

# 04

## Governance

Building a Stronger  
Foundation for  
Sustainable Growth

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# Business Overview

Cenomi Retail is the largest franchise retailer in Saudi Arabia and a pioneering brand partner for brands from across the globe looking to expand their footprint in the Kingdom, Middle East and CIS regions. As of 2024, Cenomi Retail represents 51 brands and is dedicated to delivering a new era of retail and experiences in the Kingdom and beyond. Cenomi Retail remains committed to being the retail brand partner of choice and the number one retailer for consumers in the Kingdom as it continues to identify and work with brands that align with its strategic goals and deliver long-term shareholder value. Cenomi Retail operates in nine countries, including the Kingdom of Saudi Arabia and seven international countries.

During 2024, we remained focused on implementing our strategy of “fixing the house”, which is aimed to enable the Company for future growth. In 2024, our

## Financial Performance

In the fiscal year 2024, Cenomi Retail delivered enhanced operational performance, driven by its ongoing strategic focus on operational excellence and efficiency, alongside targeted store openings and renovations.

Revenue by Division	Fiscal Year 2023	Fiscal Year 2024
KSA Retail	69.3%	65.7%
International Retail	22.6%	27.6%
F&B	8.1%	6.8%
Total sales revenue, ₪ million	4,671.2	4,844.5

## Revenue by Channel

Cenomi Retail is dedicated to optimizing operational efficiency across all retail categories in which we operate. Our commitment lies in delivering an exceptional customer experience while redefining the retail landscape across our existing market.

During the fiscal year 2024, the Company was focused on implementing the brands optimization program, which included the sale of 24 brands while only focusing on Tier 1 Champion Brands, improving the Company’s operational efficiency, renovating stores in prime locations and opening stores in new markets internationally and in prime locations in the Kingdom of Saudi Arabia.

brand optimization strategy delivered capital gains and portfolio efficiency, highlighting Tier 1 Champion Brands in high-potential locations. Looking ahead at 2025, our brand optimization program remains on track, ensuring focus on high-margin, high-performing brands. The Company is focused on its operational efficiencies and disciplined cost management, which will continue to drive margin improvement and support the Company’s overall transformation strategy.

Cenomi Retail has a diversified international footprint as it operates in 9 countries and has over 800 stores, with operations in select global markets such as Azerbaijan, Georgia, Armenia, Uzbekistan, Kazakhstan, Egypt and Jordan.

The Company achieved a 3.7% year-over-year (YoY) growth in sales revenue, reaching ₪ 4.85 billion, while significantly reducing net losses from ₪ 1.1 billion in FY-23 to ₪ 197.5 million in FY-24.

## Kingdom of Saudi Arabia Retail

Sales revenue declined by 1.7% year-over-year (YoY), impacted by the brand optimization program. However, Tier 1 Champion Brands maintained sustainable profitability YoY, despite the geopolitical challenges affecting sales in Q1-24.

As the year progressed beyond Q1-24, brand performance showed positive growth, Zara and Inditex experienced a strong rebound. Their revenues saw growth, culminating in a 14.5% increase in Q4-24 as compared to Q4-23, effectively offsetting the impact of Q1-24.

## Food and Beverages

Despite the decline in Food and Beverages (F&B) revenue YoY by 13.5 %, Subway revenue recorded a robust growth reaching an increase of 75.6% YoY. In 2024 the Company recorded a world record, with 12 Subway stores opening in one day in October and 14 Subway stores opening in one day in December. This achievement is part of the strategy to focus only on Tier 1 Champion Brands and to serve customers’ demand for healthy food.

The cost of revenue increased YoY by 3.4% in FY-24 as a result of increased sales. The gross profit recorded an increase of 5.8% YoY which translated into a gross profit margin of 13% in FY-24 compared to a gross profit of 12.8% in FY-23.

Looking forward, we will continue to focus on optimizing our operations with the aim of delivering improvements in profitability and generating long-term sustainable value for our shareholders.

Cenomi Retail is well positioned to continue its strategic growth trajectory, and we remain committed to providing innovative retail solutions, leveraging technology and data to drive growth, and meeting changing and evolving consumer needs, while staying ahead of industry trends.

We thank our valued customers, employees, shareholders and partners for their unwavering support and look forward to continued success in the future.



Operates in  
**9**  
countries



**3.7%**  
YoY Growth in  
sales revenue

# Business Overview

Revenue ( ﷼ million)	Net Profit* ( ﷼ million)
4,844.5	(197.5)
Gross Profit* ( ﷼ million)	EBITDA ( ﷼ million)
631.5	468.6

\* Figures as at 31 December 2024

## Revenue Breakdown

	31 December 2024 ( ﷼ million)	31 December 2023 ( ﷼ million)
Revenue by division		
KSA Retail	3,182.0	3,236.6
International Retail	1,334.7	1,055.5
F&B	327.8	379.2
Revenue by channel		
Stores	4,481	4,297
Online	363	374
Revenue by geography (%)		
KSA	72%	77%
International	28%	23%

## Financial highlights for the last five years

Balance Sheet KPIs ( ﷼'000s)	December 2024	December 2023	December 2022	March 2022	March 2021
Total current assets	1,290,529	1,666,918	1,947,749	2,131,222	1,908,065
Total non-current assets	3,295,161	4,090,705	5,205,221	5,231,605	6,145,267
Total assets	4,585,690	5,757,623	7,152,969	7,362,827	8,053,332
Total current liabilities	4,258,696	4,678,965	4,693,137	5,066,323	2,707,933
Total non-current liabilities	1,345,130	1,884,964	2,113,891	2,092,336	5,252,515
Total liabilities	5,603,825	6,563,929	6,807,027	7,158,659	7,960,448
Total equity	(1,018,135)	(806,306)	345,942	204,168	92,884
Total liabilities and equity	4,585,690	5,757,623	7,152,969	7,362,827	8,053,332

Income Statement KPIs ( ﷼'000s)	12 Months ended December 2024	12 Months ended December 2023	12 Months ended December 2022	9 Months ended December 2022	12 months ended March 2022
Revenue	4,844,509	5,232,231	5,525,341	4,247,672	5,915,095
Gross profit	631,522	646,506	845,268	695,203	990,796
Operating profit	237,340	-640,067	327,955	321,708	283,671
Net profit	(197,463)	(1,112,807)	36,865	100,435	38,030

## Comparing activity results with the previous same period

( ﷼'000s)	12 Months ended December 2024	12 Months ended December 2023	Change	Percentage Change
Revenue	4,844,509	5,232,231	(387,722)	(7.41%)
Cost of revenue	(4,212,986)	(4,585,725)	372,739	(8.13%)
Gross profit	631,522	646,506	(14,984)	(2.32%)
Operating expenses	(394,182)	(1,286,573)	892,391	(69.36%)
Operating profit	237,340	(640,067)	877,407	(137.08%)
Net profit	(197,463)	(1,112,807)	915,344	(82.26%)

## Accounting Standards

The Company has fully completed the transformation of preparing the consolidated financial statements; whereby the international accounting standards replaced the accounting standards issued by the Saudi Organization for Certified Public Accountants.

Subsidiaries and their Associates

No.	Subsidiary	Country of Incorporation	Business Activity	Ownership Interest held by the Group as at:	
				31-Dec-24	31-Dec-23
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	100	100
2	Haifa B. Al Kalam & Partners Co. for Trading	Kingdom of Saudi Arabia	Retail	100	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	100	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	100	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	100	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	100	100
7	Al-Jeel Trading Company	Kingdom of Saudi Arabia	Retail	100	100
8	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	100	100
9	Food Gate Company	Kingdom of Saudi Arabia	Food and Beverage	70	70
10	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	100	100
11	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
12	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	100	100
13	Retail Group Georgia LLC	Georgia	Retail	100	100
14	Master Retail Georgia LLC	Georgia	Retail	100	100
15	Spanish Retail Georgia LLC	Georgia	Retail	100	100
16	Pro Retail Georgia LLC	Georgia	Retail	100	100
17	Best Retail Georgia LLC	Georgia	Retail	100	100
18	Mega Store Georgia LLC	Georgia	Retail	100	100
19	Fashion Retail Georgia LLC	Georgia	Retail	100	100
20	Global Apparel Georgia LLC	Georgia	Retail	100	100
21	Retail Group Holding LLC	Georgia	Retail	100	100
22	Master Home Retail	Georgia	Retail	100	100
23	International Retail of Morocco	Morocco	Retail	-	100
24	Multi Trends Co.	Morocco	Retail	-	100
25	Retail Group of America LLC	United States of America	Entertainment	-	100
26	Billy Beez USA	United States of America	Entertainment	-	100
27	Retail Group Balkans d.o.o., Beograd	Republic of Serbia	Retail	-	100
28	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	-	100
29	Retail Group Balkans d.o.o., Podgorica	Balkan Peninsula	Retail	-	100
30	Retail Group Balkans d.o.o., Skopje	Balkan Peninsula	Retail	-	100
31	RIGE Co.	Arab Republic of Egypt	Retail	99	99
32	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	98	98
33	Retail Group Armenia CJSC	Armenia	Retail	96	96
34	Spanish Retail CJSC	Armenia	Retail	100	100

No.	Subsidiary	Country of Incorporation	Business Activity	Ownership Interest held by the Group as at:	
				31-Dec-24	31-Dec-23
35	ZR Fashion Retail CJSC	Armenia	Retail	100	100
36	Global Apparel CJSC	Armenia	Retail	100	100
37	BR Fashion Retail CJSC	Armenia	Retail	100	100
38	Master Retail CJSC	Armenia	Retail	100	100
39	Best Retail CJSC	Armenia	Retail	100	100
40	Retail Group CJSC	Armenia	Retail	100	100
41	Pro Retail CJSC	Armenia	Retail	100	100
42	Factory Prices CJSC	Armenia	Retail	100	100
43	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
44	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
45	Models Own Holding Limited	United Kingdom	Retail	-	51
46	Models Own Limited	United Kingdom	Retail	-	51
47	Models Own International Ltd.	United Kingdom	Retail	-	51
48	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
49	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
50	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
51	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
52	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
53	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
54	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
55	Retail Group Holding LLC	Azerbaijan	Retail	85	85
56	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
57	Fashion Group CA	Uzbekistan	Retail	80	80
58	Fashion Retail Store	Uzbekistan	Retail	80	80
59	Master Retail Store	Uzbekistan	Retail	80	80
60	Retail Boutique	Uzbekistan	Retail	80	80
61	Retail Group Global	Uzbekistan	Retail	80	80
62	Retail Group Store	Uzbekistan	Retail	80	80
63	Retail Store Pro	Uzbekistan	Retail	80	80
64	Spanish Store	Uzbekistan	Retail	80	80

In addition to the above, the Group, directly and indirectly, owns certain dormant subsidiaries and special purpose vehicles across several countries which are not material to the Group.

The principal activities of all of the above subsidiary companies are wholesale and retail trading of fashion apparels and indoor entertainment business for kids. The indirect shareholding represents cross ownership among the subsidiary companies.

Shares and Debt Instruments Issued by Subsidiaries

There are no stocks and debt instruments issued by the subsidiary companies.

Dividend Policy

The general policy of paying out the Company’s annual net profits after deducting all general expenses and other costs is controlled by the terms and conditions of the Articles of Association as follows:

- A. 10% of the net profits shall be carried to the Company’s statutory reserve, and the Ordinary General Assembly may resolve to withhold such appropriation when the said reserve reaches 30% of the paid-up capital.
- B. The Ordinary General Assembly may resolve on the recommendation of the Board of Directors, to keep aside a percentage of the net profits to form a consensual reserve to support the financial position of the Company.
- C. The Ordinary General Assembly may resolve to form any other reserve to the extent that it achieves the Company’s interest or ensures the

distribution of fixed profits as much as possible to the shareholders. The aforementioned Assembly may also deduct provisions from the net profits to establish social institutions for the Company’s employees or to help the existing ones.

- D. Thereafter, 5% of the paid-up capital of the Company may then be distributed to the shareholders.
- E. Subject to the provisions stipulated in Article 22 of the Company’s Articles of Association and Article 76 of the Companies’ Law, a percentage of no more than 5% of the remainder shall be allocated as remuneration to the members of the Board of Directors provided that the payment of this remuneration is proportional to the number of sessions every member attends.
- F. The remainder may then be distributed to the shareholders as an additional dividend. The Board of Directors, after obtaining an annually renewed authorization from the Ordinary General Assembly, may distribute interim dividends to the Company’s shareholders on a semi-annual or quarterly basis, as per the controls of the competent authority.

Proposal to distribute the net profit for the year ended December 2023

Statement	₺
Balance at 1 January 2024	(1,403,902,766)
<b>Add</b>	
Profit / (loss) for the year	(203,538,577)
Other comprehensive (loss) / income	507,614
Capital reduction	--
<b>Deduct</b>	--
Statutory reserve (10%)	--
Proposed dividends of ₺ ..... per share	--
Balance at 31 December 2024	(1,606,933,730)

A Description of Interests in the Category of Voting Shares

There are no interests in the category of voting shares.

Description of Interests, Rights of Option and Subscription Rights of Members of the Board of Directors, Senior Executives, their Spouses and Minors in Shares and Debt Instruments Issued by the Company or its Subsidiaries

There are no interests, option rights or subscription rights belonging to any of the members of the Board of Directors, the Company’s Senior Executives, their spouses or their minor children in shares or debt instruments issued by the Company or its subsidiaries, other than what is mentioned regarding the members of the Board of Directors in section 12.5 of this report.

Loans Against the Company and its Subsidiaries and the Amounts Paid During the Year

During 2024, the international subsidiary obtained three credit facilities amounting to ₺ 38.1 million. ₺ 22 million was obtained for working capital facility in their local currency, to support the operations in the country. ₺ 8.6 million was a loan obtained from another country with repayment terms of 18 months.

Another international subsidiary obtained a loan from an affiliate of the non-controlling shareholder amounting to ₺ 7.5 million. The purpose of providing the loan amount is to ensure the ongoing operations of the Company in relation to the retail stores, as well as the conclusion, execution and payment of supply contracts in the development of these brands and stores. The details of these loans are as follows:

Creditor	Loan Term	Loan Principal	Loan Amounts Withdrawn during the Year	Settlement of Loans during the Year	Loan Balance as of 31 December 2024
National Commercial Bank	84 months	2,081,322,216	-	(593,936,188)	1,487,386,028
Riyad Bank	36 months	150,000,000	300,000,000	(300,000,000)	150,000,000
SABB Bank	LC Refinance	8,891,695	7,242,955	(16,134,651)	-
ANB Bank	LC Refinance	44,630,769	109,871,458	(154,502,228)	-
Bank of Georgia	48 months	93,700,166	-	(27,147,030)	118,537,406
TBC Bank	30 months	51,984,270	-		
Bank of Georgia	LC Refinance	8,297,297	-	(466,493)	7,830,804
TBC Bank	LC Refinance	33,811,484	-	(1,900,959)	31,910,525
Pasha Bank	18 months	22,630,511	-	(7,327,391)	5,303,120
Metropol Group	24 months	-	7,449,031	-	7,449,031
SQB Bank	18 months	-	8,678,947	(2,397,711)	6,281,236
Bank Al Etihad – Jordan	LC Refinance	11,502,367	27,677,669	(33,348,928)	5,831,109
Pasha Bank-Azerbaijan	LC Refinance	-	22,000,000	89,684	22,089,684
<b>Total</b>		<b>2,506,770,775</b>	<b>482,920,060</b>	<b>(1,147,071,895)</b>	<b>1,842,618,943</b>



Description of Convertible Debenture

There is no convertible debenture issued by the Company.

Description of Transfer or Subscription Rights

There are no transfer or subscription rights issued by the Company.

Description of Recovered or Canceled Debt Instruments of the Company and its Subsidiaries

There are no redeemed or canceled debt instruments of the Company and its subsidiaries.

Composition of the Board of Directors and Classification of its Members

Name	Nationality	Capacity	Membership Status
Fawaz Bin Abdulaziz Alhokair	Saudi	Chairman	Non-Executive
Dr. Abdulmajid Bin Abdulaziz Alhokair	Saudi	Vice Chairman	Non-Executive
Abdulmajid Bin Abdullah Albasri	Saudi	Member	Non-Executive
Ahmed Bin Saleh Alsultan	Saudi	Member	Non-Executive
Abdulrahman Bin Mohammed Alanqari	Saudi	Member	Independent
Ahmed Bin Mohammed AlAlsheikh	Saudi	Member	Independent
Bander Sulaiman Alghofais*	Saudi	Member	Independent
Mansour Bin Saad Alajlan	Saudi	Member	Independent
Ahmed Badawi Naif Shaheen	Saudi	Member	Independent

\* Resigned on 6 May 2024



# Board of Directors

## Experience and Academic Qualifications of Board Members

**Fawaz Bin Abdulaziz Alhokair**  
Chairman of the Board of Directors  
Fawaz Al Hokair Company

<b>Qualification</b> <ul style="list-style-type: none"><li>Bachelor’s degree in Economics and Accounting</li><li>PhD in Economics and Accounting – Loughborough University, UK</li></ul>	<b>Areas of expertise</b> <ul style="list-style-type: none"><li>Supervising the management of Fawaz Abdul Aziz Al Hokair &amp; Partners Real Estate Company</li><li>Chairman of the Board of Directors of Arabian Centers Company</li></ul>
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**Dr. Abdulmajid Bin Abdulaziz Alhokair**  
Member of the Board of Directors  
Fawaz Al Hokair Company

<b>Qualification</b> <ul style="list-style-type: none"><li>Bachelor’s degree in Medicine and Surgery – King Saud University, KSA</li></ul>	<b>Areas of expertise</b> <ul style="list-style-type: none"><li>Apparel, retail and food industries</li></ul> <b>Previous role</b> <ul style="list-style-type: none"><li>Chairman of the Board of Directors - Fawaz Al Hokair Co.</li></ul>
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**Abdulmajid Bin Abdullah Albasri**  
Chief Financial Officer  
FAS Group

<b>Qualification</b> <ul style="list-style-type: none"><li>Master’s degree in Applied Financial Mathematics – University of Connecticut, USA</li><li>Master’s degree in Economics – University of Connecticut, USA</li><li>Bachelor’s degree in Finance – James Madison University, USA</li></ul>	<b>Areas of expertise</b> <ul style="list-style-type: none"><li>Head of Treasury - Fawaz Abdul Aziz Al Hokair &amp; Partners Group</li><li>Portfolio Manager - Samba Capital Auditor, Aldar Audit Office</li></ul> <b>Previous role</b> <ul style="list-style-type: none"><li>Head of Treasury - Almarai Company</li></ul>
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**Ahmed Bin Saleh Alsultan**  
Chief Executive Officer  
Alsaif Gallery

<b>Qualification</b> <ul style="list-style-type: none"><li>Master’s degree in Business Administration – Brunel University, UK</li><li>Bachelor’s degree in Finance</li><li>Master’s degree in Management – Qassim University, KSA</li></ul>	<b>Areas of expertise</b> <ul style="list-style-type: none"><li>Operations Manager NESG - Commercial Projects Company</li><li>Executive Vice President - NESG Commercial Projects Company</li><li>Chief Executive Officer - Thobe Al Aseel Company</li></ul> <b>Previous role</b> <ul style="list-style-type: none"><li>Chief Executive Officer - Thobe Al Aseel Company</li></ul>
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## Abdulrahman Bin Mohammed Alanqari

### Qualification

- PHD in Architecture

### Areas of expertise

- Member of the Board of Directors and Chairman of the Nominations Committee - Saudi Finance Company

### Previous role

- Vice Chairman of the Board of Directors and Chairman of the Audit Committee - Arab Insurance Company

## Ahmed Bin Mohammed AlAlsheikh

Chairman  
Ahmed Al Sheikh Company

### Qualification

- Bachelor's degree in Sociology

### Areas of expertise

- Chairman - Ahmed Al Sheikh Company

### Previous role

- Founder and Chairman - Wahba Company

## Bander Sulaiman Alghofais\*

Chief Executive Officer  
Madad Business Information Systems Technology Company

### Qualification

- Master's degree in Computer Science
- Bachelor's degree in Computer Science

### Areas of expertise

- Director General of Information Technology Governance - General Organization for Social Insurance
- Director of Business Intelligence and Databases - General Organization for Social Insurance Saudi Finance Company

### Previous role

- Director General of Digital Transformation - Human Resources Development Fund

\* Resigned on 6 May 2024

## Mansour Bin Saad Alajlan

### Qualification

- Bachelor's degree in Science

### Areas of expertise

- Executive Director - Arab Towns Company
- Executive Vice President - Saudi Lebanese Construction Company
- Executive Director - Fawaz Abdulaziz Al Hokair & Partners Company

### Previous role

- Executive Vice President - Asal Company



## Ahmed Badawi Naif Shaheen

Managing Director  
Al Shaheen Metallurgical Industries Company

### Areas of expertise

- Managing Director - Arab International Appliances Company

### Previous role

- Founding Partner - Nabaa Bisan Company

### Names of companies inside or outside the Kingdom for which a member of the Company's Board of Directors is a member of its current and previous Boards of Directors or one of its managers

Member Name	Names of Companies where a Member of the Board of Directors is a Current Member of the Board of Directors or one of their Managers Inside the Kingdom/ Outside the Kingdom	Legal Entity (listed shareholding/ unlisted/ limited liability)	Names of Companies where a Member of the Board of Directors is a Previous Member of the Board of Directors or one of their Managers Inside the Kingdom/ Outside the Kingdom	Legal Entity (listed shareholding/ unlisted/ limited liability)		
Fawaz Bin Abdulaziz Alhokair	FAS Saudi Holding Company	Inside the Kingdom	Closed joint stock	Azizia Panda United Company	Inside the Kingdom	Closed joint stock
	Saudi Medical Company	Inside the Kingdom	Closed joint stock			
	Arabian Centers Company	Inside the Kingdom	Listed joint stock			
	FAS Saudi Holding Company	Inside the Kingdom	Limited liability			
	Downtown Saudi Company	Inside the Kingdom	Limited liability			
	Muvi Cinemas Company	Inside the Kingdom	Closed joint stock			
	Star Energy Company	Inside the Kingdom	Limited liability			
	Al Farida First Properties	Inside the Kingdom	Limited liability			
	Emaar Mixers	Inside the Kingdom	Limited liability			
Dr. Abdulmajid Bin Abdulaziz Alhokair	FAS Saudi Holding Company	Inside the Kingdom	Closed joint stock	Fas Construction Company	Inside the Kingdom	Limited liability
	Saudi Medical Company	Inside the Kingdom	Unlisted joint stock	Abdul Majeed Abdul Aziz Al Hokair & Sons Holding Company	Inside the Kingdom	Limited liability
Abdulmajid Bin Abdullah Albasri	Arabian Centers	Inside the Kingdom	Listed joint stock			
Abdulahman Bin Mohammed Alanqari	Saudi Financing Company	Inside the Kingdom	Closed joint stock			
Ahmed Bin Mohammed AlAlsheikh	None					
Bander Sulaiman Alghofais*	None					
Mansour Bin Saad Alajlan	None					
Ahmed Badawi Naif Shaheen	Al-Shaheen Metallurgical Industries Company	Inside the Kingdom	Closed joint stock	Riyadh National Recruitment Company	Inside the Kingdom	Closed joint stock

\* Resigned on 6 May 2024

Board meetings

The Board of Directors held four meetings during the year to discuss issues related to the financial year ended on 31 December 2024. The following table shows the details of the sessions and attendees:

Name	13 Feb 2024	01 May 2024	20 Aug 2024	30 Dec 2024	Total	Attendance Rate
Fawaz Bin Abdulaziz Alhokair	Attended	Attended	Attended	Did not attend	3	75%
Dr. Abdulmajid Bin Abdulaziz Alhokair	Attended	Attended	Attended	Attended	4	100%
Abdulmajid Bin Abdullah Albasri	Attended	Attended	Attended	Attended	4	100%
Ahmed Bin Saleh Alsultan	Attended	Attended	Attended	Attended	4	100%
Abdulrahman Bin Mohammed Alanqari	Attended	Attended	Attended	Attended	4	100%
Ahmed Bin Mohammed AlAlsheikh	Attended	Attended	Attended	Attended	4	100%
Bander Sulaiman Alghofais*	Attended	His membership ended			1	100%
Mansour Bin Saad Alajlan	Attended	Attended	Attended	Attended	4	100%
Ahmed Badawi Naif Shaheen	Attended	Attended	Did not attend	Did not attend	2	50%

\* Resigned on 6 May 2024

The interests and rights of the members of the Board of Directors, their spouses and their minors

Name	Number of Shares at the Beginning of the Year	Ownership Percentage at the Beginning of the Year	Net Change in the Number of Shares During the Year	Percentage Change During the Year	Total Number of Shares at the End of the Year	Ownership Percentage at the End of the Year
Fawaz Bin Abdulaziz Alhokair	3,574,158	3.11	780,000	0.68	4,354,158	3.79
Abdulmajid Abdulaziz Alhokair	6,253,160	5.45	-	-	6,253,160	5.45
Ahmed Bin Saleh Alsultan	-	-	-	-	-	-
Abdulmajid Bin Abdullah Albasri	-	-	-	-	-	-
Abdulrahman Bin Mohammed Alanqari **	13,004	0.01	-	-	13,004	0.01
Ahmed Bin Mohammed AlAlsheikh**	1,000	0.001	-	-	1,000	0.001
Bander Sulaiman Alghofais**	1,000	0.001	-	-	1,000	0.001
Mansour Bin Saad Alajlan**	-	-	-	-	-	-
Ahmed Badawi Naif Shaheen**	-	-	-	-	-	-

\* Resigned on 6 May 2024

Other than what was included in the previous table, there is no interest, selection rights or subscription rights belonging to any of the members of the Board of Directors, their spouses or their minor children in the shares or debt instruments of the Company or any of its subsidiaries.

Board of Directors’ actions to inform its members of shareholders’ proposals

The Board of Directors provides all members, especially Non-Executives, with legal documents, financial reports, activity follow-up reports, future expansion studies and Board reports, as well as rules, procedures, policies and internal regulations that enable them to carry out their duties and discharge their responsibilities adequately, including being aware of the shareholders’ proposals and remarks regarding the Company and its performance.

Additionally, a mechanism has been created for the Shareholder Affairs Department to deal with proposals and observations received from the shareholders.

Means of the Board of Directors to evaluate its performance and the performance of its members and sub-committees

The Board of Directors relied on the procedures set out in the Board’s work regulations and the work regulations of the sub-committees to evaluate the annual performance of the Board members and its sub-committees through the self-evaluation forms.

Board committees

The Company’s Board of Directors has three sub-committees: The Audit Committee, the Nomination and Remuneration Committee and the Executive Committee, which are described below.

Audit Committee

The Audit Committee was formed by a decision of the Board of Directors consisting of three members, including a member specializing in financial and accounting affairs, and an Independent Board member.

The tasks and responsibilities of the Audit Committee are summarized as follows:

- Supervising the management of Internal Audit to ensure its effectiveness in implementing the tasks and activities defined by the accounting policies approved by the Board of Directors and relevant authorities.

- Studying internal audit reports and monitoring the implementation of corrective actions for the observations mentioned therein.
- Presenting recommendations to the General Assembly for the appointment of external auditors, terminating their engagement, determining their fees, ensuring their independence and monitoring their activities, including reviewing and approving the audit plan with the external auditor.
- Studying the external auditor’s observations on the Company’s financial statements and following up on actions taken, along with reviewing the quarterly and annual financial statements before presenting them to the Board of Directors, providing opinions and making recommendations regarding them.
- The full responsibility for the accuracy of the financial data lies with the executive management, while the responsibility of the Audit Committee is limited to providing an independent opinion based on the information presented to it by the Company’s management, Internal Audit management and external auditors.
- Evaluating the effectiveness of the Company’s risk assessment of significant risks and the steps taken by the Company’s management to monitor and address these risks and providing opinions and recommendations to the Board of Directors regarding them.
- Issuing an Annual Report to the General Assembly that includes details of the Committee’s performance regarding its duties and responsibilities as stipulated in the Company’s Law and its Executive regulations. The report should include the Committee’s recommendations and opinions on the effectiveness of the Company’s internal control and financial systems, as well as its risk management systems.
- Providing an Annual Report to the shareholders that clarifies the role and responsibilities of the Committee, along with any other information required by the relevant official authorities.



Members of the Audit Committee

Name	Title
Dr. Abdulrahman Bin Mohammed Alanqari	Chairman of the Committee (from 5 September 2023, until present)
Ahmed Bin Saleh Alsultan	Committee member (from 5 September 2023, until present)
Zaki Abdullah Alawami	Committee member (from 5 September 2023, until present)

Schedule of meetings for Audit Committee members

Nine meetings of the Audit Committee were held during the period from 1 January 2024 to 31 December 2024, as follows:

Meeting Number	Date	Abdulrahman Bin Mohammed Alanqari	Ahmed Bin Saleh Alsultan	Zaki Abdullah Alawami
1	15 January 2024	Attended	Attended	Attended
2	14 February 2024	Attended	Attended	Attended
3	27 March 2024	Attended	Attended	Attended
4	14 May 2024	Attended	Attended	Attended
5	03 July 2024	Attended	Attended	Attended
6	05 August 2024	Attended	Attended	Attended
7	16 September 2024	Attended	Attended	Attended
8	30 October 2024	Attended	Attended	Attended
9	04 November 2024	Attended	Attended	Attended
Total Attendance of Meetings for each Member		9	9	9

Completed Committee tasks

- Recommendation to the Board of Directors and General Assembly to appoint the external auditor BDO to audit the Company’s financial statements for the fiscal year ended 31 December 2024.
- Audit of the Company’s annual and quarterly financial statements and provide recommendations to the Board for approval based on the external auditor’s advice.
- Reviewing and approving the annual plan, annual evaluation, increases and bonuses for the Internal Audit management.
- Reviewing and approving the charter, guide and protocols of Internal Audit.
- Reviewing the Annual Report of internal audit and monitoring the implementation of Internal Audit findings and recommendations.

Further details about the Committee’s tasks will be presented in the Committee’s annual report to the General Assembly.

Internal Audit management

The Internal Audit management, in collaboration with Crowe, is responsible for internal auditing tasks across various departments of the Company. As part of the implementation of Internal Audit services, it adheres to the following:

- Conducting audits in accordance with the professional standards established by the Institute of Internal Auditors.
- Upholding independence, objectivity and adhering to the highest standards of fairness, integrity and compliance with the Professional Code of Conduct set forth by the Institute of Internal Auditors.
- Maintaining good relationships with fellow auditors characterized by open communication, trust, mutual respect and professionalism, while maintaining a high level of performance and time management.
- Encouraging teamwork and creativity. Achieving continuous professional improvement through

obtaining professional certifications and educational goals in the professional field. Conducting comprehensive audits to provide a reasonable level of assurance.

5. Working on developing management professionally to match the size of the Company’s operations and the seriousness towards localizing the necessary expertise for it.

audit process more effective and efficient.

5. Striving to be leaders in the professional practice of internal auditing in the Kingdom of Saudi Arabia.

6. Developing and implementing a risk-based sampling and testing approach to determine whether the most important internal controls are well-designed and operating as intended.

Scope of work of Internal Audit management

- Preparation of the annual internal audit plan based on the risks identified during risk assessment, verified for accuracy by management and prioritizing limited resources. The audit plan is organized over a three-year period, with a mix of internal audit tasks each year based on risk assessment, aiding compliance, providing necessary consulting services and continuous monitoring and follow-up.
- Assisting management in achieving its objectives and goals by striving to positively impact the efficiency and effectiveness of operations.
- Continuing to affirm professionalism, competence and a positive attitude.
- Continuously leveraging evolving audit methodologies and technologies to make the

Supervision of the Audit Committee

The Audit Committee periodically oversees the internal audit activities and regularly reviews its reports. To ensure the independence of the internal audit, the Head of Internal Audit submits technical, professional and administrative reports to the Audit Committee, without any intervention from Company managers in internal audit affairs. The Internal Audit Department does not assume any direct operational responsibility in any of the areas or activities under review. It is the responsibility of the Head of Internal Audit to annually confirm to the Audit Committee the independence of the Internal Audit management.

The Internal Audit management provides the Audit Committee with a summarized report on weaknesses in internal controls, limited scope, best practices and areas for improvement on a quarterly basis, following the framework of international professional practices set by the Institute of Internal Auditors. This aims to enhance the existing internal control framework.

Nomination and Remuneration Committee

At the Board of Directors meeting on 5 September 2023, it was decided to approve the appointment of members of the Nomination and Remuneration Committee for the new session, which ends on 11 August 2026, as follows:

Members	Nationality	Capacity	Membership Status
Bander Sulaiman Alghofais*	Saudi	Chairman*	Independent
Mansour Bin Saad Alajlan**	Saudi	Chairman**	Independent
Abdulmajid Bin Abdullah Albasri	Saudi	Member	Non-Executive
Ahmed Bin Mohammed AlAlsheikh***	Saudi	Member	Independent

\* Resigned on 06 May 2024

\*\* Appointed as Chairman on 31 July 2024

\*\*\* Appointed as a member on 31 July 2024

**Tasks and responsibilities of the Nomination and Remuneration Committee**

The main task of the Nomination and Remuneration Committee is to identify qualified individuals and candidates to be members of the Board of Directors who meet the necessary requirements for membership, as well as to assist the Board of Directors in establishing a sound system and building the necessary policies and procedures in this regard.

The following highlights the ordinary activities carried out by the Committee to discharge its responsibilities. It is a rule of thumb that in addition to such activities, the Committee may assume further roles and approve other policies and procedures that address the commercial, legislative, regulatory and legal changes. Furthermore, the Committee may shoulder other responsibilities related to the Committee's purposes as they may be, from time to time, assigned by the Board of Directors:

1. The Committee shall be responsible for laying out policies and practices of compensation and remuneration of the Company staff including the members of the Board of Directors.
2. The Committee shall nominate the individuals qualified for Board membership and make recommendations to the Board on candidates in accordance with definite policies and standards. The Committee shall further submit candidate recommendations to be appointed by the Board in the event of a vacant position (or in the case of expanding the Board).
3. Proposing definitive policies and standards that control the membership of the Board of Directors and the executive management.
4. Preparing a description of capabilities and qualifications for members of the Board and roles of the executive management.
5. Identifying the amount of time to be allocated by the members for the Board activities and functions.
6. On nomination, the Committee shall consider any factors it deems appropriate including discretion, adeptness, diversity and expertise. Additionally, the Committee ensures that the candidate has not previously been convicted of a moral turpitude crime. The Committee shall,

at its sole discretion, review the candidates nominated by the shareholders or the Company's management.

7. The Committee reviews the formation of every Board sub-committee and submits its recommendation of appointment of the committee members to the Board.
8. The Committee may recommend adding members to the committees to fill vacant positions when required.
9. The Committee shall annually review the capabilities and expertise required for Board membership and the functions of the executive management.
10. The Committee shall periodically review the structures of the Board and executive management and make recommendations on the changes required in this regard.
11. Ensuring, on an annual basis, the independence of the Independent members, and the absence of any conflict of interest if the member is a member of the Board of Directors of another company.
12. Developing a job description for the Executive, Non-Executive and Independent members as well as senior executives.
13. The Committee shall assist the Board of Directors with selecting and assessing the candidates nominated for the executive management positions including the Chief Executive Officer, and with supervising the succession plans of executive managers.
14. The Committee shall annually assess the overall performance of the Board of Directors and make the required arrangements for the Board to assess its own performance.
15. The Committee shall establish definite policy organizing the remunerations of the members of the Board, its sub-committees and the executive management. The policy shall be submitted to the Board for review before being approved by the General Assembly. The policy shall apply, disclose and verify the execution of performance-related standards.
16. The Committee shall be directly responsible

for reviewing and approving the Company's objectives associated with the remuneration of the Chief Executive Officer, which will act as the parameters to measure the Chief Executive Officer's performance on an annual basis. In the event of long-term incentives, the Committee shall consider factors including outcomes of the Company's activities, the relative return to shareholders, and the similar incentive amounts received by Chief Executive Officers of similar companies.

17. The Committee shall submit its recommendations on the remunerations of the members of the Board, its sub-committees and the executive managers, and on plans of incentives and shareholding.
18. The Committee shall review the compensation and remuneration system including incentives, end of service benefits, pension plans and benefits of employees other than Directors and senior executives. The system shall be aligned with the Company's human resources strategy.
19. The Committee shall conduct a periodic review of the Company's plans related to recruiting, developing, promoting and retaining employees. Such plans shall be in line with the Company's human resource strategy.

20. The Committee shall prepare and issue an Annual Report of the remunerations of the Board members and executive managers as well as other reports as may be required by the related laws and regulations. The report shall account for the relation between the paid remuneration and the applicable award policy while stating any material deviation from the mentioned policy.
21. The Committee shall periodically review the remuneration policy and assess its effectiveness in delivering its objectives.
22. The Committee shall evaluate its own performance on an annual basis and submit the results to the Board of Directors. The evaluation shall include performance levels and the observation by each member of the Committee's activities and responsibilities.
23. The Committee periodically reviews and re-evaluates the adequacy of these regulations and submits its recommendations to the Board of Directors on amendments it deems necessary or required. The Committee shall conduct such reviews and assessments in the manner it deems appropriate.

**Schedule of meetings of the Nomination and Remuneration Committee members**

Five meetings of the Nomination and Remuneration Committee were held during the period from 1 January 2024 to 31 December 2024, as follows:

Members	13 Feb 2024	20 Feb 2024	10 Sep 2024	20 Oct 2024	05 Dec 2024	Attendance Rate
Bander Sulaiman Alghofais	Attended	Attended	His membership ended			100%
Mansour Bin Saad Alajlan	Attended	Attended	Attended	Attended	Attended	100%
Ahmed Bin Mohammed AlAlsheikh	His membership had not started		Attended	Attended	Attended	100%
Abdalmajid Bin Abdullah Albasri	Attended	Attended	Attended	Attended	Attended	100%

**Executive Committee**

On 17 November 2023, it was decided to approve the appointment of members of the Executive Committee for the new session, which ends on 11 August 2026, as follows:

Members	Nationality	Membership Status	Membership Category
Mohamed Rafiq Murad	Lebanese	Chairman	Out of Board
Dr. Abdalmajid Bin Abdulaziz Alhokair	Saudi	Member	Non-Executive
Abdalmajid Bin Abdullah Albasri	Saudi	Member	Non-Executive
Wassim Kabbara	Lebanese	Member	Out of Board



Experience of Executive Committee members from out of Board

Name	Qualifications	Areas of Expertise	Current Role	Previous role
Mohamed Rafiq Murad	Master's degree in Executive Business Administration - The Business School for the World (INSEAD)	Member of the Investment and Audit Committee - Emaar Group Company	Managing Director and Chief Executive Officer - Arabian Centers Company	Vice President - International Partners, San Francisco
	Bachelor's degree in Economics/Business Administration - Lebanese American University, Lebanon	Member of the Investment Committee - Middle East Project Partners		
		Director of Business Development for Emerging Markets, YouTube - Google Company		
		Director and Consultant of Strategy (Dubai/Riyadh) - Bose Corporation		
		Director of Business Development, MENA and Turkey (Dubai/Jeddah) - Mars Company		
		Regional Manager (Lagos/ Nigeria) - Radioactive Engineering		
Wassim Kabbara	Bachelor's degree in Commerce	Global Director of Product Partnerships - YouTube	Group Chief Operating Officer - Cenomi Group	Global Director and Head of Product Partnerships - Instacart
		Regional Sales Director - Google		
		Strategy Associate - Strategy &		

B. Functions of the Executive Committee

In addition to the functions and roles of the Executive Committee stipulated in the Governance Regulations, the Committee may take any action conducive to realizing its goals and discharging its responsibilities, including the following:

1. Reviewing the Company's strategic and operational plans and making comments and recommendations before being submitted the Board of Directors.

2. Reviewing feasibility studies of new investment projects and making recommendations.
3. Reviewing and initially approving the key issues that need to be decided by the Board of Directors.

4. Making decisions on issues referred to the Committee by the Board which fall outside the purview of the Company's Managing Director and the Chief Executive Officer. Such issues may include investments, human resources, compensations, IT, capital expenses, procurements and other issues within the limits of the Committee.

5. Setting the Company's investment policies and objectives including:

- The assets eligible for investment in accordance with the applicable laws

• Determining the types of assets

• The long-term policies and objectives related to investments, risk tolerance levels, varied assets, investment currencies and choosing between domestic and international investment

• Identifying arrangements of investment man- agements and trusteeships

• Appointing and periodically assessing managers and trustees of investment portfolios

• Setting the mechanisms and periodic cycles of performance assessment

• Approving investment operations of all types in line with the specific investment policy. The Committee may, within certain financial limits, delegate its approval powers to the Chief Exec- utive Officer/Chief Financial Officer to exercise such powers jointly or separately

• Reviewing the Company's investment policy in light of performance assessment

• Evaluating investment outcomes to assess the feasibility of the executed investment strate- gies. The Committee presents a report to the Board of Directors on the investment outcomes and ensures that the investment policy and key guidelines are observed

6. Concluding short and long-term investment agreements, credit and loan agreements within the limits of its powers.

7. Following up on the implementation and development of the Company's organizational structures and making decisions that ensure speedy implementation and development.

8. Reviewing the administrative regulations with the Company's management to make decisions that enable the management to put such regulations into practice.

9. Communicating with senior officials in government and the private sector to overcome difficulties encountered with the Company's business and explain its programs to the officials.
10. Reviewing and following up the implementation of all the Company's projects, making decisions within the Committee's powers, discussing the obstacles encountered in implementing the various projects, clarifying their causes and how to address them, and recommending appropriate solutions to them.

11. Evaluating designs and technical specifications and making appropriate recommendations.

12. Making the appropriate decisions regarding the topics that the Board of Directors delegates to the Committee to discuss and review and making the right decisions on them.

13. Taking any action that would advance the Company's business and achieve its objectives within the rules, regulations and decisions issued by the Board.

14. Carrying out purchases and acquisitions of existing or future projects within its powers.

15. Studying the proposals submitted by the Company's management in favor of achieving the Company's objectives or advancing its administrative, financial and operational work, and making decisions that enable the executive management to speed up implementation or submitting such proposals to the Board as the Committee deems necessary.

16. Carrying out the tasks referred to the Board or its Chairman for review or implementation.

Schedule of meetings of the Executive Committee members

Seven meetings of the Executive Committee were held during the period from 1 January 2024 to 31 December 2024, as follows:

Members	08 Jan 2024	05 Feb 2024	06 Mar 2024	03 Apr 2024	08 May 2024	05 Jun 2024	10 Jul 2024	Attendance Rate
Mohamed Rafiq Murad	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Dr. Abdulmajid Bin Abdulaziz Alhokair	Did not attend	Did not attend	Did not attend	Did not attend	Did not attend	Did not attend	Attended	14%
Abdulmajid Bin Abdullah Albasri	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Wassim Kabbara	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%

Contracts in which there are Interests of Board Members and Senior Executives

The Company is an affiliate of Fawaz Abdul Aziz Al Hokair & Partners Group (the “Group”), and it is engaged in contracts with the Group companies. Such contracts include lease agreements for a number of shops with the Arabian Centers Company. Accordingly, the Company obtained competitive rental values for similar market prices in proportion to the Company’s business volume in the Saudi market, in addition to its privileged locations in the finest commercial centers and malls in various parts of the Kingdom. The locations include Dhahran Mall, Khurais Plaza, Sahara Plaza Commercial Center, Al Salam Mall, Mall of Arabia, Al Nakheel Plaza Mall, Aziz Mall, Al Noor Mall and others.

In addition, here are contracts for establishing, equipping and modifying the decorations of the sales shops with Fawaz Abdulaziz Al Hokair & Partners

Real Estate Company. By virtue of such contracts, the Company utilized the Group’s experience in this field to ensure implementation at a level consistent with the requirements of international commercial agencies and speed of implementation. It is in the interest of the Company and in support of its activities to continue with these transactions.

During the fiscal year ending on 31 December 2024, the transactions with related parties were as follows:

- An amount of ﷲ 56 million, the value of rents paid to Arabian Centers Company owned by FAS Holding Company, which is owned directly and indirectly by: Fawaz Bin Abdulaziz Alhokair, Salman Bin Abdulaziz Alhokair and Abdulmajid Bin Abdulaziz Alhokair. At the end of the year, there were 310 shops rented from Arabian Centers Company, as follows:

Total	Duration of the Contract	Number of Rented Shops in the Mall	City	Name of the Mall
16	2 years	1	Medina	Al Noor Mall
	3 years	10		
	5 years	4		
	10 years	1		
14	1 year	2	Jeddah	Aziz Mall
	2 years	1		
	3 years	10		
	5 years	1		
1	3 years	1	Hofuf	Al Ahsa Mall
10	1 year	1		
	2 years	1		
	3 years	3		
	5 years	4		
	10 years	1		

Total	Duration of the Contract	Number of Rented Shops in the Mall	City	Name of the Mall
4	3 years	4	Jeddah	Haifa Mall
14	1 year	1	Jeddah	Jeddah Park
	3 years	12		
	7 years	1		
18	1 year	1	Taif	Jouri Mall
	2 years	3		
	3 years	14		
7	2 years	1	Jubail	Jubail Mall
	3 years	6		
17	2 years	1	Makkah	Mecca Mall
	3 years	15		
	5 years	1		
28	1 year	2	Jeddah	Mall of Arabia
	2 years	1		
	3 years	18		
	5 years	6		
	7 years	1		
20	1 year	1	Dammam	Mall of Dhahran
	2 years	9		
	3 years	9		
	5 years	1		
4	5 years	4	Riyadh	Meem Plaza
23	2 years	2	Dammam	Nakheel Mall
	3 years	5		
	5 years	14		
	10 years	2		
5	3 years	5	Qassim	Nakheel Plaza
1	3 years	1	Riyadh	Riyadh Park Mall
14	1 year	1	Jeddah	Al Salaam Mall
	3 years	13		
11	1 year	1	Riyadh	Salaam Mall
	3 years	7		
	5 years	2		
7	6 years	1	Riyadh	Tala Mall
	3 years	7		
17	2 years	3	Riyadh	The View Mall
	3 years	1		
	5 years	12		
	10 years	1		



Total	Duration of the Contract	Number of Rented Shops in the Mall	City	Name of the Mall
31	1 year	3	Riyadh	Al Nakheel Mall
	2 years	2		
	3 years	20		
	5 years	4		
	6 years	1		
16	10 years	1	Jeddah	Jasmine Mall
	1 year	2		
	2 years	1		
	3 years	12		
19	5 years	1	Riyadh	Al Hamra Mall
	2 years	3		
	3 years	14		
6	5 years	2	Riyadh	U Walk
	2 years	1		
	3 years	2		
	5 years	2		
7	10 years	1	Jeddah	U Walk
	5 years	6		
	10 years	1		
310		310		Total

Rent paid in favor of the Egyptian Centers Company owned by Fawaz Bin Abdulaziz Alhokair, Salman Bin Abdulaziz Alhokair and Abdulmajid Abdulaziz Alhokair. The total number of four shops are rented from the Egyptian Centers Company in its own Mall of Arabia located in the 6th of October City in Cairo in the Arab Republic of Egypt. The duration of this transaction is one year.

An amount of ﷲ 0.7 million, the value of printing and advertising costs, paid to Hagen Co., Ltd., in which FAS Holding Co. is a shareholder.

Training costs of ﷲ 4.08 million was paid to Cenomi Academy for the training of retail employees.

It should be noted that all these transactions were carried out considering competitive and fair prices. The balances due to the related companies as on 31December 2024 was as follows (the figures are rounded):

The Company's Name	Balance Type	Balance as at 31 March 2024 (ﷲ million)	Balance as at 31 December 2023 (ﷲ million)
Arabian Centers Company	Debit/ Credit	(443.38)	(207.88)
Food and Entertainment	Debit/ Credit	14.63	14.63
Wonderful Meals Co. Ltd	Debit/ Credit	(9.71)	(10.73)
Hagen Company Ltd.	Debit/ Credit	(0.152)	(0.36)
FAS Saudi Holding Co.	Debit/ Credit	-	-
AlFaridah Trading Agencies Ltd.	Debit/ Credit	-	16.79
Cenomi Academy	Debit/ Credit	0.7	-
Metropol Group - Uzbekistan	Debit/ Credit	(7.2)	-

Board Members’ Remuneration Paid in 2024

	A Specified Amount	Allowance for Attending Board Sessions	Total Allowance for Attending Board Sessions	In-kind Benefits	Rewards for Technical, Administrative and Advisory Work	Remunerations of the Chairman, Managing Director or Secretary, if they are Members	Total	Percentage of Profits Regular Rewards	Long- term Motivational Plans Shares Granted (Value is entered)	Total	Grand Total
Eid Faleh Al Shamry*	117,000	15,000					132,000				132,000
Khaled Waleed Al-Shakhshir*	117,000	15,000					132,000				132,000
Basem Abdullah Al-Salloum*	117,000	15,000					132,000				132,000
Ahmed Bin Saleh Alsultan***	200,000	60,000					260,000				260,000
Abdulrahman Bin Mohammed Alanqari**	83,000	45,000					128,000				128,000
Bander Suliman Alghofees**	83,000	45,000					128,000				128,000
Mansour Bin Saad Alajlan**	83,000	45,000					128,000				128,000
Ahmed Bin Mohammed Alsheikh	83,000	45,000					128,000				128,000
Total	883,000	270,000					1,168,000				1,168,000
Fawaz Bin Abdulaziz Alhokair***	200,000	30,000					230,000				230,000
Abdulmajid Bin Abdulaziz Alhokair***	200,000	60,000					260,000				260,000
Abdulmajid Bin Abdullah Albasri***	200,000	60,000					260,000				260,000
Omar Abdulaziz Al-Mohammadi*	117,000	0					117,000				117,000
Mohamed Rafiq Murad*	50,000	15,000					65,000				65,000
Total	767,000	165,000					932,000				932,000
Grand Total	1,650,000	450,000					2,100,000				2,100,000

\* Previous BOD Session

\*\* Current BOD Session

\*\*\* Previous and Current BOD Session

Remuneration of Committee Members

	Fixed Remuneration (except for the allowance for attending sessions)	Allowance for Attending Sessions	Total
Audit Committee Members			
Abdulrahman Bin Mohammed Alanqari**	41,666	60,000	101,666
Ahmed Bin Saleh Alsultan**	100,000	100,000	200,000
Zaki Abdullah Alawami **	41,666	60,000	101,666
1. Dr. Suleiman Abdullah Al-Sukran*	100,000	100,000	200,000
2. Eid Faleh Al Shamry*	58,333	10,000	68,333
3. Saad Ibrahim Al-Mushawah*	100,000	100,000	200,000
Total	357,998	430,000	730,000
Members of the Remuneration and Nomination Committee			
1. Khaled Waleed Al-Shakhshir*	43,750	15,000	58,750
2. Omar Abdulaziz Al-Mohammadi*	43,750	15,000	58,750
3. Abdulmajid Bin Abdullah Albasri ***	75,000	20,000	95,000
4. Bander Suliman Alghofees**	31,250	5,000	36,250
Mansour Bin Saad Alajlan**	31,250	5,000	36,250
Total	225,000	60,000	285,000
Members of the Executive Committee			
1. Dr. Abdulmajid Bin Abdulaziz Alhokair	75,000	5,000	80,000
2. Omar Abdulaziz Al-Mohammadi	0	5,000	5,000
3. Abdulmajid Bin Abdullah Albasri	75,000	15,000	90,000
4. Mohamed Rafiq Murad	43,750	15,000	58,750
Wassim Kabbara	31,250	10,000	41,250
Total	225,000	50,000	275,000

\* Previous Committees Session

\*\* Current Committees Session

\*\*\* Previous and Current Committees Session

Waiver of Rights to Salary, Compensation or Profits

The Company did not receive any waivers from any of the shareholders, senior executives or members of the Company's Board of Directors regarding any of their rights, whether in profits, salaries or compensation.

Salaries, Remuneration and Compensation of Senior Executives

	Fixed Rewards				Variable Rewards				Service Gratuity Total Executive Remuneration for the Board, if any Total Summation			
	Payroll	Allowances	In-kind Benefits	Total	Regular Rewards	Earnings	Short-term Incentive Plans	Granted Shares (Value is entered)	Total	End of Service Gratuity Total	Executive Remuneration for the Board, if any	Total Summation
CEO	3,351,812	1,109,327		4,461,139								4,461,139
CFO	2,400,000	740,628		3,140,628								3,140,628
CHRO	1,333,332	271,621		1,604,953								1,604,953
COO	900,000	91,677		991,677								991,677
Deputy CFO	1,800,000	511,952		2,311,952								2,311,952
Total	9,785,144	2,725,205		12,510,349								12,510,349

Experience and qualifications of senior executives

Name	Qualifications	Areas of Expertise	Current Role	Previous role
Salim Fakhori*	Master's degree in Business Administration	20 years of experience in apparel and finance	Chief Executive Officer	Chief of Fashion Sector - Azadea Holding Group
	Accounting and Auditing Diploma			
	Executive Management Program / Business Administration			
Ahmed AlBelbesy	CMA CFM	15 years of experience in retail sales	Finance	General Manager of Financial Affairs
Faisal Younes	Bachelor of Science in Business Management	Managing Partner and Member of the Board of Directors - Café Younes	Chief Executive Officer, Food & Beverages	Chief Executive Officer - Eathos LTD, DIFC
		Member of the Board of Directors - Eathos LTD (DIFC)		
		President F&B - Azadea Holding Group		
		Regional Manager - Starbucks Coffee, Alshaya		
Moneer Brembali	Bachelor of Science	More than 20 years of experience in human resources management	Chief Human Capital Officer	Chief Human Capital Officer - Emaar Economic City

\* Appointed as acting Chief Executive Officer from 1 March 2024 and appointed as the Chief Executive Officer on 14 August 2024.



**The relationship between the remuneration granted to members of the Board of Directors and executive management and the applicable remuneration policy, and statement of any material deviation from this policy**

Remunerations are disbursed to members of the Board of Directors, members of the sub-committees and senior executives in accordance with the regulatory controls approved by the Board of Directors and as stipulated in the Company's Articles of Association approved by the General Assembly, as well as the remuneration policy based on the recommendation of the Nomination and Remuneration Committee.

Movement of Provision for Zakat and Income Tax	Legal Zakat	Income Tax	Custom	Total Zakat and Income Tax
Allocated balance on 1 January 2024	60,699,810	1,522,209	24,354,580	86,576,599
Allocated for the fiscal period ending on 31 December 2024	-	23,615,993	-	23,615,993
Paid during the fiscal period ending 31 December 2024	(22,716,533)	(25,233,589)	-	(47,950,122)
Changes in estimates of zakat and taxes related to prior years	31,652,065	-	5,334,330	36,986,395
Other liabilities	-	-	-	-
Provision balance on 31 December 2024	69,635,342	(95,387)	29,688,910	99,228,865

Based on the Company's management estimates, the provision for Shari'ah zakat and income tax is sufficient for the fiscal period ending on 31 December 2024.

**Investments and Reserves created for the Benefit of Employees**

There are no investments or reserves created for the benefit of employees, except for those prescribed by the labor system in the Kingdom of Saudi Arabia.

**Acknowledgments of the Board of Directors**

- That the account records are properly prepared.
- The internal controls were prepared on sound foundations and implemented effectively. (Some observations related to internal control were mentioned in the opinion of the Audit Committee on Internal Control)

**Zakat and Income Tax**

**Tax position of foreign subsidiaries**

The income tax returns for subsidiaries in Jordan, Egypt, Azerbaijan and Armenia have been filed for all years up to 31 December 2023 and for Georgia and Kazakhstan up to 31 December 2024.

At the end of the fiscal year ending on 31 December 2024, no zakat provision was required due to a negative zakat base. The Company formed a provision of ₪ 69.6 million in order to meet the Zakat until the fiscal year ending on 31 December 2024. The transactions conducted on the provision for Shari'ah Zakat and income tax during the fiscal year ending on 31 December 2024 are as follows:

- There is no doubt about the issuer's ability to continue its activity.
- The Company's consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants, as well as international accounting standards.
- The Company or its subsidiaries have not issued any securities such as option shares or rights that can be converted into shares (convertible debentures).
- There are no voting shares.

- There are no outstanding loans during the year.
- There are no loans for any of the members of the Board of Directors.
- The Company has not concluded any transaction related to its shares.
- There were no transactions in the Company's shares with any member of the Board of Directors, or any member of their families other than those mentioned previously.
- The Company has not received any waiver of rights from any shareholder in the Company.
- There are no investments or other reserves created for the benefit of the Company's employees.
- Board members and senior executives of the Company do not have any rights or interests in the Company, except for the aforementioned transactions with related companies.

**Penalties and Fines**

The Capital Market Authority (CMA) announces the issuance of a CMA Board resolution to impose a fine of ₪ 20,000 on the Fawaz Abdulaziz Alhokair Co.

**Board of Directors Proposals**

- Approve the recommendation of the Board of Directors regarding the Company's continuation with the action to continue the sale of non-core brands.
- Approve to authorize the Board of Directors to take any other necessary actions to address the accumulated losses.

**Auditor's Report**

**Material uncertainty related to going concern**

We draw attention to Note (3-2) of the accompanying consolidated financial statements, which indicates that the Group incurred a net loss of ₪ 197 million for the year ended 31 December 2024, and as of that date it recorded accumulated losses of ₪ 1,607 million. In addition, the Group's current liabilities exceeded its current assets by ₪ 2,925 million as of 31 December 2024. These events or conditions, along with other matters as set forth in details in Note (3-2) of the accompanying consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Corporate Governance and Internal Control System

Corporate governance

The Company continuously works to apply the best practices of governance that protect the rights of shareholders and stakeholders. The Company’s Board of Directors has set its priorities, at the top of which are listing the Company’s shares for trading on the financial market in the fiscal year 2006-2007 and

establishing and implementing a corporate governance system that complies with the requirements of the Corporate Governance Regulations issued for the Board of the Capital Market Authority.

The Company’s successive Boards of Directors have taken numerous measures and issued several policies in accordance with the supervisory framework and the rules of transparency and disclosure contained in the Corporate Governance Regulations issued by the Authority. The measures and policies are:

Fiscal Year	Corporate Governance Activities
2006/2007	Beginning in the fiscal year 2006/2007, several policies were approved, and a number of measures were taken to meet the requirements of the Corporate Governance Regulations, the most important of which were the following:
	1. Issuing the general financial policies guide for all the Company’s main business cycles and training all concerned employees thereon.
	2. Issuing job and professional conduct rules for the Company’s employees.
	3. Reorganizing the Company’s Internal Audit Department in accordance with internationally recognized professional rules.
	4. Conducting an introductory course on the internal controls for all executives in the Company’s financial affairs.
	5. Preparing a financial regulation to delegate the powers and authorities to the management of the Company.
2007/2008	In October 2007, the Company completed the issuance of several regulations aimed at implementing the requirements of governance, as follows:
	1. The rules for forming the Audit and the Nomination and Remuneration Committees.
	2. Shareholders’ Rights Policy Regulations and the General Assembly.
	3. A regulation of disclosure and transparency policy and procedures.
	4. Bylaws of the Board of Directors.
	5. Conflict of interest policy for members of the Board of Directors and shareholders.
2011/2012	Assessment conducted, by the consulting office “Deloitte – Bakr Abu al-Khair and Partners”, of the application of corporate governance in the Company and reviewing the quality of performance of the Company’s Internal Audit Department.
	Desiring to abide by all the articles of the Corporate Governance Regulations issued by the Authority and to ensure the application of the best international practices of governance that guarantee the rights of shareholders and of stakeholders, the Company’s Board of Directors assigned Deloitte – Bakr Abu Al-Khair & Partners (“the Consultant”) the task of evaluating the application of governance in the Company, the effectiveness of the arrangements adopted by the Company in this context, in accordance with the regulations and instructions issued by the Authority, and the best practices adopted by the leading international bodies in the field of corporate governance, including the New York Stock Exchange and the Nasdaq Stock Exchange in the USA. In addition, the Consultant was tasked with reviewing the quality of performance of the Company’s Internal Audit Department, and the Consultant’s report concluded that:
	<ul style="list-style-type: none"><li>The Company is highly compliant with the requirements of the corporate governance rules issued by the Authority, but it needs to improve a number of aspects to be consistent with the leading international practices in corporate governance.</li><li>The performance of the Company’s Internal Audit Department conforms to the general requirements of professional performance standards issued by the Institute of Internal Auditors in the USA, and it is considered one of the best Internal Audit Departments in the Middle East.</li></ul>

Fiscal Year	Corporate Governance Activities	
	<p>The Chairman of the Board of the Capital Market Authority and Chief Executive Officer at the time were informed of the results of the Consultant’s work in a meeting in March 2012. During the meeting, Dr. Abdulmajid Bin Abdulaziz Alhokair, Managing Director of the Company, expressed his happiness with the results attained by the Company in the field of governance application. At the same time, Dr. Abdulmajid Bin Abdulaziz Alhokair emphasized that the Company’s Board of Directors is keen to spare no effort and to move forward in developing and implementing a program for continuous improvement of the Company’s governance and its control environment, and to be among the leading companies in the Kingdom in the field of corporate governance.</p>	
2012/2013	<p>During the fiscal year 2012/2013, the Company embarked on a full review of all work manuals, policies, regulations and procedures it issued in the field of governance with the aim of improving all aspects highlighted by the Consultant’s report. This considered the articles of the Corporate Governance Regulations, the application of which was mandated by the Board of the Capital Market Authority during the two years ending in 2012 and 2013. Consequently, the Company issued, during the fiscal year 2012/2013, the revised version of its governance guides and policies, which included the following:</p>	
	1. Corporate Governance Manual	2. Shareholders guide
	3. The Code of Conduct and Professional Conduct for Company employees	4. The Company’s social responsibility policy
	5. Board of Directors’ work guide	6. Conflict of interest policy for Board members, employees and shareholders
	7. Insider trading policy	8. Policies, standards and procedures for membership on the Board of Directors, which were approved by the Company’s General Assembly in its session on 25 March 2013
2013/2014	<p>In accordance with the provisions of Paragraph (C) of the Corporate Governance Regulations issued by the Authority, which stipulates setting up a “governance system for the Company – in a manner that does not conflict with the provisions of this regulation – and general supervision thereof, monitoring its effectiveness and amending it when needed,” which was issued by the Authority’s Board Resolution No. (3- 40-2012) and dated 17/2/1434 AH corresponding to 30 December 2012, obligating companies whose shares are listed on the Saudi Stock Exchange (Tadawul) starting from 30 June 2013.</p>	
	<p>The Company has developed its own governance system, including a framework. The system was approved by the Company’s General Assembly in its session held on 16 July 2013, after being approved by the Company’s Board of Directors. A copy of the system was delivered to the Authority on 30 June 2013. The Company’s corporate governance system works as follows:</p>	
	1. The organizational structure of corporate governance	2. The main principles of the corporate governance system
	3. Disclosure and transparency policy	4. Board of Directors’ work guide
	5. Policy and procedures for membership on the Board of Directors	6. Board committees
	7. Code of work ethics and conduct	8. Policy of regulating conflict of interest
	9. Insider trading policy	10. Shareholders guide
	11. The Company’s social contribution policy	12. Mechanisms for evaluating the effectiveness of job performance, in order to evaluate the effectiveness of the performance of each of the members of the Board of Directors and its committees on a regular basis, as one of the basic principles on which the corporate governance system is based.



Fiscal Year	Corporate Governance Activities
2014/2015	<p>In the context of ensuring a full understanding of the requirements of its governance system, and ensuring the safety of its practices, the Company organized, during the fiscal year, a number of workshops for the Company's executive managers and members of the Board of Directors, in order to introduce the practical framework of its governance system, and its alignment with the strategic visions of the Board of Directors. Additionally, this ensures its practical application in a comprehensive and accurate manner.</p> <p>The charter of functional and professional conduct for the Company's employees was also reviewed and redistributed to the employees, in addition to reviewing the financial regulations for delegating powers and authorities and distributing them to the Company's management to help employees discharge their duties.</p>
2015/2016	<p>Within the framework of the Company's plans to strengthen and develop mechanisms for the continuous review of its governance system, with the aim of keeping pace with all corporate governance provisions issued by the Authority, the Company maintains its efficiency and effectiveness in light of all developments as well as the developments in the Company's internal and external work environment.</p> <p>The Company contracted with a strategy consultant to implement a project for the transformation and strategic rearrangement of the Company's various functions and the development of a new operating system, which includes a review of policies and procedures, structures of delegation of powers and authorities, and the development of the Company's governance system.</p>
2016/2017	<p>Completing the project of transformation and strategic rearrangement of the Company's various functions, developing the operating system, policies and procedures, delegating powers and authority structures, and developing the governance system for the Board of Directors and executive management.</p> <p>On 21/07/1438 AH corresponding to 18 April 2017, the Company's Articles of Association were amended to agree with the joint stock Companies System Model issued by Ministerial Resolution No. 18379 dated 01/06/1437 AH, in accordance with the requirements of Article 224 of the Companies Law, and approval of the formation of the Audit Committee, its duties and controls, and the remuneration of its members.</p>
2017/2018	<p>The project of transformation and strategic rearrangement of the Company's various functions has been completed, and its operating system has been developed and implemented. The Company has also made great strides in updating its governance policies and guide to keep pace with all the amendments and developments in both the corporate system issued by Royal Decree No. M/3 dated 28/01/1437 AH, and the revised Corporate Governance Regulations issued by the Authority's Board pursuant to Resolution No. (8-16-2017) dated 16/05/1438 AH corresponding to 13 February 2017, based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437 AH.</p>
2018/2019	<p>During the year 2018/2019, the Company reviewed its governance guide and policies in accordance with the Saudi Companies Law, the rules for offering securities and continuing obligations, and the amended Corporate Governance Regulation issued by the decision of the Board of the Capital Market Authority No. 3-45-2018 dated 07/08/1439 AH corresponding to 23 April 2018. The Company also identified all the paragraphs that need to be updated in accordance with these amendments and updated them for approval and practical application.</p>
2019/2020	<p>Approval of the amendments to the corporate governance guide and policies, and the evaluation carried out by Protiviti, the consulting company, of the performance of the Internal Audit Department.</p> <p>During the fiscal year 2019/2020, the Company approved amendments to its governance guide and policies, with regard to disclosing financial information, providing the authority and announcing to shareholders the initial and annual financial statements to comply with the Saudi Companies Law, amendments to the rules for offering securities and continuing obligations, and the Corporate Governance Regulation issued by the Capital Market Authority to be appropriate for implementation.</p> <p>Protiviti was also contracted to review the quality of the performance of the Company's Internal Audit Department. The initial general evaluation found that "the Company's Internal Audit generally conforms to the standards of the Institute of Internal Auditors, with a number of opportunities for improvement in relation to compliance with some standards."</p>
2020/2021	<p>The final evaluation of the consulting office, Protiviti, was of the quality of performance of the Internal Audit Department of the Company, and the application of the proposed improvements.</p> <p>Desiring to abide by all the articles of the Corporate Governance Regulations issued by the Authority and to ensure the application of the best international practices of governance that guarantee the rights of shareholders and of stakeholders, the Company's Board of Directors assigned Protiviti with the task of reviewing the quality of performance of the Company's Internal Audit Department, and the final report was completed. The Consultant report identified opportunities for continuous improvement in the work of the Company's Internal Audit Department, in a way that contributes to enhancing the quality of its performance in the following areas:</p>

Overview	Strategic Review	Operating Review	Governance	Financial Statements
Fiscal Year	Corporate Governance Activities			
	1. Comprehensive risk assessment and internal audit planning			
	2. Implementation of operations/stores audit			
	3. Enhancing the scope of the corporate governance audit			
	4. Enterprise risk assessment and risk management			
	5. Internal audit at the management team and competency level			
	6. Strengthening the process of planning participation and implementation			
	7. Internal audit reports			
	8. The organizational independence of the Internal Audit Department			
2021/2022	The Audit Committee directed the immediate implementation of all aspects of improving the quality of the performance of the Company's Internal Audit Department, and the periodic follow-up of its implementation.			
	During the fiscal year 2021/2022, the Company aims to periodically review the Company's governance applications and practices, verify compliance with all corporate governance rules and the ongoing commitments issued by the Capital Market Authority, and follow up on the implementation of the improvements proposed by Protiviti. The objective is to enhance the quality of the Internal Audit Department's performance. The Company further seeks to enhance compliance with the professional framework of performing internal audit tasks, as issued by the International Institute of Internal Auditors. The Company continuously follows up on any future amendments to the relevant laws and regulations issued by legal authorities, especially those that may require amending the Company's governance guide and policy of compliance. Further, it follows up on the implementation of procedures that ensure agreement with the guiding rules contained in the Corporate Governance Regulations issued by the Authority.			
	The Company has revised and updated its governance regulations and policies in accordance with the amendments made by the supervisory authorities and in line with the best national and international practices. Exercising its authorities as per the Corporate Governance Regulations issued by the Capital Market Authority, the Board approved amendments to the following regulations and policies:			
	1. Company's governance regulations			
	2. Executive Committee's work regulations			
	3. Policy and procedures for membership on the Board of Directors			
	4. Dividend payment policy			
	5. Stakeholder relations policy			
2021/2022	6. Code of Professional Conduct			
	7. Insider trading policy			
	8. Conflict of interest policy			
	9. Disclosure policy and procedures			
	The Board of Directors made a recommendation to the General Assembly to approve the governance policy amendments in accordance with the powers vested in the Assembly as stipulated by the Corporate Governance Regulations issued by the Capital Market Authority. The amendments include:			
	1. Audit Department work regulation			
	2. Nomination and Remuneration Committee work regulation			
	3. Policy of remunerations for members of the Board, its sub-committees and executive management			
	4. Policy, standards and procedures of Board membership			
	5. Policy of competition for Board members			

Applying the provisions of the Corporate Governance Regulations

In accordance with the requirements of Article 90 Paragraph (1) of the Board of Directors’ Report of the Corporate Governance Regulation, the Company has implemented all the articles, except for the articles shown in the following table:

Article	Paragraph	Obligatory/ Optional	Execution Position	Causes and Company Procedures
Article 39: Training	2	Optional	Not applicable	Work is currently underway to put the necessary mechanisms in place for the members of the Board of Directors and the executive management to receive continuous training programs and courses in order to develop their skills and knowledge in areas related to the Company's activities.
Article 41: Evaluation	All paragraphs	Optional	Not applicable	The necessary mechanisms are currently being arranged to evaluate the performance of the Board, its members, committees and executive management annually. This is to develop appropriate performance measurement indicators related to the extent to which the Company's strategic objectives are achieved, the quality of risk management, and the adequacy of internal control systems, etc. The strengths and weaknesses shall be identified, and a proposal will be developed to address them in line with the Company's interest.
Article 70: Formation of a Risk Management Committee		Optional	Not applicable	An optional article and its application will be decided soon.
Article 71: Functions of the Risk Management Committee		Optional	Not applicable	An optional article and its application will be decided soon.
Article 72: Meetings of the Risk Management Committee		Optional	Not applicable	An optional article and its application will be decided soon.
Article 85: Motivating Employees	All paragraphs	Optional		An optional article and its application will be decided soon.
Article 88: Social Action Initiatives	All paragraphs	Optional		An optional article and its application will be decided soon.

Annual Review of the Effectiveness of Control Procedures

As a result of the efforts of the Audit Committee at both the Company level and its subsidiaries, the annual review of internal control procedures selected for testing during the fiscal year ended 31 December 2024, by the Committee, Internal Audit as well as external audit reports, indicate that the executive management has initiated a corrective plan for some important issues highlighted in the previous Committee report, including the following:

- Working on implementing recommendations from Internal Audit to enhance internal control systems as outlined in the periodic follow-up report provided by Crowe (internal audit service providers).
- Preparation of policies, procedures, organizational structure and authority matrix by PwC to enhance

internal control systems and governance within the Company.

- Implementation of a Data Lake program to address issues related to data integration between Inditex brand sales software and the Oracle program implemented by the Company.
- Closing and selling trademarks that cause financial losses and focusing on strategic marks that lead to financial profits for the Company

The Committee observes that internal control, risk, governance and activities related to some critical operations require further development, such as inventory operations (including inventory counting, allocation calculation, inventory write-off and clearance inventory sales), fixed assets, financial reporting, information systems applications, sales operations and international subsidiaries outside the Kingdom.

Operational and Financial Risk

1. Underperforming Brands

The Company is committed to introducing well-known and globally established brands to the Saudi market after conducting feasibility studies on launching these international brands. Although it is rare for a well-known brand to fail from the start, this can occasionally happen. The Company conducts continuous economic viability assessments of operating brands to maintain profitable trade names and terminate relationships with unprofitable ones when necessary, ensuring and protecting the interests of the Company and its shareholders.

2. Unprofitable Stores

The Company prepares detailed profit and loss analyses supported by monthly reports and performance information for each brand in every branch and region. These reports show sales, cost of sales and selling expenses by brand and store. However, some stores may not achieve their expected results due to external factors such as changes in market conditions, customer behavior or shifts in general taste. In such cases, the Company may close unprofitable stores, implement modifications or change brands to achieve the Company's overall objectives.

3. Excess Inventory

The ability to market products is one of the most significant risks facing any retail company. Excess inventory ties up capital and negatively impacts profit margins. To address these risks, the Company conducts detailed studies of quantities purchased at the beginning of each season for each item individually. The Company promotes end-of-season inventory through specific discount seasons and has opened several outlet stores to dispose of remaining inventory after the discount season.

4. Expansion-Related Risks

The Company intends to continue increasing its number of branches and diversifying the trade names it offers in the market. The Company's ability to manage this expansion depends on its capacity to continue implementing and

developing operational and financial systems, information management systems and training, motivating, and managing its human resources to contribute to achieving the Company's objectives. Future financial results may be affected if the expansion strategy is not successful. If the Company cannot compete in current or new markets, it may be unable to recover capital expenditures, establishment costs production, distribution, marketing costs and administrative expenses incurred in developing such markets. To address these risks, the Company focuses on attracting distinguished human resources with experience in new markets it enters and is currently implementing direct, permanent, and immediate communication for all its external branches with the Company's headquarters through modern electronic means.

5. Competition

The Company does not see any substantial risks that might result in the termination of any of its international franchise rights, based on the excellent relationship between the Company and its commercial agencies.

6. Currency Exchange Rate Fluctuation Risks

The fluctuation of the Saudi Riyal exchange rate against foreign currencies directly affects product costs and profits, as the Company's operations include purchasing goods paid for in currencies other than the Saudi Riyal, such as the Euro and British Pound. The Company hedges part of the risks resulting from exchange rate fluctuations, which limits the impact of exchange rate changes on the Company's business results.

7. Dependence on Distinguished Human Resources

Any activity depends on the capabilities and expertise of its executive managers and key employees. Therefore, the Company implements multiple strategies to address the risks of losing effective employees and attracting qualified and professional employees, in addition to internally developing and improving employee capabilities to fill senior positions within the Company.



## Hiring Saudi Nationals and the Social Contribution Program

Hiring Saudi nationals and training them through learning and development (L&D) is one of the major areas that the Company places a great emphasis, and it is in line with Vision 2030, to build the Kingdom's prosperous and bright future through a vibrant society.

L&D is both a formal systematic process and informal personal endeavor for the Company. Development begins on the employee's first day at work and continues until their employment is complete and the Company provides the tools and opportunities to make it happen.

The Company's approach to L&D is primarily competency based. Therefore, competency differences identified are translated into learning objectives in the form of a plan to be completed through various development activities.

### 1. Development activities

- There are many different types of activities that contribute to employee's development and employees are encouraged to consider the range of opportunities available to them. All the training activities were customized for the Company's needs.
- Development activities have a consistent feature, which is a 70:20:10 split on the overall development, emphasizing a competency-based and self-driven blended learning and development approach; providing real development experiences on-the-job (70%), supplemented by mentoring and self-study (20%) and classroom training and formal educational events (10%).
- The percentage of employees that get benefits from the training activities is more than 90%.

### On-the-job

- Development activities include on-the-job-learning (OJL) activities.
- OJL is individual training that is conducted on the actual job under the supervision of a skilled employee who verifies that the required learning outcome has been met.
- This type of training is funded from the Tawteen program, since we provide the required OJT training.

### Mentoring and self-study

- A two-way communication avenue between lesser and more experienced employees is believed to be an effective approach to inspire personal and functional development, career growth and innovation as well as enhancing motivation and productivity.

### Classroom training and formal educational events

- Classroom training to supplement the e-learning training activities and is delivered mostly in-house.
- All formal training activities have pre and post discussion/evaluation.

### 2. Performance management

The performance management program is the Company's response to the need to plan, manage and review employee performance which must result in improved business outcomes. It is underpinned by clear, direct and regular two-way communication between appraiser and appraisee.

### Purpose:

- To ensure a proper governance mechanism is in place for yearly performance reviews of all employees.
- To make thorough, objective and factual appraisals of the performance and progress of employees; with a high level of transparency and fairness, record essential information concerning the performance level and achievements.
- To ensure that employees are clear about the Company's priorities and to align performance plans with the Company's strategic plan to the extent practical.
- To encourage appraisees to learn and improve from regular positive or constructive feedback.
- To achieve maximum utilization of all employees and to motivate each one to seek ways to improve.

### 3. Development model

#### Competency assessment

- The competency assessment exercise is to determine employees' knowledge, skills and abilities against competency requirements in order to identify and recognize strengths and areas for development.
- Employees were assessed against the specific competencies required for the next higher job within the career path.
- Each job in the career path is mapped against a series of competencies and the specific level for each competency along with the development activities for each.
- The competency manual serves as a clear indicator of what is expected from the employee for each job.

#### Individual development plan

- Each employee had a unique tailored plan focused towards the development of the identified gaps to be in a position to potentially progress to the next higher job in the career path.
- The plan captures the learning objectives required to fulfill employee's competency gaps.
- All development activities included in the plan are selected from the training catalogue.

### 4. Training catalogue

- The training catalogue is prepared annually based on the learning objectives indicated by employees in their development focus.

### 5. Core training

- The Company has established core training that is relevant to the business but not specific to a competency.
- Depending on the job, employees undertake training such as sales and POS training, Oracle related training, etc.

### 6. Establish Cenomi Academy

The Cenomi Academy started training in December 2023, for the purpose of retail training and development in the Kingdom of Saudi Arabia. The Academy has been developed in partnership with the Technical and Vocational Training Corporation (TVTC), supporting and enhancing the Saudi Retail industry, aligned to Vision 2030. The Cenomi Academy provides excellence in training for retail professionals and retailers across the Kingdom. The Cenomi Academy helps to develop competencies and leadership skills to enhance career paths, through state-of-the-art training facilities and interactive training experiences. Continually changing consumer needs requires up-to-date skills and knowledge and the Cenomi Academy is perfectly placed to deliver this. The Cenomi Academy offers a range of different training programs with specific assessment criteria, managed by experienced staff.

We are very keen to support the Saudi Vision 2030 goal in developing and hiring Saudi nationals. Part of our program therefore focuses on hiring and developing 500 to 1,000 Saudi's annually, who have completed high school and wish to enroll on a vocational program to get the on-the-job experience and progress via that route. We aim to have a Saudi workforce of 100% across various roles and levels by 2030.

All the programs offered by the Academy are accredited by the Technical and Vocational Training Corporation (TVTC) and City & Guilds. The assessment center is accredited by Cambridge University Press & Assessment.

The programs that are offered by the Academy are below :

- Retail Sales Representative Diploma
- Retail Store Manager Diploma
- Retail Area Manager Diploma
- Brand Manager Diploma

Program duration

24 months (Classroom training, interactive training, on-the-job training).

The Academy starts enrolling job seekers in December. We had around 220 trainees in 2024, who received the following incentives from Cenomi Retail:

1. Monthly salary
2. Medical insurance
3. Sales incentives.
4. Register in GOSI
5. Training or 24 months free of cost for the job seeker, as the Company covers 25% of the training cost as part of the Company's social responsibility, and HRDF covers the remaining 75%.

Overall training achievement:

Training programs	69
Learning hours	11,681
Induction program sessions	791
Satisfaction rate	95%
Countries	7
Classroom trainees	7,087
E-learning trainees	4,625

The Competing Businesses with the Company or any of its Activities that any Member of the Board of Directors Engages in

Company Name	Board Member	Board Member Position in the Competing Company	Nature of Competing Business	Description of the Competing Company	Ownership Percentage of the Member
Majd Alaamal Group	Abdulmajid Bin Abdulaziz Alhokair (Non-Executive Board member)	Partner	Majd Alaamal is a group working in multiple sectors (restaurants, financial investments, real estate and contracting)	Food and Beverage	50%
Aseelah Trade Co	Ahmed Bin Saleh Alsultan	Chief Executive Officer of Thobe Al-Aseel Company, which owns 100% of the competing company	A subsidiary of Thobe Al-Aseel Company, it operates in the Fashion Retail Sector and owns Brand franchise rights	Fashion Retail	100%

General Assembly of the Shareholders

The Company held three General Assembly Meetings during the fiscal year starting on 1 January 2024 to 31 December 2024.

The following table describes the dates of the meetings and the names of the Board members who attended:

Date of the Meeting	Attendance by the Members of the Board of Directors	Remarks
First meeting 17 April 2024 Extraordinary	Dr. Abdulmajid Bin Abdulaziz Alhokair Abdulrahman Bin Mohammed Alanqari Abdulmajid Bin Abdullah Albasri Mansour Bin Saad Alajlan Bander Sulaiman Alghofais	

Date of the Meeting	Attendance by the Members of the Board of Directors	Remarks
Second meeting 30 June 2024 Ordinary	Dr. Abdulmajid Bin Abdulaziz Alhokair Abdulrahman Bin Mohammed Alanqari Mansour Bin Saad Alajlan Ahmed Bin Mohammed AlAlsheikh Abdulmajid Bin Abdullah Albasri Ahmed Bin Saleh Alsultan	
Third meeting 21 October 2024 Extraordinary	Dr. Abdulmajid Bin Abdulaziz Alhokair Abdulrahman Bin Mohammed Alanqari Mansour Bin Saad Alajlan Ahmed Bin Mohammed AlAlsheikh Abdulmajid Bin Abdullah Albasri Ahmed Bin Saleh Alsultan	

Shareholder Register Requests

The Company requested the shareholders' register 11 times during the fiscal year for the period from 1 January 2024 to 31 December 2024, the details of which are as follows:

Serial Number	The Date of Request	Reason for Requests
1	31 January 2024	Corporate Actions
2	29 February 2024	Corporate Actions
3	14 March 2024	Corporate Actions
4	01 April 2024	Corporate Actions
5	17 April 2024	General Assembly
6	01 May 2024	Corporate Actions
7	01 June 2024	Corporate Actions
8	30 June 2024	General Assembly
9	03 July 2024	Corporate Actions
10	31 July 2024	Corporate Actions
11	13 August 2024	General Assembly
12	31 August 2024	Corporate Actions
13	30 September 2024	Corporate Actions
14	21 October 2024	General Assembly
15	30 October 2024	Corporate Actions
16	30 November 2024	Corporate Actions
17	01 December 2024	Corporate Actions
18	31 December 2024	Corporate Actions