



شركة زاد القابضة
Zad Holding Company Q.P.S.C.

ANNUAL REPORT 2022



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H.H. Sheihk Tamim bin Hamad Al-Thani
Amir of the State of Qatar

Leadership

Sheikh Nasser bin Mohammad bin Jabor Al-Thani

Chairman

Sheikh Talal bin Mohammad bin Jabor Al-Thani

Vice Chairman

Sheikh Nawaf bin Mohammad bin Jabor Al-Thani

Managing Director

Sheikh Mansour bin Mohammad bin Jabor Al-Thani

Board Member

Sheikh Thamer bin Mohammad bin Jabor Al-Thani

Board Member

Sheikh Jabor bin Mohammad bin Hassan Al-Thani

Board Member

Mr. Ali Eskander Al-Ansari

Board Member

Mr. Saud Omar Al-Mana

Board Member

Mr. Abdulla Ali Al-Ansari

Board Member

Ms. Kaltham Sultan Al-Hajri

Representative of The Ministry of Finance

Mr. Tarique Mohammad

Chief Executive Officer

Annual General Meeting Agenda:

1. Hearing the Board of Directors report on the company performance for the financial year ended 31st December 2022 and the company outlook.
2. Hearing the External Auditor's report on the financials of the company for the year ended 31st December 2022.
3. Discuss and approve the financial report of the company for the year ended 31st December 2022.
4. Approve the recommendation of the Board of Directors to distribute dividends of 62% cash and 5% bonus shares for the financial year 2022.
5. Absolve the Members of Board of Directors from all responsibilities for the financial year ended 31st December 2022 and approve their remunerations.
6. Hearing the external auditors ICOFR report for year 2022.
7. Approve the Corporate Governance Report of the year 2022.
8. Appoint an External Auditor for the financial year 2023 and approve their fees.
9. Elect the Board of Directors for a three-year term (2023 – 2025).

Agenda of the Extraordinary General Meeting:

1. Approve the amendment of the company Articles of Association (AOA) by increasing the share capital by 5% in light of the bonus shares distribution resolved by the AGM.
2. Authorizing the Board of Directors to carry out all necessary amendment in the AOA according to the resolutions of the EGM.

Board of Directors Report for the year ended 31 December 2022



Sheikh Nasser
bin Mohammad
bin Jabor Al Thani
Chairman

Dear Shareholders,

On behalf of the board of directors, I am pleased to present this report on the performance of the company and the financial results for the year ended 31st December 2022.

The company achieved a net profit of QAR 194.2 million in 2022 as against QAR 193.9 million in 2021 and earnings per share (EPS) remained same as last year at QAR 0.71. Further, the company has provided QR 12.6 million for Zakat for the year 2022.

We were able to maintain the performance despite the increase in commodity prices due to inflation. Our crisis management team continued to manage the situation by having strong supply chain management with diversified supplier profiles and proactively planning, procuring, and storing the inventory (higher stocks, hedging etc) to counter this situation to ensure uninterrupted supply of our products. We continued to have a comprehensive internal and external efficiency and cost management initiatives, in order to address the challenges of increased cost on supply chain management.

We capitalised the prevailing market opportunities during the year and strengthened the market position of our products ensuring sustainability. We continued launching new bakery products during the year to maintain sustainable growth in the bakery business. Contracting and real estate sector witnessed a momentum during FIFA cup during the year.

We continue to manage the strategic stock of wheat and edible oils, as a Strategic partner, for the Government of Qatar and the stocks are being maintained as per the mandate from the Government.

We continue to maintain our guiding principle of investing our capital in projects with high yield potential and low risk, which are strategic and long term in nature. In the absence of such opportunities, we prefer to return the funds to our shareholders.

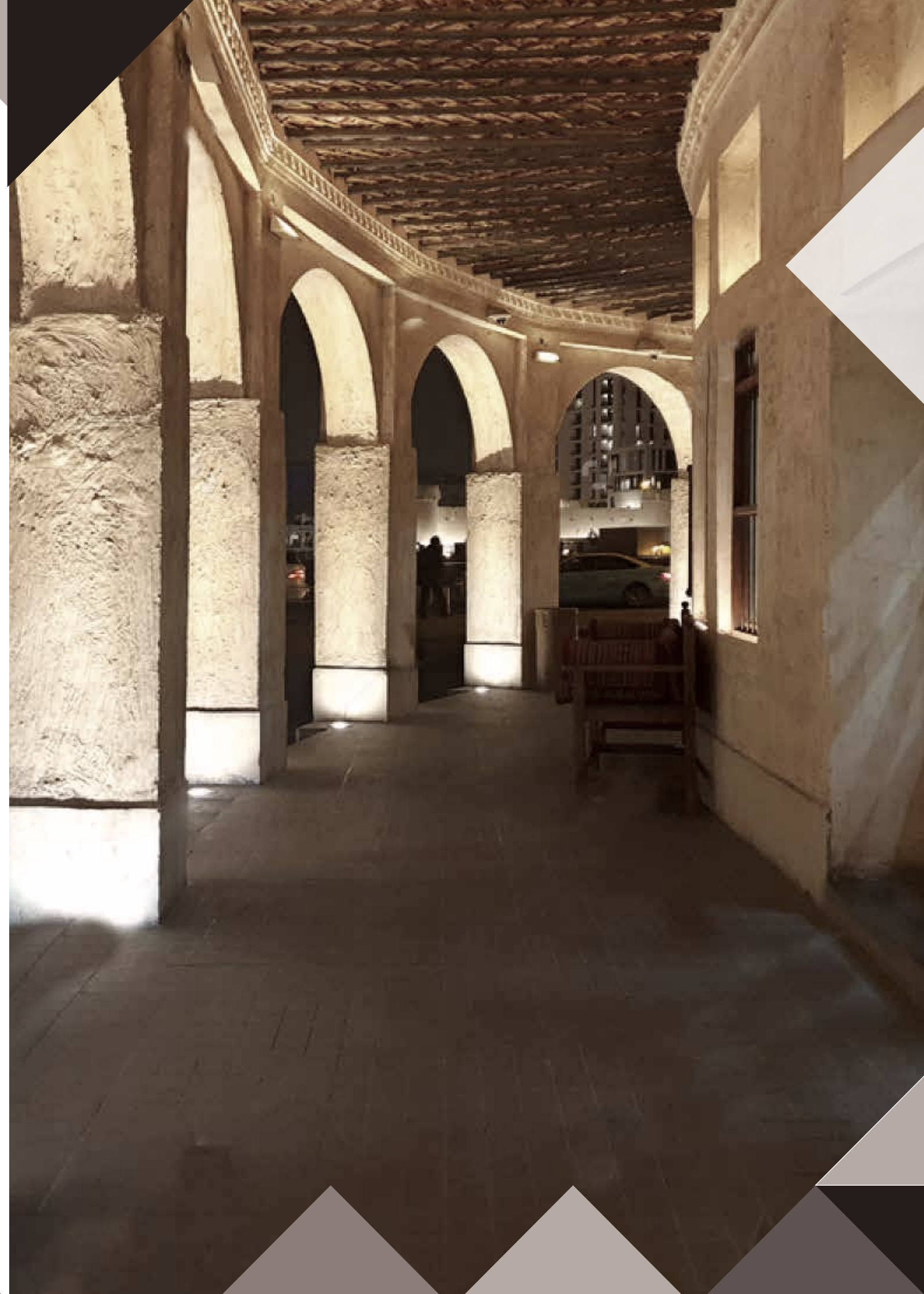
We are very confident that continued efforts of our very capable and visionary management team with comprehensive long-term strategy, Zad Holding Company will continue to aspire for sustainable growth and achieve its business objectives.

We would like to express our sincere gratitude and appreciation to HH the Emir of the State of Qatar, Sheikh Tamim bin Hamad Al-Thani for his guidance to realize our objectives under his patronage and able leadership.

We would also like to express our sincere appreciation to HE the Prime Minister Sheikh Mohammed bin Abdulrahman bin Jassim Al-Thani, the Minister of Finance HE Ali bin Ahmed Al-Kuwari, and the Minister of Commerce and Industry HE Mohammed bin Hamad bin Qassim Al Abdullah Al-Thani for their continued support.

We would finally like to thank all our valued shareholders for their continuous trust and support to the Board of Directors and the management of the company.

Nasser bin Mohammad bin Jabor Al Thani
Chairman



Independent auditors' report

To
The Shareholders
Zad Holding Company (Q.P.S.C.)
Doha – State of Qatar

Opinion

We have audited the consolidated financial statements of Zad Holding Company Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 11 to 49.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors'

Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Company's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p>Compensation from the Government of State of Qatar for sale of subsidized flour</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"> - The Group's business involves selling flour in local market at subsidized rates as agreed with the Government of State of Qatar. - We focused on this amount because of the significance of the subsidy amount representing 9.6% of total revenue from operations and importance of the subsidy to the business operations of the Group. - Due to the nature of the business, determination of subsidy depends on the various types of flour and the clauses of the subsidy agreement. 	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> - obtaining an understanding of the terms and conditions of the subsidy contract with the Government. - testing the design and operating effectiveness of controls over the process of recognizing and claiming government subsidy. - assessing the appropriateness of the claims made by the Group and whether they are in line with the contract. - agreeing the amount of subsidy received with the amount approved by the Government; and - Evaluating the adequacy of the Group's disclosures related to Government subsidy by reference to the requirements of the relevant accounting standards.
<p>Impairment assessment of goodwill -</p> <p>We focused on this area because:</p> <ul style="list-style-type: none"> - As at 31 December 2022, the Group's consolidated financial statements include recognised goodwill of QR 19,704,770 which arose from acquisition of National Food Company which represents 1.4% of total assets. - An assessment is required annually to establish whether this goodwill should continue to be recognized, or if any impairment is required. - The impairment assessment relies on determining the recoverable amount of the investment in the subsidiary using valuation techniques such as discounted cash flows. - The estimation of future cash flows and the rate at which they are discounted is inherently uncertain and requires significant judgment and hence has been identified as a key audit matter 	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> - Understanding the Group's budgeting process upon which forecasts are based. - testing the design and operating effectiveness of controls over goodwill impairment assessment process - We involved our valuation specialists to assist us in: - Evaluating the appropriateness of the methodology used by the Group to assess impairment of goodwill. - Evaluating key inputs and assumptions in cash flow projections used by the Group in comparison to externally derived data as well as our own assessments of investee specific circumstances. - Evaluating the adequacy of the Group's disclosures related to goodwill impairment by reference to the requirements of the relevant accounting standards.

Independent auditors' report

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditors' report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
- From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditors' report

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 («amended QCCL»), we also report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- iii) We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.
- iv) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.
- v) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2022.

16 March 2023

Gopal Balasubramaniam

Doha KPMG

State of Qatar

Qatar Auditors' Registry Number 251

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Auditors' License No. 120153



Consolidated statement of financial position As at 31 December 2022 2

ASSETS	31 December 2022 (QR.)	31 December 2021 (QR.)	31 December 2021 (QR.)
Non-current assets			
Property, plant and equipment	259,490,273	278,602,024	306,574,046
Intangible assets	3,460,060	543,757	740,156
Right-of-use assets	68,440,965	73,635,936	78,462,435
Investment properties	518,216,379	523,566,386	528,916,403
Investment in equity instruments	398,742,955	453,316,748	315,428,750
Investment in an associate	8,093,880	8,855,684	6,989,435
Retention and other receivables	20,998,536	10,579,863	3,919,987
Deferred tax assets	78,899	130,347	101,527
Goodwill	19,704,770	19,704,770	19,704,770
Total non-current assets	1,297,226,717	1,368,935,515	1,260,837,509
Current assets			
Due from the Government of Qatar	27,316,023	32,508,362	36,979,898
Due from related parties	12,653,783	6,787,224	3,983,335
Inventories	380,494,314	198,533,609	170,708,868
Investment in equity instruments	2,288,281	1,943,694	1,532,294
Accounts, retention and other receivables	391,692,551	332,594,091	307,106,865
Investment in commodities	478,141,082	447,777,292	489,132,859
Cash and cash equivalents	56,458,308	52,898,188	30,642,844
Total current assets	1,349,044,342	1,073,042,460	1,040,086,963
Total assets	2,646,271,059	2,441,977,975	2,300,924,472

Continued...

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Consolidated statement of financial position As at 31 December 2022 2

	31 December 2022 (QR.)	31 December 2021 (QR.)	31 December 2021 (QR.)
Equity and liabilities			
Equity			
Share capital	273,731,766	260,696,920	236,997,200
Legal reserve	563,120,753	563,120,753	563,120,753
Capital reserve	15,000,000	15,000,000	15,000,000
Fair value reserve	(93,404,537)	(31,613,512)	17,723,138
Retained earnings	525,857,855	511,566,377	511,785,668
Total equity	1,284,305,837	1,318,770,538	1,344,626,759
Non-current liabilities			
Lease liabilities	6,030,796	12,026,725	13,135,767
Employees' end of service benefits	39,255,483	38,451,891	33,972,951
Due to the Government of Qatar	164,968,246	181,468,246	156,812,866
Total non-current liabilities	210,254,525	231,946,862	203,921,584
Current liabilities			
Islamic financing	655,282,857	547,325,271	408,038,759
Accounts, retention and other payables	466,160,987	313,888,706	312,775,494
Lease liabilities	8,447,492	4,640,324	4,986,136
Due to the Government of Qatar	16,500,000	16,500,000	19,225,000
Due to related parties	5,319,361	8,906,274	7,350,740
Total current liabilities	1,151,710,697	891,260,575	752,376,129
Total liabilities	1,361,965,222	1,123,207,437	956,297,713
Total equity and liabilities	2,646,271,059	2,441,977,975	2,300,924,472

Consolidated statement of profit or loss and other comprehensive income For the year ended 31ember 2022

Operating revenue	1,377,314,816	1,197,706,130
Compensation from the Government of Qatar for sale of subsidized flour	145,561,032	94,612,708
Total revenue	1,522,875,848	1,292,318,838
Operating cost	(1,197,732,787)	(1,023,976,074)
Gross profit	325,143,061	268,342,764
Other income	65,918,131	105,226,959
General and administrative expenses	(80,451,839)	(80,570,612)
Selling and distribution expenses	(80,624,931)	(71,073,909)
Allowance for impairment of accounts receivables	(2,359,569)	(704,639)
Operating profit	227,624,853	221,220,563
Finance cost - net	(20,591,625)	(13,090,673)
Profit before tax and zakat	207,033,228	208,129,890
Tax expense	(158,780)	(177,325)
Provision for zakat contribution	(12,656,718)	(14,009,053)
Profit for the year	194,217,730	193,943,512
Earnings per share		
Basic and diluted earnings per share	0.71	0.71

Consolidated statement of profit or loss and other comprehensive income For the year ended 31ember 2022

Profit for the year	194,217,730	193,943,512
Other comprehensive (loss) / income		
Item that will not be reclassified to profit or loss		
Equity investments at FVOCI – net change in fair value	(54,373,990)	(49,150,541)
Total comprehensive income for the year	139,843,740	144,792,971

Consolidated statement of changes in equity For the year ended 31 December 2022

	Share Capital (QR.)	Legal Reserve (QR.)	*Capital Reserve (QR.)	**Fair Value Reserve (QR.)	Retained Earnings (QR.)	Total (QR.)
Balance at 1 January 2021	236,997,200	563,120,753	15,000,000	17,723,138	717,929,595	1,550,770,686
Impact of restatements (Note 38)	-	-	-	-	(206,143,927)	(206,143,927)
Restated balances at 1 January 2021	236,997,200	563,120,753	15,000,000	17,723,138	511,785,668	1,344,626,759
Profit for the year (Restated)	-	-	-	-	193,943,512	193,943,512
Other comprehensive income	-	-	-	(49,150,541)	-	(49,150,541)
Gain transferred on disposal of investment securities – 'At FVOCI'	-	-	-	(186,109)	186,109	-
Contribution to social and sports fund	-	-	-	-	(4,751,152)	(4,751,152)
Bonus shares	23,699,720	-	-	-	(23,699,720)	-
Dividend distribution	-	-	-	-	(165,898,040)	(165,898,040)
Restated balance at 31 December 2021	260,696,920	563,120,753	15,000,000	(31,613,512)	511,566,377	1,318,770,538
Balance at 1 January 2022	260,696,920	563,120,753	15,000,000	(31,613,512)	511,566,377	1,318,770,538
Profit for the year	-	-	-	-	194,217,730	194,217,730
Other comprehensive income	-	-	-	(54,373,990)	-	(54,373,990)
Gain transferred on disposal of investment securities – 'At FVOCI'	-	-	-	(7,417,035)	7,417,035	-
Contribution to social and sports fund	-	-	-	-	(4,855,443)	(4,855,443)
Bonus shares	13,034,846	-	-	-	(13,034,846)	-
Dividend distribution	-	-	-	-	(169,452,998)	(169,452,998)
Balance at 31 December 2022	273,731,766	563,120,753	15,000,000	(93,404,537)	525,857,855	1,284,305,837

*Capital reserve represents additional reserve created from prior years' profits. There has not been any movement in the reserve for the current year.

**Fair value reserve represents changes in fair value in mining shares which have been irrevocably designated as fair value through other comprehensive income.

*** Pursuant to Law No. 13 of 2008, the Group made an appropriation of QR 4,855,443 (2021: QR 4,751,152) from retained earnings for its contribution to the Social and Sports Activities Support Fund ("Daam") of Qatar, the Group is required to contribute 2.5% of annual net profits of the Company to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as a distribution of income in the consolidated statement of changes in equity.

Consolidated statement of cash flow For the year ended 31 December 2022

	2022	2021 * Restated
Cash flows from operating activities		
Profit for the year	194,217,730	193,943,512
Adjustments for:		
Provision for slow moving inventories	5,989,502	225,029
Loss allowance made on accounts receivables	2,359,569	704,639
Loss allowance reversed on other receivables	-	(1,111,520)
Profit on disposal of investment in commodities	(32,527,216)	(75,306,055)
Depreciation on property, plant and equipment	41,940,421	45,699,279
Depreciation on right to use assets	9,257,387	4,817,599
Depreciation on investment properties	5,350,007	5,350,017
Gain on disposal of property, plant and equipment	(895,227)	(345,740)
Amortisation of intangible assets	707,935	214,868
Finance costs	20,591,625	13,090,673
Provision for income tax	158,780	177,325
Employees' end of service benefits	5,760,624	7,531,938
Provision for zakat contribution	12,656,718	14,009,053
Share of loss of investment in an associate	761,804	594,571
Dividend income	(5,310,435)	(3,015,825)
Loss on derecognition of right-of-use assets	3,169,925	294,231
Islamic finance income	-	(779)
Fair value gains on investment securities – At fair value through profit or loss	(344,587)	(1,260,329)
	263,844,562	205,612,486
Change in:		
Inventories	(187,950,207)	(28,049,770)
Due from and due to the Government of Qatar (net)	5,192,339	4,471,536
Accounts, retentions and other receivables	(71,876,702)	(31,740,221)
Due from and to related parties (net)	(9,453,472)	(1,248,355)
Accounts payable, retention and other payables	149,408,040	(7,342,617)
Cash generated from operating activities	149,164,560	141,703,059
Employees' end of service benefits paid	(4,957,032)	(3,052,998)
Zakat paid	(14,755,252)	(11,429,574)
Finance costs paid	(19,766,319)	(12,456,951)
Net cash from operating activities	109,685,957	114,763,536

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Consolidated statement of cash flow
For the year ended 31 December 2022

	2022	2021 * Restated
Cash flows from investing activities		
Acquisition of property, plant and equipment	(26,081,068)	(18,422,803)
Acquisition of intangible assets	(3,642,707)	-
Proceeds from disposal of property, plant and equipment	4,166,094	1,022,817
Receipts from sale of investment securities	71,418,317	4,222,020
Addition in investment in an associate	-	(2,460,820)
Acquisition of equity instruments	(71,218,514)	(190,411,630)
Dividend income received	5,310,435	3,015,825
Receipts from sale of commodities	207,084,181	238,856,653
Acquisition of commodities	(204,920,755)	(122,195,031)
Islamic finance income received	-	779
Net cash used in investing activities	(17,884,017)	(86,372,190)
Cash flows from financing activities		
Movement in Islamic financing	107,957,586	139,286,512
Repayment to the Government of Qatar	(16,500,000)	(19,225,000)
Receipts from the Government of Qatar	-	41,155,380
Lease liability paid	(10,246,408)	(1,454,854)
Dividends paid	(169,452,998)	(165,898,040)
Net cash used in financing activities	(88,241,820)	(6,136,002)
Net increase in cash and cash equivalents	3,560,120	22,255,344
Cash and cash equivalents at beginning of the year	52,898,188	30,642,844
Cash and cash equivalents at end of the year	56,458,308	52,898,188

**The Management
Report on The
Company
Governance for
the Year 2022**

The Management Report on The Company Governance for the Year 2022

Chairman's message on corporate governance practices:

Effective corporate governance is an important part of Zad Holding Company's identity. Therefore, the Board of Directors plays an active role in the management of the company via a set of systems and procedures that the Board constantly prepares and reviews. The most important of which is the Governance Chart and the Board of Directors' chart.

The Board is committed to establishing high standards of governance in line with regulations, guidelines and best practices. The guiding framework for these regulations and standards is established in accordance with the Qatar Commercial Companies Law No. 11 of 2015 and the Corporate Governance Code issued by the Qatar Financial Markets Authority in addition to other laws and regulations in force in the State of Qatar.

This Corporate Governance Report highlights the main components of the corporate governance system, the manner in which it was designed and what the measures the management took to apply best management practices during the reporting period, fiscal year ending December 31st, 2022.

The Board of Directors approved a Corporate Governance Chart after the amendment of its predecessor in line with the articles of the Corporate Governance Code for legal entities listed in the main market issued by the decision of the Board of Directors of the Qatar Financial Markets Authority No. 5 of 2016, the amended Governance chart was approved by the Board in their meeting held on December 28, 2019.

Nasser bin Mohammed bin Jabor Al-Thani
Chairman of the Board

(To view the Corporate Governance Chart, please visit Zad's website at www.zad.qa).

i. Company Structure:

Zad Holding Company is a Qatari Public Shareholding Company that practices all the activities stipulated in Article 267 of the Commercial Companies Law No. 11 of 2015 for holding companies. The company's activities in its Articles of Association are:

- 1- Participating in the management of its subsidies or companies in which it invests.
- 2- Investing its funds in shares, bonds and securities.
- 3- Providing the necessary support for its subsidies.
- 4- Owning intellectual property rights, including patent rights, trademarks, industrial models, royalties and other moral rights, and utilizing or licensing them for the subsidies or third parties whether inside or outside the State of Qatar.
- 5- Owning movables and real estate required for carrying out its business within the limits permitted by law.

A brief overview of the current structure of Zad and ownership in its subsidiaries (the group) is presented below.



ii. Shareholders:

1- Shareholding Structure:

The authorized and paid-up capital of Zad is QAR 273,731,766 divided into 273,731,766 shares.

The company's Articles of Association stipulate that the maximum number of shares held by one shareholder must not exceed 15% of the company's total share capital. During the reporting period, to the knowledge of the company, none of the shareholders exceed the stated limit.

According to the article of association of the company, non-Qatari investors can hold up to 49% of the total shares of the company.

Zad continues to rely on Qatar Stock Exchange and Qatar Central Securities Depository Company to obtain a valid record of its shareholders.

Majority Shareholders:

Shareholder's Name	Holding Percentage
Future Investment Company	10.3%
Almirqab Investment	10%
Potential Investment Company	9.7%
7Brothers Investment	9%
Horizon Investment	8.8%
Alliance Investment	6.3%

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Shareholders' Rights:

Creating value for the shareholders and protecting it is a priority for the Board of Directors of Zad and its management team. Therefore, the company sets its strategies and carries out all its activities in the interest of its shareholders.

Zad values and respects the rights of its shareholders. To ensure the protection of shareholders' rights, specific provisions have been included in the company's Articles of Association stipulating the equal rights of shareholders and protecting them from discrimination, including the rights of minority shareholders. This includes, equal treatment of shareholders, holding Annual General Meetings (AGM), disclosing the agenda of the AGMs to shareholders, the right to vote, the right to elect the Board of Directors, the right to dividends, the right to access all the information of the company and reserve decision making rights for all major matters to the AGM.

As resolved by the Extraordinary General Meeting (EGM) held on 24 April 2019, Zad amended its Articles of Association to increase the limit of non-Qatari shareholding to 49% of the total capital. It also adjusted the nominal value of its shares to one Qatari Riyal.

According to the resolution of the Extraordinary Assembly on April 18, 2022, the Articles of Association were amended to include additional provisions on shareholders' rights related to the Annual General Meeting, voting and board elections, and the rights of any shareholder to object to decisions that are in the interest of or could harm a particular group.

3- Investor Relations Department:

Zad has formed an independent Investor Relations Department since 2008. The IR Department was formed to proactively communicate with the company's shareholders, potential investors, analysts, and regulatory authorities and to apply the best practices in the field of IR.

Zad has a section on its website dedicated to Investor Relations. It publishes its financials, Charts, information about its Board, news and presentations for investors that includes analysis about its financials. It also holds conferences calls with investors to discuss the financial reports, performance of the company and address their inquiries after the disclosure of its annual, semi-annual and quarterly reports.

During the reporting period, the company fully complied with the requirements of the Investor Relations Rules issued by Qatar Stock Exchange.

4- The Ordinary and Extraordinary Annual General Meeting (AGM & EGM):

During the review period Zad held an AGM and EGM on April 18, 2022 and resolved the following:

AGM resolutions:

1. Approved the company's annual financial report for the year ended 31 Dec 2021.
2. Approved the distribution of cash dividends of 65% of the nominal value of the share plus 5% bonus shares for the financial year 2021.
3. Approved the management report on the company governance during 2021.
4. Absolved the members of the Board of Directors from liability for the fiscal year 2021 and approved QAR 4.7 million as their remuneration.

5. Appointed KPMG as the external auditor for the year 2022 and approved their fees.

EGM resolutions:

1. Resolved to amend the articles of association increasing the share capital by 5% according to the AGM resolution of 5% bonus shares distribution.
2. Approved a recommendation to amend the AOA in accordance with the Law no. 11 for 2015 and its amendments by the Law no. 8 for 2021 and the Governance Code of QFMA.
3. Authorized the BOD to carry out the necessary amendments in the Articles of Association

iii. Board of Directors:

1- Duties of the Board of Directors:

The Board of Directors is the highest administrative body in Zad and exercises its duties and responsibilities as stipulated in the law, the company's Articles of Association and Governance Chart. The Board works on the basis of clear information and in good faith for the benefit of the shareholders, the company and its subsidiaries, the employees and the community at large. The board supports the administrative structure, carries out the activities & goals of the company, executes the recommendations of the external auditors on behalf of shareholders and makes initiatives that enhance the performance of the company.

The Articles of Association details the duties and responsibilities of the Board of Directors, the Board also prepared a chart called the "Board of Directors Chart".

2- Formation of the Board of Directors:

According to the Articles of Association, the Board of Directors must consist of 9 members who are elected via secret ballot by the AGM for a period of three consecutive years. In addition to the elected members of the board, the Ministry of Finance has appointed a representative for matters related to the government.

The current Board of Directors consists of 9 members elected by the AGM held on May 13, 2020. There has been no change to the current Board of Directors since their appointment.

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Current Board of Directors:

Name of Director	Designation	Executive/ Non-Executive	Independent/ Non-Independent
1 Sheikh Nasser Mohammad Jabor Al Thani	Chairman	Non-Executive	Non-Independent
2 Sheikh Talal Mohammad Jabor Al Thani	Vice-Chairman	Executive	Non-Independent
3 Sheikh Nawaf Mohammad Jabor Al Thani	Managing Director	Executive	Non-Independent
4 Mr. Ali Eskander Al Ansari	Director	Non-Executive	Independent
5 Mr. Saud Omar Hamad Al Mana	Director	Non-Executive	Independent
6 Sheikh Jabor Mohammad Hassan Al Thani	Director	Non-Executive	Non-Independent
7 Mr. Abdulla Ali Al Ansari	Director	Non-Executive	Independent
8 Sheikh Thamer Mohammad Jabor Al Thani	Director	Non-Executive	Non-Independent
9 Sheikh Mansor Mohammad Jabor Al Thani	Director	NonExecutive	Non-Independent

Board of Directors Chart:

In line with the duties and responsibilities of the Board of Directors stipulated in the Articles of Association, the Board has prepared the "Board of Directors Chart" detailing their duties and responsibilities, terms of membership and work mechanism of the Board and the Board committees. The BOD has approved a revised chart according to the provisions of the Corporate Governance Code issued by the Qatar Financial Markets Authority (QFMA).

(To review the Board of Directors' Chart, please visit Zad's website at www.zad.qa).

3- Chairman of the Board of Directors:

According to Article 32 of the company's Articles of Association, the chairman of the Board is the president of the company, represents it before others and before the judiciary bodies, implements the decisions of the Board and adheres to its recommendations. In addition to his

duties stipulated in the Commercial Companies Law and QFMA's Corporate Governance Code.

The Board of Directors' Chart also contains the duties and responsibilities assigned to the position of Chairman in Zad.

There is a clear separation between the position of the Chairman and CEO in Zad, thus Mr. Tarique Mohammad holds the position of CEO of the company in compliance with this principle of separation, and the Chairman of the Board of Directors is also prohibited from performing any executive duties in the company.

4- Board Committees:

Zad BOD has formed 2 committees and delegated some of its duties to these committees in accordance with the articles of QFMA's Corporate Governance Code, the company Articles of Association and the BOD Charter. The board committees are as stated below:

a) Nomination and Remuneration Committee:

1 Sheikh Mansor Mohammed Jabor Al Thani	Head	Non-independent
2 Sheikh Jabor Mohammad Hassan Al-Abdullah Al-Thani	Member	Non-independent
3 Sheikh Thamer Mohammed Jabor Al Thani	Member	Non-independent

b) Audit Committee:

1 Mr. Abdullah Ali Al-Ansari	Head	Independent
2 Mr. Ali Eskander Al-Ansari	Member	Independent
3 Sheikh Jabor Mohammad Hassan Al-Abdullah Al-Thani	Member	Non-independent

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(To view the Board of Directors' Committees, please visit Zad's website www.zad.qa)

6-BOD Meetings:

During the year reviewed, the Board of Directors held 6 periodic meetings in which the Board reviewed and approved the company's financial reports, its performance, approved its strategies and budgets, also reviewed the company's future strategic plans and issued a number of decisions and recommendations.

These board meetings were held in the presence of:

Member	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6 Meeting
1 Sheikh Nasir M. J. Al Thani	Present	Present	Present	Present	Present	Present
2 Sheikh Talal M. J. Al Thani	Present	Present	Present	Present	Present	Present
3 Sheikh Nawaf M. J. Al Thani	Present	Present	Present	Present	Present	Proxy
4 Sheikh Mansur M. J. Al Thani	Present	Present	Present	Present	Present	Present
5 Mr. Ali Eskander Al Ansari	Present	Present	Present	Present	Present	Present
6 Mr. Saud Omar Al Mana	Present	Present	Present	Present	Present	Present
7 Sheikh Thamer M. J. Al Thani	Present	Present	Present	Present	Present	Present
8 Sheikh Jabor M. H. Al Thani	Present	Present	Present	Present	Present	Proxy
9 Mr. Abdulla Ali Al Ansari	Present	Present	Present	Present	Present	Present

6- Board Committees Meetings and Performance:

The Audit Committee held 6 meetings during the fiscal year in which it reviewed and prepared several policies and internal control systems, reviewed the reports of the company's internal audit function's periodic reports, and put its recommendations and observations thereon, reviewed the offers received from External Auditors to carry out audits for the fiscal year 2022, reviewed the quarterly financial reports and presented to the Board of Directors for discussion and approval.

The Nominations and Remunerations Committee held two meetings during the fiscal year in which it reviewed the performance of the Board of Directors and the executive management and presented its recommendations regarding the board performance and their remunerations for the year 2021.

All meeting held by both committees were attended by all the members of the committees and their active participation in reviewing and discussing the agendas of the meetings.

7- Combining Positions:

Zad Board members are committed not to combine positions that are prohibited by law. All members provided a written declaration to the Board Secretary that they had not combined any of the positions during the reporting period as mandated by the BOD Chart.

8- BOD and Executive Management performance review:

During the review period, the Board conducted a self-evaluation of its performance and its committees' according to the duties and responsibilities of the

Chairman, members of the Board and its committees defined in the AOA and BOD Charter. It determines the directors' effectiveness in achieving the company's goals and objectives, their participation in attending meetings and actively contributing in delivering the duties of the Board while allocating appropriate time and effort. The Board also evaluated the performance of the executive management to verify its compliance with the internal controls and risk management systems in light of the reports received from its committees.

9- Best Practices of Governance:

The Board is fully aware of the laws and regulations of governance and always strives to follow best practices in this regards in terms of applying the principle of equality between stakeholders, transparency, putting the company's interest before their personal interests, disclosure of material information that enables investors to take the appropriate decisions and provide the best work environment for the company's employees.

The executive management also keeps all members aware of any changes in the governing laws and regulations,

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in addition to holding training sessions to increase the knowledge level of the members of the Board whenever required, and orientation programs for new members.

10- The Board Secretary:

The Board of Directors Charter states that the BOD shall have a secretary appointed by the Board. His services may only be terminated with a decision issued by the Board.

Zad Board of Directors' Secretary was appointed in February 2008 and his appointment letter was signed by the Vice-Chairman and Managing Director.

The Board secretary takes and keeps minutes of Board meetings, the members' attendance and any reservations that are discussed during these meetings. As the Secretary of the Board and under the supervision of the Chairman, he ensures proper delivery and distribution of meeting invites, agenda, information and coordinates among the members and other stakeholders of the company, including shareholders, management and employees. He also ensures that Board members have full and quick access to all Board meeting minutes, information, documents and records relating to the company and performs additional duties as head of the Investor Relations Department.

iv. Internal Control:

The Board of Directors is responsible for the company's internal control systems. The senior management in Zad hold regular meetings to review the performance of the company and its subsidiaries.

In addition, Zad prepares a detailed business plan for each of its subsidiaries, and monitors the performance of all of its subsidiaries in line with those business plans and provide the necessary support and guidance whenever required.

Zad conducts all of its business according to specific internal policies and regulations that ensure all its departments, employees and subsidiaries adhere to the best practices and comply with all standards and regulations stipulated in relevant laws in the State of Qatar while capitalizing on the usages of modern technology in its business requirements. Zad exercises a firm principle with Joint signature to approve payments and commercial transactions. It also established central functions in relation to treasury, information technology, human resources, legal affairs, public relations and procurement for all companies in the group.

Central financial functions and treasury, provide oversight over subsidiaries and control of risk factors and internal controls. The company also relies on external auditors to provide an independent opinion on the company's financial statements, risk assessment and the internal control system.

The board monitors the full compliance with the company internal controls and has an obligation to disclose failures in doing so, wholly or partly, or any other risks that may affect Zad's financial performance, and the procedures followed by the Company in addressing Internal Controls failures. During the review year, there has not been any failures in complying with the internal control systems.

1-Internal Audit:

Zad has formed a separate, independent and effective function that carries out the tasks of internal auditing, risk management, assess the company's commitment to best practices in its financial dealings and transactions with related parties and submits its periodic reports to the Board of Directors on these aspects. It has the right to access, at all times, all information related to any of the subsidiaries, departments or employees to be able to carry out the duties assigned to it. The Internal Audit Department and its employees enjoy complete independence and absolute authority in relation to their duties.

The function issues a quarterly audit report, including risk analysis, assessment of internal control, compliance with internal policies and regulatory requirements paired with its recommendations to the Audit Committee of the Board. During the review year, the function neither reported any violations nor any specific risks that the company faced besides the general risks related to global economic conditions.

v. Risk Management:

The Board of Directors has overall control and responsibility for risk management. To continue enhancing risk management practices and ensure a comprehensive assessment of the business risks, and besides the Internal Audit Department's involvement in risk management, Zad has established a committee consisting of members of executive management for risk management.

The committee meets regularly to evaluate and put mitigation plans of risk factors faced by the company either general risks such as natural, social, economical, political risks or risks related to the nature of the company's activities in particular.

All subsidiaries assess their own business risks related to their activities and develop their strategy under the supervision of the Risk Management Committee of Zad.

In accordance with the provisions of the Corporate Governance Code, the Board of Directors relies on the external auditor to assess any risks to which the company may be exposed as part of his duties. Auditor shall inform the Board in writing if any such risks are found and provide a copy of the same report to QFMA.

Zad has a whistleblower policy to receive and deal with

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reports about violations or breaches of the company's code of conduct, policies and/or procedures and this policy includes clear measures to protect whistleblowers from retaliation.

vi. External Audit:

Zad relies on external auditors registered with the Ministry of Commerce and Industry and Qatar Financial Market Authority to carry out audits and reviews on the company's business and practices in accordance with the relevant laws and regulations and provide an independent opinion. The external auditor is appointed for each financial year by the AGM.

The external auditors provide semi-annual reviews and an annual audit. In addition to that they submit an independent annual report to the shareholders on all matters related to internal control and performance evaluation practices, especially the following:

- 1- The suitability and effectiveness of the company's internal control systems.
- 2- The company's ability to continue its activities and meet its obligations. This shall be evaluated independently of what the Board reports.
- 3- The Company's compliance to develop internal policies and procedures, and the suitability of these procedures with the Company's status, as well as its commitment to implementing them.
- 4- The Company's compliance with its Articles of Associations, the provisions of the Law and QFMA's relevant legislations, including the Corporate Governance Code.
- 5- The Company's compliance in implementing best international standards in auditing and the financial reporting as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements.
- 6- The company's cooperation in enabling them to access the information necessary to complete their review.

The AGM held on April 18, 2022 appointed KPMG as auditor for the fiscal year 2022.

vii. Related Party Transactions:

Zad complies with all laws & regulations related to transactions with related parties. Zad identifies these transactions whenever they take place, register them and disclose them accordingly. All related party transactions during the year reviewed have been disclosed in the financial report of 2022 in note number 14.

The company's internal policies require that related parties disclose any transactions or dealings that may be conducted with the company before entering into them, as

well as putting forth the company's interest in those deals while providing the best offers/terms to the company. In case of failure, the party shall be in violation of the company's policy.

In all cases, all transactions that the company conducts with others are in the best interest of the company. Likewise, all the deals made are based on competitive prices, purely on commercial basis and do not include conditions that conflicts with the company's interest.

viii. Insider Trading:

Zad has clear guidelines for insider trading and discloses relevant information in accordance with the Qatar Commercial Companies Law, the regulations of Qatar Financial Markets Authority and Qatar Stock Exchange.

With regard to the insider trading of the company's shares, Zad provides QFMA and QCSD with an updated list of their names and information on an ongoing basis. The company also circulates to the Board members and insiders the periods when their trading of the company's shares directly or indirectly is prohibiting according to what is stipulated in the governing regulations.

ix. Dividend Payment:

The dividend payment process is subject to a recommendation from the Board of Directors and approval of the AGM based of the company performance and in accordance with the Articles of Association. The Board recommends the dividends distribution to the AGM after the consideration of liquidity requirements.

The Board of Directors has recommended a cash dividend of 62% and bonus shares of 5% for the year 2022 to be approved by the AGM scheduled for 10 April 2023.

x. Board Remunerations:

According to Article 36 of the Articles of Association, Board remuneration should not exceed 5% of the net profits after deducting the reserves and legal deductions and distributing no less than 5% of the capital as dividends to the shareholders.

The Nominations and Remunerations Committee submits a recommendation to the Board of Directors for the remuneration of the Board, and the Board recommends to the AGM for approval. The Board of Directors also determines the salaries and bonuses of the senior executive management.

Zad discloses all compensation paid to the members of the Board of Directors and any payments or salaries received by the Chairman, Board members or the Executive management as part of the related parties disclosures in the note no 14 of audited financials of the company.

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The Board has recommended to the AGM a remuneration of QAR 4.5 million for the financial year 2022.

xi. Policies and Procedures:

ZAD's Corporate Governance system comprises a number of strategic policies, procedures and systems, ("Policies") set by the Board of Directors or its committees. These Policies are subject to periodic reviews whereas amendments are recommended for Board approval to ensure they remain updated and relevant. Adherence to Board approved Policies is monitored and periodic reports are submitted to the Board regarding any breaches to the Policies for appropriate action. Critical Policies are published on the Company's website.

The key Policies are as follows:

- Governance chart
- Board Charter
- Audit Committee Charter
- Nomination & Remuneration Committee Charter
- Board and Committees Performance Evaluation Framework
- Audit Rotation and Independence Policy
- Disclosure Policy
- Terms of Reference – Chairman
- Terms of Reference - Chief Executive Officer
- Terms of Reference - Secretary of the Board
- Code of ethics
- Remuneration policy
- Rumors policy
- Related parties' policy
- Conflict of interest policy
- Insider trading policy
- Whistle Blowing Policy
- Board Induction and training policy
- Investors relation policy
- CSR Policy

xii. Corporate Social Responsibility (CSR) & Sustainability

ZAD's social responsibility is a voluntary commitment attempting to achieve business objectives while complying strictly with its legal, social, and environmental obligations, applying principles of equity and empathy in its relationships with the stakeholders, thus contributing the needs of society.

Through its CSR and sustainability initiatives, Zad aims at contributing positively to the welfare of its community and protects and preserves the environment by incorporating

sustainable business practices in all aspects of its operations.

During the review period, the company paid QAR 4.86 million towards the Social and Sports Fund. In addition to the above, the company paid QAR 14.76 million for Zakat.

xiii. Compliance and Control of Improvements:

The regulatory environment in Qatar is subject to changes from time to time. Zad monitors regulatory changes and continues to comply with all governing laws & regulations and their amendments. In addition, Zad maintains an open and constructive dialogue with regulatory authorities for further improvement. Wherever the Board and senior management identify gaps in governance practices, corrective measures are taken immediate basis.

1-Grievances and complaints:

During the review period, no grievances or complaints related to the application of the principles of governance were received by the board.

2-Disclosure requirements:

During the review period, the company disclosed all material information and events as mandated by the regulating laws.

Below table shows dates of financial disclosures and investors' conference calls held during 2021:

Period	Disclosure Date	Con. Call date
Annual 2021	23 March 2022	28 March 2022
First quarter 2022	25 April 2022	9 May 2022
Half yearly 2022	14 August 2022	18 August 2022
Third Quarter 2022	30 October 2022	2 November 2022

3- Compliance:

During the review period, the company has complied with all regulatory and legal requirements. The company has not been subject to any violations or fines imposed by regulatory bodies due to non-compliance with laws and regulations.

4- Conflicts and Legal Disputes:

During the review period, the company has not been a part in any significant dispute, litigation or lawsuit.