

Annual report for the fiscal year ending in December 31, 2021 AD

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### Gentlemen / Distinguished Shareholders of the Saudi Fisheries Company May the peace, blessings, and mercy of God be upon you

On behalf of myself and the Board of Directors, I would like to present the company's annual report for the past year, 2022.

Our company bears a critical and significant responsibility in providing high-quality marine products that meet the needs and requirements of customers in compliance with safety and environmental sustainability standards. We are fully aware of the value of our industry and its importance in supporting food security and sustainable development in the Kingdom of Saudi Arabia.

The company faces many challenges and difficulties by virtue of the nature of the activities and businesses it carries out. Accordingly, the Board of Directors works with the executive management to implement several initiatives and corrective measures to improve the quality of our operations, reduce operating costs, address many existing operational issues, and develop mechanisms that govern work in the company. Through this, we seek to reduce the accumulated losses as soon as possible to reach financial stability and reap the fruits of improvement and development work to achieve the Board of Directors and shareholders' goals and aspirations.

I would also like to sincerely thank the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz. May God protect him and His Trustworthy Crown Prince, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz, may God protect him, for all their outstanding efforts and unlimited support to motivate The business environment in the private sector and the development of the economy of this country.

God grants success...

ABDUL RAHMAN
BIN SAUD AL OWAIS

Chairman of Board of Directors

## Establishment

The Saudi Fisheries Company was established in 1401 AH corresponding to 1981 AD as a Saudi joint stock company.

Pursuant to Royal Decree No. M/7 dated 09/05/1401 AH corresponding to 03/16/1981 AD, the state contributes 40% of its capital through the ownership of the Saudi Agricultural Investment Company "SALIC",

It is a listed joint stock company established in accordance with the provisions of the Companies Law and its regulations.



The activity of the Saudi Fisheries Company is represented in catching fish and investing live aquatic wealth in the Kingdom's waters and regional and international waters within the limits of the regulations and laws followed in this regard, as well as manufacturing and marketing them at home and abroad as permitted by the Kingdom's regulations, providing cooked seafood, shrimp farming, packing, preserving and canning fish and shrimp, fishing and marketing Ornamental fish, wholesale and retail trade in fish, shrimp and other marine products, shrimp feed, and cleaning materials. The business conducts its operations in accordance with applicable regulations and after obtaining the necessary licenses from the appropriate authorities.



The company's approved and paid-up capital is (400,000,000) Saudi riyals divided into (40,000,000) shares, with a nominal value of 10 riyals per share.



For the company to be a thriving economic establishment in achieving the objectives of investors and maximizing their wealth, to maintain its leading position in the marine products sector, contribute to achieving the goals and pillars of food security, and improve the consumption of healthy foods.

## II

### **Message and Mission**

To contribute effectively and tangibly to the promotion and support of initiatives to improve the level of food security in the Kingdom of Saudi Arabia mainly and to raise the level of seafood consumption by providing a variety of marine products with high nutritional value and quality according to the highest international standards to ensure the complete satisfaction of our customers and to achieve our vision on the long term.

## Objectives

Integration with the Kingdom's Vision 2030 and vision realization initiatives, focusing on developing marine resources investments, food security, and enhancing the quality of life.

Creating a successful and positive economic entity in the industries in which it works and deals.

Obtaining an appropriate amount of growth in return on investment for our shareholders while achieving balanced equity growth.

Improving and developing the business strategy in accordance with the company's external variables and internal capabilities.

Developing expertise and utilizing it to promote local and regional growth in the marine wealth investment industry.

Concluding internal and external alliances at the level of the sectors in which we work with successful establishments locally, regionally, and internationally to transfer successful experience and exchange technical expertise in all fields.





### sales by products

The company's sales in 2022 amounted to 48,815,516 Saudi riyals, an increase of 3% compared to the previous year, 2021 AD, as shrimp sales topped 50% of the company's total sales, and meals and other deals came in second place with 30% of total sales, while fish sales amounted to 19%.

The following table shows the analysis of activity according to the products sold for the year 2022 AD, compared to the results of 2021 AD:

Activity analyzes by-product	2021	Percentage	2022	Percentage
fish sales	19,760,618	42%	15,306,766	22%
shrimp sales	12,425,629	26%	24,381,795	49%
Factory sales and more	15,400,159	32%	9,126,954	30%
Total	47,586,405 riyals	100%	48,815,516 riyals	100%



### Sales by Type of Activity

Retail and wholesale sales accounted for 47% and 49% of the company's total sales, while boat sales accounted for 4% of the company's total sales.

The following table shows the distribution of sales according to sales channels for the year 2022 AD, compared to the results of 2021 AD:

Activity analysis according to sales methods	2021	Percentage	2022	Percentage
Retail sales	32,696,821	69%	23,293,234	47%
Wholesale sales	12,950,820	27%	23,381,908	48%
Boat sales	1,938,764	4%	2,140,374	4%
Total	47,586,405 riyals	100%	48,815,516 riyals	100%



The company's sales amounted to 48,815,516 Saudi riyals in 2022 AD. The central region occupied the highest sales percentage of the company with 40% of the total sales, while the share of sales in the eastern, western, and southern regions reached 12%, 21%, and 27%, respectively, as shown in the table the next:

Sales analyzes by region	2021م	Percentage	2022م	Percentage
Eastern Region	5,996,334	13%	5,765,505.44	12%
Central Region	28,197,952	59%	19,611,275.28	40%
Western Region	8,229,314	17%	10,482,748.09	21%
Southern Region	5,162,805	11%	12,956,287.19	27%
Total	47,586,405 riyals	100%	48,815,516 riyals	100%



### **Comparative analysis**

A comparative analysis of the company's business results for the years 2022 and 2021 shows an increase in the company's sales by 3% and a decrease in gross profit by 226%. In terms of selling and distribution expenses, these expenses decreased by 5%, with a 20% reduction in general and administrative expenses. The operating loss increased by 95%, as shown in the following table:

Statement	2021م	2022م	Changes	Percentage of change
Revenues	47,586,405	48,815,516	1,229,111	3%
Cost of revenue	(42,819,741)	(67,877,162)	-23,667,704	55%
Gross profit	16,851,579	(22,653,648)	-38,115,510	-226%
Selling and distribution expense	(24,667,010)	(22,186,059)	2,480,951	-11%
General and administrative expenses	(25,802,978)	(23,764,413)	2,038,565	-9%
Operating loss	(30,837,859)	(64,482,575)	-33,644,716	52%



### **Business results for the five years**

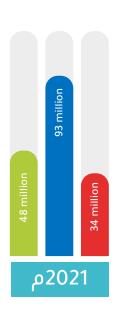
The following table shows the company's business results for the fiscal period from 2018 AD to 2022 AD.

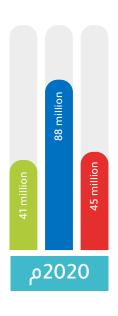
Statement	2022م	2021م	2020م	2019م	2018م
Revenues	48,815,516	47,586,405	40,947,697	25,330,413	21,420,399
Costs and expenses	(118,342,804)	(96,636,694)	(88,173,173)	(59,148,728)	(59,479,699)
net loss Before other income	(68,791,856)	(49,050,284)	(47,225,476)	(33,818,315)	(38,059,300)
net loss (SAR)	(68,302,282)	(34,184,824)	(45,213,899)	(33,029,460)	(37,250,804)



### the company's business results















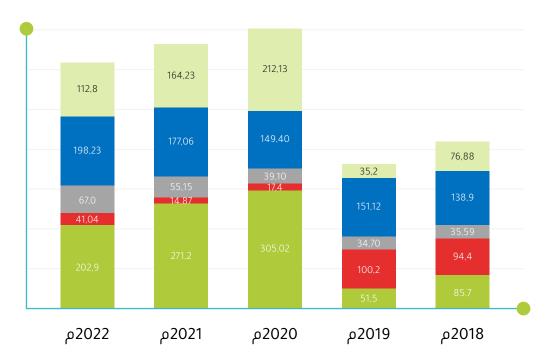
## Comparative analysis of the company's assets and liabilities for the five years

The following table shows the decrease in the company's total assets from 341 million Saudi riyals in 2021 AD to 317 million Saudi riyals in 2022 AD. The company's total liabilities increased from 70 million Saudi riyals in 2021 AD to 101 million Saudi riyals in 2022 AD as follows:

Statement	2022م	2021م	2020م	2019م	2018م
Current assets	112,837,115	164,230,131	212,134,747	35,283,993	76,883,272
non-current assets	198,237,235	177,067,318	149,401,394	151,129,580	138,922,826
Total assets	311,074,350	341,297,449	361,536,141	186,413,573	215,756,098
Current Liabilities	67,061,731	55,156,258	39,104,908	34,708,653	35,597,727
Non-current liabilities	41,045,824	14,872,115	17,410,014	100,200,783	94,416,187
total liabilities	108,107,556	70,028,373	56,514,922	134,909,436	130,013,914
Shareholders' equity	202,966,794	271,269,076	305,021,219	51,504,137	85,742,184



### **Assets and liabilities**



# Loans and credit facilities

The company obtained an interest-free loan in the amount of 7,026,144 Saudi riyals from the Agricultural Development Fund on 11/21/1430 AH corresponding to 11/8/2009 AD from a total facility agreement in the amount of 12,867,838 Saudi riyals to finance the shrimp farming and breeding project, in exchange for a mortgage for lands owned by the company in Al-Khobar And Qatif, its book values are 1,000,000 and 2,100,000 Saudi riyals, respectively, provided that the loan is repaid on 11/21/1432 AH corresponding to 10/19/2011 AD. The company also obtained the second installment of those facilities for 2,984,741 Saudi riyals, bringing the loan balance to 10,010,885 Saudi riyals on June 30, 2011. As a result of non-payment, the company submitted, on 07/05/1437H corresponding to 04/12/2016AD, a request to reschedule the loan balance of SAR 10,010,880 on December 31, 2016AD. It was approved to reschedule the loan in nine annual installments starting November 2017. Indeed, the company paid the installments according to the schedule, so the loan balance on 12/31/2022 amounted to 3,304,320 Saudi riyals, and the company's total indebtedness amounted to 4,471,307 Saudi riyals. The difference between the loan balance and the indebtedness balance represents the value of the government grant calculated as a result of applying for IAS 20.

The name of the donor	The principal of the loan and its additions	Loan Term	paid during the year	loan balance	total indebtedness
Agricultural Development Fund	10,010,880	9 years	1,418,480	3,304,320	4,471,307
Al Rajhi Bank	20,000,000	4 years	0	20,000,000	20,000,000
Bahrain Bank	10,000,000	One year	0	10,000,000	10,000,000

# Due and paid statutory payments

The following table shows the statutory payments made and due by the Saudi Fisheries Company until the end of the fiscal year 2021 AD Statement paid during the year due during the year Did not pay

Statement	paid during the year	Due during the year and not paid	A brief description
Zakat	2,507,022	1,618,344.00	What is paid or charged for the year in accordance with the provisions and rules of the obligation of zakat, and the amount due represents the zakat estimated for the year.
Value added tax	0	0	What is paid or charged for the year in accordance with the provisions and rules of value-added tax
General Organization for Social Security	2,792,288	0	What is paid or charged for the year in accordance with the provisions of the labor system
customs fees	137,171	0	What is paid or charged to the year in accordance with the provisions of the customs system
Employment fees for ,renewing residence permits "work permits, and others	2,219,225	0	What is paid or charged to the year as visa and passport fees based on the related regulations





The marine fishing fleet consists of 19 large boats with a tonnage of 42 tons and a boat length between 19 and 23 meters and 14 small and medium boats with a load of 2 tons and a length ranging between 7.6 and 8.4 meters. The total number of boats is 33.

And due to the difficulty of operating the boats due to the narrow fishing places and the lack of productivity, which led to a decrease in sales and an increase in operating costs, a decision was taken to stop the boats at the end of October 2022 and to make a tender for renting them.

Region	Boat Size	Number	Condition
	Dia haata	12	Working
]azan	Big boats	2	not working
Jazarr	Small boats	3	Working
	Siriali Boats	9	not working
	Big boats	3	Working
AL Sharqiyah	Big boats	2	not working
	Small boats	2	not working
Total		33	



## **Aquarium Farm - Al Harida (Asir Region)**

The company is considered one of the first companies operating in this field in the Kingdom of Saudi Arabia, as it established a shrimp farm in the Al-Huraida Governorate on the Red Sea coast in the year 1991 AD on a land leased from the Ministry of Environment, Water and Agriculture with an area of 7.5 million square meters.

And during the year 2022 AD, actual production took place after the project stopped for years, and during the production period for the year 2022, the farm did not record any infections or viral diseases, in order to apply the highest biosecurity standards under the supervision of the Ministry of Environment, Water and Agriculture, through which we were able to maintain the safety of the project, and the company also obtained some Certificates in best practices for aquaculture, such as the certificate of Samak and Saudi Gab.



### **Floating Cages Project (Asir Region)**

During this year, all floating cages were taken out, re-maintained, and new alternative cages built, in order to start experimental production operations to determine the suitability of the local environment for the species to be produced, and to study the possibility of introducing new types of fish. experimental.

During this year, we started conducting environmental studies for the proposed sites to prepare the scope of work for any expansion of fish production using the floating cage system.



### **Aquatic Aquarium - Qatif**

The farm was established in 1990 AD in Qatif Governorate (Anak). It is dedicated to the production of freshwater fish (tilapia), with a production capacity of 140 tons per year, which can be developed up to 300 tons per year. The farm is located on an area of 50 thousand square meters, and there are 14 concrete basins and 28 sandy basins. The farm is equipped with hatcheries, incubators, and support facilities for farming operations, and an integrated system for feeding fish. Work on the farm has been suspended since 2012 due to the infeasibility of tilapia farming due to licenses for fish imported from abroad, as well as problems with the license issued by the Ministry due to problems with water floating to neighboring farms. No maintenance or modernization of the equipment and assets on the farm has been carried out, which has caused varying damage to these assets.



## Land for an aquaculture farm project Amaq (Asir region

It is located in the Asir region, 100 km north of Al-Haridah farm. It is a land leased from the Ministry of Environment, Water and Agriculture with an area of 13.3 million square meters. A feasibility study for the project was previously conducted and permits for shrimp farming with a capacity of 5,767 tons were obtained, but the project was not implemented.



### The feed factory

The feed factory is located in Harida within the perimeter of the farm and aims to produce feed to provide shrimp and fish farms and hatcheries in the company with the necessary feed and put the surplus for sale in the local market, which was intended to have a production capacity of up to 96,000 tons of feed annually.

Some equipment and machinery necessary for the operation process were purchased, and during the year 2022 AD, the company signed a memorandum of understanding with the National Aquaculture Group (Naqwa) to discuss future cooperation regarding special animal feed for fish and shrimp, and to study all possible options for cooperation in this field.

## Supply chain management for a year

Supply chain management contributes to a significant and influential role in the success of the company's march at the local and regional levels through managing the planning process, purchasing the company's needs of products and services, operating warehouses and distribution centers in the company, and managing the associated systems of receiving, storing and processing requests, transporting and distributing products between branches and to customers.

Supply chain management is concerned with diversifying product sources, organizing supply operations, and providing orders systematically to obtain the required products and deliver them to customers at the right time, required quality and competitive price.



### Factories and processing plants

- Work on equipping a laboratory for sorting and preparing orders for fresh products.
- Work on rehabilitating the Dammam warehouse and using it as the main distribution center for the company in the Kingdom



The company has a capacity of 250 tons for refrigerated storage and 700 tons for frozen storage, distributed between Jizan, Dammam, Jeddah, and Riyadh. Work is underway to rehabilitate and contract different locations in various regions.



The company operates a fleet of 52 vehicles on the job, divided into 20 vehicles for refrigerated and frozen transportation and delivery of goods (fish and shrimp) from auctions, factories, and warehouses in their branches to points of sale and distribution between warehouses, shops, and customers. In addition to 32 small cars that serve other activities





## Administrative Building Land - Jeddah:

The land on which the company's branch was established is located in Jeddah Governorate, 10 km away on Makkah Al-Mukarramah Road, and its area is (11,000 square meters). ) and dated 9/10/1433 AH by agreeing to empty that land for the company, provided that it is registered within the state's share in the company's capital. Noting that the land fell within the slums included in the removal, a request for compensation was submitted to the Municipality of Jeddah Governorate, and the compensation procedure was followed up.



## Administrative Building Land - Riyadh

The land of the company's headquarters is located in the Al-Malaz district, northeast of the buildings belonging to the Ministry of Finance in the city of Riyadh, and its area is (6,264 square meters) from the land of the Ministry of Environment, Water and Agriculture located in Al-Malaz district in the city of Riyadh. A noble and generous order was issued No. (41355) and dated 9/10/1433 AH approving the emptying of that land for the company, provided that it is registered within the state's share in the company's capital. The land was emptied to the company by deed No. 317901000456 dated 7/5/1442 AH.



### **Dammam land**

It is land with an area of 71,794 square meters leased from the General Corporation for Railways, and the company's building, factory, and warehouses were built on it. The company later purchased it from the General Corporation for Railways on January 25, 2012, for an amount of 39,245,982 riyals, but after the State Property Authority rejected the purchase for being a process Selling violates the railway protection system, in addition to breaking the royal orders not to grant, sell or dispose of government lands and to be content with leasing. Accordingly, the company excluded the land from its records in 2020 AD. All the required documents were submitted to the General Organization for Railways. As a result, a check was received for 24,381,455.60 Saudi riyals representing the company's dues after deducting the accumulated dues of the General Authority for Zakat and Income, amounting to 11,322,322 Saudi riyals, in addition to removing an amount of 165,000 Saudi riyals for renting a warehouse. The company has submitted the documents required to recover the remaining 3,377,204 Saudi riyals; follow-up is underway in this regard.

## Al Khabar land

Land owned by the company was purchased for 2,100,000 riyals with an area of 930 square meters. The land was leased under a 15-year contract starting from 12/01/2005 AD that ended on 11/30/2020 AD for an annual amount of 55,000 riyals to an investor who built a commercial building. On 1/14/2021, It has been released for five years at a yearly amount of 250,000 riyals, and the land is mortgaged to the Agricultural Development Fund in exchange for a loan to expand the shrimp farm in Harida.



A vacant land owned by the company in Jazan governorate was purchased for 3,135,794 riyals with an area of 132,000 square meters. Roads were taken from the ground, and part of it was included in the housing plans by the Municipality of Jazan Region. Work is underway to correct and update the instrument and claim the deducted amount from the Secretariat and the Ministry of Transport.



Land owned by the company was purchased for 1,250,000 riyals with an area of 595.1 square meters. It is leased by an investor for a period of 15 years, starting from 01/08/2011 AD ending on 07/31/2021 AD, at an annual rent of 200 thousand riyals. The lease contract was extended for a period of three years, ending on 07/31/2024.



A vacant land owned by the company in the city of Onaizah - Al-Qassim region, with an area of 4,980 square meters. The last evaluation done on it was on 07/15/2020.

## The commercial sector

The company operates in the retail and wholesale sectors, where the company currently operates 15 stores selling fresh and cooked fish distributed in three regions in the Kingdom of Saudi Arabia, and sales decreased in 2022 by 21% compared to 2021. The company developed a plan to rectify the financial position of the stores, improve operating efficiency, and attract new customers while preserving our permanent customers. The development plan included:

- Contracting with a cooking expert to develop the food menu by making new recipes for the meals provided in the shops
- Contracting with an external agency to re-design stores and update product packaging designs
- Restructuring jobs in stores to raise efficiency
- Attracting experienced area supervisors to raise the operating efficiency of the stores
- By Hiring a new operating manager and chief chef for the stores
- 6 » Training programs

As for the wholesale sector, the company achieved an increase in the year 2022 AD compared to 2021 AD, with an increase of approximately 49%. The company aims to expand the customer base by introducing a number of sales channels that ensure easy consumer access to the company's products.



The company's quality policy revolves around providing high-quality and safe products to all our valued customers by applying the highest quality standards to ensure the quality of operational processes, including purchasing, supplying, storage, transportation, manufacturing, and selling in all channels, as the quality management is committed to applying international standards to ensure safety and quality of goods where they are used The quality and safety policy of the company is by the following criteria:

- ISO 9001: 2000 Quality management the international quality management system.
- ISO22000: 2005 Food safety management the global food safety system.
- 3 » Saudi Food and Drug Authority.
- 4 » Saudi Standards and Metrology Organization SASO
- HACCP HACCP systems are recommended by the US Food and Drug Administration (FDA).
- The ISO certification has also been upgraded to the latest version: ISO22000: 2018 Global Food Safety System FSMS Requirement for any organization in the food chain.

## \9

### Strategic directions

- Essential maintenance of the aquaculture farm in Harida (shrimp farming sector) and the gradual start of operation.
  - Maintaining and completing the installation of floating cages in the aquaculture farm in Al Harida and operating them in fish farming
- Work on developing current products and services to obtain a higher market share, in conjunction with developing control and control systems for sales and branches, and improve margins by diversifying purchasing sources.
- Expansion in the wholesale sector vertically in the areas currently covered in parallel with the horizontal expansion in the geographical coverage in the wholesale industry mainly and retail in a secondary way to serve areas where the brand (fish) is unavailable.
- Operating factories for value-added products by outsourcing or sharing with others locally and internationally and using sorting, cleaning and packaging factories that support the commercial sector independently.
- Completing the maintenance and modernization of refrigerated warehouses, modernizing the transport fleet, and expanding the geographical coverage of the logistics industry.



## Composition of the Board and classification of members

The company is managed by a board of directors consisting of nine members elected by the ordinary general assembly of shareholders through cumulative voting.

Name	Title	Membership classification	Nature of membership
Mr. Abdul Rahman bin Saud Al Owais	Chairman of the Board	Non-executive	representative of the Saudi Agricultural Investment and Livestock Production Company (SALIC)
Eng. Abdulaziz bin Hamad Al-Awaid	Vice Chairman of the Board of Directors	Non-executive	in his personal capacity
Mr. Bakr bin Abdul Rahman Al-Muhanna	Member of the Board of Directors	Non-executive	representative of the Saudi Agricultural Investment and Livestock Production Company (SALIC)
Eng. Samir bin Mahmoud Haddad	Member of the Board of Directors	separate	in his personal capacity
Eng. Abdul Majid bin Abdul Mohsen Al Sheikh	Member of the Board of Directors	separate	in his personal capacity
Eng. Mazen bin Abdul Sattar Al-Alami	Member of the Board of Directors	separate	in his personal capacity
Mr. Mansour bin Abdulaziz Al-Saghir	Member of the Board of Directors	Non-executive	in his personal capacity
Mr. Haitham bin Mohammed Algosaibi	Member of the Board of Directors	Non-executive	in his personal capacity



## Formation of company committees

#### Nominations and Rewards Committee

The Nominations and Remuneration Committee consists of (3) members of the Board of Directors, who are:

- Eng. Abdul Majeed bin Abdul Mohsen Al Sheikh (Chairman of the Committee).
- Eng. Abdul-Aziz bin Hamad Al-Awaid (member).
- Eng. Mazen bin Abdul Sattar Al-Alemi (member).

#### The Executive Committee

The Executive Committee consists of (4) members of the Board of Directors, who are:

- Mr. Abdul Rahman bin Saud Al Owais (Chairman of the Committee).
- Eng. Abdulaziz bin Hamad Al-Awaid (member).
- Eng. Abdul Majeed bin Abdul Mohsen Al Sheikh (Member).
- Mr. Haitham bin Mohammed Al-Qusaibi (Member).

#### **Review Committee**

The Audit Committee consists of (3) members, (2) non-executive members of the Board of Directors and a member from outside the Board of Directors, including a specialist in financial and accounting affairs, and they are:

- Mr. Mansour Abdel Aziz Al-Saghir (Chairman of the Committee).
- Mr. Turki bin Abdul Mohsen Al-Luhaid (member) from outside the council.
- Samir bin Mahmoud Haddad (member).



Date of change	Nature of change	Name
ρ2022/06/16	Resignation from the board	Mr. Abdullah bin Hamad Al Mahath
ρ2022/07/01	Resignation from the Executive Committee	Eng. Waleed Hamad Suleiman Al-Bathe
2022/07/05م	Appointment to the Board of Directors	Mr. Abdul Rahman bin Saud Al Owais
2022/07/05م	Appointment to the Executive Committee	Mr. Abdul Rahman bin Saud Al Owais
2022/08/08م	Change in the status of membership from independent to non-executive	Mr. Mansour bin Abdulaziz Al-Saghir
2022/10/06م	Resignation of the Chairman of the Board of Directors	Eng. Omar bin Hamad Al-Madi
2022/10/06م	Resignation from the Executive Committee	Eng. Omar bin Hamad Al-Madi
2022/10/06م	Appointment of the Chairman of the Board of Directors	Mr. Abdul Rahman bin Saud Al Owais
2022/10/08م	Resignation from the audit committee	Mr. Haitham bin Mohammed Algosaibi
2022/10/09م	Appointment to the audit committee	Mr. Samir bin Mahmoud Haddad

#### **Board members**

Mr. Abdul Rahman bin Saud Al Owais - Chairman of the Board of Directors

**Qualifications:** He holds a master's degree in business administration from the University of Manchester and a senior management degree from the University of Nevara.

**Current positions:** CEO of Shared Services at the Saudi Agricultural Investment and Livestock Production Company (SALIC)

Previous experiences and jobs: He currently works as CEO of Shared Services for SALIC Company, Chairman of the Board of Directors of the National Grain Company, Member of the Boards of Directors of Al-Khorayef Water and Energy Company, The Third Mills Company, and Minerva Australia Company, and Chairman of the Nominations and Remuneration Committee for Al-Khorayef Water and Energy Company. Previously, he was an undersecretary at the Ministry of Finance, Vice President of the National Water Company for Shared Services, and General Manager of the Eastern Region at Almarai Company.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Shareholding company	inside the kingdom	National grain
Shareholding company	inside the kingdom	Al-Khorayef Water and Energy Company
Shareholding company	inside the kingdom	Third Mills Company
Shareholding company	outside the kingdom	Minerva Australia Company

legal entity	inside/outside the kingdom	Company name

#### Eng. Abdulaziz bin Hamad Al-Awaid - Vice President of the Council

**Qualifications:** He holds a Bachelor's degree in Chemical Engineering from King Saud University in 1980.

**Current positions:** Vice Chairman of the Board of Directors non-executive.

**Previous experiences and jobs:** has extensive experience in the field of consulting, where he worked as a consultant in Al-Durra Company for Sugar Industry and Advanced Materials Technology Company, and he worked as a director of project studies and consulting in the Saudi Industrial Development Fund.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Limited liability	inside	Factory of Maan Hamad Al-Jasser and Partners Company

legal entity	inside/outside the kingdom	Company name
Division of Zamil Group	inside	Zamil Company for Chemical and Plastic Industries

#### Mr. Bakr bin Abdul Rahman Al-Muhanna - Member of the Board of Directors

**Qualifications:** Bachelor's degree in management information systems from King Fahd University of Petroleum and Minerals in 2006.

**Current positions:** Director and Head of the Transport and Logistics Department at the Public Investment Fund.

**Previous experiences and jobs:** He worked as an investment banking specialist at Deutsche Bank in the areas of financial markets, mergers, and acquisitions, as well as the position of Head of Investments in King Abdullah City for Atomic and Renewable Energy, and he also held the position of Assistant Director of Investments in the Saudi Arabian Industrial Investments Company.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Listed contribution	inside	National Gas and Manufacturing Company
Contribution locked	inside	Education Development Holding Company
Contribution locked	inside	Saudi Company for Agricultural and Animal Production
Listed contribution	outside	Manerva Foods Company
Contribution locked	inside	City Heritage Company
Contribution locked	inside	International Ports Company
Contribution locked	inside	Saudi Coffee Company
Contribution locked	inside	Red Sea Gate Station Company
Contribution locked	inside	The Saudi Unified Purchase Company, Nubco

legal entity	inside/outside the kingdom	Company name
Contribution locked	inside	First, Second, Third, and Fourth Flour Mill Companies
Contribution locked	inside	Saudi Cruise Co

#### Eng. Samir bin Mahmoud Haddad - Member of the Board of Directors

**Qualifications:** He holds a Bachelor's degree in Chemical and Materials Engineering from King Abdulaziz University in 1990.

**Current positions:** CEO of Al Reef Sugar Refinery Company.

Previous experiences and jobs: Worked as a research and development engineer at SABIC Research and Development Complex. And an operations engineer in the natural gas fractionation plant at Saudi Aramco, and he also worked in several managerial and leadership positions in the Savola Group. Appointed Vice President and then CEO of the Industrial Sector at Al Sorayai Industrial and Commercial Group (currently Naseej International) and Chairman of the Board of Directors of Millennium Weavers Atlanta - USA. He moved to occupy the Executive Director of Operations and Investor Relations position in the Industrial Valley - Emaar Company, King Abdullah Economic City in Rabigh.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Listed joint stock company	inside	Al-Abdul Latif Industrial Investment Company

legal entity	inside/outside the kingdom	Company name
One of Al Sorayai Group companies	outside	Millennium Weavers USA
Listed joint stock company	inside	Savola Group - United Sugar
Listed joint stock company	inside	Al Sorayai Industrial Trading Group
Listed joint stock company	inside	Emaar King Abdullah Economic City
Contribution locked	inside	Al Reef Sugar Refinery Company

#### Eng. Abdul Majeed bin Abdul Mohsen Al Sheikh - Member of the Board of Directors

**Qualifications:** He holds a bachelor's degree in industrial engineering from King Fahd University of Petroleum and Minerals in Dhahran in 2004, and a master's degree in engineering management from Brunel University in London - United Kingdom in 2006. He also obtained a master's degree in business administration "MBA". From (Queen's) University in Kingston - Canada in 2010.

Current positions: Chief Executive Officer and member of the Board of Directors of Mayar Holding Company, in addition to being Vice Chairman of the Board of Directors of Misr Gulf Elevators and Escalators Company, CEO of Gulf Elevators and Escalators Company Ltd., CEO of Saudi Vogue Elevators and Escalators Company, and CEO of Elevator Solutions Company for Operation and Maintenance. In 2021 AD, he was appointed Vice Chairman of the Board of Directors of the Jedaya Agricultural Company, as well as Vice Chairman of the Board of Directors of the Saudi Drip Irrigation Company, Vice Chairman of the Board of Directors of Ajda Trading Company, and Vice Chairman of the Board of Directors of Akelna Trading Company.

**Previous experiences and jobs:** He has more than 15 years of practical experience in finance, preparing economic feasibility studies, financial and technical analysis, and studying markets for industrial projects by working for the Saudi Industrial Development Fund in the Credit Department. And the Lending Committee and the Loan Review Committee, and he also obtained several courses in management, leadership, and financial and credit analysis from several international universities and institutes, in addition to being an associate engineer accredited by the Saudi Council of Engineers. He also established Efadah Economic and Industrial Consulting Company, which provides advisory services, project evaluation, investment opportunities, and project management for the industrial sector. He held the position of managing partner for three years.

#### Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Contribution locked	inside	Mayar Holding Company
Contribution locked	outside	Egypt Gulf Company for elevators and escalators
Contribution locked	inside	Ajda Trading Company
Limited liability	inside	Gulf Elevators and Escalators Co. Ltd
Limited liability	inside	Saudi Vogue Elevators and Escalators Company
Limited liability	inside	Elevator solutions company for operation and maintenance
Limited liability	inside	Jedaya Agricultural Company
Limited liability	inside	Saudi Drip Irrigation Company
Limited liability	inside	Akelna Trading Company

legal entity	inside/outside the kingdom	Company name
Solidarity	inside	Efadah Company for Economic and Industrial Consulting

## Mr. Haitham bin Mohammed Al-Qusaibi - Member of the Board of Directors

**Qualifications:** He holds a Bachelor's degree in Administrative Sciences in 1998 from the American University in Britain.

**Current positions:** Executive General Manager of Khalifa Al Gosaibi Investment Company

**Previous experiences and jobs:** He has extensive experience, where he worked as Executive General Manager of the Arab Vermiculite Industries Company, CEO of the Building Materials Chemicals Factory, and Deputy Director of Operations for Khalifa Al Gosaibi Holding Company.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Contribution locked	inside	Khalifa Al Gosaibi Investment Company
Limited liability	inside	Saudi Sigma Company
Contribution locked	inside	Building materials chemicals factory
Contribution locked	inside	Algosaibi Services Company
Limited liability	inside	Building Materials Technology Company
Contribution locked	inside	Vermiculite Industries Company
Contribution locked	inside	Al-Gosaibi Oilfield Services Company

legal entity	inside/outside the kingdom	Company name
Limited liability	inside	Saudi Road Coating Company
Limited liability	inside	The National Road Separator Production Company

## **Eng. Mazen bin Abdul Sattar Al-Alami - Member of the Board of Directors**

**Qualifications:** : He holds a bachelor's degree in electrical engineering from King Fahd University of Petroleum and Minerals in 1997 AD and advanced management from Harvard University in 1999 AD.

**Current positions:** Member of the Board of Directors

**Previous experiences and jobs:** He worked as a design and maintenance engineer at Saudi Aramco, deputy sales manager for the Saudi Cable Company, deputy director of the western region for the Saudi Electricity Company, CEO of Saudi General Electric Energy Company, CEO of Al-Toukhi Contracting Company, partner and regional director for the Middle East of Black & Fitch Engineering Company, and CEO of CAD Middle East Pharmaceutical Industries and advisor to the Board of Directors of Al-Mashreq Pharmaceutical Industries...

#### Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Engineering consultances	inside	Mazen Al-Alami Office for Engineering Consultations
Management consulting	outside	Cornerstone International Company
Management consulting	inside	Arabian Vision Company

legal entity	inside/outside the kingdom	Company name		
Limited liability	inside	Middle East Energy Services Company		
Limited liability	inside	Masts Energy		
General consultations	inside	Dynamic Business Development Company		

#### Mr. Mansour bin Abdulaziz Al-Saghir - Member of the Board of Directors

**Qualifications:** : He holds a master's degree in (Executive Business Administration) from the London Business School, London, in 2010 and a bachelor's degree in accounting from King Abdulaziz University, Jeddah, in 1993.

**Current positions:** Chief Executive Officer of the National Bank of Bahrain in the Kingdom of Saudi Arabia.

**Previous experiences and jobs:** He worked for the Saudi Hollandi Bank as a senior manager of commercial relations and assistant general manager in Samba Financial Group, then as a department head in Banque Saudi Fransi. He also worked as a senior corporate banker at the National Commercial Bank as the regional head of corporate banking services in the Saudi British Bank and business development manager.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name
Closed joint stock company	inside	Light Buildings Company - Seabourx
Listed joint stock company	inside	Southern Region Cement Company
Listed joint stock company	inside	United for Cooperative Insurance
Closed joint stock company	inside	Al Seif Commercial Agencies Company

legal entity	inside/outside the kingdom	Company name
Listed joint stock company	inside	SABB Takaful

## Committee members from outside the Board of Directors

Mr. Turki bin Abdul Mohsen Al-Luhaid - Member of the Audit Committee

**Qualifications:** : Holds a bachelor's degree in accounting from King Saud University and is a certified public accountant (SOCPA) and (CPA).

#### **Current positions:**

**Previous experiences and jobs:** He has extensive experience, as he worked as an auditor in the office of Ernst & Young and as the financial manager of Al-Ayouni Investment and Contracting Company.

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name

legal entity	inside/outside the kingdom	Company name

#### **Executive Management**

Mr. Awad Farouk El-Desouki - Chief Financial Officer and Acting Chief Executive Officer

**Qualifications:** : Holds a Bachelor's degree in Accounting from Al-Ahliyya Amman University in 200099- and is a member of the Australian Association of Certified Public Accountants.

**Current positions:** Head of Finance

**Previous experiences and jobs:** He has more than 20 years of experience in the food and agricultural industries, during which he held many positions, starting with the National Poultry Company, the American Delmoni Company, the Astra Food Group, and the ARASCO Group. He also received many technical and administrative courses and courses in preparing executive leaders in Amman, Dubai, Monaco, and London

Memberships in the boards of directors of current companies or of their managers:

legal entity	inside/outside the kingdom	Company name

legal entity	inside/outside the kingdom	Company name



## The changes that took place in the senior executives during the year 2022 AD:

Date of change	Nature of change	Name
2022/07/01	Resignation from the position of CEO	Eng. Waleed bin Hamad Al-Bathi
2022/07/01	Assignment to the position of CEO	Mr. Awad Farouk Al-Desouki



## Details of board and committee meetings



## **Board of Directors meetings**

During the year 2022, the Board of Directors held (8) meetings, according to the following:

20 Dec	20 Nov	15 Nov	31 Oct	5 Oct	6 July	25 May	21 March	Members
_	_	_	_	_				Eng. Omar bin Hamad Al-Madhi
						_	_	Mr. Abdul Rahman bin Saud Al Owais
								Eng. Abdul Aziz bin Hamad Al-Awaid
								Mr. Bakr bin Abdul Rahman Al-Muhanna
						×		Eng. Samir bin Mahmoud Haddad
_	_	_	_	_	_	×	X	Mr. Abdullah bin Hamad Al Muhazel
								Eng. Abdul Majeed bin Abdul Mohsen Al-Sheikh
								Eng. Mazen bin Abdul Sattar Al-Alami
								Mr. Mansour bin Abdulaziz Al-Saghir
		×		/		/		Mr. Haitham bin Muhammad Al-Qusaibi

The date of the last meeting of the General Assembly is 01/06/2022. Membership of Mr. Abdullah bin Hamad Al Muhazel has expired. on 06/16/2022 AD. Mr. Abdul Rahman bin Saud Al Owais membership started on 07/05/2022 AD. Eng. Omar bin Hamad Al-Madhi 's membership has expired on 10/05/2022 AD.



#### **Review Committee**

During the year 2022, the Audit Committee held (4) meetings, as follows:

8 Nov	21 Aug	19 May	30 March	Members
		/		Mr. Mansour bin Abdulaziz Al-Saghir
	/	/		Mr. Turki bin Abdul Mohsen Al-Luhaid
	_	_	_	Eng. Samir bin Mahmoud Haddad
_	/	/	/	Mr. Haitham bin Muhammad Al-Qusaibi

- Membership of Mr. Haitham bin Muhammad Al-Qusaibi has expired on 10/08/2022 AD.
- Eng. Samir bin Mahmoud Haddad Membership started on 10/09/2022 AD.

#### Nomination and Remuneration Committee meetings

During the year 2022 AD, the Nominations and Remuneration Committee held (13) meetings as follows:

13 Dec	19 Oct	21 Seb	6 Seb	28 Aug	22 Aug	21 Aug	19 July	2 June	1 June	15 May	27 April	24 April	Members
													م. عبدالمجيد بن عبدالمحسن آل الشيخ
													م. عبدالعزيز بن حمد العويد
		X		/			X						م. مازن بن عبدالستار العلمي

#### **Executive Committee meetings**

During the year 2022, the Executive Committee held (11) meetings, as follows:

14 Dec	4 Dec	26 Oct	27 Seb	14 Seb	20 July	28 June	22 June	18 May	13 April	9 Feb	Members
	_	_					×				Eng. Omar bin Hamad Al-Madhi
	/		/	/	/	_	_	_	_	_	Mr. Abdul Rahman bin Saud Al Owais
	/										Eng. Abdulaziz bin Hamad Al-Owaid
		×									Eng. Abdul Majid bin Abdul Mohsen Al Sheikh
	/		-		-						Mr. Haitham bin Mohammed Algosaibi
_	_	_	_	_	_	X	X				Eng. Waleed bin Hamad Al-Bathi

- Mr. Abdul Rahman bin Saud Al Owais' Membership started on 07/05/2022 AD.
- Eng. Waleed bin Hamad Al-Bathe's membership has expired on 01/07/2022 AD.
- Eng. Omar bin Hamad Al-Madhi 's membership has expired on 10/05/2022 AD.

## **Duties and Competences of the Board of Directors and Committees:**



The Board's primary responsibility is to provide adequate oversight over the company's operations in the interest of its shareholders and to balance the interests of related parties, such as the company's customers, employees, suppliers, and the community. The Board is also responsible for reviewing the development and implementation of strategies, the selection, performance, and compensation of the CEO and senior executives, and ensuring transparency in communicating and disclosing financial and non-financial information, including audits. Among the most essential tasks and functions of the Council are the following:

- Develop plans, policies, strategies, and main objectives of the company, supervise their implementation, review them periodically, and ensure the availability of human and financial resources necessary to achieve them.
- Setting systems and controls for internal control and general supervision thereof.
- Preparing clear and specific policies, standards, and procedures for membership in the Board of Directors in a manner that does not contradict the mandatory provisions contained in the rules and regulations and putting them into practice after the approval of the General Assembly.
- Develop written policies that regulate the relationship with stakeholders.
- Developing policies and procedures that guarantee the company's adherence to laws and regulations and its commitment to disclosing material information to shareholders and stakeholders and verifying that the executive management adheres to them.
- Preparing and approving the company's initial and annual financial statements before publishing them and supervising its financial management, cash flows, and financial and credit relations with third parties.
- Suggest to the Extraordinary General Assembly what it deems appropriate regarding increasing or decreasing the company's capital, dissolving the company before the deadline specified in the company's articles of association, or deciding its continuity.
- Suggesting to the Ordinary General Assembly what it deems regarding the use of the company's agreement reserve if it was formed by the Extraordinary General Assembly and was not allocated for a specific purpose, or the formation of additional financial resources or allocations for the company, in addition to the method of distributing the company's net profits.
- Establishing effective communication channels that allow shareholders to be informed on an ongoing and periodic basis about the various aspects of the company's activities or any substantial developments.
- Setting the values and standards that govern work in the company.

In addition to other tasks and competencies prescribed for the Board by the Companies Law, the Company's Articles of Association, and the Corporate Governance Regulations.



The audit committee is responsible for monitoring the company's business. For this purpose, it has the right to view its records and documents and to request any clarification or statement from the members of the board of directors or the executive management. Or serious losses. Among the most essential tasks of the committee are the following:

- Studying the company's initial and annual financial statements and related announcements and presenting them to the Board of Directors.
- Expressing a technical opinion at the request of the Board of Directors regarding the fairness and clarity of the company's financial statements and their inclusion of information that allows shareholders to evaluate the company's financial position and performance.
- Examining any important or emerging issues contained in the financial reports.
- Research any issues raised by the financial manager of the company or whoever assumes the duties or responsibilities of compliance in the company or the auditor.
- Verifying accounting estimates in material matters contained in the financial reports.
- Studying the accounting policies followed in the company and expressing an opinion and recommendation to the Board of Directors in this regard.
- Ensure the preparation of financial reports following the accounting principles generally accepted in the Kingdom.
- Studying and reviewing the company's internal and financial control and risk management systems.
- Considering the efficiency of the company's assessment of the material risks it may be exposed to and the steps taken by the company to monitor and confront these risks.
- Studying and approving the annual audit plan of the Internal Audit Department.
- Follow up the implementation of the Internal Audit Department of the tasks entrusted to it and the extent to which it performs its work following the approved annual plan.
- Studying internal audit reports and following up on implementing corrective actions for the notes contained therein.
- Control and supervise the performance and activities of the internal audit in the company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to it.
- Recommending to the Board of Directors the appointment of the Chief of Internal Audit and proposing his remuneration.
- Preparing a report on the Audit Committee's opinion regarding the adequacy of the internal control system in the company and the other work it has undertaken that falls within the scope of its competence. The board of directors shall deposit sufficient copies of this report at the company's headquarters at least ten days before the date of the general assembly meeting. To provide each shareholder who desires a copy thereof. The report is reviewed during the assembly
- Recommending to the Board of Directors the nomination and removal of the auditor, determining his fees, and evaluating his performance, after verifying his independence and reviewing the scope of his work and the terms of contracting with him.
- Checking the auditor's independence, objectivity and fairness, and effectiveness of the audit work, considering the relevant rules and standards.
- Reviewing the auditor's plan and work, verifying that he does not submit technical or administrative work outside the scope of the audit work, and expressing his views on that.
- Studying the auditor's report and observations on the financial statements and following up on what has been taken in their regard.
- Discussing the auditor's observations regularly and working to ensure that they are addressed with the company's management, and submitting it to the Board of Directors if necessary.
- Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary measures.
- Checking the company's compliance with relevant regulations, policies, and instructions.
- Reviewing contracts and transactions proposed to be conducted by the company with related parties and submitting its views to the Board of Directors.
- Submitting issues, it deems necessary to take action on to the Board of Directors, recommending the steps to be taken and submitting its reports to the Board of Directors.



The most important tasks and responsibilities of the Nomination and Remuneration Committee include the following:

- Developing policies and controls for candidacy for membership of the Board and Committees in line with the relevant laws and regulations issued by the supervisory authorities of the company's business.
- Developing, reviewing, and updating policies related to the compensation and rewards of members of the Board, Committees, and Executive Management, and submitting any recommendations regarding them to the Board of Directors in preparation for presenting them to the General Assembly for approval.
- Clarify the relationship between the granted rewards and the applicable policy, and indicate any material deviations from the policy and their causes.
- Periodic review of remuneration policies and evaluation of their effectiveness in achieving the desired objectives.
- Recommending to the Board of Directors regarding the remuneration of members of the Board, committees, and senior executives following the approved policies.
- Reviewing nomination requests for membership of the Board and Committees, ensuring their compatibility with relevant guidelines and controls, and submitting recommendations to the Board of Directors.
- Supervising the nomination process for membership of the Board of Directors and committees in coordination with the Secretariat of the Board, the General Assembly, and the relevant regulatory authorities.
- Periodic evaluation of the effectiveness of the structure of the Board and the Executive Management according to principles and standards set by the Committee and submitting recommendations regarding possible changes to the Board of Directors.
- Periodic review of the required skills and competencies for the membership of the Council and Committees and preparing a description of the capabilities and qualifications as are necessary for membership, including the time that a member needs to devote to the work of the Council and Committees.
- Preparing a description of the capabilities and qualifications required for executive management positions.
- Determining strengths and weaknesses in the board of directors and committees and making recommendations and proposals regarding a mechanism for addressing weaknesses and benefiting from strengths.
- The Committee determines whether a member has the status of an independent member, considering the minimum requirements that must be met for the status of independence. The Committee annually confirms the freedom of the independent members. Ensure that there is no conflict of interest if the member is a member of the board of directors of another company.
- Develop a job description for the executive, non-executive, independent members, and senior executives of the company.
- The committee is responsible for providing information and reports on important issues related to the scope of its work to the members of the Board upon request.
- Developing special procedures to deal with the vacancy of a member of the Board of directors and committees
  or senior executives in the company.
- Ensure that the company has an appropriate and clear rewards and compensation policy for attracting and retaining skilled human resources and that this policy is related to performance and objectives.
- Ensure a career succession plan exists for senior executives in the company.
- Ensure that the number of candidates for Board members whose names are presented to the general assembly of shareholders exceeds the seats available so that the assembly can choose between the candidates.
- Ensure the appropriate disclosure of bonuses and compensations in the company's annual report following relevant laws and regulations.
- Studying issues referred to the committee by the council and making recommendations regarding them.



It specializes in supporting the Board of Directors in carrying out its tasks, including following up and supervising the development of the company's strategic plans, evaluating proposals submitted by the executive management, ensuring the implementation of the company's general strategy and its effectiveness in achieving the goals, supervising the preparation of the company's annual budget, and evaluating and reviewing the financial and strategic performance reports for follow-up Executing strategic plans, studying strategic and essential projects of significant financial value, in addition to investment proposals.



The company pays bonuses, expenses, and allowances for attending meetings to members of the Board of Directors and committees, based on the provisions of the articles contained in the Saudi Companies Law at the Ministry of Commerce and its executive regulations, the company's articles of association, the financial market system, and its implementing rules. The company also pays salaries, bonuses, and compensation to the executive management according to the work contracts concluded with them.

## Controls for membership rewards in the Board and affiliated committees

That the rewards be compatible with the company's strategic objectives and a factor to motivate the members of the Board of Directors and its committees and the executive management to achieve the goals and enhance the company's ability to develop and sustain its business in the long term and link the variable part of the rewards to performance in a long time.

Remuneration should be determined based on the level of the job, the tasks and responsibilities assigned to its occupant, educational qualifications, practical experience, skills, and performance status.

Compatibility of executive management rewards with the size, nature, and degree of risk in the company.

Taking into account the practices of other companies in determining bonuses while avoiding what may result from an unjustified increase in bonuses and compensation.

To aim at attracting, maintaining, and motivating professional competencies without exaggerating them.

To prepare the policy in coordination with the Remuneration and Nomination Committee for new appointments.

The remuneration of the members of the Board of Directors may vary in amount to reflect the extent of the member's experience, competencies, tasks assigned to him, independence, the number of sessions he attends, and other considerations.

Organizing the granting of shares in the company to the members of the Board of Directors and the executive management, whether it is a new issue or shares purchased by the company through a program dedicated to that, and following the rules and regulations issued in this regard.

In all cases, the sum of what a member of the Board of Directors receives in terms of financial or in-kind remunerations and benefits does not exceed the limits stipulated in the companies' bylaws and the company's bylaws or any other complementary systems to that, in addition to what the member of the Board receives in terms of allowances and rewards for his membership in the Audit Committee. Or in exchange for any additional executive, technical, administrative, or advisory work or positions - under a professional license - that he is assigned to in the company, or what is determined for him in terms of travel, accommodation, and accommodation expenses and what would perform the competencies defined for him following the regulations, decisions, and instructions in force in the Kingdom, issued by the competent authorities.



### Rewards for members of the board of directors and committees.

According to Article (19) of the Company's Articles of Association, the remuneration of the members of the Board of Directors consists of a certain amount, attendance allowance for meetings, in-kind benefits, or a certain percentage of the net profits, and if it is a specific percentage of the net profits, the provisions of Paragraph (5) of the Article (45) of this system, and it is permissible to combine two or more of these benefits within the limits of what is stipulated in the Companies Law or any other complementary laws to it, in addition to what the Board of Directors decides regarding travel, accommodation and accommodation expenses for each session of non-resident members Following the regulations, decisions, and instructions in force in the Kingdom issued by the competent authorities. The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all that the members of the Board of Directors received during the fiscal year in terms of remuneration, expenses, and other benefits. It should also include a statement of what the council members have received as workers or administrators or what they have received in return for technical, administrative, or consulting work. It should also include a statement of the number of council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.



### Rewards for members of the board of directors and committees.

The remuneration of the members of the Board of Directors shall consist of a certain amount, attendance allowance for sessions, in-kind benefits, or a certain percentage of the net profits, or a combination of two or more of these benefits and within the limits of what is stipulated in the Companies Law or any other complementary laws to that, in accordance with what follows:

- The fixed annual reward (a specific amount) is 150,000 Saudi riyals for the council chairman and 100,000 riyals for the council member.
- When an annual remuneration is approved for the members of the Board of Directors at a certain percentage of the net profits, then its entitlement shall be at the rate of 10% of the company's net profits and after deducting the statutory reserves and the legally established agreement and distributing a profit to the shareholders of not less than 5% of the paid-up capital.
- Attendance allowance for one session of the Board of Directors in the amount of 3,000 Saudi riyals for one member, and the Board of Directors may based on a recommendation from the Remuneration and Nominations Committee, amend the allowance to a maximum of 5,000 Saudi riyals per session.

The remuneration of the independent members of the Board of Directors shall not be a percentage of the profits achieved by the company or be based directly or indirectly on the company's profitability.

**2** »

Entitlement to remuneration for members of the Board of Directors must be commensurate with the number of sessions the member attends.

3 »

The member's entitlement to the remuneration must be from the date of his appointment to the council and according to the term of his membership.

4

The recommendation to disburse the remuneration of the members of the Board for the ending fiscal year is presented in a separate item in the General Assembly, and the members of the Board of Directors may not vote on it.

5

The remuneration of the members of the Board of Directors is disbursed directly after the approval of the Ordinary General Assembly related to the support of the company's annual financial statements.

6

Allowances for attending Board meetings may be paid at the end of each Gregorian quarter.



Remuneration for committee members consists of a fixed annual reward (a certain amount) for the membership of each committee or attendance allowance for sessions, or both, according to the following:

- The fixed annual reward for the head of any committee is a certain amount of 100,000 Saudi riyals.
- The fixed annual reward for a member of any of the committees is a certain amount of 75,000 Saudi riyals.
- An attendance allowance for one session of the committee meetings in the amount of 3,000 Saudi riyals for one member, and the Board of Directors may, upon a recommendation from the Remuneration and Nominations Committee, amend the allowance to a maximum of 5,000 Saudi riyals per session.
- Fixed annual committee remuneration and attendance allowances may be disbursed at the end of each calendar quarter.

The member's entitlement to the remuneration must be from the date of his appointment to the committee and according to the duration of his membership.



The member who is not residing at the venue of the meeting or the official mission is entitled to an allowance for travel and accommodation expenses according to the following:

- Air ticket to the location of the forum or mission on business class or compensation equal to its value according to the prices prevailing with the travel agent approved by the company on the meeting date or the official mission.
- A daily allowance of 2,500 Saudi riyals (two thousand and five hundred Saudi riyals) for accommodation expenses to attend meetings or official tasks for each day during the period of the mission inside the Kingdom of Saudi Arabia, and two days are added to it if it was abroad.

The member's travel and accommodation expenses dues may be paid in advance before the start of the mission or meeting.

Based on the preceding, the Board of Directors has determined the remuneration of the board and committees for the year 2021 AD, with a specific amount of 150 thousand riyals for the chairman of the board of directors and 100 thousand riyals for each member following the above policy. These remunerations will be disbursed after the approval of the company's general assembly. As for the allowances for attending the council and committees, an amount of 3,000 riyals has been set for each session, in addition to a reward for the membership of each committee of 100 thousand riyals for committee chairs and 75 thousand riyals for each member.



- The managing director's remuneration if any consists of an annual remuneration (a lump sum).
- Allowance for travel, accommodation, and accommodation expenses and what would lead to the performance of the competencies assigned to him following what the Board of Directors decides and in line with the regulations, decisions, and instructions in force in the Kingdom issued by the competent authorities.
- The remuneration of the managing director if any is paid at the end of each calendar month



- Under the terms of senior executives, the chief executive officer, and the chief financial officer are included.
- The Board of Directors determines the types of remunerations to be granted to senior executives in the company based on the recommendation of the Nominations and Remunerations Committee such as fixed or performance-related remunerations, incentive bonuses, in a manner that does not contradict the regulatory controls and procedures issued by the Companies Law.
- The Nominations and Remuneration Committee continuously reviews the incentive plans for senior executives and submits recommendations to the Board of Directors for approval.
- The rewards aim to provide the competitive condition required to attract and retain qualified and efficient employees and maintain the high level of skills the company needs.

Accordingly, the remunerations received by the Chief Executive Officer and the Financial Director in their capacity as senior executives include a basic salary, a housing allowance, and a transportation allowance according to the contracts signed with them following the work system. In addition, the CEO also receives remuneration and an allowance for attending sessions as a member of the Executive Committee.



The following table shows all remunerations and compensations paid to members of the Council:

Expense allowance	Total	for	allowance attending ttee sessions	Allowance f attending Cou meetings	uncil	specific amount	member	
Independent members								
13,045.40	154,000	30	0,000	24,000		100,000	Eng. Mazen bin Abdul Sattar Al-Alami	
12,760.60	124,000	3	,000	21,000		100,000	Eng. Samir bin Mahmoud Haddad	
	190,000	66,000		24,000		100,000	Eng. Abdul Majeed bin Abdul Mohsen Al Sheikh	
	468,000	99	99,000			300,000	Total	
		1	lon-exec	utive mem	bers			
97,644	18,000		18,	000		61,644	Mr. Abdul Rahman bin Saud Al Owais	
143,836	21,000		9,0	000		113,836	Eng. Omar bin Hamad Al-Madhi	
193,000	69,000		24.	,000		100,000	Eng. Abdul Aziz bin Hamad Al-Awaid	
-	-			-		-	Mr. Abdullah bin Hamad Al Muhazel	
163,000	42,000	21,		000		100,000	Mr. Haitham bin Muhammad Al-Qusaibi	
124,000	-	24		,000		100,000	Mr. Bakr bin Abdul Rahman Al-Muhanna	
136,000	12,000	24		,000		100,000	Mr. Mansour bin Abdulaziz Al-Saghir	
857,480	162,000		120	,000		575,480	Total	



The following table shows all bonuses and compensations paid to committee members

Total	Allowance for attending meetings	Fixed bonus (except for attendance allowance)	Committee members						
	Nominations and Rewards Committee								
136,000	36,000	100,000	Eng. Abdul Majeed bin Abdul Mohsen Al Sheikh						
111,000	36,000	75,000	Eng. Abdul Aziz bin Hamad Al-Awaid						
105,000	30,000	75,000	Eng. Mazen bin Abdul Sattar Al-Alami						
352,000	102,000	250,000	Total						
	Executive Committee								
61,750	18,000	43,750	Mr. Abdul Rahman bin Saud Al Owais						
96,000	21,000	75,000	Eng. Omar bin Hamad Al-Madhi						
108,000	33,000	75,000	Eng. Abdul Aziz bin Hamad Al-Awaid						
105,000	30,000	75,000	Eng. Abdul Majeed bin Abdul Mohsen Al Sheikh						
108,000	33,000	75,000	Mr. Haitham bin Muhammad Al-Qusaibi						
46,500	9,000	37,500	Eng. Waleed bin Hamad Al-Bathi						
525,250	144,000	381,250	Total						
	Revi	ew Committee							
112,000	12,000	100,000	Mr. Mansour bin Abdulaziz Al-Saghir						
87,000	12,000	75,000	Mr. Turki bin Abdul Mohsen Al-Luhaid						
65,250	9,000	56,250	Mr. Haitham bin Muhammad Al-Qusaibi						
21,750	3,000	18,750	Eng. Samir bin Mahmoud Haddad						
286,000	36,000	250,000	Total						



The following table shows all remunerations and compensations paid to senior executives as follows:

total summation	Total allowances and bonuses for the council committees	Indemnity	Periodic bonuses	Total	Allowances	salaries	Senior Executives
1,051,856	46,500	195,356	-	810,000	210,000	600,000	CEO
1,014,223	-	-	-	1,014,223	436,447	577,776	Chief Financial Officer
2,066,079	46,500	195,356	-	1,824,223	646,447	1,177,776	Total

The resignation of the CEO on 01/07/2022 AD



There is no deviation between the remuneration granted and the applicable remuneration policy, whether for members of the Board of Directors, sub-committees, or senior executives.

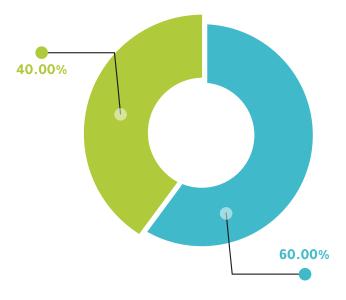


The company pays special attention to the rights of its shareholders by including them in the company's Articles of Association and the company's governance rules. These documents included the rights of shareholders stipulated in laws and regulations, including:

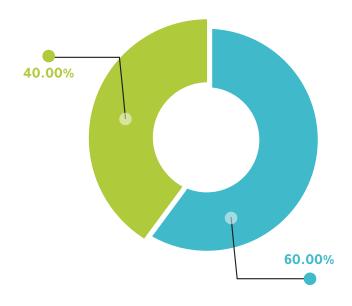
- The right to obtain a share of the profits to be distributed.
- The right to receive a percentage of all the company's assets upon liquidation.
- The right to attend shareholders' meetings, participate in their deliberations, and vote on their decisions.
- Inquire and request access to the company's books and documents, including data and information related to the company's activity and its operational and investment strategy, in a way that does not harm the company's interests and does not conflict with the Companies Law, the Capital Market Law and their implementing regulations. Monitoring the company's performance and the work of the Board of Directors.
- Monitoring the company's performance and the work of the Board of Directors.
- Dispose of his shares following the provisions of the Companies Law, the Capital Market Law, and their implementing regulations.
- Questioning the members of the Board of Directors, filing a lawsuit for liability in their confrontations, and challenging the invalidity of the decisions of public and private shareholder assemblies following the conditions and restrictions stipulated in the Companies Law and the Company's Articles of Association.
- Priority in subscribing to new shares issued in exchange for cash shares, unless the extraordinary general assembly
  agrees to exercise the right of priority if this is stipulated in the company's articles of association following Article 140
  of the company's law.
- Registering his shares in the company's shareholder register.
- A request to view a copy of the company's Memorandum and Articles of Association unless it publishes them on its website.
- Nominating and electing members of the Board of Directors.

The company also seeks to communicate directly with its shareholders through the meetings of the General Assembly, publish the company's announcements on the Saudi Stock Exchange (Tadawul) website, and provide complete, precise, correct, and non-misleading information, and present it in a timely manner, in addition to issuing a report of the company's board of directors through which it is presented. The required disclosures follow the Companies Law, the Capital Market Law, their implementing regulations, and the necessary declarations. In addition, the company also enables shareholders to communicate via the company's e-mail to submit their inquiries and observations to ensure that all shareholders exercise their statutory rights and follow up all necessary procedures for that.





**On December 31, 2021** 



**On December 31, 2022** 

- Saudi company for Agricultural Investment and Animal Production
- Other Shareholders whose ownership percentage of one Shareholder is less than 5%

# Shareholders' assemblies

The following table shows the general assemblies of shareholders held during the year 2022 AD and the names of the members of the Board of Directors attending these assemblies. In addition, a general group of shareholders was held during the year, and the following is the attendance record of the Board members for that assembly:

2022/06/01م	Members	
	Eng. Omar bin Hamad Al-Madhi	
	Eng. Abdulaziz bin Hamad Al-Owaid	
	Mr. Bakr bin Abdul Rahman Al-Muhanna	
	Eng. Samir bin Mahmoud Haddad	
×	Mr. Abdullah bin Hamad Al Muhazel	
	Eng. Abdul Majid bin Abdul Mohsen Al Sheikh	
	Eng. Mazen bin Abdul Sattar Al-Alami	
	Mr. Mansour bin Abdulaziz Al-Saghir	
	Mr. Haitham bin Muhammad Al-Qusaibi	



The following statement shows the number of the company's requests for the shareholder register, the dates and reasons for those requests:

Reasons for the request	Date of request
to hold the General Assembly	2022/06/01م

# Internal Control and Audit



The Audit Committee reviewed the quarterly and final accounts for the year 2022, ensured the integrity of the financial reports and their fulfillment of the requirements following generally accepted accounting standards, and then submitted its recommendations to the Board of Directors.

The committee also examined the company's internal company systems and their effectiveness through reports submitted to the committee. In light of what was studied, the examination of the internal control systems in the main sectors showed that there is no fundamental shortcoming in the internal control systems and their integrity that requires disclosure.

# Recommendation of the Audit Committee regarding the need to appoint an internal auditor in the company:

There is no recommendation from the Audit Committee regarding the extent of the need to appoint an internal auditor to the company, as the company has established a specialized consulting body to provide interior audit services to the company.

Recommendations of the Audit Committee that conflict with the decisions of the Board of Directors, or which the Board refused to take into account regarding the appointment of the company's auditor, company's determination of his fees, evaluation of his performance, or appointment of the internal auditor, and the justifications for those recommendations, and the reasons for not taking them into account.

There are no recommendations of the Audit Committee that conflict with the decisions of the Board of Directors or the Board's refusal to Board'sem into account the appointment of the company's auditor, the company's fees, evaluating his performance, or appointing the internal auditor. The committee also did not recommend dismissing the company's auditor.



There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants



Risks are managed in the Saudi Fisheries Company by the senior management of the company following the policies followed in the company, whereby the company's management identifies, evaluates, and hedges risks to estimate the extent of their occurrence and the effects that may result from them and takes the necessary measures to reduce those risks. The following are the main risks to which it is exposed:



#### **Credit risk**

Credit risk arises when one party fails to meet a certain financial obligation to the other party. The company may face credit risks in several temporary or permanent cases, including the existence of customer debit balances and the failure of other creditors to fulfill their obligations towards the company and others. Precisely. If the creditors fail to pay the company's dues, this will have a material and negative impact on the company, its financial position, and the results of its operations.



#### **Environmental risks**

The change in the four main components of the environment (water, air, soil, marine organisms) and the natural interactions between them, especially in aquaculture, is one of the company's environmental risks. This aspect can be managed through the application of biosecurity standards, continuous periodic examination, and removal of any Side effects that may occur in a scientific way to avoid these variables. In addition, viral diseases are among the most dangerous things facing fish and shrimp farming projects, in particular, due to the lack of serums and vaccines for them so far. The aquaculture industry faces several health challenges due to diseases caused by viruses, bacteria, or parasites, and among these diseases is the white spot disease that affects the shrimp crop. The best means to reduce the risk of their occurrence is to follow the prevention approach and use types of caterpillars that have a solid immune system and can defend themselves against these diseases.



#### **Market and Competition Risks**

The company's management is keen to exert the necessary care in providing its products with the highest quality standards. However, the risks related to the market and competition are the ability to offer high-quality products at competitive prices for other products of lower quality, which may affect the company's market share and low sales.



#### **Legislative Environment**

The company's results and financial position may be negatively affected by the decisions and changes in the legislative environment issued by the relevant government agencies, such as the decisions to increase energy prices, the increase in the financial compensation for work permits, and the Emiratization rate.



### Risks of operating systems and information technology

The company relies on information technology systems to manage its business and facilities, which exposes the company to the risks of failure of these systems, such as system collapse, loss of protection systems, penetration of company systems, electronic viruses, human errors, natural disasters, fires, communication errors, or the lack of skilled workers necessary to operate these systems. Therefore, if the company fails to maintain and develop its information technology systems, if there are any malfunctions in its functions, or if a significant failure or repeated failure occurs, this will negatively affect the company's business and its financial and operational results.



### **Strategy Risks**

The company's ability to increase its revenues and improve its profitability depends on the practical implementation of its business plans and the achievement of its strategy, including but not limited to the performance of its future projects. For example, the company's ability to expand its business in the future depends on its ability to continue to implement and improve the operational, financial, and administrative information systems efficiently and in a timely manner and raise the efficiency of operating restaurants and stores that sell the company's products and market its products through intelligent applications, and its ability to efficiently maintain and operate its marine fleet, operate its factories efficiently, maintain and operate its aquaculture farms and floating cages efficiently, as well as its ability to increase, train, motivate and manage its workforce. In addition, any business expansion plans the company intends to carry out will be subject to the estimated costs and the implementation schedule set for them. As a result, the company may need additional financing to implement any expansion plans, and if it is unable to execute the expansion plans according to the schedule specified for it and according to The estimated costs of the project or if the desired profitability of these projects is not achieved, which may be due to various reasons, including a change in the market situation at the time of implementing these projects or a defect in the feasibility study, which will negatively affect the competitive position of the company, and therefore the results of its business and profitability.

The company's ability to implement its current strategy is subject to various factors, including what is outside its control. There are no guarantees that no defects will occur in the farms or the spread of microbial diseases during the expansion process or that the employees appointed by the company or the systems, procedures and controls it adopts will be sufficient to support growth And future expansion and achievement of its strategy. Suppose the company fails to implement any part of its strategy. In that case, this will have a negative and material impact on the company's business, results of operations, financial position, and prospects.



#### Liquidity risk

Liquidity risk is represented in the company's inability to meet its obligations related to financial liabilities as they become due. The company's financial liabilities include loans, payables, and accrued expenses. The company will only be able to meet its obligations on maturity dates. Liquidity risks may also result from the inability to sell financial assets quickly and at an amount close to their fair value. The company does not guarantee that any emergency or sudden events requiring immediate liquidity will not occur, negatively affecting the business and, thus, the results of operational and financial operations.



According to Article (45) of the Company's Articles of Association and in accordance with the profit distribution policy, the company's annual net profits are distributed as follows:

- (10%) of the net profits shall be set aside to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this set aside when the reserve, as mentioned above, reaches (30%) of the paid-up capital.
- Based on a proposal by the Board of Directors, the Ordinary General Assembly may set aside a percentage of the net profits to form a consensual reserve to face important, urgent cases.
- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the company's interest or guarantees the distribution of fixed profits as much as possible to the shareholders. The association above may also deduct from the net profits sums to establish social institutions for the company's employees or to assist the existing ones from these institutions.
- After that, the remainder will be distributed to shareholders at a rate of no less than (5%) five percent of the paid-up capital.
- The Ordinary General Assembly, after observing the provisions stipulated in the Articles of Association and Article (76) seventy-sixth of the Companies Law, may allocate (10%) of the remainder, after the preceding, to repay the Board of Directors, provided that the entitlement to this remuneration is following the regulations and controls issued. From the competent authority
- Based on a proposal by the Board of Directors, the Ordinary General Assembly may take the appropriate decision regarding the remainder of the profits in a manner that does not conflict with the findings and instructions issued by the competent authorities.

The board of directors may, after fulfilling the controls set by the competent authorities, distribute semi-annual and quarterly profits during the fiscal year. The dividend amount for shares is determined based on the recommendation of the Board of Directors.

- The company's annual net profits are distributed among ordinary shareholders after deducting all general expenses and other costs, including legal zakat, allocations, and reserves.
- If the statutory reserve falls in one of the years for thirty percent (30%) of the paid-up capital, the deduction must be made again until the account reaches thirty percent (30%) of the money.
- The General Assembly of shareholders decides, based on the recommendation of the Board, the form of distribution to shareholders, whether it is a cash distribution or bonus shares.
- The shareholder is entitled to his share of the profits following the decision of the General Assembly of shareholders issued in this regard. The finding indicates the date of maturity and the date of distribution.
- The competent supervisory authority determines the maximum period during which the Board of Directors must implement the decision of the Ordinary Assembly regarding the distribution of profits to shareholders.
- The company may also distribute interim profits to shareholders on a semi-annual or quarterly basis in accordance with the following controls: That the General Assembly of Shareholders authorizes the Board to distribute interim profits under a decision of the Assembly, which shall be renewed annually.
- The company should be of excellent and regular profitability.
- To have reasonable liquidity and reasonably predict the level of its profits.
- According to the latest audited financial statements, the company should have distributable profits sufficient to cover the profits proposed to be distributed after deducting what has been distributed and capitalized from those profits after the date of these financial statements.
- The Board of Directors must include in its annual report submitted to the General Assembly of Shareholders the percentage of profits distributed to shareholders during the various periods of the fiscal year, in addition to the rate of profits proposed to be distributed at the end of the financial year and the total of these profits.
- Disclosure and announcement of the dividend distribution decision on the financial market's (Tadawul) website as soon as the Board takes it.

In addition, the company did not pay any quarterly, semi-annual or annual profits to the shareholders, and the Board did not recommend any distributions during the year 2022 AD due to the lack of distributable profits.



## Evaluation of the performance of the Board of Directors and its committees:

Through the implementation of its tasks, the Nominations and Remuneration Committee has developed and implemented methods for evaluating the members of the Board of Directors and members of its various committees according to specific performance indicators.



statement of any arrangements or agreement under which a shareholder of the company waived any rights to profits:

No arrangements or agreements were made whereby any shareholder of the company waived any rights to profits



statement of any arrangements or agreement under which a member of the company's board of directors or senior executives waived any remuneration:

No arrangements or agreements were made under which a member of the Company's Board of Directors or senior executives waived any remuneration.



description of any transaction between the company and a related party and information related to any business or contracts in which the company is a party, or in which a member of the company's board of directors or senior executives or any person related to any of them had an interest, It includes the names of those involved in the works or contracts and the nature, conditions, duration and amount of these works or contracts

Duration	Amount	Nature of transaction	Member Name	Company Name
year	10,000,000	funding	Mr. Mansour bin Abdulaziz Al-Saghir	National Bank of Bahrain



Information related to any business competing with the company or any of the branches of the activity it is engaged in and which any member of the Board of Directors is or was engaged in.

On May 30, 2021, the General Assembly approved the participation of a member of the Board of Directors, Mr. Haitham bin Muhammad Al-Qusaibi, in a work that competes with the company's business.



#### Actions taken by the Board of Directors to inform its members - especially non-executives of shareholders' proposals and observations regarding the company and its performance:

During the year 2022, the company did not receive any proposals or remarks from the shareholders regarding the company and its performance, except for what was discussed in the assemblies held during the year and responding to the shareholders' inquiries and remarks in a timely manner and in the presence of the members of the Board of Directors, or through their viewing of the minutes of the assembly.



#### statement of the value of any investments or reserves established for the benefit of the company's employees

The company does not have any investments or reserves created by the company for the benefit of its employees



## Treasury stock held by the company and details of the uses of these shares

The Company has no treasury shares held by the Company



description of any interest in the category of voting shares belonging to persons (other than the members of the Board of Directors of the company and senior executives and their relatives) who have informed the company of these rights under Article 45 of the registration and listing rules and any change in those rights during the last fiscal year

The company has not received any notification from the shareholders under Article 45 of the Registration and Listing Rules.



description of the categories and numbers of any convertible debt instruments and any contractual securities or memorandums of subscription rights or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company for that

There are no categories and numbers of any convertible debt instruments, any contractual securities, memorandums of subscription rights, or similar rights issued or granted by the company during the fiscal year, or any compensation obtained by the company for that.



description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of the remaining securities, distinguishing between the listed securities purchased by the Company and those purchased by its subsidiaries

There is no refund, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities.



description of any transfer rights or subscriptions under transferable debt instruments, contractual securities subscription right notes, or similar rights issued or granted by the company:

There are no transfer rights or subscriptions under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.



### Reservations of the auditor on the annual financial statements:

#### BASIS FOR QUALIFIED OPINION

As disclosed within Note 11 of the accompanying financial statements, due to the unavailability of the mechanism to validate the quantities of the fish in the sea, we did not observe the physical counts for biological assets related to fish amounting to SAR 12.9 million as of 31 December 2022. Moreover, we were also unable to obtain sufficient and appropriate audit evidence by alternative means concerning the quantities held at 31 December 2022. As a result of this matter, we are unable to determine whether any impact is required to be recognized in the statement of financial position as at 31 December 2022 and in the statement of profit or loss and other comprehensive loss and statement of cash flows for the year ended 31 December 2022.

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the Company in accordance with the professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our gualified opinion.

#### MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to Note 2.4 to the accompanying financial statements, which states that the Company reported a loss for the year ended 31 December 2022 amounting to SR 68.8 million (2021: SR 34.2 million) and its accumulated losses as of the same date amounts to SR 197.4 million (31 December 2021: SR 128.6 million) representing 49.4% (31 December 2021: 32.2%) of the share capital which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of these matters



Recommendation of the Board of Directors regarding changing the auditor before the end of the period for which he is appointed:

The Board of Directors did not make any recommendations during 2022 regarding the change of the chartered accountant.



statement of the number of shares owned by members of the Board of Directors and senior executives and their change during the year 2021 AD, and a description of any interest, contractual securities, and subscription rights belonging to the members of the Board of Directors of the company, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, and any change in that interest or Those rights during the last fiscal year:



change percentage	Net change	end of t	the year	beginning of the year		The name of
change	change	Debt tools	number of stocks	Debt tools	number of stocks	the interested party
-	-	-	-	-	-	Mr. Abdul Rahman bin Saud Al Owais
-	-	-	-	-	-	Eng. Mazen bin Abdul Sattar Al-Alami
-	-	-	-	-	-	Mr. Abdullah bin Hamad Al Muhazel
-	-	-	5	-	5	Eng. Abdul Aziz bin Hamad Al-Awaid
-	-	-	13,484	-	13,484	Mr. Haitham bin Mohammed Algosaibi
-	-	-	-	-	-	Eng. Omar bin Hamad Al-Madhi
-	-	-	-	-	-	Mr. Bakr bin Abdul Rahman Al-Muhanna
-	-	-	-	-	-	Eng. Samir bin Mahmoud Haddad
-	-	-	-	-	-	Eng. Abdul Majid bin Abdul Mohsen Al Sheikh
-	-	-	4,000	-	4,000	Mr. Mansour bin Abdulaziz Al-Saghir



### **Senior Executives:**

change percentage	Net change	end of t	he year	beginning of the year		The name of
change	change	Debt tools	number of stocks	Debt tools	number of stocks	the interested party
-	-	-	-	-	-	Eng. Waleed bin Hamad Al-Bathi
-	-	-	-	-	-	Mr. Awad Farouk Al-Desouki

There are no interest, contractual securities, and subscription rights belonging to the members of the Board of Directors, senior executives, and their relatives in the shares or debt instruments of the subsidiary company. There has been no change in that interest or those rights during the last fiscal year.



Penalties, sentences, preventive measures, or precautionary restrictions imposed on the company by the Authority or by any supervisory, regulatory, or judicial authority:

Ways to treat and prevent them from occurring in the future	The party signing the violation	Reasons for the violation	
Conditions in the shops were corrected and officials were instructed to avoid epeating violations	Municipal	public health offence	46,700



- That the account records have been adequately prepared.
- The internal control system was prepared on sound foundations and implemented effectively.
- No significant doubt exists about the company's ability to continue its activities.



The company applies all the provisions of the Corporate Governance Regulations issued by

Reasons for not applying	Article/Paragraph text	
Guidance article	Forming a risk management committee	70
Guidance article	Motivating workers	85
Guidance article	Social Responsibility	87
Guidance article	Social work initiatives	88
Guidance article	Forming a corporate governance committee	95

The Capital Market Authority, with the exception of the provisions listed below:

