries of the Company's external auditor;
- 5- Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith;
- 6- Following up on the auditors' work;
- 7- Monitoring the inventories including those made in the Company's branches and projects.
- 8- Holding individual meeting with the auditor to discuss any matters that committees or auditors consider to be discussed personally;

³⁹ - Paragraph 11) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁴⁰ - Paragraph 12) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



- 9- Ensuring that the important notices and recommendations submitted by the auditor have been received and discussed timely;
- 10- Ensuring the response of the management to the recommendations of the auditor; and
- 11- The Ordinary General Assembly shall appoint the Company's external auditor based on a nomination of the Board, and taking into account the following:
 - A) The nomination shall be based on a recommendation from the Audit Committee.
 - B) The external auditor shall be authorized and fulfilling the requirements established by the competent authority.
 - C) The external auditor's interests shall not conflict with the interests of the Company.
 - D) The number of nominees shall not be less than two auditors.

D) Ensuring Compliance

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in this regard.
- 2) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- 3) Currently, the Audit Committee is concerned with everything related to the implementation of the corporate governance laws and regulations.
- 4) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in this regard.
- 5) Reporting to the Board any issues it deems necessary to take action thereon, and providing recommendations as to the actions to be taken.

E) Remunerations and Attendance Allowances of Audit Committee Members

- 1- Each independent Member of the Audit Committee –External Member- shall receive an annual remuneration of (SAR 80,000), in addition to attendance allowance and other prescribed compensations.
- 2- The attendance allowance of the audit committee meeting is amounting to (SAR 1500) for each session (as approved in the Shareholders' Assembly meeting dated 4/20/2016), and not exceeding the attendance allowance prescribed for the Board Members. This is in addition to a specific amount for each hour spent by the Member outside the committee meetings for relevant business, and an indemnity for actual expenses incurred for business related to his duties.
- 3- The General Assembly Board report should illustrate the remunerations and other benefits that were paid to the committee Members.
- 4- If the committee Member or the committee secretary is an employee of the Company or whosoever receives a monthly salary from the Company, he/she shall not be entitled to receive any special remuneration other than the allowance for attending committee meetings above-mentioned.
- 5- A Board Member may obtain remuneration for his Membership in the audit committee which formed by General Assembly, or for any additional business, executive, technical, managerial or consultative positions-



under professional license- assigned to him/her by the Company. In addition to **the remuneration that he may receive in his capacity as a Member in the Board or Board Committees, in accordance with the Companies Law and the Company's bylaws.** In other words, the total remunerations that a Board Member shall obtain in return for his Membership in the Audit Committee formed by the General Assembly or for any additional business or executive, technical, administrative, or advisory positions- under a professional license - business or assigned to him at the Company shall not be listed within the scope of the upper limit of remuneration stipulated in paragraph (3) of Article 76 of the Companies Law.

F) Audit Committee Controls

- 1- The Committee shall select a chairman from among its Members, besides it may select secretary among its Members or others to prepare its meetings minutes and takes over the administrative issues of the Committee.
- 2- The Committee shall be convened upon an invitation from its Chairman. The Committee Member may not be represented by another Member in these meetings. The Committee deliberations and decisions shall be recorded in the minutes signed by the committee's chairman and Secretary. The committee Member shall be considered resigned if the Member fails to attend committee meetings, without justifiable excuses, for more than three consecutive meetings.
- 3- The quorum of audit committee shall be constituted at its meeting by the presence of the majority of its Members and its decisions shall be adopted by majority vote of the Members present. In the event of a deadlock, the Chairman will cast the deciding vote.
- 4- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that Company performs, otherwise the Company shall be entitled to claim compensation or the transactions made for his account, shall be considered made for the Company's account.
- 5- The Committee Member shall comply with the Board Member obligations and maintain the Company's secrets. The committee Members may not disclose any information acquired due to their work to shareholders or other, otherwise they are dismissed and held accountable to pay compensation.



The Audit Committee held in its 8th session, ending on 21/4/2022, (5) meetings during the FY 2021. Below is the attendance status of the Committee Members in these meetings:⁴¹

Member Name	Membership Nature	Number of meetings (5 meetings) **					Total
		First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	
		4/3/2021	12/4/2021	6/5/2021	12/8/2021	7/11/2021	
Dr. Adnan Abdulfattah Soufi	Chair	✓	✓	✓	✓	✓	5
Dr. Ibrahim Hassan Al-Madhoun	Member	✓	✓	✓	-	✓	4
Mr. Uthman Riyadh Al-Humaidan	Member	✓	✓	✓	✓	✓	5

** In addition to field visits to the branches and periodic meetings with the external auditor, the internal auditor and some of the Company's departments (particularly the financial department) in order to assess their work from time to time and supervise the inventory operations in specific periods.

⁴¹ Paragraph 31) of Article 90- Corporate Governance Regulations- (Disclosure in the Board's Report)



2- The Nomination and Remunerations Committee (NRC):

The Board of Directors formed a Nomination and Remunerations Committee from non-executive Board Members, including an independent Member (at least) in accordance with Article No. (60), and (64) of the Corporate Governance Regulations. The Committee began to perform the assigned duties on 22/04/2019 for a period of three years ending on 22/4/2022. The Ordinary General Assembly held on 12/12/2017 agreed to update the Nominations and Remuneration Committee's Work Regulations. The Committee consists of (3) Members, as shown in the below table:

	Name	Membership Nature
1	Dr. Suhail Hassan Qadi	Chair (Independent)
2	Dr. Ibrahim Hassan Al-Madhoun	Member (Non-Executive)
3	Eng. Abdulmalik Abdullah Fathaddin	Member (Independent)

Summary of Nomination and Remunerations Committee's Duties and Responsibilities:

- 1- Preparing a clear policy for the remunerations of the Board Members and Board Committees and Executive Management, reporting such policy to the Board in preparation for approval by the General Assembly, provided that such policy shall be in consistent with the standards linked to performance, disclosing and ensuring the implementation of such policy;
- 2- Clarifying the relation between the granted remunerations and the applicable remunerations policy, and highlighting any material deviation from that policy.
- 3- Periodically reviewing and assessing the effectiveness of the remunerations policy in order to meet its objectives.
- 4- Providing recommendations to the Board in respect of the remunerations of its Members, Board Committees- except for the Audit Committee- and Senior Executives in accordance with the approved policy.
- 5- Proposing clear policies and standards for the Board and Executive Management Membership.
- 6- Providing nomination or re-nomination recommendation of its Members to the Board, in accordance with applicable polices and standards, taking into consideration not to nominate whomsoever convicted of a crime involving breach of trust.
- 7- Preparing a description of the required capabilities and qualifications required for the Board Membership and Executive Management positions.
- 8- Determining the time needed to be allocated by the Member to the Board businesses.
- 9- Annually reviewing the adequate talents required for Board Membership and Executive Management positions.
- 10- Reviewing the structure of the Board and Executive Management and making recommendations regarding the proposed changes to be applied.
- 11- Annually verifying the independence of Members, and ensuring that no conflict of interest is detected if the Member holds another Board Membership.
- 12- Developing job descriptions for Executive Members, non-Executive Members, independent Members and Senior Executives.
- 13- Developing special procedures in case the position of a Board Member or a Senior Executive has become vacant.



- 14- Identifying weaknesses and strengths in the Board, and proposing relevant solutions in line with the Company's interest.
- 15- Assessing the Senior Executives and CEO performance in the Company, in accordance with the Company HR Department reports.
- 16- Conducting final interviews to adopt the appointment of Senior Executives.
- 17- Informing the CEO and the Board Members, particularly non-executive Board Members of the shareholders' proposals received on the performance of the Company.

The Nomination and Remuneration Committee (NRC) held in its 5th session, ending on 21/04/2022, (3) meetings during the FY 2021. Below is the attendance status of the Committee Members in these meetings:

Member Name	Membership Nature	Number of meetings: (3 meetings)			
		First Meeting 4/3/2021	Second Meeting 12/8/2021	Third Meeting 7/11/2021	Total
Dr. Suhail Hassan Abdul-Malik Qadi	Chair	✓	✓	✓	3
Dr. Ibrahim Hassan Mohammed Al-Madhoun	Member	✓	✓	-	2
Eng. Abdulmalik Abdullah Fathaddin	Member	✓	✓	✓	3

Remuneration and Attendance Allowances of Committee Members

The General Assembly of Shareholders, which was held on 12/12/2017, approved the updating of the Nomination and Remuneration Committee bylaws, including work controls, formation, functions, responsibilities, powers, remunerations, and attendance allowances for Members of the committee. **The Committee Members did not receive any remunerations or attendance allowances in respect of the committee's meetings.**



3- Investment Committee:

The Board, in its current session, has formed a committee emanating from the Board to be named the Investment Committee, commenced on 22/04/2019 and ends with the end of the current session of the Board on 21/04/2022, and among its most important main tasks are the following:

- 1- Developing, monitoring the implementation, reviewing and updating a strategy and comprehensive policies for investment that are consistent with the nature and magnitude of the Company, based on the internal and external changing factors of the Company and market in general.
- 2- Determining and maintaining an acceptable level of risk that may be encountered by the Company, as a result of these investments, and ensuring that the Company does not go beyond such level.
- 3- Ensuring the feasibility of the Company's survival in these investments and determining the risks that could be faced during the following twelve (12) months.
- 4- Overseeing the Company's investment system and assessing the effectiveness of the systems and mechanisms for determining, measuring and monitoring the risks that threaten the Company as a result of being involved in these investments, in order to determine are on inadequacy therein.
- 5- Regularly re-assessing the Company's appetite to take risks and be exposed to such risks through endurance tests.
- 6- Providing recommendations to the Board on investment-related matters.
- 7- Ensuring the availability of resources for investment.

Investment Controls

- 1- The investment in the financial assets shall be made based on the Group own resources.
- 2- Avoiding engaging in investments in the markets of the high political and economic risks countries.
- 3- Avoiding investment in loss-making companies or ill-reputed companies.
- 4- The risk should be distributed by sector and attention shall be paid to the leading companies with high growth rates
- 5- Avoiding investment in the high risk companies whose profits rates exceed the standard rates.
- 6- The securities should be sold and purchased from an investment fund or an investment portfolio of the Company managed by an authorized person in accordance with the management contract, provided that the contract shall expressly indicate the complete separation between the Company and investment decisions and not contain any article might be contrary thereto. The investment for one year or more shall be excluded therefrom, the Company shall not sell the security before one year on date of last purchase of the securities owned by the issuer itself.
- 7- The Company shall notify the Capital Market Authority of any management contract made between the Company and the authorized person, together with reference to the number of investment portfolio relevant to this contract.
- 8- The Company shall upon consolidation of financial statements with its subsidiaries, ensure the compliance of subsidiaries with the controls stipulated in this decision.
- 9- Complying with laws, regulations and circulars on the investment controls of the official authorities (Capital Market Authority, Ministry of Commerce, etc.).



Investment Procedures

- 1- The available investment opportunities shall be presented to the investment committee
- 2- The Members of investment committee shall discuss these opportunities whether through their meetings or via other means of communications (email, phone, fax, etc.)
- 3- After the investment committee agreed in principle on the investment opportunity, it shall recommend the same to be presented to the Board Members for discussion.
- 4- When the Board of director adopts the recommendations of investment committee, the Board makes decision in which the investment opportunities, investment controls and limits are determined.
- 5- After the Board adopted the recommendations of investment committee, the Board shall assign and grant the CEO necessary powers to implement the Board's decision of investment.

The committee consists of (3) Members, as shown in the below table:

	Member Name	Membership Nature
1	SHK. Ahmed Hassan Fitaihi	Chair (Non-Executive)
2	Dr. Ibrahim Hassan Al- Madhoun	Member (Non-Executive)
3	Mr. Omar Riyadh Mohammed Al-Humaidan	Member (Non-Executive)

The Investment Committee held in its 5th session during the FY 2020, (4) Meetings. Below is the attendance status of the Committee members:

Member Name	Membership Nature	Number of meetings: (4 meetings)				Total
		First meeting 4/3/2021	Second Meeting 12/8/2021	Third Meeting 7/11/2021	Fourth Meeting 28/12/2021	
SHK. Ahmed Hassan Fitaihi	Chair	✓	✓	✓	✓	4
Dr. Ibrahim Hassan Al-Madhoun	Member	✓	✓	-	✓	3
Mr. Omar Riyadh Al-Humaidan	Member	✓	✓	✓	✓	4



4- Risk Management Committee

The Board has formed a committee emanating from the Board called the Risk Management Committee, which ends at the end of the Board's current session dated 21/04/2022. Its main tasks include what was previously stated in Chapter [“Risk Management and Control Policy”](#)

The committee consists of (3) Members, as shown in the table below:

	Member Name	Membership Nature
1	Dr. Ibrahim Hassan Al-Madhoun	Chair (Non-Executive)
2	Eng. Abdulmalik Abdullah Fathaddin	Member (Independent)
3	Dr. Adnan Abdulfattah Soufi	Member (Independent)

The Risk Management Committee held in its 2nd session, ending on 21/04/2022, (5) meetings during the FY 2021. Below is the attendance status of Committee Members in these meetings:

Member Name	Members hip Nature	**Number of meetings: (5) meetings					Total
		First Meeting 4/3/2021	Second Meeting 12/4/2021	Third Meeting 6/5/2021	Fourth meeting 12/8/2021	Fifth meeting 7/11/2021	
Dr. Ibrahim Hassan Al-Madhoun	Chair	✓	✓	✓	✓	-	4
Eng. Abdulmalik Abdullah Fathaddin	Member	✓	✓	✓	✓	✓	5
Dr. Adnan Abdulfattah Mohammed Soufi	Member	✓	✓	✓	✓	✓	5

**In addition to the periodic meetings with the internal auditor and some of the Company's departments (Particularly the finance department) in order to assess their work.



Procedures made by the Board to inform its Members - particularly the non-executives – about the shareholders' proposals and comments⁴²

- 1)- In 2017, the Company launched on its official website (www.fitaihi.com.sa) a special page for shareholders ([Investor Relations](#)) through which they can learn how to send an email (**directed to Board Members**), containing their proposals and feedback about the Company and its performance.
- 2) There is another page on the Company's official website entitled ([Contact Us](#)) with the email (sh@fitaihi.com.sa) which the stakeholders can use to inform the Company's Board Members of their desires through the Secretary of the Board.
- 3) The NRC shall inform the CEO and Board Members- particularly the non-executives - about the shareholders' proposals received regarding the Company and its performance.
- 4) The Governance and Investor Relations Department shall inform the CEO and NRC members of the shareholders' proposals regarding the Company and its performance.
- 5) Stakeholders can also contact the secretary of the Board at phone No. (012 - 2604200), in order to inform him about the proposals or feedback that they wish to convey to the Company's Board Members, or communicate with him via his email (sh@fitaihi.com.sa).
- 6) Chair of Audit Committee can be reached at the following email: Audit.Head@fitaihi.com.sa. In addition, direct and private communication can be made via email with the rest of the Audit Committee Members (all of them are independent) through the Company's official website.
- 7) Board Members, committees and the secretary of the Board shall seek to maintain the confidentiality of any communication with stakeholders, and to provide them with the necessary protection.
- 8) Respond to or resolve the shareholders' complaints as soon as possible within a period not exceeding 10 working days.

⁴²- Paragraph 5) of Article 90- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)



Transactions with Related Parties during the FY 2021⁴³

During the year 2021, SHK. Ahmed H. Fitaihi, the Chairman of Fitaihi Holding Group, purchased goods, for SAR 1,562,616, from the subsidiary (Fitaihi Retail Company) to satisfy his personal needs (direct interest). These transactions fall within the usual activity of Fitaihi Retail Company, without preferential terms and with the same conditions that the Company follows with the general dealers and contractors. Worth mentioning that SHK. Ahmed H. Fitaihi's purchases from Fitaihi Retail Company during 2020 were SAR 168,422.

	Related Party	Type of Relationship with the Company	Type & details of Transaction	Type of Interest	Duration	Value of Transaction
1	SHK. Ahmed H. Fitaihi	Chairman	Goods purchases from Fitaihi Retail Company	Direct interest to satisfy his personal needs	During the year 2021. Goods received and paid in cash	SAR 1,562,616

Subsequent Events:

The International Medical Center (a related party), has purchased goods (gold) from Fitaihi Retail Company, on 08-03-2022, for SR **2,720,395**. This transaction falls within the usual activity of Fitaihi Retail Company, without preferential terms, and with the same terms and conditions that the Company follows with all dealers and contractors. The chairman of Fitaihi Holding Group, SHK. Ahmed Hassan Fitaihi has **an indirect interest** in this transaction.

	Related Party	Type of Relationship with the Company	Type & details of Transaction	Type of Interest	Duration	Value of Transaction
1	SHK. Ahmed H. Fitaihi	Chairman	The IMC purchased goods from Fitaihi Retail Company on 8-3-2022	Indirect interest	The IMC purchased, received the goods and paid in cash	SAR 2,720,395

⁴³- Paragraph 33) of Article 90- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)



The Statement of any Business or Contracts to which the Company is a Party and in which any Board Member, Senior Executive, or any Related Person is or was Interested:⁴⁴

There is no business or contracts to which the Company is a party, or there is an interest for one of the Members of the Company's Board of directors, the CEO, CFO, or any person related to any of them, [other than what is disclosed in this report](#).⁴⁵

	Work or Contract Nature	Work or Contract Amount	Name of Member/ Senior Executive or any related person
1	-	-	-

Due Statutory Payments⁴⁶

The following table shows the due statutory payments for any Zakat, taxes, fees, or other dues that were not paid until the end of the annual financial period, accompanied with a brief description and indication of the reasons:

(In SAR Thousand)

Description	Dues until the end of the annual financial period that has not been paid	Brief description	Indication of reasons
Zakat	5,974	- Zakat due for 2021, and Zakat variances for previous years.	
Tax	543	Value Added Tax, December 2021	Paid on January 2022
General Organization for Social Insurance	81	Social Insurance, December 2021	Paid on January 2022

⁴⁴- Paragraph 34) of Article 90- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

⁴⁵- Paragraph 34) of Article 90- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

⁴⁶- Paragraph 37) of Article 90- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)



Details of retained treasury stock and usage of these shares⁴⁷

The number of treasury stock retained by the Company	value	Retention date	Details of usage
-	-	-	-
-	-	-	-

The Company purchased 4600 shares on 13/09/2008 (with an average purchase price of SAR 16.32 /share) to be distributed to its winning customers in one of its promotional competitions (promotional shares). The remaining shares in the investment portfolio are entitled (Fitaihi Group's Promotional Gifts) and amounting to 638 shares till to date. (They became **319** shares after capital reduction by 50%).

⁴⁷- Article 15) of the regulatory controls and procedures issued in order to implement the Companies Law for the Listed Joint Stock Companies

Paragraph 38) of Article 90- Corporate Governance Regulations - (Disclosures to be made in the Board's Report)



VI: Governance Regulations

Fitaihi Holding Group ensures full compliance with the Corporate Governance Regulations, resulting in applying comprehensive internal control systems, transparency policies, and commitment to the principles of risk management. It also seeks to apply the latest performance standards in its supervision of its business, including the directives issued by the Capital Market Authority and the Ministry of Commerce. The Company's Shareholders Assembly approved the Group's Corporate Governance Guide on 4/04/2012, which was updated by the Shareholders' Assembly held on 12/12/2017.

According to Paragraph (1) of Article (90) in the Corporate Governance Regulations issued by the Capital Market Authority, the Group shall apply the mandatory articles stated in the governance regulation, especially with regard to the following:⁴⁸

- 1) Shareholders and the General Assembly rights in terms of facilitating the exercise of shareholders' equity and access to information, their rights during the Company general meetings, voting rights, shareholders' rights in dividends, and the right to dispose of shares. The Executive Management also provided the shareholders with all the information that enables them to fully exercise their rights, so such information should be complete, accurate, and updated in a regular and timely manner, without any discrimination.
- 2) General policies for disclosure, transparency and disclosure in Board's report.
- 3) The Board of Directors, its main functions, responsibilities, formation, committees, their remuneration, and conflict of interest.
- 4) Publishing the quarterly and annual financial results on the Tadawul website on specified dates.
- 5) Preparing the Board's report in accordance with the provisions of the Corporate Governance Regulations.
- 6) Complying with the announcement form defined by the Capital Market Authority, dates for publication of essential information in accordance with the instruction issued by the Authority regarding Company announcements.
- 7) Drafting codes of professional conduct for Company managers and employees to comply with the proper professional and ethical standards and regulating the relationship between managers, employees and stakeholders.
- 8) Segregation between the position of Board Chairman and any executive position in the Company, such as Managing Director, CEO, or General Manager.

Provisions from the Corporate Governance Regulations that have not been applied:⁴⁹

The Company applies, from a practical perspective, what is stated in the Corporate Governance Regulations, fully and partially (being applied) through the articles of association, regulations, internal procedures, relevant statutory regulations, as well as applying generally accepted international accounting standards in the Kingdom of Saudi Arabia. The Company seeks to develop the internal policies and procedures continuously.

The following points that have not been fully implemented from the Corporate Governance Regulations and the reason for this as follows:

⁴⁸ - Paragraph 1) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁴⁹ - Paragraph 1) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



Article/ Paragraph No.	Article/ Paragraph text	Reasons
Article 39- Paragraph 2	The Company shall develop the necessary mechanisms for both Board Members and executive management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	Indicative Article- Could be applied in the future, the Members of Board and Executive Management can be coordinated to obtain programs and training courses to develop their skills and knowledge. These training courses were previously held in for most of the Company's employees and are carried out from time to time as needed.
Article 41- Paragraph (E)	The Board of Directors shall take the necessary procedures to obtain an assessment of its performance from a competent external authority every three years.	Indicative Article - Could be applied in the future
Article 85- Paragraph (2)	The Company may develop programs for granting employees, shares or dividends, and pension programs, as well as establishing an independent fund supporting these programs.	Indicative Article - Could be applied in the future
Article 85- Paragraph (3)	The Company may establish social associations for the Company's employees.	Indicative Article - Could be applied in the future
Article 87:	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and objectives of the community for purposes of developing the social and economic conditions of the community.	Indicative Article - Could be applied in the future; however, the Company has a policy and directions of Social Responsibility
Article 88:	The Board shall develop programs and identify the necessary means to launch the Company's initiatives relevant to the social work, including the following: 1- Developing measurement indicators that link the Company's performance with its social work initiatives and comparing this with other companies that engage in similar activities. 2- Disclosing the objectives of social responsibility adopted by the Company to its employees, and their awareness and education. 3- Disclosing the social responsibility plans in the periodical reports related to the Company's activities. 4- Developing awareness programs to the community to familiarize them with the Company's social responsibility.	Indicative Article- Could be applied in the future



Sanction/Penalty Imposed on the Company by the Authority or any Supervisory, Regulatory or Judicial Entity⁵⁰

Sanction/ Preventive Precautionary attachment	Penalty/ measure/ Precautionary attachment	Violation Reasons	Violator	Remedies and avoidance in the future
N/A	-	-	-	-

The Company's Requests for Shareholders Register⁵¹

The Company's management requested (9) shareholders' register reports during the FY 2021, as follows:

The number of Company's Requests for Shareholder Register	Request date	The reason for requesting the report
1	03/03/2021	Preparation of the Annual Report of Board of Directors 2020
2	15/03/2021	The file of eligible shareholders for the dividends of the second half of the fiscal year 2020
3	04/04/2021	Corporate Procedures
4	28/04/2021	The 22nd Ordinary General Assembly
5	24/05/2021	Corporate Procedures
6	17/06/2021	Corporate Procedures
7	07/07/2021	The 7th Extra-ordinary General Assembly
8	16/11/2021	The file of eligible shareholders for the dividends of the first half of the fiscal year 2021
9	30/12/2021	Preparation of the Annual Report of Board of Directors 2021

⁵⁰ - Paragraph 9) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁵¹ - Paragraph 32) of Article 90- Corporate Governance Regulations - (Disclosure in the Board's Report)



Declarations⁵²

- Proper books of account have been maintained;
- The system of internal control is sound in design and has been effectively implemented; and
- There are no significant doubts concerning the Company's ability to continue its activity.

*The Company emphasizes the implementation of accounting standards adopted by the Saudi Organization for Certified Public Accountants, and that there is no contradiction.⁵³

*The Company confirms that it had not received a request to convene the General Assembly from the Company's auditor during the ended fiscal year.

	External Auditor	Causes of Reservation	Any information regarding this reservation
1	N/A	-	-

* Fitaihi Holding Group and its subsidiaries acknowledge that there are no due loans (whether payable upon request or otherwise) during the FY 2021, and accordingly there are no sums paid by the Company to pay off any loans during the FY 2021.⁵⁵

	Loan Grantor's Name	Loan Amount	Loan Term	The amounts paid in repayment of the loan during the year	The remaining amount of the loan	Total debt of the Company and its subsidiaries
1	N/A	-	-	-	-	-

* The Company confirms that it did not receive a request to convene the General Assembly from shareholders who own 5% or more of the capital or any request to add one or more item to the General Assembly's agenda upon its preparation during the ended fiscal year.

⁵² - Paragraph 39) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁵³ - Paragraph 21) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁵⁴ - Paragraph 40) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁵⁵ - Paragraph 27) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



*The Company confirms that it had not developed any procedure that may hinder the shareholder's use of his right to vote.

*The Company confirms that the shareholder has the right to obtain a share of the Company's assets upon liquidation, and the right to monitor the work of the Board and file a liability lawsuit against the Board Members, based on Company's Articles of Association. The shareholder is entitled to attend General Assemblies, to participate in their deliberations and to vote on their resolutions, and all that was mentioned in Article (5) (Rights Related to Shares) from the Corporate Governance Regulations.⁵⁶

*No entity has requested access to the annual reports of investors from legal persons who act on behalf of others, such as investment funds.

*There is no assignment arrangement or agreement whereby any of the shareholders of the Company assign any rights to profits during the FY 2021.⁵⁷

* The shareholder has the right to obtain a share of profits to be distributed, and the right to dispose of shares. He shall be entitled to inquire and request information without prejudice to the interests of the Company and in a manner that does not conflict with the Financial Market Law and its Implementing Regulations.

* There are no investments or other reserves created for the interest of Company's employees during the FY 2021.⁵⁸

*There is no recommendation from the Board of directors to replace the auditor before the end of the period for which he was appointed.⁵⁹

* The Company confirms that it did not provide any kind of cash loans to Board members or guarantee any loan made by any member with third parties.

⁵⁶ - Article 5)- Corporate Governance Regulations - (Disclosure in the Board's Report)
- Article 34) of the Articles of Association of Fitaihi Holding Group

⁵⁷ - Paragraph 36) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁵⁸ - Paragraph 38) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁵⁹ - Paragraph 41) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



There is no business or contracts to which the Company is a party, or there is an interest for one of the Members of the Company's Board of directors, the CEO, CFO, or any person related to any of them, [other than what is disclosed in this report](#).⁶⁰

	Work or Contract Nature	Work or Contract Amount	Name of Member/ Senior Executive or any related person
1	-	-	-

The objectives of Annual Audit of the Effectiveness of Internal Control Procedures

- Achieving the Company's main objective to make a profit.
- Ensuring that all the Company's financial transactions are documented.
- Complying with the accounting standards in measurement and disclosure.
- Protecting accounting records against unauthorized access.
- Applying the control methods that ensure proper accounting for accounting elements.
- Complying with the applicable laws and regulations governing the field in which the Company operates.
- Complying with the instructions of government and regulatory authorities that regulate the Saudi Stock Exchange.
- Complying with the applicable laws in accordance with the Corporate Governance Regulations and the Company's bylaws.
- Complying with the administrative policies and decisions regulating work.

Internal Control Objective

- 1- Increase the operational efficiency and best utilization of resources by:
 - Achieving the planned operational performance rates.
 - Achieving the Company's main objective to make a profit.
 - Increasing the actual operating performance rates.
 - Reducing all sources of extravagance and waste in the financial and economic resources available to the Company, which explicitly means protecting the Company's assets from all sources of extravagance, fraud, and areas on intended and unintended depreciation.

⁶⁰- Paragraph 34) of Article 90- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)



2- Ensuring Accuracy in Accounting Statements Through:

- Documenting the Company's financial transactions.
- Complying with the accounting standards in measurement and disclosure.
- Protecting accounting records against unauthorized access.
- Applying the control methods that ensure proper accounting for accounting elements.

3- Complying with Regulations and Laws Through:

- Complying with the applicable laws and regulations governing the field in which the Company operates.
- Complying with the instructions of government and regulatory authorities that regulate the Saudi Stock Exchange.
- Complying with the applicable laws in accordance with the Governance Regulations and the Company's bylaws.
- Complying with the administrative policies and decisions regulating work.

Results of the Annual Audit of the Effectiveness of Internal Control Procedures⁶¹

The internal control's scope includes the following policies and procedures:

- Maintaining records in a manner that ensures the availability of detailed and accurate information that essentially reflects the fact of the transactions and Company's assets disposals.
- Providing reasonable assurances that recording the transactions enables the preparation of financial statements in accordance with applicable accounting standards in KSA and issued by the Saudi Organization for Certified Public Accountants.
- Providing reasonable assurances regarding the prevention or timely disclosure of the unauthorized purchase process, use, or disposal of the Company's assets that could have a material effect on the financial statements.

Although all control systems well designed, they may contain an inherent risk regarding their ability to prevent or detect all misstatements. Moreover, it does not provide an assessment for future periods in which the system will remain effective in detecting risks, due to changes in circumstances that may have a negative impact on the system and became inappropriate in this regard, or in judging the compliance with policies and regulations.

⁶¹ - Paragraph 10) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



The main business cycles have been considered, including: Revenue, inventory, supplier accounts and associated expenditures, fixed assets, financial reports (including Zakat), recruitment costs, wages, and IT systems.

It has been noted that there is a need to issue administrative resolutions regarding the development and improvement of control procedures and activities related to a number of internal control objectives, particularly related to business cycles of inventory, fixed assets, and financial reporting.

Audit Committee's Opinion on the Adequacy of the Company's Internal Control System⁶²

The Audit Committee disregarded any matters leading to a perception that there is a fundamental deficiency that requires disclosure regarding the internal control systems and relevant matters concerning the preparation of the financial reports.

We believe that the Company's internal control system is operating effectively, contributing to a general perception of the risks that the Company may encounter. There are no material incidents that occurred during the FY 2021 that requires disclosure ([other than announcements on the Tadawul website](#)).

Audit Committee Report⁶³

The following is the Audit Committee's report for the last fiscal year. It will be published at the time of the General Assembly meeting invitation, as well as on the Company's website. The Board shall provide the Company's headquarter office with enough copies of this report to enable shareholders to obtain a copy of the same. The report shall be read during the General Assembly meeting.

⁶² - Paragraph 10) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)

⁶³ -Paragraph B) of Article 91- Corporate Governance Regulations (Audit Committee Report)



**Audit Committee's Report of Fitaihi Holding Group
For the Fiscal Year Ending on 31/12/2021, Submitted to the General Assembly⁶⁴**

About the Formation of the Board's Audit Committee:

The Audit Committee consists of three Members; including two Board Members and an External Member as follows:

- Dr. Adnan Abdulfattah Soufi (Chair - Independent).
- Dr. Ibrahim Hassan Al-Madhoun (Non-Executive Member).
- Mr. Uthman Riyadh Al-Humaidan (External Member).

Duties and Responsibilities:

The audit committee shall be competent to monitor the Company's activities and to ensure the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

A) Financial Reports:

1. Examining the Company's interim and annual financial statements before referring to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency;
2. Examining the accounting estimates in respect of significant matters that are contained in the financial reports;
3. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon;
4. Reporting its proposals and recommendations to the Board for approval;
5. Ensuring that the Board is aware of all matters that affect substantially the financial matters and administrative affairs; and
6. Auditing the annual report prior to its publication and ensuring that that the information is understandable and in conformity with the knowledge of Members about the Company and its activities as well as reviewing any legal issues that affect the financial position of the Company.

B) Internal Audit:

1. Examining and reviewing the Company's internal and financial control systems and risk management system;
2. Examining the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports;
3. Providing a recommendation to the Board on appointing the manager of the internal audit department, or the internal auditor and suggest his/her remunerations;
4. Verifying the adequacy and efficiency of the control activities in the facility, in an appropriate way, limiting and detecting fraud and errors, immediately upon occurrence, and the effectiveness of the implementation of control activities;
5. Overseeing investigations related to fraud or errors occurred in the Company or any matters that the committee deems important for investigation;

⁶⁴ Paragraph A - 2) of Article 91- Corporate Governance Regulations (Audit Committee Report)



6. Examining the nomination applications for the internal auditor post in the Company, remuneration, allowances, and other benefits allocated and nomination of the most suitable person;
7. The Audit Committee's recommended to appoint **(Talal Abu-Ghazaleh Global)** to perform the internal audit tasks;
8. The Audit Committee and the Risk Management Committee have recommended that **(Talal Abu-Ghazaleh Global)** should also examine and assess the risks that may encounter the Company and methods for managing the same; and
9. There are no recommendations of the Audit Committee that conflict with the resolution of the Board of Directors, or the Board disregarded the same with regard to the appointment, dismissal, fees determination, and performance evaluation of the Company's auditor.

C) External Auditor

1. Providing recommendations to the Board to nominate, dismiss, determine the fees and assess the performance of the external auditors after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2. Reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
3. Responding to queries of the Company's external auditor;
4. Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith;
5. Ensuring that the important notices and recommendations submitted by the auditor have been received and discussed timely; and
6. Ensuring the response of the management to the recommendations of the auditor.

D) Ensuring Compliance

1. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in this regard.
2. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3. Currently, the Audit Committee is concerned with everything related to the implementation of the corporate governance laws and regulations.
4. Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in this regard.
5. Reporting to the Board any issues it deems necessary to take action thereon, and providing recommendations as to the actions to be taken.

E) Summary of the Most Significant Achievements of the Audit Committee during the FY 2021:

1. Reviewing the Company's interim and annual financial statements and reporting to the Board about these recommendations;
2. Following upon the work of (BDO), external auditor, as well as periodic meetings with its representatives, and check the progress of their work; and
3. Ensuring the Company's compliance with the relevant laws, regulations, policies, and instructions.



F) Audit Committee Meetings

The Audit Committee held in its 8th session, ending on 21/4/2022, (5) meetings during the FY 2021. Below is the attendance status of the Committee Members in these meetings:⁶⁵

Member Name	Member ship Nature	Number of meetings (5 meetings) **					Total
		First Meeting 4/3/2021	Second Meeting 12/4/2021	Third Meeting 6/5/2021	Fourth Meeting 12/8/2021	Fifth Meeting 7/11/2021	
Dr. Adnan Abdulfattah Soufi	Chair	✓	✓	✓	✓	✓	5
Dr. Ibrahim Hassan Al-Madhoun	Member	✓	✓	✓	-	✓	4
Mr. Uthman Riyadh Al-Humaidan	Member	✓	✓	✓	✓	✓	5

** In addition to field visits to the branches and periodic meetings with the external auditor, the internal auditor and some of the Company's departments (particularly the financial department) in order to assess their work from time to time and supervise the inventory operations in specific periods.

G) The Audit Committee's Opinion on the Adequacy of the Company's internal control system

The Audit Committee disregarded any matters, leading to a perception there is a fundamental deficiency that requires disclosure regarding the internal control systems and what is related to the preparation of the financial reports.

We believe that the Company's internal control system is operating effectively, which assists to develop a general perception of the risks that the Company may encounter. There are no material events that occurred during the FY 2021 that requires disclosure ([other than what was announced on the Tadawul website](#)).

According to the Audit Committee's recommendation, **(Talal Abu-Ghazaleh Global)** will be appointed to perform the internal audit tasks, examine, and assess the risks that the Company may encounter and relevant means to manage the same.

Chair of Audit Committee

Dr. Adnan Abdulfattah Mohammed Soufi

⁶⁵ Paragraph 31) of Article 90- Corporate Governance Regulations- (Disclosure in the Board's Report)



VII: Human Resources

Fitaihi Holding Group is one of the pioneers in providing job opportunities for Saudi females, as it provided a number of job opportunities to a large number of Saudi females in the fields of accounting, jewelry sales, and luxury goods products, and the Company played a major role in Saudization in the Company.

Fitaihi Holding Group like other companies has been fighting the Coronavirus crisis, where the Company had to find rapid solutions and alternative practices to mitigate the consequences of that crisis. They encountered the crisis by working efficiently while being careful to reduce costs, quick respond to changes, and comply with the regulations and resolutions issued by our government. Accordingly, the Company has focused on the following:

- Ensuring and emphasizing the safety of employees' health, by contacting via phone calls, text messages, and e-mail;
- Developing mechanisms and preparing for remote work to ensure business continuity;
- Adopting the best practices in handling the Corona virus crisis;
- Providing support and guidance by contacting employees continuously and ensuring their safety inside the workplace and employee's residences.

Thankfully, the measures taken were proper and valid, leaving positive impact on the continuity of the Group's business and maintained the human resources.



VIII: Social Responsibility⁶⁶

The Company's social responsibility activities are reflected in (4) main directions and areas as follows:

Direction	Scope
Society	<ol style="list-style-type: none"> 1- Charitable contributions and donations to the Associations of Success Syndrome. 2- The Company believes that its investment in medical projects is an ethical investment, one of its goals is to serve the society. 3- Saudization in a manner that serves the interest of the Company, and in consistent with the statutory requirements. 4- Respecting the human rights as stated in International Human Rights Laws, complying with the main rights stated in the Saudi Labor Law, and updating the internal regulations to comply with and fully adhere to these Regulations and Laws.
Employees	<ol style="list-style-type: none"> 1- Fitaihi Holding Group is one of the pioneers in providing job opportunities for Saudi females, as it provided many job opportunities to a large number of Saudi females and providing the same with training on accounting, human resources, marketing and sales of jewelry and luxury goods products. Most of the branches are 100% operated by Saudi females. 2- We provide training courses for employees by certified trainers in various fields regularly. 3- We value the social, psychological and health conditions of all employees of the Company and (accordingly, financial and psychological support is provided in all these cases, thankfully without exception and in a timely manner). 4- The Company has equipped a playing yard for the workers near the employee's residence in Jeddah. It also sponsors most of the sports tournaments in which the Company's employees participate.
Customers	<ol style="list-style-type: none"> 1- We provide our customers with the finest products with reasonable prices at the highest levels of service. 2- Our products also have the highest levels of safety, and do not affect the surrounding environment (i.e. environmentally friendly products).
Environment, safety and resource rationalization	<ol style="list-style-type: none"> 1- Update formulation equipment and using the best purification filters to reduce emissions as much as possible, to avoid any damage to the environment. 2- Use means of rationalizing water consumption, while recycling water used in formulation. 3- Insulate the walls of Fitaihi Center and the Group's headquarters to keep the buildings cool and minimizing the use of central air-conditioning equipment. 4- Use motion sensors to light up electricity in the Group's headquarters building in Jeddah. 5- Use energy-saving lamps in all Company buildings and branches. 6- Recycle a large part of the Company's waste by referring to approved recycling centers. 7- Focus on the maintenance, cleaning and afforestation of the surroundings areas of the Company and its branches. 8- Provide permanent guidance and ensuring the compliance of all employees, especially workers in the maintenance department, to observe and take all safety measures during their work, with an emphasis on everyone following the health instructions in force in accordance with internal protocols.

⁶⁶ - Paragraph 13) of Article 90 - Corporate Governance Regulations - (Disclosure in the Board's Report)



IX: Agenda

- 1) Voting on the Board of Directors' Report for the fiscal year ending on 31/12/2021.
- 2) Voting on the Auditor's Report for the fiscal year ending on 31/12/2021.
- 3) Voting on the Consolidated Financial Statements for the fiscal year ending on 31/12/2021.
- 4) Voting on discharging the members of the Board of Directors from their liabilities for the fiscal year ending on 31/12/2021.
- 5) Vote on delegating the Board of Directors to distribute interim dividends on a biannual/quarterly basis for the fiscal year 2022.
- 6) Voting on the BOD's recommendation of non-distribution of cash dividends for the second half of the fiscal year 2021.
- 7) Voting on delegating to the Board of Directors, in its tenure that starts on 22-04-2022, the authorization powers of the General Assembly stipulated in paragraph (1) of Article 71 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
- 8) Voting on the business and contracts that took place between the Company and the International Medical Center (a related party), in which the Chairman of the Board of Directors SHK. Ahmed Hassan Fitaihi has an indirect interest. The International Medical Center purchased goods (gold) for SAR 2,720,395, from Fitaihi Retail Company (a subsidiary), on 8-3-2022. This transaction falls within the usual activity of Fitaihi Retail Company, without preferential terms and with the same conditions that the Company follows with the general dealers and contractors.
- 9) Voting on appointing the external auditor for the Company, from among the candidates, based on the Audit Committee's recommendation to review and audit the Company's second quarter, third quarter, and the annual financial statements of the fiscal year 2022, and the first quarter of 2023, and agreeing to their service fees.
- 10)- Voting on the formation of the Audit Committee and the definition of its duties, work regulations and remuneration of its members for the new term starting from 22/04/2022 for a term of three years, ending on 21/04/2025. The following are the names of the candidates:
 - A- Dr. Adnan Abdulfattah Soufi – Independent – Chair (Specialist in financial and accounting affairs)
 - B- Dr. Ibrahim Hassan Al-Madhoon – Non-Executive - Member
 - C- Dr. Ibrahim Omar Badawood – Independent - Member



Conclusion

The Board of Directors would like to thank the Group's shareholders for their confidence, support and response to the invitation of the General Assembly meeting. It also expresses its gratitude to the Group's clientele for their confidence, and to the Executive Management and the Group's employees for their efforts and performance throughout the year.

In conclusion, we thank Allah, the Almighty for His Generosity.

Board of Directors
March 2022

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