



شركة مجموعة فتحي القابضة  
FITAIHI HOLDING GROUP COMPANY

# ANNUAL REPORT 2023



[www.fitaihi.com](http://www.fitaihi.com)



## **The Annual Report of Board of Directors**

**For the Fiscal Year ending on 31/12/2023**



**Board Members**

**Ahmed H. Fitaihi**



**Chairman of the BOD**



**Dr. Ibrahim Hassan  
Al-Madhoun**  
Vice-Chairman of the



**Mr. Omar Riyadh  
Al-Humaidan**  
Board Member



**Dr. Suhail Hassan  
Qadi**  
Board Member



**Dr. Adnan Abdulfattah  
Soufi**  
Board Member



**Mrs. Bayan Adel  
Mohammed Fakieh**  
Board Member



**Dr. Ibrahim M. Omar  
Badawood**  
Board Member



**Mr. Yasser Yehia  
Abdelhamid**  
Chief Executive Officer

## 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.

I am pleased to welcome the shareholders of the Group through the Annual Board Report for the fiscal year 2023, which will review the most prominent transformations during the past fiscal year.

Our legacy provides us with a powerful springboard, but it's our determination that pushes us to go further to stay attuned to the present and build what's next. As we are on the verge of this promising new era for our beloved Kingdom, our strategy of people, shareholders, quality, service and products presented to our clients is as true today as it was in the past. This, combined with our innovative spirit, will help us to propel our shareholders, employees, and nation forward.

As a logic response to the surrounding worldwide circumstances, the Group's management has adopted a set of measures that have led to some improvement in business results. We look to the future with optimism so that the Company will continue to complete the path of development and growth.

Until today, since our establishment, and thanks to the efforts of the distinguished cadres who enjoy a high degree of professionalism and skills, Fitaihi Holding Group has maintained a record full of achievements and successes, which enabled us to reach the best results in these surrounding circumstances.

On behalf of my brothers and colleagues on the Board of Directors and all the employees of the Company, I extend my supplication to our wise Leadership, may ALLAH protect them. Many thanks and gratitude to the shareholders of the Group, and to my colleagues in the executive management and the employees of the Company for their sincere efforts in developing the Company, raising performance, and achieving returns for the interest of the Group and its valued shareholders.

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 you again, and I thank you for your continued support, which is the first motivation for us to continue progress.

Through this Annual Report, we evaluate the performance of the past year and highlight the most important achievements that the Company achieved in 2023, which would not have been achieved without your precious trust, which forms the backbone of our giving and our continuity.

Our business model is characterized by flexibility, adaptability, operational efficiency, and communication with our customers and partners, and we have gained these strengths through the efforts and professionalism of our employees.

In 2023, we have faced some challenges and difficult choices that we were able -by the grace of ALLAH- to keep up with by adopting conservative strategies and policies in light of the major changes witnessed by the global markets in the areas in which we work and invest.

In light of the unfavorable global economic conditions, the Group's management was keen on enhancing revenues from its fixed incomes to support operational performance as much as possible, through a frantic pursuit towards achieving growth in revenues to maintain the Company's business model that includes a diversified investment portfolio of activities which depend on the quality of different returns.

Our performance has confirmed our ability to respond to market changes and deal with risks with flexibility and high professionalism.

I would like here to seize the opportunity to thank all the parties that contributed to our success, and special thanks to all my colleagues for their dedication to their work, which had the greatest impact in achieving these results. My thanks are extended to our customers and success partners for their trust and support for our business and our commercial relationships that continue for many years. I also extend my thanks to the Chairman and the Members of the Board of Directors for their guidance and trust, and we pledge to our shareholders to make every effort to achieve the success that we all aspire to.

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 investment in the International Medical Center - Jeddah, the household products sector through its investment in the Oriental Weavers Company - Egypt, and the food industries sector through its investment in Obour Land for Food Industries Company – Egypt).

Retail showrooms are currently in Jeddah. The share capital of Fitaihi Holding Group is SAR 275 million, divided into 275 million shares after splitting the Company's shares, according to the resolution of the Extraordinary General Assembly of shareholders held on 08/08/2023.

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 Group<sup>1</sup>

The key activities and objectives of the Group include the following:<sup>2</sup>

- 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.

<sup>1</sup> - Paragraph 15) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>2</sup> - 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:<sup>3</sup>**

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



**Retail**

Selling and purchasing precious metals, gemstones, jewelry, accessories, antiques, gifts, tableware, bedspreads, and chocolate.



**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	45,721	77%	56
Investment Activity	13,988	23%	5,152
<b>Total</b>	<b>59,709</b>	<b>100%</b>	<b>5,208</b>

<sup>3</sup> - Paragraph 15) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

## II: Strategy of the Group<sup>4</sup>

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

**1**

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 and IT systems in line with the strategic direction of the Group.

**2**

Focus on the key activities and work on improving and developing the sales channels, keep our customers, and target new ones by providing distinguished service of the best and finest products and services through our showrooms and online sales channels.

**3**

Improve the rate of investment revenues and maximize shareholder equity through the optimal use of the Company's assets and resources, and diversify 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 trying to complete 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.

<sup>4</sup> - Paragraph 16) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

### III: Plans, Decisions, Future Prospects and Potential Risks<sup>5</sup>

#### The Company's Significant Plans and Decisions



The Company has 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. [\(As stated in the paragraph entitled “Key Recommendations and Decisions of the Board of Directors”\)](#)

#### Future Prospects of the Group's Business



The Group currently seeks to focus on its key activities, taking into account the current market conditions, and try to seize all investment opportunities available and to requisite possible material and human available capabilities to meet its objectives.

#### **Potential Risks<sup>6</sup>**

##### **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.



<sup>5</sup> - Paragraph 16) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>6</sup> - Paragraph 17) of Article 87 - 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. 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.

## 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 as well as the possibility of transferring cash dividends from them to the Kingdom. 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.



### **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. Periodic reports on the Company's investments are submitted to the Board of Directors.

### **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.
- 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 stores 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.

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 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 completing the update of 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 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, retained earnings, and statutory reserves of the shareholders of the Company.

The Group manages its capital to ensure its sustainability and to maximize return to shareholders by improving the balance between liabilities and shareholders' equity. The Group's General Strategy remains without big changes 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 without big changes compared to the previous year. The Group's Capital consists of equity (consisting of capital, statutory reserve, retained earnings).

## 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 term of the Board on 21/04/2025, and among its most important main functions are the following: [\(For Guidance\)](#)

- 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 the Company's risk management system and mechanisms for determining and monitoring the risks that threaten the Company to determine the weaknesses and shortcomings;
- 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: People 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 a periodic 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 Results<sup>7</sup>

#### 1- P/L Consolidated Statement (in SAR Thousand): (Comparison of Business Results)

Statement	2023	2022*	2021	2020	2019
Activity Revenue	59,709	29,200	219,247	113,212	100,626
Activity Costs	(24,965)	(33,923)	(47,700)	(29,864)	(52,853)
<b>Total Profit of Activity</b>	<b>34,744</b>	<b>(4,723)</b>	<b>171,547</b>	<b>83,348</b>	<b>47,773</b>
Marketing, Administrative and General Expenses	(26,516)	(23,837)	(29,737)	(37,009)	(52,110)
Other Net Income (Expenses)	(243)	129	12,990	(5,587)	(713)
Zakat	(2,777)	(3,435)	(5,162)	(10,751)	(4,809)
Minority Interests	-	-	-	-	316
<b>Net Profit (Loss)</b>	<b>5,208</b>	<b>(31,866)</b>	<b>149,638</b>	<b>30,001</b>	<b>(9,543)</b>

\* The comparative figures (Y2022) have been amended in accordance with the re-issuance of the consolidated financial statements for the fiscal year 2022.

<sup>7</sup> - Paragraph 18) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

2- Consolidated Statement of Financial Position (in SAR Thousand): (Comparison of Assets and Liabilities)<sup>8</sup>

Statement	2023	2022*	2021	2020	2019
Current Assets	103,900	123,101	122,037	217,620	201,334
Current Liabilities	13,825	20,125	17,015	20,543	29,591
Working Capital	90,075	102,976	105,022	197,077	171,743
Non-Current Assets (long term)	<b>350,503</b>	<b>306,707</b>	<b>362,306</b>	<b>376,517</b>	<b>372,679</b>
Fixed Assets and In Progress	39,723	40,730	41,732	54,668	80,678
Total Assets	<b>494,126</b>	<b>470,539</b>	<b>526,074</b>	<b>648,805</b>	<b>654,691</b>
Current Liabilities	13,825	20,125	17,015	20,543	29,591
Non-Current Liabilities	<b>3,652</b>	<b>4,755</b>	<b>1,527</b>	<b>2,011</b>	<b>12,469</b>
Total Liabilities	17,476	24,880	18,542	22,554	42,060
Paid Capital	275,000	275,000	275,000	550,000	550,000
Reserves and Retained Profits	164,453	169,302	197,605	72,515	52,696
Reserve of Investment Assessment in Equity Instruments at Fair Value through Comprehensive Income	<b>33,302</b>	<b>(4,019)</b>	<b>34,927</b>	<b>3,736</b>	<b>4,841</b>
Company's share in investment at fair value through other comprehensive income in associate company	<b>6</b>	<b>38</b>	-	-	-
Revaluation reserve for change in fair value of cash flow hedge	<b>3,889</b>	<b>5,338</b>	-	-	-
Equity	<b>476,650</b>	<b>445,659</b>	<b>507,532</b>	<b>626,251</b>	<b>607,537</b>
Non-Controlling Rights	-	-	-	-	5,093
Total Equity and Liabilities	<b>494,126</b>	<b>470,539</b>	<b>526,074</b>	<b>648,805</b>	<b>654,690</b>

\* The comparative figures (Y2022) have been amended in accordance with the re-issuance of the consolidated financial statements for the fiscal year 2022.

<sup>8</sup> - Paragraph 18) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

B- The Company Sectors consist of the following:<sup>9</sup>

(In SAR Thousand)

<u>2023</u>			
In Thousand SAR	Retail Activity	Investment Activity	Total
Revenues	45,721	13,988	<b>59,709</b>
Gross Profit of Activity	20,756	13988	<b>34,744</b>
Net Income of the FY Year	56	5,152	5,208
Total Assets	105,441	388,685	<b>494,126</b>
Total Liabilities	13,107	4,370	<b>17,477</b>

(In SAR Thousand)

<u>2022</u>			
In Thousand SAR	Retail Activity	Investment Activity	Total
Revenues	53,347	(24,147)	<b>29,200</b>
Gross Profit of Activity	19,424	(24,147)	<b>(4,723)</b>
Net (Loss) Income of the FY year	1,150	(33,015)	(31,865)
Total Assets	113,669	356,870	<b>470,539</b>
Total Liabilities	17,094	7,786	<b>24,880</b>

<sup>9</sup> - Paragraph 15) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

### C- Geographical Analysis of Company Sales:<sup>10</sup>

Description		2023	2022
		In SAR Thousand	In SAR Thousand
Western Region Sales	Inside KSA	45,721	53,347
Central Region Sales			
Eastern Region Sales			
Outside KSA	-	-	-
<b>Total Sales</b>		<b>45,721</b>	<b>53,347</b>

### D- Geographical Analysis of Company Revenues and its Subsidiaries:<sup>11</sup>

Description	2023	2022
	In SAR Thousand	In SAR Thousand
<b>Revenues of Retail Sector</b>		
Kingdom of Saudi Arabia	45,721	53,347
Outside KSA	-	-
<b>Total</b>	<b>45,721</b>	<b>53,347</b>
<b>Revenues of Investment Sector</b>		
Kingdom of Saudi Arabia	7,616	(39,434)
Arab Republic of Egypt	6,372	15,286
<b>Total</b>	<b>13,988</b>	<b>(24,148)</b>
<b>Total Revenues</b>	<b>59,709</b>	<b>29,199</b>

<sup>10</sup> - Paragraph 19) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>11</sup> - Paragraph 19) of Article 87 - 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:<sup>12</sup>**

(In SAR Thousand)

Statement	2023	2022	Difference (+) or (-)	Percentage of the difference
Sales / Revenues *	59,709	29,199	30,510	104%
Cost of Sales/ Revenues	(24,965)	(33,922)	(8,957)	-26%
Gross Profit (Loss)	34,744	(4,723)	39,467	836%
Operating Expenses	(26,516)	(23,837)	(2,679)	11%
Operating Profit (Loss)	8,228	(28,560)	36,788	448%

\* This item includes (sales and investment profits).

**Results of Operations during the FY 2023:**

**The reason for achieving a profit during the fiscal year 2023 compared to a loss during the previous year is mainly due to:**

- 1)- Achieve a profit from the Company's share of results of an associate company in 2023 for 7.4 million SAR, compared to a loss of 39.4 million SAR during the previous year.
- 2)- An increase in sales profit, reaching 20.8 million SAR in 2023, compared to 19.4 million SAR during the previous year. This is despite the decrease in sales compared to the previous year, and this is due to the difference in the sales mix.
- 3)- Record a profit of 0.2 million SAR from Investment at Fair Value Through Profit or Loss during the year 2023, compared to not recording any profits during the previous year.
- 4)- Zakat's expenses decreased by 17.6% in 2023, reaching 2.8 million SAR, compared to 3.4 million SAR in the previous year.

<sup>12</sup> - Paragraph 20) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

**Despite the following:**

- 1)- An increase in selling, distribution, administrative, general, and other expenses by 13.1%, reaching 26.8 million SAR in 2023, compared to 23.7 million SAR in the previous year.
- 2)- A decrease of 6.4 million SAR in Dividends Received from Equity Instruments at Fair Value Through Comprehensive Income by 58.2% in 2023, compared to 15.3 million SAR in the previous year.

**Other Matter**

The Group's consolidated financial statements for the year ended December 31, 2022 have been restated. During the year ended December 31, 2023 the Group re-issued its consolidated Financial statements on 16 November 2023 with un-modified Audit Opinion to adjust the Group's share in the investment of the associate company due to the availability of the financial information of the associate company for the year ended on December 31, 2022, which was not available when the consolidated financial statements were previously issued on 29 March 2023 with a Modified Opinion, that resulted in an increase in the Group's net loss for the year ended on December 31, 2022 by an amount of 14.6 million Saudi Riyals and a decrease in assets and equity by the same amount (for more details, refer to Note 29).

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

	Fitaihi Retail Company L.L.C	Tawteen Saudi Company for Maintenance and Operation
<b>Main Activity</b>	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.
<b>Percentage of Company's ownership therein</b>	100%	100%
<b>Status</b>	Active	Active
<b>Capital - SAR</b>	100 million	100 thousand
<b>Number of stocks /shares owned</b>	100,000	100
<b>Loans for subsidiaries – SAR</b>	-	-
<b>Loans from subsidiaries – SAR</b>	9 million SAR	-
<b>Main Country of Operations</b>	KSA	KSA
<b>Country of Incorporation</b>	KSA	KSA

<sup>13</sup> - Paragraph 22) and 23) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

## F- Investments:

### 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 08/04/1437 H, from (Limited Liability Company) to (Closed joint stock Company).

In order to fulfill its mission to follow the best international medical standards, the IMC got the Joint Commission International (JCI) accreditation that assesses the quality of healthcare services for the first time in 2008, then for the second time in 2011, the third time in January 2014, the fourth time in February 2017, the fifth time in February 2020, and the latest with one of the highest score in the region was in December 2022 for the sixth time for another three years until December 2025.

In October 2023, the IMC got the Joint Commission International accreditation for Home Healthcare Services (JCI HHC) for the first time. IMC is the first hospital in Saudi Arabia, except standalone Home healthcare hospitals, which got this unique accreditation. The validity of this accreditation is three years up to October 2026.

Also in January 2023, the IMC got the accreditation of Practice Transition Accreditation Program (PTAP) from the American Nursing Credentialing Center (ANCC) for the first time. IMC is the first private hospital in Saudi

Arabia who get this unique accreditation. This accreditation reflects the unwavering efforts of the Nursing Education & Development Department in the Nursing Division.

The IMC also got the Australian Council for Healthcare Standards International (ACHSI) accreditation in October 2014, and the re-accreditation took place in December 2018, then another re-accreditation for the third time without any findings, which is very unlikely, was recently in December 2023, for the upcoming four years.

At the national level, IMC was keen to obtain the accreditation of the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI), which it was successfully obtained for the first time in November 2017, then for the second time in September 2020, and recently for the third time in October 2023 for another three years until August 2026.

In 2013, 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, then the re-accreditation took place in February 2020, and for the third time in January 2022, and recently, IMC was reaccredited for the third time by AABB in November 2023 for another 2 years.

Simultaneously with AABB, the laboratory services achieved its first CAP accreditation (College of American Pathologist) in January 2022 till January 2024.

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

In December 2021, IMC was the first hospital in KSA to get the Cleaning Industry Management Standard (CIMS) accreditation with honor from (ISSA), the leading trade association for the cleaning industry worldwide. Recently, the re-accreditation with honor again took place in December 2023 for another two years.

The CIMS Accreditation is granted according to a set of standards for sustainable cleaning services and the highest quality standards. This accreditation is valid till December 2025.

In July 2021, the contact center at IMC has achieved the Saudi Quality Certificate for Beneficiary Service Centers (Hayyak) from the Saudi Standards, Metrology, and Quality Organization as the first telecommunication center in the private and governmental sectors to implement (Hayyak) quality standards in line with Vision 2030. This accreditation is valid for three years till 2024.

In May 2019, IMC was accredited with ISO certificate 22000:2005 for the Food and Dietary services for 3 years, then the reaccreditation for ISO 22000:2018 was successfully attained for another 3 years to be valid until May 2025.

Dr. Mohammed Ahmed Hassan Fitaihi and Mr. Yasser Yehia Abdelhamid (CEO) represent Fitaihi Holding Group on 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.

## 2- Oriental Weavers Company



Oriental Weavers is one of the world's largest manufacturers of machine-made carpets. Our contribution is estimated at 11.48% of its capital as of 31/12/2023. Over more than 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 and the United States of America.

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 about 65% of Company's sales in 2023. 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 the 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 adopted an investment plan amounting to \$10 million in 2023 for the inauguration of 10 new showrooms, strategically located across Egypt, in addition to the purchase of upgraded equipment and looms.

The Company is also upgrading the printing machines at MAC and EFCO that are 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.

Oriental Weavers Corporate acquires market share of up to 80% of the Egyptian local market through distribution networks and showrooms of up to (265) showroom and wholesale outlet spread throughout Arab Republic of Egypt.

**Mr. Yasser Yehia Abdelhamid (CEO)** represents Fitaihi Holding Group on the Board of Directors of the OW.

### 3- Obour Land For Food Industries



Obour Land for Food Industries S.A.E., a leading white cheese manufacturer in Egypt, is a joint-stock company established in 1997 and listed on the Egyptian Stock Exchange in 2016. Its current capital is EGP 400 mln. Fitaihi Holding Group owns 2.5% of its capital. Obour Land produces and distributes a wide variety of carton-packed and plastic-tub white cheese products and has a robust distribution platform with a direct and indirect outreach that covers all of Egypt.



The Company's white cheese products are all marketed under the well-known brand name "Obour Land." Obour Land operates a total of 18 white cheese production lines, including 12 Carton Pack production lines and one plastic tubs production line, with a total annual production capacity of circa 275 thousand tons per annum. Obour Land is number one white cheese producer & seller in Egypt, boasting the largest market share by total sales value .

**Mr. Yasser Yehia Abdelhamid (CEO)** represents Fitaihi Holding Group in the Board of Directors of the Obour Land.

## Dividend Policy:<sup>14</sup>

- 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) The General Assembly shall determine the quota to be disbursed to shareholders from the net profits after deduction of reserves, if any.
- C) Dividends are disbursed annually from the distributable profits, and then the Company's annual net profits are disbursed after deducting all general expenses and other costs, if the Board of Directors recommends this. The Company's annual net profits are disbursed as follows:
- 1) A percentage of the net profits shall be set aside to form the statutory reserve of the Company, and the Company may decide to stop this procedure of setting aside when the mentioned reserve reaches (30%) of the paid-up capital.
  - 2) The Ordinary General Assembly, upon a proposal from the Board, may set aside a percentage of the net profits to form reserves and allocate them for one or more specific purposes. These reserves will be used based on a proposal from the Board of Directors and in aspects that benefit the Company or the shareholders.
  - 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 profits are disbursed as much as possible to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.
  - 4) After that, a percentage of no less than (1%) of the Company's paid capital shall be disbursed to the shareholders.



<sup>14</sup> - Paragraph 24) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

- D) The Company's BOARD may also take a resolution to disburse interim dividends to the shareholders of the Company on a semi-annual or quarterly basis, and according to the applicable laws and regulations.
- E) Upon taking a resolution to disburse interim dividends to shareholders by Board, the Company shall disclose this in the market and **send a copy of this resolution to the CMA.**
- F) The shareholder shall be entitled to his share in the profits according to the General Assembly resolution issued regarding the disbursement of dividends to shareholders, or BOARD resolution to disburse interim dividends, and the resolution specifies the due date and the date of disbursement. Eligibility for dividends shall be for shareholders 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.**
- G) The BOARD shall implement the resolution of the General Assembly or BOARD regarding the disbursement of dividends to the registered shareholders within (15) days from the due date of these profits specified in the resolution of the General Assembly or in the resolution of BOARD to disburse interim dividends.

The percentage of dividends disbursed during/for the year <sup>15</sup>			
	Interim Dividends	Annual Dividends*	Total disbursed and proposed interim profits (during & for the FY 2023)
Halalas/Share	N/A	40	40
%	-	4%	4%
<b>Total disbursed dividends</b>	-	<b>SAR 11,000,000</b>	<b>SAR 11,000,000</b>

\* On 01/01/2023, the Company announced on the Tadawul website the resolution of its BODs to disburse dividends for the fiscal year 2022, at 4% of the nominal value, a total amount of SAR 11 million, 40 Halalas per share.

<sup>15</sup> - Paragraph 24) of Article 87 - 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 instruments<sup>16</sup>

	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	65,011,650	-	75,207,350	-	10,195,700	%15.68
2	Dr. Ibrahim Hassan Al-Madhoun	5,000	-	5,000	-	0	%0.00
3	Mr. Omar Riyadh Mohammed Al-Humaidan	75,000	-	75,000	-	0	%0.00
4	Dr. Suhail Hassan Qadi	5,000	-	5,000	-	0	%0.00
5	Dr. Adnan Abdulfattah Soufi	5,000	-	5,000	-	0	%0.00
6	Mrs. Bayan Adel Mohammed Fakieh	100	-	100	-	0	%0.00
7	Dr. Ibrahim Mohammed Omar Badawood	350	-	350	-	0	%0.00
8	Shk. Riyadh Mohammed Abdullah Al-Humaidan	30,261,600	-	30,261,600	-	0	%0.00

\* The number of shares has been modified as the Company split its shares according to the resolution of the Extraordinary General Assembly of shareholders held on 08/08/2023.

<sup>16</sup> - Paragraph 26) of Article 87 - 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 instruments<sup>17</sup>

	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	Mr. Yasser Yehia Abdelhamid Abdrabou*	100	-	100	-	0	0.0%

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

\*\* The number of shares has been modified as the Company split its shares according to the resolution of the Extraordinary General Assembly of shareholders held on 08/08/2023.

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<sup>18</sup>

	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, securities and subscription rights belonging to the executives and their relatives in the subsidiary's (1) shares or debt instruments<sup>19</sup>

	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	-	-	-	-	-	-

<sup>17</sup> - Paragraph 26) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>18</sup> - Paragraph 26) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>19</sup> - Paragraph 26) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

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 (85) of Rules on the Offer of Securities and Continuing Obligations or change in those rights during the last fiscal year<sup>20</sup>

	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 year<sup>21</sup>

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

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.<sup>22</sup>

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	-	-

<sup>20</sup> - Paragraph 25) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>21</sup> - Paragraph 28) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>22</sup> - Paragraph 29) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

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.<sup>23</sup>

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	-	-	-	-	-	-	-

<sup>23</sup> - Paragraph 30) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

## V: Governance



The Board of Directors, in its **Ninth Term**, consists of seven Members as follows, whose tenure began on 22/04/2022 and shall be valid until 21/04/2025:<sup>24</sup>

Member Name	Membership Nature	Membership Classification		
		Independent	Executive	Non-Executive
Shk. <b>Ahmed Hassan Ahmed Fitaihi</b>	Chairman			✓
Dr. <b>Ibrahim Hassan Mohammed Al-Madhoun</b>	Vice-Chairman			✓
Mr. <b>Omar Riyadh Mohammed Al-Humaidan</b>	Board Member			✓
Dr. <b>Suhail Hassan Abdulmalik Qadi</b>	Board Member	✓		

<sup>24</sup> - Paragraph 4) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

Dr. Adnan Abdulfattah Mohammed Soufi	Board Member	✓		
Mrs. Bayan Adel Mohammed Fakieh	Board Member			✓
Dr. Ibrahim Mohammed Omar Badawood	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.
- All Company shareholders, without exception, may have access to the minutes of general assemblies, and any annual reports of the Board of Directors on the 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 2023:**

The Company made a number of disclosures on the Tadawul website over the FY 2023, as follows:

	Announcement Date	Announcement Subject Summary	Link
1	01/01/2023	The Recommendation of the Board of Directors to Disburse Cash Dividends to its Shareholders for the Fiscal Year 2022	<a href="#">Here</a>
2	22/03/2023	The Annual Consolidated Financial Results for the Period Ending on 31-12-2022	<a href="#">Here</a>
3	10/04/2023	Invitation of the Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting) Through Means of Modern Technology	<a href="#">Here</a>
4	30/04/2023	The Starting Date of the Electronic Voting on the Agenda of the Extraordinary General Assembly Meeting (First Meeting)	<a href="#">Here</a>
5	07/05/2023	The Results of the Extraordinary General Assembly Meeting (Second Meeting)	<a href="#">Here</a>
6	21/05/2023	The Consolidated Interim Financial Results for the Period Ending on 31-03-2023 (Three Months)	<a href="#">Here</a>

7	06/07/2023	The Board's Recommendation to Split the Nominal Value of the Share	<a href="#">Here</a>
8	13/07/2023	Invitation of Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting) Through Means of Modern Technology	<a href="#">Here</a>
9	02/08/2023	The Starting Date of the Electronic Voting on the Agenda of the Extraordinary General Assembly Meeting (First Meeting)	<a href="#">Here</a>
10	09/08/2023	The Results of the Extraordinary General Assembly Meeting (Second Meeting)	<a href="#">Here</a>
11	13/08/2023	The Consolidated Interim Financial Results for the Period Ending on 30-06-2022 (Six Months)	<a href="#">Here</a>
12	31/08/2023	The Approval of the BODs of the Associate Company of its Annual Audited Financial Statements for the Fiscal Year 2022	<a href="#">Here</a>
13	09/11/2023	Consolidated Interim Financial Results for the Period Ending on 30-09-2023 (Nine Months)	<a href="#">Here</a>

### **Declaration from the Board of Directors in Accordance with the Requirements of Governance Regulations:**

Since the Corporate Governance Regulations issued by Capital Market Authority emphasize 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:<sup>25</sup>**

- 1- The Chairman, SHK. **Ahmed Hassan Fitaihi** has not received any allocations or allowances and waived his annual financial remuneration for the fiscal year 2023 (without written assignment contract or agreement).

<sup>25</sup> Paragraph 35) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

**Assignment arrangement or agreement under which any of Company's shareholders assign any rights of profits:<sup>26</sup>**

N/A

**Remuneration and Allowances for the Board's Committee Members:<sup>27</sup>**

No remunerations or attendance allowances have been paid to the Members of the Board's Committees for the year 2023 (only the remunerations of the Board Members).

<sup>26</sup> Paragraph 36) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>27</sup> Paragraph 4c) of Article 90 - Corporate Governance Regulations (Disclosure of Remuneration)

## Remunerations and Compensations of the Board Members, Senior Executives and Members of Board's Committees:<sup>28</sup>

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):

Remunerations of the Board Members	Remunerations of the Board Members													End of Service Benefit	Aggregate Amount	Expense allowance			
	Certain Amount	Allowance for attending Board Meeting	Total of Committee Meetings Attendance Allowance	In-land 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						
<b>I: Independent Members</b>																			
1 Dr. Suhail Hassan Qadi	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0	200,000	0	
2 Dr. Adnan Abdulfatah Soufi	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0	200,000	0	0
3 Dr. Ibrahim M. Omar Badawood	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0	200,000	0	0
<b>Total</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600,000</b>	<b>0</b>	<b>0</b>
<b>II: Non-Executive Members</b>																			
1 SHK. Ahmed Hassan Fitaihi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Dr. Ibrahim Hassan Al-Madhoun	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0	200,000	0	0
3 Mr. Omar Riyadh Al-Hunaidan	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0	200,000	0	0
4 Mrs. Bayan Adel Fakieh	200,000	0	0	0	0	0	200,000	0	0	0	0	0	0	0	0	0	200,000	0	0
<b>Total</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>600,000</b>	<b>0</b>	<b>0</b>
<b>III: Executive Members</b>																			
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>28</sup> Paragraph A - (-2) of Article 90 - Corporate Governance Regulations (Disclosure of Remuneration) - Paragraph 8) of Article 87 - Corporate Governance Regulations - (the Board's Report)



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	488,880	171,120	0	660,000	82,500	0	0	0	0	0	82,500	82,500	0	825,000
Director of jewelry sector	462,192	161,808	0	624,000	26,000	0	0	0	0	0	26,000	39,867	0	689,867
Sales Manager, Western Region	275,544	96,456	0	372,000	111,596	0	0	0	0	0	111,596	0	0	483,596
Board Secretary, Director of CG & IR	213,324	74,676	0	288,000	40,000	0	0	0	0	0	40,000	36,000	0	364,000
Supply Chain, Manager	199,992	82,008	0	282,000	11,750	0	0	0	0	0	11,750	0	0	293,750
<b>Total</b>	<b>1,639,932</b>	<b>586,068</b>	<b>0</b>	<b>2,226,000</b>	<b>271,846</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>271,846</b>	<b>158,367</b>	<b>0</b>	<b>2,656,213</b>

### Remunerations of the Committees' Members

	Fixed Remunerations (Except for the allowance for attending Board Meetings)	Allowance for attending Board Meetings	Total
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#### Audit Committee Members

1	Dr. Adnan Abdulfattah Soufi	0	0	0
2	Dr. Ibrahim Hassan Al-Madhoun	0	0	0
3	Dr. Ibrahim M. Omar Badawood	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>

#### Nomination and Remunerations Committee (NRC) Members

1	Dr. Suhail Hassan Qadi	0	0	0
2	Dr. Ibrahim Hassan Al-Madhoun	0	0	0
3	Mrs. Bayan Adel Fakeih	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>

#### Risk Management Committee Members

1	Dr. Ibrahim Hassan Al-Madhoun	0	0	0
2	Dr. Adnan Abdulfattah Soufi	0	0	0
3	Dr. Suhail Hassan Qadi	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>

#### Investment Committee Members

1	SHK. Ahmed Hassan Fitaihi	0	0	0
2	Dr. Ibrahim Hassan Al-Madhoun	0	0	0
3	Mr. Omar Riyadh Al-Humaidan	0	0	0
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>

## Remuneration Policy<sup>29</sup>

### 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 **(if this item is included in the agenda of 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

<sup>29</sup> Paragraph A - 1) of Article 90 - 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.

- 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 disburse 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 External Member of the Audit Committee 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 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 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 remunerations (if there is a limit).

### III: Additional Remunerations of the Board Member

A Board Member may have a remuneration for his Membership in the audit committee 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.
- c) To evaluate the Member's performance, the Nominations and Remuneration Committee submits its periodic report to the Chairman of the Board of Directors on the performance of each Member of the Board of Directors/Committee regarding the following:
  - 1- Extent of commitment to attend the BODs' Meetings
  - 2- Positive participation in the discussions and topics raised
  - 3- Submitting proposals that contribute to raising the level of the Company's performance
  - 4- Carrying out tasks assigned to him/her by the BODs
  - 5- The need to change/develop/retain the Member

### 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 or five separate meetings without an accepted excuse to the BOD, this Member will be deprived of any remunerations for the period following his/her last attended meeting. In addition, such Member has to pay-back 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 Assembly of Shareholders did not approve the disbursement of the annual remunerations to Board/Committee Members for their membership, (if this item is included in the agenda of the General Assembly Meeting), the Member who received such remuneration should repay it within (15) working days after the date of convening the General Assembly meeting. This will be in exchange for their Board Membership in the Fiscal year of the remunerations disbursing or suspending 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 (and outside Committee Members) can be disbursed for the Members in (4) installments: each at the end of the fiscal quarter, or biannually, or annually, or any other way appropriate to the Company's circumstances.
- 2) This regulation will be updated in accordance with any updates to the Company's Articles of Association and related statutory regulations.
- 3) If the compensations are in fact a salary for the Executive Board/Committee Member, it should be paid according to the payroll system.

### **VIII: Remunerations and Compensations for the Executive Management**

Remuneration of Executive Management shall include:

1. Basic salary (paid monthly at the end of every calendar month)
2. Allowances include but not limited to housing and transportation allowances.
3. Medical insurance benefits for the employee and his/her family.
4. An Annual remuneration based on the KPI's as per the annual assessment.
5. Short-term incentive plans related to exceptional performance, and long-term incentive plans as stock options programs, if any.
6. Other benefits include but are not limited to, the annual leave, annual tickets, services of Airport Executive Lounges, and end-of-service award according to Labor Law and human resources policy adopted in the Company.

**BENEFITS**

7. The monthly salary, financial privileges and other benefits agreed upon contractually shall be paid in a manner that does not violate the internal regulations of the Company.

#### **IX: Performance Evaluation of Senior Executives**

The HR Department and the Financial Department submit to the Nominations and Remuneration Committee its periodic report on the performance of each senior executives regarding of the following:

- 1- Extent of compliance with the implementation of the Company's regulations and Board of Directors' decisions;
- 2- The results of the sector(s) he/she undertakes;
- 3- The number of initiatives he/she took that contributed to raising the level of the Company's performance;
- 4- Carrying out additional work on behalf of the CEO, the Board of Directors, or the Committee;
- 5- The need to change/develop/retain a senior executive.

#### **Clarifying the relevance between the awarded remunerations and the applicable remuneration policy, and any material deviation from that policy<sup>30</sup>**

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 past FY.

<sup>30</sup> Paragraph A - 3) of Article 90 - Corporate Governance Regulations (Disclosure of Remuneration)

**Fitaihi Holding Group Board of Directors and its Committees<sup>31</sup>**



<sup>31</sup> - Paragraph 2) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

Member Name	Membership Classification	Members of Board and Committees				
		Board of Directors	Audit Committee	NR Committee	Risk Management Committee	Investment Committee
SHK. Ahmed Hassan Fitaihi	Non-Executive	Board Chairman				<b>Chair</b>
Dr. Ibrahim Hassan Al-Madhoun	Non-Executive	Vice Chairman	Member	Member	<b>Chair</b>	Member
Mr. Omar Riyadh Al-Humaidan	Non-Executive	Member				Member
Dr. Suhail Hassan Qadi	Independent	Member		<b>Chair</b>	Member	
Dr. Adnan Abdulfattah Soufi	Independent	Member	<b>Chair</b>		Member	
Mrs. Bayan Adel Fakieh	Non-Executive	Member		Member		
Dr. Ibrahim M. Omar Badawood	Independent	Member	Member			

### Means adopted by the Board for evaluating the performance of the Board, its Committees and Members<sup>32</sup>

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

- 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 party that evaluates the performance of the Board. **(For Guidance)**



<sup>32</sup> - Paragraph 7) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

## 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.

## Meetings of the General Assemblies of Shareholders held During the FY 2023<sup>33</sup>

Fitaihi Holding Group held (2) General Assembly meetings for the Shareholders (**remotely**) during the FY 2023, as follows:

	Member Name*	Membership Nature	Number of Meetings (2)		
			Attendance Register		
			The 8 <sup>th</sup> Extra-Ordinary General Assembly 04/05/2023	The 9 <sup>th</sup> Extra-Ordinary General Assembly 08/08/2023	Total
1	SHK. Ahmed Hassan Ahmed Fitaihi	Chairman	-	✓	1
2	Dr. Ibrahim Hassan Al-Madhoun	Vice-Chairman	✓	✓	2
3	Mr. Omar Riyadh Al-Humaidan	Member	✓	-	1
4	Dr. Suhail Hassan Qadi	Member	✓	✓	2
5	Dr. Adnan Abdulfattah Soufi	Member	✓	✓	2
6	Mrs. Bayan Adel Fakieh	Member	✓	✓	2
7	Dr. Ibrahim M. Omar Badawood	Member	✓	✓	2

<sup>33</sup> - Paragraph 14) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

### Meetings of the Board<sup>34</sup>

In order to enhance the work of the Group's Board, the Board convened during its 9<sup>th</sup> term, in 2023, (4) meetings. The status of the Board Members attending these meetings is indicated below:

#### BOD – 9<sup>th</sup> Term

Member Name	Membership Nature	Number of Meetings (4 meetings)				Total
		First Meeting 21/03/2023	Second Meeting 21/05/2023	Third Meeting 10/08/2023	Fourth Meeting 09/11/2023	
SHK. Ahmed Hassan Ahmed Fitaihi	Chairman	✓	✓	-	✓	3
Dr. Ibrahim Hassan Al-Madhoun	Vice-Chairman	✓	✓	✓	✓	4
Mr. Omar Riyadh Al-Humaidan	Member	✓	✓	✓	✓	4
Dr. Suhail Hassan Qadi	Member	✓	✓	✓	✓	4
Dr. Adnan Abdulfattah Soufi	Member	✓	✓	✓	-	3
Mrs. Bayan Adel Mohammed Fakieh	Member	✓	✓	✓	✓	4
Dr. Ibrahim M. Omar Badawood	Member	✓	✓	✓	✓	4

The last General Assembly was held on 08/08/2023

<sup>34</sup> - Paragraph 31) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

The most significant decisions and recommendations of the Board during or related to the FY 2023:<sup>35</sup>

No.	Date of Decision	Content of the Resolution
1	01/01/2023	The disbursement of (SAR 11 million) for the FY 2022, at 40 Halalas per share, and at a rate of 4%.
2	06/07/2023	The Board's Recommendation to Split the Nominal Value of the Share
3	Various Dates	Approval of the preliminary quarterly and audited annual financial statements.

<sup>35</sup> - Paragraph 16) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

## - Board Committees<sup>36</sup>

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 General Assembly held on 21/04/2022, setting out its functions, Controls, and Members' remunerations. Thereunder the Committee has come into effect in its new term on 22/04/2022 for a period of three calendar years ending on 21/04/2025. The committee consists of (3) Members, as shown in the following table:

	Name	Membership Nature
1	<b>Dr. Adnan Abdulfattah Soufi</b>	Chair (Independent)
2	<b>Dr. Ibrahim Hassan Al-Madhoun</b>	Member (Non-Executive)
3	<b>Dr. Ibrahim M. Omar Badawood</b>	Member (Independent)

### 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;

<sup>36</sup> - Paragraph 6) of Article 87 - 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**) is appointed to perform the internal audit tasks and risk assessment and management.<sup>37</sup>

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.<sup>38</sup>

### **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;

<sup>37</sup> - Paragraph 11) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>38</sup> - Paragraph 12) of Article 87 - 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 connection therewith;
- 2) Currently, the Audit Committee is concerned with all matters related to the tasks of implementing Corporate Governance regulations and controls.
- 3) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- 4) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith;
- 5) Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken;
- 6) Ensuring that corrective actions are taken or recommended in order to adequately resolve complaints, issues or disputes raised by the Company's stakeholders;
- 7) Reviewing any management decisions that require a second opinion from auditors other than the Company's regular external auditors with respect to any significant accounting issue;
- 8) Ensuring the Company's management promptly responds to the internal auditors' recommendations within a reasonable time frame;
- 9) Reviewing all transactions with related parties and approving any transactions according to the limits of the authority granted to it by the Board; and
- 10) Preparing audit committee report for the shareholders, which shall include details of Committee's performance against the assigned responsibilities and duties, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in Fitaihi.

#### **E) Remunerations and Attendance Allowances of Audit Committee Members**

- 1- Each 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 20/04/2016), 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 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 remunerations (if there is a limit).
- 6- All the above-mentioned remunerations and allowances can be disbursed on a quarterly, semi-annual or annual basis, or in any other way appropriate to the Company's circumstances.

#### **F) Audit Committee Controls**

- 1- The Committee shall select from a chairman 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 convene upon an invitation from its Chairman, who presides over all the committee meetings when he is present. If the committee chairman is absent, he/she can delegate one of the committee Members to chair the meeting, or the attending Members may elect a temporary Chairman among themselves during the meeting.
- 3- A Committee Member may delegate another Member to attend these meetings. The Committee deliberations and resolutions 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 acceptable excuse, for more than (3) consecutive or (5) separate meetings.
- 4- The quorum of Audit Committee shall be constituted at its meeting by the presence of the majority of its Members and its resolutions shall be adopted by majority vote of the Members present. In the event of a tie, the chairman will cast the deciding vote.
- 5- The Committee Member may not participate in any business that would compete with the Company or trade in any activities that the Company performs unless obtained the approval of the General Assembly, 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.

6- 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 others.

The Audit Committee held in its 9<sup>th</sup> term, (5) meetings during the FY 2023. Below is the attendance status of the Committee Members in these meetings:<sup>39</sup>

During the 9<sup>th</sup> Term

Member Name	Membership Nature	Number of Meetings (5 meetings)*					Total
		1st. Meeting 05/02/2023	2nd. Meeting 21/03/2023	3rd. Meeting 21/05/2023	4th. Meeting 10/08/2023	5th. Meeting 09/11/2023	
Dr. Adnan Abdulfattah Soufi	Chair	✓	✓	✓	✓	-	4
Dr. Ibrahim Hassan Al-Madhoun	Member	✓	✓	✓	✓	✓	5
Dr. Ibrahim M. Omar Badawood	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.

## 2- Nomination and Remunerations Committee (NRC):

The Board of Directors formed the Nomination and Remunerations Committee from non-executive Board Members, including an independent Member (at least) in accordance with the Corporate Governance Regulations. The Committee began to perform the assigned duties on 26/04/2022 for a period of three years ending on 21/04/2025. The General Assembly held on 04/05/2023 agreed to update the Nomination and Remunerations Committee's Charter. The Committee consists of (3) Members, as shown in the below table:

<sup>39</sup> Paragraph 31) of Article 87- Corporate Governance Regulations- (Disclosure in the Board's Report)

	Name	Membership Nature
1	<b>Dr. Suhail Hassan Qadi</b>	Chair (Independent)
2	<b>Dr. Ibrahim Hassan Al-Madhoun</b>	Member (Non-Executive)
3	<b>Mrs. Bayan Adel M. Fakieh</b>	Member (Non-Executive))

**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 Remunerations Committee (NRC) held in its 6<sup>th</sup> term (3) meetings during the FY 2023. Below is the attendance status of the Committee Members in these meetings:

During the 6<sup>th</sup> Term of the Committee

Member Name	Membership Nature	Number of meetings: (3 meetings)			
		First Meeting 06/02/2023	Second Meeting 21/03/2023	Third Meeting 17/10/2023	Total
Dr. Suhail Hassan Abdul-Malik Qadi	Chair	✓	✓	✓	3
Dr. Ibrahim Hassan Mohammed Al-Madhoun	Member	✓	✓	✓	3
Mrs. Bayan Adel M. Fakieh	Member	✓	✓	✓	3

**Remunerations and Attendance Allowances of the Committee Members**

- 1- The General Assembly of Shareholders, which was held on 04/05/2023, approved the updating of the Nomination and Remunerations Committee Charter, including work controls, formation, functions, responsibilities, powers, remunerations, and attendance allowances for Members of the Committee.
- 2- The attendance allowance of the Nomination and Remuneration 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, and a specific amount for each hour spent by the Member outside the Committee meetings for relevant businesses, and an indemnity for actual expenses incurred for business related to carrying out his duties.
- 3- **The Committee Members did not receive any remunerations or attendance allowances in respect of the Committee's Meetings during the FY 2023.**

**3- Investment Committee:**

The Board, in its current term, has formed a committee emanating from the Board to be named the Investment Committee, commenced on 26/04/2022 and ends with the end of the current term of the Board on 21/04/2025, 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, in first place, 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 listed securities, in the KSA, 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 (by the official parties in the KSA), 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 the Investment Committee, the Board shall assign whomever is needed and grant them the powers to implement the Board's investment decision.

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 6<sup>th</sup> term during the FY 2023, (1) Meeting. Below is the attendance status of the Committee Members:

Member Name	Membership Nature	Number of meetings: (1 meeting)*	Total
		Date of meeting 06/02/2023	
SHK. Ahmed Hassan Fitaihi	Chair	✓	1
Dr. Ibrahim Hassan Al-Madhoun	Member	✓	1
Mr. Omar Riyadh Al-Humaidan	Member	✓	1

\*This is in addition to telephone conversations to discuss some recommendations and opportunities.

#### 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 term dated 21/04/2025. 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	Dr. Adnan Abdulfattah Soufi	Member (Independent)
3	Dr. Suhail Hassan Abdul-Malik Qadi	Member (Independent)

The Risk Management Committee held in its 3rd term (5) meetings during the FY 2023. Below is the attendance status of Committee Members in these meetings:

Member Name	Membership Nature	Number of Meetings (5 meetings)*					Total
		1st. Meeting 05/02/2023	2nd. Meeting 21/03/2023	3rd. Meeting 21/05/2023	4th. Meeting 10/08/2023	5th. Meeting 09/11/2023	
Dr. Ibrahim Hassan Al-Madhoun	Chair	✓	✓	✓	✓	✓	5
Dr. Adnan Abdulfattah Mohammed Soufi	Member	✓	✓	✓	✓	-	4
Dr. Suhail Hassan Abdul-Malik Qadi	Member	✓	✓	✓	✓	✓	5

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

### Participation of the Board Members in the Membership of other companies' Board of Directors inside and outside the KSA:<sup>40</sup>

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

<sup>40</sup> - Paragraph 3) of Article 87 - 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
<b>Mr. Omar Riyadh Al-Humaidan</b>	- 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 (Zoujai)	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			
	- The National Company for Glass Industries	Inside KSA	Limited Liability Company			
<b>Dr. Suhail Hassan Abdul-Malik Qadi</b>	- Society Empowerment Company	Inside KSA	Limited Liability Company	- Makkah Construction & Development Company	Inside KSA	Listed-Joint Stock
	- Al-Ber Society in Jeddah	Inside KSA	A Charity	- Elaf Group for Travel and Hotel	Inside KSA	Limited Liability Company
<b>Dr. Adnan Abdulfattah Mohammed Soufi</b>	- Adnan Abdulfattah Soufi Management Consulting Office	Inside KSA	Sole Corporation	- Wadi Jeddah Company	Inside KSA	Closed-Joint Stock
	- Natixis Saudi Arabia Investment Company	Inside KSA	Closed-Joint Stock	- Saudi Industrial Services Company	Inside KSA	Listed-Joint Stock
				- SEDCO Holding Company	Inside KSA	Closed-Joint Stock
				- Bupa Arabia for Cooperative	Inside KSA	Listed-Joint Stock

	- Ashmore Investment Saudi Arabia	Inside KSA	Closed-Joint Stock	Insurance Company - Arab Cement Company - AWJ Holding Company - Al-Ahly Capital Company - Savola Company - Panda Retail Company - CMA BOD	Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA	Listed-Joint Stock Limited Liability Company Closed-Joint Stock Listed-Joint Stock Closed-Joint Stock Governmental
<b>Mrs. Bayan Adel Mohammed Fakieh</b>	- General Manager of Aljada Holding Company - General Manager of Brisco Real Estate Company	Inside KSA Outside of KSA	Limited Liability Company Limited Liability Company	-	-	-
<b>Dr. Ibrahim M. Omar Badawood</b>	- Managing Director of ALJ - Community Jameel Foundation - Chairman of Bab Rizq Jameel	Inside KSA Inside KSA	Limited Liability Company Closed-Joint Stock	-	-	-

## Qualifications, Experiences, Current and Previous positions of Members of the Board, Committees and Executive Management<sup>41</sup>

### 1- Board Members

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

<sup>41</sup> - Paragraph 2) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

			<ul style="list-style-type: none"> <li>- Board Member of the Red Sea Housing Services Company</li> <li>- Board Member of Herfy Food Services Company</li> <li>- Board Member of Kingdom Holding Company</li> <li>- Board Member of Arabian Shield Insurance Company</li> <li>- Board Member of Obeikan Investment Group</li> </ul>	<ul style="list-style-type: none"> <li>- Master of Civil Engineering – KFUPM - 1975</li> <li>- Bachelor in Civil Engineering - KFUPM -1973</li> </ul>	<ul style="list-style-type: none"> <li>- General Supervisor of Project Management</li> <li><b><u>Savola Company 1992-2006</u></b></li> <li>- General Director of the Group and in charge of the Legal Department - Public Affairs - Public Relations</li> <li>- Director of Snack Foods sector</li> <li>- Deputy Executive Chairman for Investments</li> </ul>
3	<b>Mr. Omar Riyadh Al-Humaidan</b>	<ul style="list-style-type: none"> <li>- Businessman</li> <li>- BOD of Al-Jouf Agricultural Development Company (A representative of Fitaihi Group)</li> <li>- BOD of The National Company for Glass Industries (Zoujaj)</li> <li>- BOD Member of Abraj Al Hayat Contracting Est.</li> <li>- BOD of The National Company for Glass Industries</li> </ul>	<ul style="list-style-type: none"> <li>- Board Member of Al-Hayah Pharmacies</li> <li>Founder and Chairman of Trans-Arabian Peninsula Trading Corporation</li> </ul>	Bachelor of Sharia and Law 1998	Professional experience in Business Administration and Leadership and incorporation of companies for more than 20 years
4	<b>Dr. Suhail Hassan Abdul-Malik Qadi</b>	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of Al-</li> </ul>	<ul style="list-style-type: none"> <li>- Vice-Chairman of Makkah Construction &amp; Development Company</li> </ul>	<ul style="list-style-type: none"> <li>- Doctorate in Educational Systems Administration</li> </ul>	<ul style="list-style-type: none"> <li>- Member of the Shura Council (1414 -1416 H)</li> </ul>

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

					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)
6	Mrs. Bayan Adel Mohammed Fakieh	<ul style="list-style-type: none"> <li>- General Manager of Aljaddah Holding Company, Jeddah, KSA</li> <li>- General Manager of Briscoe Real Estate, London, UK</li> </ul>	<p><b>Unilever-Saudi Arabia from 2011 to 2015:</b></p> <ul style="list-style-type: none"> <li>- Client-Marketing Manager</li> <li>- Trade Sector-Assistant Manager</li> <li>- Operations Sector-Assistant Manager</li> <li>- Brand-Assistant Manager</li> </ul> <p><b>Al Azizia Panda United from 2010 to 2011:</b></p> <ul style="list-style-type: none"> <li>- Key Accounts-Assistant Manager</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Master of Science in International Management in the Middle East and North Africa SOAS from University of London, United Kingdom in 2009</li> <li>- Bachelor of Business Administration from University of Westminster, London, United Kingdom - 2008</li> </ul>	<ul style="list-style-type: none"> <li>- 15 years-experience in investment, real estate marketing, retail sales, and brand management</li> </ul>
7	Dr. Ibrahim M. Omar Badawood	<ul style="list-style-type: none"> <li>- Managing Director of ALJ Community Jameel Foundation</li> <li>- Chairman of Bab Rizq Jameel</li> </ul>	<ul style="list-style-type: none"> <li>- General Manager - Jeddah Science &amp; Technology Center - Dallah Group 1992-2000</li> </ul>	<ul style="list-style-type: none"> <li>- Doctorate in Business administration – 2013 – Arab Academy for Science and Technology</li> <li>- Master in Business administration</li> </ul>	<ul style="list-style-type: none"> <li>- Charitable activities and social responsibility</li> <li>- Investments and business management</li> <li>- Project financing</li> </ul>

				– 20000 – Arab Academy for Science and Technology - BSc in Biology – 2000 – KAU	
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## 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 <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
2	Dr. Ibrahim Hassan Al-Madhoun	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
3	Dr. Ibrahim M. Omar Badawood	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			

## 3- Nomination and Remunerations Committee Members:

	Name	Current positions	Previous positions	Qualifications	Experiences
1	Dr. Suhail Hassan Qadi	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
2	Dr. Ibrahim Hassan Al-Madhoun	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
3	Mrs. Bayan Adel Mohammed Fakieh	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			

#### 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 <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
2	Dr. Adnan Abdulfattah Soufi	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
3	Dr. Suhail Hassan Qadi	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			

#### 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 <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
2	Dr. Ibrahim Hassan Al-Madhoun	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			
3	Mr. Omar Riyadh Al-Humaidan	Please refer to the items of the table of <a href="#">Qualifications, experiences, and current and previous positions of Board Members</a>			

## 6- Executive Management Members:

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

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

			- Assistant-Manager of Commercial Department		
5	Mr. Mohammed Osama Bakr Bakr	- Sales Manager, Western Region	<ul style="list-style-type: none"> <li>- Golden Service, Relationship Officer – Riyadh Bank, Jeddah, KSA</li> <li>- Relationship Officer, Affluent Banking – Arab National Bank, Jeddah, KSA</li> </ul>	<ul style="list-style-type: none"> <li>- Masters in Business Administration (MBA), University of Business &amp; Technology, Jeddah, KSA</li> <li>- Bachelor in Marketing Management, University of Business &amp; Technology, Jeddah, KSA</li> <li>- Four GIA Certificates in Diamond Jewelry</li> </ul>	- 8+ years of experience in jewelry sales and customer service

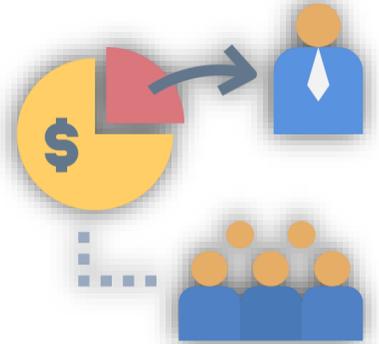
## Procedures made by the Board to inform its Members - particularly the non-executives – about the shareholders' proposals and comments<sup>42</sup>

- 1)- In 2017, the Company launched on its official website ([www.fitaihi.com.sa](http://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](mailto: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](mailto:sh@fitaihi.com.sa)).
- 6) Chair of Audit Committee can be reached at the following email: [Audit.Head@fitaihi.com.sa](mailto:Audit.Head@fitaihi.com.sa). In addition, direct and private communication can be made via email with the rest of the Audit Committee Members 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 5 working days.

<sup>42</sup>- Paragraph 5) of Article 87- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

### Transactions with Related Parties during the FY 2023:<sup>43</sup>

During the year 2023, SHK. Ahmed H. Fitaihi, the Chairman of Fitaihi Holding Group, purchased goods, for **308 thousand SAR** 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 2022 were SAR **510,259**.



	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 2023. Goods received and paid in cash	SAR 308,211

### 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:<sup>44</sup>

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.](#)<sup>45</sup>

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

<sup>43</sup>- Paragraph 33) of Article 87- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

<sup>44</sup>- Paragraph 34) of Article 87- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

<sup>45</sup>- Paragraph 34) of Article 87- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

**Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, including the names related persons, the nature, and conditions of such competing businesses. If there are no such competing businesses, the Company must submit a statement thereof.**<sup>46</sup>

	The Member Engaged in a Competing Business	The Nature of Competing Business	Competitive Business Terms	Date of AG's Approval
1	-	-	-	-

The Company acknowledges there are no Members of the Board of Directors engaged in any competing business with the activity or business of the Company or its branches.

**Settled & Due Statutory Payments:**<sup>47</sup>

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

(In SAR Thousand)

Description	Paid during the annual financial period	Brief description	Indication of reasons
Zakat	5,442	Zakat for the year 2022, and Zakat differences for 2016 and 2017.	Paid to ZATCA during the year 2023.
Tax	5,151	VAT paid during the year 2023.	VAT paid during the year 2023.
General Organization for Social Insurance	910	Paid to GOSI	Paid in 2023.

(In SAR Thousand)

<sup>46</sup>- Paragraph 42) of Article 87- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

<sup>47</sup>- Paragraph 37) of Article 87- Corporate Governance Regulations- (Disclosures to be made in the Board's Report)

Description	Dues until the end of the annual financial period that has not been paid	Brief description	Indication of reasons
Zakat	2,780	- Zakat due for 2023.	
Tax	462	Value Added Tax, December 2023.	Paid in January 2024
General Organization for Social Insurance	77	Paid to GOSI for December 2023.	Paid in January 2024

Details of retained treasury stock and usage of these shares:<sup>48</sup>

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% as of 08/09/2021. Now they are **3190** shares after the share split as of 09/08/2023).

<sup>48</sup>- Article 15) of the Implementing Regulation of the Companies' Law for Listed Joint Stock Companies Paragraph 30) of Article 87 - Corporate Governance Regulations - (Disclosures to be made in the Board's Report)

## VI: Compliance & Internal Control



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, and was updated by the General Assembly held on 04/05/2023.

The Group applies the mandatory articles stated in the governance regulation, especially with regard to the following:<sup>49</sup>

- 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.

<sup>49</sup> - Paragraph 1) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

### Provisions of the Corporate Governance Regulations that have not been applied:<sup>50</sup>

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:

Article/ Paragraph No.	Article/ Paragraph text	Reasons
<b>Article 37- Paragraph 2</b>	Develop the necessary mechanisms for Board and Committee 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.	Article For Guidance. However, it will 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.
<b>Article 39- Paragraph (E)</b>	The Board of Directors shall take the necessary procedures to obtain an assessment of its performance from a competent external authority every three years.	Article For Guidance - Could be applied in the future.
<b>Article 82- Paragraph (2)</b>	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.
<b>Article 82- Paragraph (3)</b>	The Company may establish social associations for the Company's employees.	Article For Guidance - Could be applied in the future
<b>Article 84:</b>	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.	Article For Guidance. However, the Company has a policy and directions of Social Responsibility.
<b>Article 85:</b>	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.	Article For Guidance - Could be applied in the future.

<sup>50</sup> - Paragraph 1) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

**Sanction/Penalty Imposed on the Company by the Authority or any Supervisory, Regulatory or Judicial Entity<sup>51</sup>**

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

**The Company's Requests for Shareholders Register<sup>52</sup>**

The Company's management requested (7) shareholders' register reports during the FY 2023, as follows:

The number of Company's Requests for Shareholder Register	Report date	The reason for requesting the report
1	02/01/2023	Preparation of the Annual Board Report for the FY 2022
2	04/05/2023	The 8th Extra-ordinary General Assembly
3	22/05/2023	Corporate Procedures
4	04/07/2023	Corporate Procedures
5	08/08/2023	The 9th Extra-ordinary General Assembly
6	04/12/2023	Corporate Procedures
7	31/12/2023	Preparation of the Annual Board Report for the FY 2023

<sup>51</sup> - Paragraph 9) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>52</sup> - Paragraph 32) of Article 87- Corporate Governance Regulations - (Disclosure in the Board's Report)

### Declarations<sup>53</sup>

- 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.<sup>54</sup>

\*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 Qualification	Any information regarding this Qualification
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 2023, and accordingly there are no sums paid by the Company to pay off any loans during the fiscal year.<sup>56</sup>

	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.

<sup>53</sup> - Paragraph 39) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>54</sup> - Paragraph 21) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>55</sup> - Paragraph 40) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>56</sup> - Paragraph 27) of Article 87 - 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.<sup>57</sup>

\*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 2023.<sup>58</sup>

\* The shareholder has the right to obtain a share of profits to be disbursed, 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 2023.<sup>59</sup>

\*There is no recommendation from the Board of Directors to replace the auditor before the end of the period for which he was appointed.<sup>60</sup>

\* 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.

<sup>57</sup> - Article 5)- Corporate Governance Regulations - (Disclosure in the Board's Report)  
- Article 34) of the Articles of Association of Fitaihi Holding Group

<sup>58</sup> - Paragraph 36) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>59</sup> - Paragraph 38) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>60</sup> - Paragraph 41) of Article 87 - 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](#).<sup>61</sup>

	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.

<sup>61</sup>- Paragraph 34) of Article 87- 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 Procedures<sup>62</sup>**

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.

<sup>62</sup> - Paragraph 10) of Article 87 - 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 System<sup>63</sup>**

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 2023 that requires disclosure ([other than announcements on the Tadawul website](#)).

### **Audit Committee Report<sup>64</sup>**

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 summary of report shall be read during the General Assembly Meeting.

<sup>63</sup> - Paragraph 10) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

<sup>64</sup> -Paragraph B) of Article 88 - Corporate Governance Regulations (Audit Committee Report)

**Audit Committee's Report of Fitaihi Holding Group  
For the Fiscal Year Ending on 31/12/2023, Submitted to the General Assembly<sup>65</sup>**

**About the Formation of the Board's Audit Committee:**

The Audit Committee consists of three Members as follows:

- Dr. Adnan Abdulfattah Soufi (Chair - Independent).
- Dr. Ibrahim Hassan Al-Madhoun (Member - Non-Executive).
- Dr. Ibrahim M. Omar Badawood (Member - Independent).

**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;

<sup>65</sup> Paragraph A - (-2) of Article 88 - 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 2023:**

1. Review the Company's interim and annual financial statements and reporting to the Board about these recommendations;
2. Follow up on the work of (BDO), external auditor, as well as periodic meetings with its representatives, and check the progress of their work;
3. Follow up the internal auditor's work (Talal Abu-Ghazaleh & Partners), meeting periodically with their representatives and checking the progress of their work (internal audit - risk assessment); and

4. Ensure the Company's compliance with the relevant laws, regulations, policies, and instructions.

#### F) Audit Committee Meetings

The Audit Committee held (5) meetings during the FY 2023. Below is the attendance status of the Committee Members in these meetings:<sup>66</sup>

Member Name	Membership Nature	Number of Meetings (5 meetings)*					Total
		1st. Meeting 05/02/2023	2nd. Meeting 21/03/2023	3rd. Meeting 21/05/2023	4th. Meeting 10/08/2023	5th. Meeting 09/11/2023	
Dr. Adnan Abdulfattah Soufi	Chair	✓	✓	✓	✓	-	4
Dr. Ibrahim Hassan Al- Madhoun	Member	✓	✓	✓	✓	✓	5
Dr. Ibrahim M. Omar Badawood	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 2023** 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 during the FY 2024.

**Chairman of Audit Committee**

**Dr. Adnan Abdulfattah Mohammed Soufi**

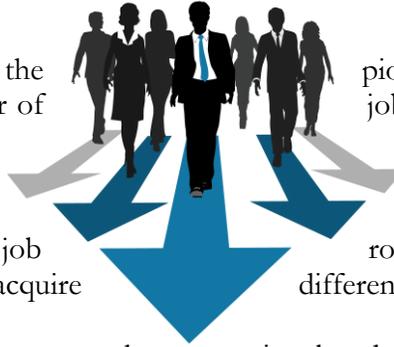
<sup>66</sup> Paragraph 31) of Article 87 - Corporate Governance Regulations- (Disclosure in the Board's Report)

## VII: Human Resources

Fitaihi Holding Group is one of the Saudi females, as it provided a number of females in the fields of accounting, and trained them in different fields.

The HR Department has carried out a job among the retail branches and to acquire

Fitaihi Holding Group continued to preserve the ALLAH, the global economic crisis in the recent years.



pioneers in providing job opportunities for job opportunities to a large number of Saudi jewelry sales, and luxury goods products,

rotation to renew the teamwork spirit different knowledge and skills.

national cadres, and with them, it passed, thanks to

## VIII: Social Responsibility<sup>67</sup>

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"> <li>1- Charitable contributions and donations to the Associations of Success Syndrome. (King Salman Humanitarian Aid and Relief Center)</li> <li>2- The Company believes that its investment in medical projects is an ethical investment, one of its goals is to serve the society.</li> <li>3- Saudization in a manner that serves the interest of the Company, and in consistent with the statutory requirements.</li> <li>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.</li> </ol>
Employees	<ol style="list-style-type: none"> <li>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.</li> <li>2- We provide training courses for employees by certified trainers in various fields from time to time.</li> <li>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).</li> <li>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.</li> </ol>
Customers	<ol style="list-style-type: none"> <li>1- We provide our customers with the finest products with reasonable prices at the highest levels of service.</li> <li>2- Our products also have the highest levels of safety, and do not affect the surrounding environment (i.e. environmentally friendly products).</li> </ol>
Environment, safety and resource rationalization	<ol style="list-style-type: none"> <li>1- Update formulation equipment and using the best purification filters to reduce emissions as much as possible, to avoid any damage to the environment.</li> <li>2- Use means of rationalizing water consumption, while recycling water used in formulation.</li> <li>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.</li> <li>4- Use motion sensors to light up electricity in the Group's headquarters building in Jeddah.</li> <li>5- Use energy-saving lamps in all Company buildings and branches.</li> <li>6- Recycle a large part of the Company's waste by referring to approved recycling centers.</li> <li>7- Focus on the maintenance, cleaning and afforestation of the surroundings areas of the Company and its branches.</li> <li>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.</li> </ol>

<sup>67</sup> - Paragraph 13) of Article 87 - Corporate Governance Regulations - (Disclosure in the Board's Report)

## IX: Agenda

- 1- Review and discuss the Board of Directors' Report for the fiscal year ending on 31/12/2023.
- 2- Vote on the Auditor's Report for the fiscal year ending on 31/12/2023 and discuss it.
- 3- Review and discuss the Consolidated Financial Statements for the fiscal year ending on 31/12/2023.
- 4- Vote on discharging the members of the Board of Directors from their liabilities for the fiscal year ending on 31/12/2023.
- 5- Vote on delegating the Board of Directors to disburse interim dividends on a biannual/quarterly basis for the fiscal year 2024.
- 6- Vote on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article (27) 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 Executive Rules issued pursuant to the Companies Law relating to Listed Joint Stock Companies.

## Conclusion

The Board of Directors is pleased to thank the shareholders of the Group for their confidence, support, and response to the invitation to the General Assembly meeting. The Board also expresses gratitude to the Group's clientele for their trust and 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 2024

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