



حلواني اخوان
HALWANI BROS

ANNUAL REPORT 2022



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01

Halwani Bros Overview



An Overview – Incorporation



1830

1830 The Beginning of Halwani Bros



1952

Halwani Bros Co. enjoys the privilege of being one of the early Saudi companies who have marched into the field of food industry in the Kingdom of Saudi Arabia. The Company was established in 1952 as limited Partnership Co. from members of Halwani family and the legal structure has evolved since establishment, financially, and operationally volume-wise.



2007

With diversifying its products to transform to a joint stock company, In accordance to the Minister of Commerce and Industry Resolution No.264Q, on 23. 10. 1428 Corresponding on 14. 11. 2007, with a capital of SR 200 million.



2008

Halwani Bros Co, is a joint stock company in Saudi Arabia, listed in the Saudi Stock market in 2008 under code No (6001) in the Saudi Stock Exchange (Tadawul) Co, which comes under the main sector of basic consumer goods and sub-sector of (Food manufacturing Sector). On 16th of July 2008 the founders resolute to increase its capital to 285,714,300 SR by issuing 8,571,430 shares from the same class for public offering.



2019

The company increased its capital with approval of the Extraordinary General Assembly to become 314,285,730 SAR from the retained earnings account by 10% with an increase of 31,428,573 shares for the purpose of strengthening the company's capital to fit the size of its business and future aspirations.



2021

The Extraordinary Assembly meeting held on 28th of April 2021 have approved the increase of Company's Capital to become 353,571,450 SAR. Therefore, it will result in increasing the number of shares to become 35,357,145 Shares from the statutory reserve with a percentage of 12,5%, and that will be done in order to strengthen the company's capital to match the size of its business and its future aspirations.

► Halwani at Glance

Acting together to provide premium quality food products, by taking an approach to innovation, with the help of Allah, it strengthens one another to reach the highest levels of excellence achieving continuance earnings to our stakeholders and satisfaction of our consumers and community development, through:

- Provide premium quality food products satisfying and meeting our consumer's needs.
- Maximizing the interests of our shareholders.
- Motivating the capabilities of our work team and developing their skills.
- Activating our social responsibility.





► Mission

Together, we provide high quality food products by bringing innovative ideas and people who represent the highest standards of excellence, delivering sustainable growth to our shareholders.

► Vision

To be a world pioneer in providing the authentic taste sourced by the finest food products.

► Company values



Entrepreneurial Spirit

Since its inception, Halwani Brothers has adopted the concept of developing and managing products and creating new ideas that play a fundamental and vital role in economic and social development, and it strives to produce the best products of high quality that we proud to present them.



Collaboration

Halwani Brothers seeks to select employees who place dedication and spirit of cooperation among the most important principles in their work in order to achieve company's goals that leads to the success of all.



Accountability

The company employees are committed to what is issued by them in terms of words or actions while bearing their results, the company urges all employees to take responsibility for the tasks assigned to them and to perform them to the fullest.



Passion

The company focuses on everything that drives the employees to the keen interest in doing the work with an unbridled desire that is driven by love, insistence, strength and determination to succeed. Halwani maintains a practical environment based on respect for craftsmanship and implementation of skills, and is driven by the learning opportunities acquired from overcoming challenges to improve the quality of service.



Integrity

Halwani Brothers applies the concept of ethical commitment based on raising oneself and its distance from every mistake, and to be honest in the behavioral and ethical aspect in all of its actions.

► Our Story

We are, by the grace of Allah, the pioneers in the food industry with the authentic taste stemming from our environment and inspired by our history, heritage and civilization.

We are proud of our global launch from well-established bases in the Kingdom of Saudi Arabia.

We went through experiences with openness to the world, learning from and adding to it, seeking excellence, preserving originality and charming taste, and applying the highest international quality standards, as we obtained a quality certificate ISO 9001 certificate of high quality, in addition to HACCP, the certificate for the systematic management of food safety. Both certificates reflect our hard work and commitment to ensuring the superior quality of our products.

We implemented a strategy of marketing and distribution on a large scale locally, regionally and internationally to bring our products to the world, and this strategy has had the benefit of increasing sales and profits.



► Halwani Brother's History



The Beginning of Halwani Bros

1830

Halwani Brothers began introducing Sheep brand for Finest Halawa and Tahini, and the first registration for this brand was at Damascus in the year 1830

1952

Alsham factory

Halwani Bros Company is one of the most famous Saudi companies in the field of Manufacture and distribution of food products. The company was founded in 1952 in the city of Jeddah (Al Sham district) as a sample family business. The company started to produce “Halawa Tahinia” and it was the company’s main product. From the beginning, the most things that distinguish the company was high quality and wonderful taste. Halwani Bros is famous for 100% natural products. The company doesn’t use any kind of genetically modified food in addition to high quality, delicious taste and competitive price. For this Halwani Bros earned the trust of Saudi consumers.

1962

Port Factory

The simple project over time turned into an officially registered company. It started to use modern and sophisticated methods for manufacturing and distribution. The company began the expansion and evolution. It opened new and various factories in the Al mina road in the city of Jeddah in 1962. It expanded in producing food and it started to produce processed, cooked, smoked and frozen meat, In addition to producing fresh dairy cheese and ice cream.

1987

Egypt Factory

Halwani Bros Company wasn’t satisfied with sales and marketing policy only. But it turned to circulation policies. This transformation is one of the best achievements achieved after officially joining to Dallah Al Baraka Company. This supported upgrading quality standards of packaging and wrapping of products and increasing the proportion of sales and total net profits. In conjunction with this, the company opened an integrated factory in Cairo, Egypt for food products manufacturing. The Egyptian market is one of the excellent markets which the company are working in. The company achieved great fame in this market and it earned the trust of the Egyptian consumer. This enabled the company to increase it market share.

2016

Industrial City-Jeddah

In 2016, the company opened a huge industrial edifice consisting of a group of factories in Jeddah’s industrial city, and it also opened a poultry factory in the Arab Republic of Egypt, in line with the development of supply and demand for the company’s products and in order to provide the finest products in the Saudi and Egyptian market.

► Chairman's Statement

Dear respected Halwani Brother's Shareholders

May the peace, blessings, and mercy of God be upon you.

On behalf of myself and my colleagues on the Board of Directors of Halwani Brothers Company, I submit the annual performance report as well as the company's achievements for the fiscal year ending on December 31, 2022 AD. This report includes adequate coverage of the financial and operational indicators of the company, and it is presented to the General Assembly in accordance with the companies law and the regulations of the Capital Market Authority for consideration and approval.

We continue to comply with consumer demands, provide innovative high-quality food products, and work to increase our market share to ensure sustainable growth in order to achieve great value for our shareholders and increase the value of the local product.

Since the Kingdom's Vision 2030 came to draw a roadmap for developing the national economy and diversifying and developing sources of income, and since industry is one of the most important economic tributaries in the vision, the country has paid great attention to industrial development, and has provided all forms of support, backing and encouragement.

We at Halawani Brothers Company, are committed to investing in modern production lines, qualified human resources, and the use of the best manufacturing raw materials, food health and safety methods and systems, which helped us succeed and achieve our vision to be a leading company in the manufacture of food with the authentic taste emanating from our environment and civilization, starting with confident steps from the Kingdom of Saudi Arabia to the world.

In appreciation of the outstanding performance in the field of quality, the Saudi Food and Drug Authority has granted Halawani Brothers Company an (A + outstanding) evaluation in the corporate evaluation program for the year 2022. In addition, many other international quality certificates were obtained during this year in order to ensure that our company meets all expectations and the needs of all stakeholders, customers, suppliers, and the work team.



Kind Regards,

Abdulaziz Muhammad Abdo Yamani
Chairman of the Board

Board of Directors



Abdulaziz M. Yamani
Chairman of the Board



Abdullah I. Al Howaish
Vice Chairman of the Board



Mohamed A. Halwani
Member of the Board



Abdulelah A. Sabbahi
Member of the Board



Thamer Temairik
Managing Director and
Chief Executive Officer



Mohammed H. Alklaiby
Member of the Board



Ghassan Ahmed Amodi
Member of the Board



Sakhr Assad Jamjoom
Member of the Board



May AbuGhazalah
Member of the Board

02

Company's Operational Activity and its Subsidiaries



1 Halwani's Main Activity

1.1 Main Activity

Halwani Bros produces and distributes a wide range of food products that includes Halawa, Tahina, Maamoul (Arabic sweets), Processed meat, Jam, dairy Products, in Egypt the company produces same Products except dairy Products, it is a strong competitor in all its products like Juices, packaged foods, dairy Products and catering.

The company has 15 factories that produce various kinds of food products, and tin, which helps to diversify the company's income sources and this diversity provides the company with the ability to modify their products and develop different products consistent with the needs and desires of the consumers. The main activity of the company is the manufacture and distribution the company's food products which include the following products: Halawa, Tahina, Maamoul, Processed meat, Jam, dairy Products, salt, sugar, packaged foods and catering. The main products are concentrated in Halawa, Tahina, Maamoul, Processed meat and Jam.

The company sell and distribute its products through a wide distribution network and owned fleet by the company to a variety of different sales market including grocery stores, supermarket and hypermarkets. the company sell its products under the brands: Halwani Brothers, Al Nakhla, Mokhtarat, Top Top, Freshly, Sahtein, Maamoul, Sheep and Torch Mark in the Kingdom of Saudi Arabia, Egypt and Export Markets

2 Main Activities of Halwani Subsidiary

2.1 Incorporation of Subsidiary: (Halwani Bros Co Egypt)

The Company exercises its business in Arab Republic of Egypt through its subsidiary company (Halwani Brothers Co Egypt) an Egyptian joint stock Co, fully owned by 100%.



Halwani Brothers Co. in Arab Republic of Egypt has converted into an Egyptian Joint Stock in 1994 with a capital of EPG 60 million and amount of 300 million shares with a nominal value of 0.20 (Twenty Egyptian penny) per share



During 2022, the Board of Directors of the subsidiary company in the Arab Republic of Egypt decided on February 9, 2022 to increase the company's capital by 40 million Egyptian pounds, so that the current capital of the company after the increase would be 100 million Egyptian pounds.

2.2 | Main Activities of Subsidiary

Halwani Bros Egypt's main activity is focused on manufacturing, packaging, canning and distributing chilled and frozen meats, Tahina, Halawa, Jams, Maamoul, juices and poultry products through 6 factories located in the industrial zone in the 10th of Ramadan City.

2.3 | Partners and capital in Halwani Brothers Egypt (subsidiary company)

Partner's name	The value of shares in Egyptian pound	Percentage from the Capital
Halwani Bros (Saudi Arabia)	EGP 100,000,000	100%
Total	EGP 100,000,000	100%

3 | Halwani's significant plans and resolutions

A description of the Company's significant plans and resolutions, including structural variations or expansions in business or discontinuance of its operations and future forecast for Halwani Bros business, as follows:

3.1 | Company's significant resolutions taken during 2022

The following statements are highlighting the Company's significant resolutions taken during 2022:

1) Amending the Company's bylaws

The Extraordinary General Assembly held on 19th of April, 2022 has approved amending Article No. (3) of the Company's bylaws relating to company's objectives to correspond with the National Classification for the Economic Activities (ISIC4).

2) Subsidiary company in the Arab Republic of Egypt (Halwani Brothers Company - Egypt) has signed a (non-binding) memorandum of understanding with Aquat Food Industries Company

On the occasion of the visit of His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, Crown Prince, Prime Minister and Minister of Defense, may God protect him, to the Arab Republic of Egypt, Halwani Brothers Company announces that its subsidiary company in the Arab Republic of Egypt (Halwani Brothers Company - Egypt) signed on 21 / 06 / 2022, a one year renewable (non-binding) memorandum of understanding with Aquat Food Industries Company, the sister company of ALBAIK Food System Company, and the owner of the knowledge and technical rights in the manufacture of the famous ALBAIK products, a well-known fast food chain, for the purpose of studying the possibility of cooperation together in the field of food manufacturing for “ALBAIK” products. And supplying it to those who are licensed to operate ALBAIK `restaurants in the Arab Republic of Egypt, after Aquat Company completes the examination and evaluation that includes technical and logistical assessment for the factories of Halwani Brothers Company - Egypt - and agrees to the necessary conditions for that. Whereas the financial impact is expected to be around one Billion Egyptian Pounds and the company will timely announce any following major developments.

3) Resignation and Appointment of the Chief Human Resources Officer

Ms. Rawan Saud Jalal has been appointed as a Chief of Human Resources Officer starting November 15, 2022 as a replacement of Mr. Hisham Iyub who resigned as of November 20, 2022 due to personal circumstances. It is worth mentioning that Ms. Rawan Jalal holds a master degree in Business Administration from King Abdulaziz University in Jeddah. In addition, she holds a postgraduate certificate in organizational development and change from the Chartered Institute for Personnel Development in UK. Ms. Rawan has more than 20 years of professional experience in the field of human resources, organizational develop and worked in various industries, most notably was working in Saudi National Bank, Bupa Arabia Health Insurance and her most recent assignment was the Vice President of Human Resources at Middle East & North Africa Beverages Manufacturing Company.

4) Resignation and Acting Appointment of the Chief Financial Officer

Appointing Mr. Kareem Abdulwahab as the acting Chief Financial Officer starting from October 23, 2022 instead of Mr. Yasser Mohamed, who has resigned as of October 13, 2022 due to special circumstances. It's worth mentioning that Mr. Kareem Abdulwahab holds a Bachelor of Commerce (Accounting Division) from Cairo University and has a vast experience of more than 14 years in the financial field working for many companies in different industries, most notably was working in Jacob Delafon (Kohler), and last position he filled was Cost and Arbitrage Manager in Elrashidy El Asly Company.

5) Appointment of the Director of Research and Development

Sara Abdulmajeed Aldaous, Ph.D. has been appointed as a Director of R&D starting July 24, 2022. It is worth mentioning that Dr. Sara holds a PhD in Food Science and Technology from University of Florida, Gainesville, FL. She has more than 14 years of professional experience in the field of food industry and development. In addition, Dr. Sara has worked in many firms and most notably was working at The Bountiful Co., Long Island, NY, Kraft Foods, Terrytown, NY, PepsiCo, Valhalla, NY, Energizer Personal Care, Milford, CT, and her most recent assignment was the director of R&D at 1140Foods company, NYC, NY.

6) Appointment of the Sales & Business Development Director

Mr. Abdulgader Khumayes has been appointed as a Director of Sales & Business Development as of September 1, 2022. Abdulgader holds a master's degree in marketing from Dublin University of Technology, Ireland and a post graduate diploma in international business law from University of Liverpool, England. He has more than 16 years of experience in the fields of customer service, sales, and business development. Abdulgader has worked in many companies such as Goody as head of Business Development in (KSA, Kuwait, Bahrain, Yemen), Johnson & Johnson as head of sales and most notably working at Binzagr Unilever Distribution as managing director and customer development director.

7) Appointment of Risk Manager and Assignment of Compliance Management Tasks

Mr. Abdulgader Osama Badkook has been appointed as Risk Manager as of November 13, 2022. Abdulgader holds a bachelor's degree in Management Information Systems and has more than 14 years of experience in the fields of risk management and information technology. Abdulgader has worked in many companies, most notably working in Zuhair Fayez Partnership, Abdul Latif Jameel, and most recently in the position of Personal Finance Risk Manager at Saudi National Bank.

8) Executive Committee Reformation

The Board of Directors have resolute on 19/10/2022, to agree on reforming the members of the executive committee starting from that date until the end of the current Board's Term on 6/11/2024 as following:

#	Member's Name	Capacity
1	Mr. Abdullah I. Al Howaish	Chairman of the Committee
2	Eng. Thamer Temairik	Member
3	Eng. Mohammed H. Alklaiby	Member
4	Eng. Sakhr Assad Jamjoom	Member
5	Mrs. May AbuGhazalah	Member

9) Signing amendment of existing Islamic Shariah compliant financing agreement with Al Rajhi Bank to reduce finance cost

Halwani Brothers Company announces on 08/01/2023 on Saudi Exchange website that it has signed amendment of existing Islamic Shariah compliant financing agreement with Al Rajhi Bank to reduce finance cost as follows:

Date of obtaining the funding	05-01-2023
Financing amount	The total value of the financing facilities is SAR 230,831,000 of which: 1) SAR 20,831,000 are a medium-term loan 2) SAR 210,000,000 for working capital financing.
Financing duration.	1) The duration of the medium-term loan until the end of March 2024. 2) The duration for the working capital loan until the end of July 2023.
Guarantees offered for the financing	Promissory Note for the total facility amount
Financing objective	The purpose of this facility is to finance the company's working capital to reduce finance cost.
Related Parties	None

10) Signing an Islamic Shariah compliant financing agreement with Gulf International Bank

Halwani Brothers Company announces on 02/01/2023 on Saudi Exchange website that it has signed an Islamic Shariah compliant financing agreement with Gulf International Bank as follows:

Date of obtaining the funding	01-01-2023
Financing Amount	The total value of the financing facilities is SAR 120,000,000 Million, of which: -SAR 100 Million facilities for working capital financing. -SAR 20 Million facilities as Treasury Products
Financing duration	- The duration for the Working Capital facility is one year/renewable on yearly basis - Treasury Products for 5 Years
Guarantees offered for the financing	Promissory Note for the total facility amount
Financing objective	The purpose of this facility is to finance the company's working capital and Treasury Products
Related Parties	None

3.2 | Future Plans

Taking advantage of the expertise and resources available at Halwani Brothers, the company continues to implement its strategic plans that aim to continue its success in the local and international markets through:

- 1) Continuing to focus on developing and growing our core products, keeping pace with changing consumer desires and maintaining our leading market share.
- 2) Expanding the field of e-commerce to reach the consumer more effectively and continue to increase the strength of the Halwani brand.
- 3) Continuing to attract emerging groups and create products that suit their lifestyle such as Tahini Sauce and Halwa Spread.
- 4) Continuing the expansion in global markets in line with the approved growth strategy and the strength of the Halwani brand.

3.3 | Future Expectations

Based on market studies, research companies and experiences that have given us the ability to address all challenges and harness our energies to take advantage of the opportunities available in the market, we expect during the year 2023:

- 1) Growth, following the Kingdom's Vision 2030, where we are witnessing a tangible boom in the tourism, Hajj and Umrah sector.
- 2) We expect the restaurant and hotel sector to witness a significant increase in demand with the support of the General Entertainment Authority, which enhances the opportunity for Halwani to expand its services with its various products in this sector.
- 3) Keeping pace with the rapid changes in consumer life that require ready healthy foods for the family and working women.
- 4) Remarkable growth in new sectors such as discounted-price outlets and the importance of activating e-commerce channels, which pushes us to focus more on investment and keep pace with this growth.

3.4 | Competitive Advantages

Halwani Company is a national company with extensive experience in the field of food industry since 1830, which earned it the confidence of many customers in the local and international markets for its advantages:

- 1) A reliable brand and authentic heritage with a leading market share for most of the company's sectors.
- 2) Constant high quality that extended for long periods which earned it strength and consumer loyalty.
- 3) Huge industrial facilities and modern production techniques to ensure the best quality at an appropriate cost.
- 4) Years of experience led to our superiority in all steps of manufacturing and supply, starting from the purchase and manufacture of raw materials and ending with placing them in the right place and competitive price.

Therefore, Halwani Company is always keen to exploit opportunities by developing integrated plans and activating them to continue sales growth and increase its market share in the local and global markets.

3.5 | Human Resources Management

Focuses to care for employees to enhance organizational growth and develop a performance driven culture guided by our company values (Entrepreneurial Spirit, Passion, Integrity, Collaboration, Accountability). Employee motivation is another key focus for human resources as we recognize our employees through two awards (Halwani Champion) & (Al-Qawi Al-Amin).

► Talent Acquisition

We are keen to attract, grow and retain the right mix of talents and to boost the participation of working females while maintaining a diversity of different nationalities. The collected experiences have positioned the company for success and growth now and into the future.

► Qaderoon

We have signed an agreement with Qaderoon Network for Business Owners and Disabilities, as a strategic partner, to support the effective integration of talented individuals with special needs to our workplace and educate our associates and leaders on how to empower those talents and leverage their capabilities.

► Training

Building capabilities through structured training and development programs is another key focus area for Human Resources. As we truly believe in promoting a culture of endless learning, we strive to encourage our associates to continue their professional development and obtain the relevant professional certifications for their area of work to enhance productivity and create an environment that promotes constructive competition and teamwork.

► Wages & Rewards

We continuously seek to maintain a competitive wage and benefits base structure that is regularly benchmarked with the current market as this is critical for Halwani to attract and retain the best talents. Our performance-based reward programs are guided by a well-structured performance management system that ensures fairness and consistency in measuring achievements.

► HR Processes Digitization

A Program is used for all human resources operations, making it easier for our employees to complete their requirements digitally and with all ease and to communicate all their requests through Multimedia and text messages.

► Halwani initiatives

Halawani participates in many initiatives in coordination with the Social Responsibility Association, as well as cooperates with universities and specialized technical colleges to train our male and female students , which helps them apply what they have gained in a real work environment under the supervision of specialized cadres.

► Employee Engagement

Surveying the opinions and suggestions of our employees in strict confidentiality by conducting questionnaires that measure the extent of employee satisfaction to reach the best practices. A company specialized in this field has been contracted.

3.6 | Integrated Management System

Considering the importance of continuously improving Halwani Bros management and operations systems, the integrated management systems section has completed the following:

- ▶ Developed Policy Procedure for Related Party Transactions and Compliance Management. Re-issued Policy Procedures for Finance, Marketing, Purchase, Legal, R&D and IT Departments after updating in accordance with the industrial best practices, latest legal requirements, and HB Authority Matrix.
- ▶ Reviewed and updated Quality and Food Safety Management system documents, including the specifications of the finished products, according to the latest directives and technical regulations published by the Saudi Food & Drug Authority and Gulf Standards Organization.
- ▶ Continuously met the legal compliance requirements related to occupational health & safety and environmental management and obtained permanent operating permits from the relevant official authorities such as (Civil Defense, Saudi Authority for Industrial Estates and Technology Zones (MODON) - National Center for Environmental Compliance Control).
- ▶ Developing programs and following-up to benefit from waste recycling, which generated revenues of 1.2 million riyals.

▶ In the field of internal training:

Conducting nine different training programs in the field of quality and food safety, as well as four different training programs in the field of environmental health and occupational safety for various levels, including all workers in the departments of operation, general administration, and sales in Head Office and in branches.

▶ In the field of accreditation of quality certificates:

The periodic external audits were successfully completed during 10/2022 on quality & food safety management systems, environmental management, and occupational health & safety management systems. The validity of these certifications were extended for another one year.



Occupational Health & Safety Management System (ISO 45001:2018)



Food Safety Management System (ISO 22000:2018)



Environment Management System (ISO 14001:2015)



Quality Management System (ISO 9001:2015)



Hazard Analysis & Critical Control Points (HACCP)



Food Safety Management System FSSC 22000 V 5.1 2020

3.7 | R&D Department

In line with company's strategic objectives, during 2022 the Research and Development Department was restructured, to work in executing a plan for the sake of developing its products in order to compete in both local and international market presenting the highest quality in compliance with the specifications and requirements of Saudi Food & Drug Authority focusing on:

- 1) Attracting professional talents with scientific and practical skills from local and international companies.
- 2) Updating the policies and procedures for developing the products and unifying the efforts in both Halwani KSA and Halwani Egypt.
- 3) Establishing a strategic plan for the development of food products for the year 2022 and beyond to professionally compete both locally and globally considering consumer and clients' needs.
- 4) Focusing on catering sector as well as launching new products.

Flawlessly Execute New Product Development Initiatives for 2022 -2023 Launch to Consumers and Customers



► Limited Edition Halawa Dates & Cardamom



► Maamoul 2 in1 pack



► Roasted Smoked turkey with thyme



► Roasted Smoked turkey with paprika

3.8 | Sales Department

Sales department seeks to improve permanent excellence , continuous sales performance, and improve profitability in the market. To keep pace with market and customer demands, the company has reorganized the sales management team. Also, the company has worked on automating and digitizing the system and working with the team to obtain accurate and quick digital data and procedures. Moreover, the company updates the sales department's work procedures to target consumer and client requirements and diversify sales sources by focusing on different sales channels to reach the highest level of sales.

4.1 | Operational Risks

Operational risks arose from several factors related to the company's policies & procedures, People, systems, and external factors.

The company faced risks from updating internal processes to keep up with market changes and to accelerate the company's business flow and operations. These risks have been mitigated by early planning to update the IMS systems in accordance with ISO Standards.

Moreover, there were business risks from several external factors, such the Russian-Ukrainian war that affected the processed meat sector in general. Taking in consideration the risks of embargo imports from some countries and the possibility of insufficient agricultural crops that are used as basic raw materials in the food industry. This is in addition to the market conditions for the supporting materials and spare parts required for plant maintenance. In order to reduce risk factors, Halwani management monitored these risks on all factors, increased the levels of safety stocks and took appropriate decisions according to the circumstances.

4.2 | Credit Risk

Credit risk is the failure of a customer to fulfill the contractual obligations on the agreed specific time. Credit risk arises when one party (the customer) in a financial instrument (the contract of sale) fails to fulfill the obligations and causes the other party to incur a financial loss.

The company reduced its customers credit risk by setting credit limits for each individual customer and monitoring outstanding receivables. The top ten customers represent 30% of outstanding receivables as of December 31, 2022 (2021: 48%).

Impairment analysis is performed at each reporting date using an Expected credit loss (ECL) matrix. Provision rates are based on past due days for different customer segments with similar loss patterns (by geographic sector, product type, customer type and rating). The calculation reflects the probability weighted outcome, time value of money, reasonable and supportive information available at the date of the financial report about past events, current conditions and expectations of future economic conditions.

Commercial receivables are written off if it is ascertained that they will not being collected after the approval of the Board of Directors. These receivables are not subject to the claim activity if the cost of this activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the book value of each financial assets class and the group does not maintain guarantees. The group assesses the extent of concentration risk related to receivables and impaired contract assets since the group's clients are spread in countries with different legislations and operate in markets that are largely independent of each other.

Regarding credit risks arising from other financial instruments of the group, the group's exposure to risks arises from defaulted entities that it is dealt with, and that the maximum exposure equals the carrying value of these instruments.

4.3 | Liquidity Risk

Liquidity risk is the inability of the Company to meet its obligations related to financial liabilities when they are due, whether short or long term. Financial liabilities and their required liquidity were monitored on a monthly basis and Halwani management worked to ensure the availability of sufficient funds to meet any obligations. To manage this risk, the Company periodically evaluates available banking facilities to ensure the availability of enough liquidity to meet future financial liabilities when they fall due. The Company monitored the risk of shortage of funds through the liquidity planning tool.

The company aims to maintain a balance between continuity of financing and flexibility by using of Sharia Compliant banking financing and facilities. The Company's current liabilities represent 88% of the group's total liabilities, which mature in less than one year as on December 31, 2022 (2021: 81%). Based on the carries amount of loans shown in the financial statements, the Company assessed the concentration risk of the refinancing of the debt and concluded that it would be properly monitored. The Company has access to diverse and enough funds and amounts that are due within 12 months can be rolled over with the existing banks (lenders).

4.4 | Market Risk

Market risk occurs when fluctuation in fair value of the future cash flow of financial instruments. This occurs as a result of changes in the market price. Market prices include three categories of risks: interest rate risk, currency risk, commodity price risk and other prices.

A) Interest Rate Risks

Interest rate risk occurs when the value of financial instruments varies due to interest rate fluctuations. This arises from the possibility that fluctuations of interest rates affect the future profitability or fair value of financial instruments.

The Company is exposed to commission rate risk on its interest-paying liabilities, including bank financing and murabaha. Income sensitivity is the effect of hypothetical changes in interest rates on the Company's income for one period, with other variables remaining constant, based on financial liabilities/ obligations with variable rates as of December 31, 2022.

B) Currency Risk

Currency risk arises when the value of a financial instrument fluctuates due to changes in foreign exchange rates. The Company is exposed to fluctuations in foreign exchange rates during its regular business, and this effect comes from fluctuations in the Egyptian pound exchange rates. Fifty-Eight (58%) of the Company's revenue for the year ended December 31, 2022, was generated from the subsidiary, Halwani Brothers - Egypt (2021: 58%), where the Egyptian pound was used as its operating currency. The parent Company did not conduct any material transactions other than Saudi Riyals and US Dollars during the year. Since Saudi Riyal is fixed against the US Dollar, balances in US Dollars did not pose any significant currency risks. The Company manages currency risk by continuously monitoring changes in currency rates and making appropriate decisions.

C) Raw Marital Price Risk

The Company uses significant various raw materials in its production processes. These raw materials are subject to price fluctuations, which may affect the Company's outcomes. To reduce this risk, Halwani management monitored the prices of raw materials and made appropriate purchasing decisions according to prices expectations. Additionally, safety stocks of raw materials were reserved based on financial analysis and future studies of raw materials markets and regularly exploring of alternative resources.

4.5 | Compliance Risks

The company developed & implemented a strategy to ensure adherence to the procedures of Government & legislative authorities and to properly conduct its business and operations. Moreover, the Company set & implemented internal P&P for all concerned departments to ensure compliance with the regulations, instructions, and ethical & behavioral rules by submitting proposals and recommendations, assessing and measuring the extent of compliance, this approach will positively impact the reputation and credibility of the Company and create an ideal work environment branded by clarity and transparency.

4.6 | Risk Management & Monitoring Process

Risks in general are part of the Company's activities and are managed continuously through a mechanism that consists of identifying risks, evaluating them and following them up. The risk management process is necessary for the Company's ability to achieve profits and reduce losses. Every employee in the Company is responsible for managing risks related to what his job or responsibilities dictates. Risks are challenged, managed and monitored by avoiding high risks whenever possible, reduce their impact or transfer it to other parties.



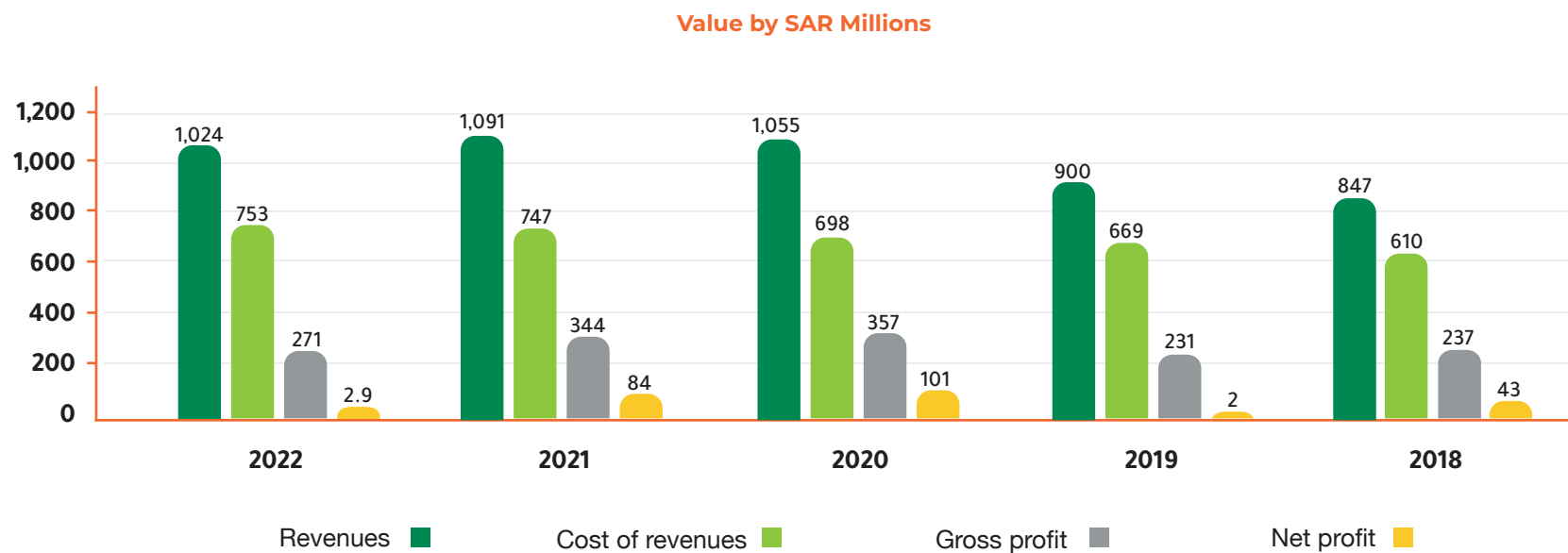
03

Financial & Operational Results

5 Summary of the Company's Assets & Liabilities and Financial Results for Five Years

5.1 Comparison of the Company's Financial Results

Item SAR Millions	2022	2021	2020	2019	2018
Revenues	1,024	1,091	1,055	900	847
Cost of revenues	(753)	(747)	(698)	(669)	(610)
Gross profit	271	344	357	231	237
Net profit	2.9	84	101	2	43

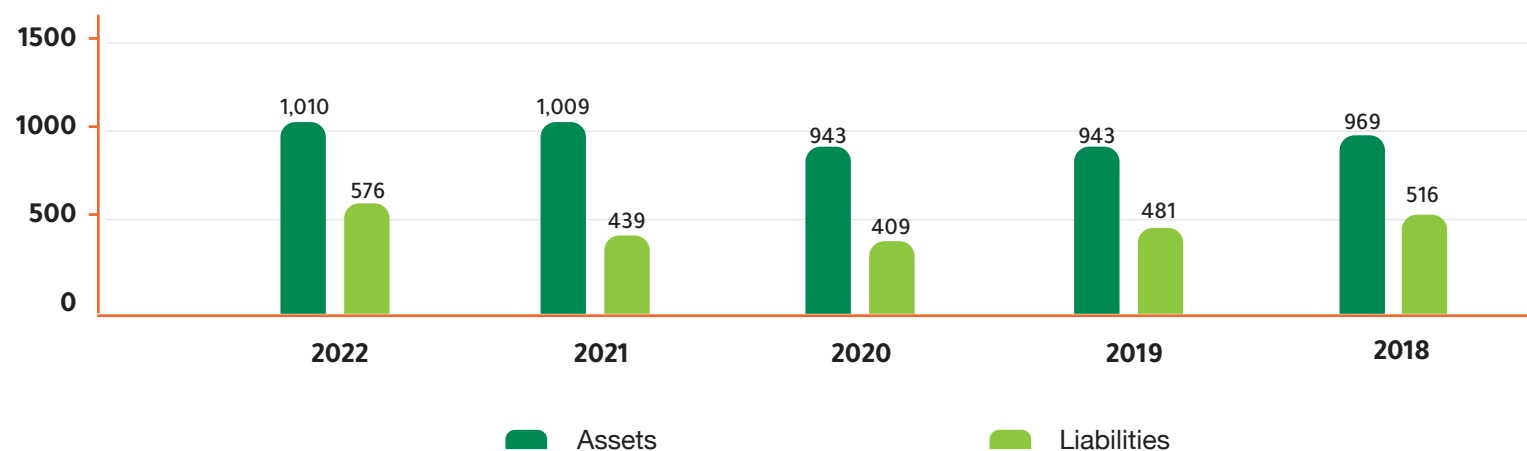


The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia.

5.2 | Comparison of the Company's Assets & Liabilities

Item SAR Millions	2022	2021	2020	2019	2018
Current assets	513	479	397	368	388
Non-current assets	497	530	546	575	582
Total assets	1,010	1,009	943	943	969
Current liabilities	505	357	303	334	437
Non-current liabilities	71	82	106	147	79
Total liabilities	576	439	409	481	516

Value by SAR Millions

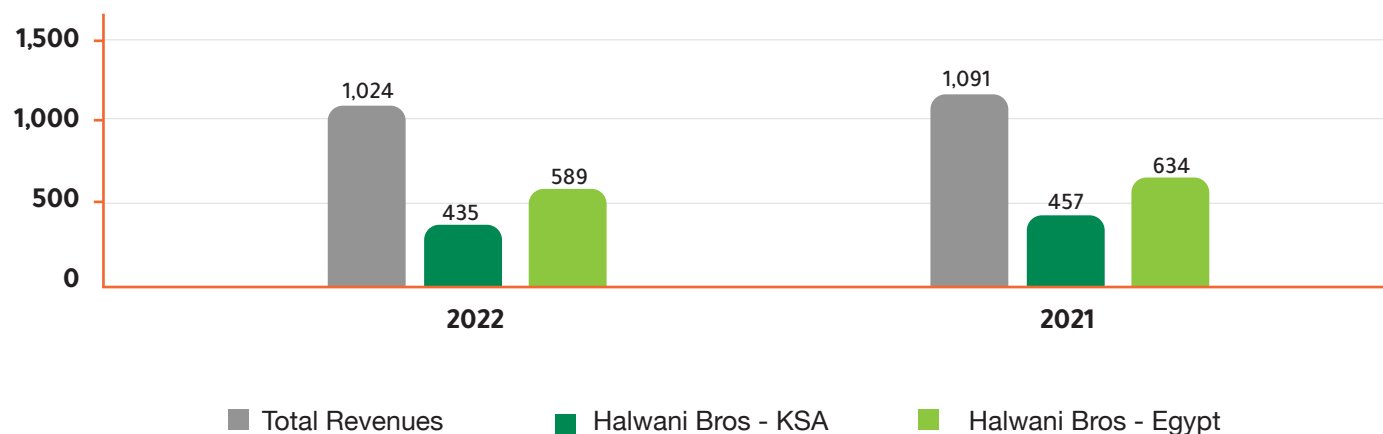


The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia.

6 Geographical Analysis of the Company's and its Subsidiaries Revenues

Year (SAR Millions)	Geographical Analysis of the Company's Revenues (SAR Millions)		
	Total Revenues	Halwani Bros – KSA	Halwani Bros – Egypt
2022	1.024	435	589
2021	1,091	457	634

Geographical Analysis of the Company's Revenues (SAR Millions)



The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia.

Statement of any material differences in the operational results compared to the preceding year results or any announced expectations

Item SAR Millions	2022	2021	Variance (+) or (-)	Variance %
Revenues	1,024	1,091	(67)	-6%
Cost of revenues	(753)	(747)	6	1%
Gross profit	271	344	(73)	-21%
Operational revenues – Other	8	6	2	33%
Operational expenses – Other	(232)	(226)	(6)	3%
Operational profit (loss)	47	124	(77)	-62%
Net Profit (loss)	3	84	(81)	-97%

The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia.

04

Board of Directors and Affiliate Committees



8.1 Board Members and Committees Members (within the Board of Directors) formed by the board

**Eng. Abdulaziz M. Yamani**

Chairman of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
	Chief Executive Officer at Dallah Albaraka Holding Group Co.	Executive Vice President, Real Estate Investments Vice President, Business and Development Vice President at Dallah Albaraka, Assistant CEO at Dallah Al Baraka Group, General Director at Dallah Al Baraka, Assistant Managing Director at Dallah Industrial Investment Company, General Manager at Dallah Industrial Investment Company, CEO of Arab Media AMC	Bachelor of Industrial Engineering in 1995	He began his career in 1995, where he held several leadership positions in a number of companies and Boards memberships, local and international in various sectors (financial, media, industrial, agricultural and real estate)

**Mr. Abdullah I. Al Howaish**

Vice Chairman of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Chairman	Managing Director and CEO at Sinad Holding Company	Managing Director at Amlak International for Real Estate Finance Co	Bachelor of Economics from King Abdulaziz University - Jeddah, Kingdom of Saudi Arabia in 1985	Began his professional career in 1985 AD, where he had many leadership positions in several banks and companies, and entered memberships in boards of directors and committees of local and international companies in various sectors (Banks, Finance, Investment, Transport, Trade, and Manufacturing).



Mr. Mohamed A. Halwani

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
	Businessman, Chairman of the Board at International Halwani Company	Founder of Saudi Halwani Brothers Company	High school in 1965	Industrial expertise in the field of food products industry



Mr. Abdulelah A. Sabbahi

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Audit Committee Chairman	Chief Executive Officer Dar Saleh Co.	1. Senior Manager & Regional Manager Western Region Saudi Investment Bank 2. General Manager investment Funds Al Tawfeek Co. 3. Vice President of Financial Affairs & Administration Dallah AL baraka Holding Group Co.	Bachelor of Management and Economics in Accounting in 1977	Financial and administrative expertise



Eng. Mohammed H. Alklaiby

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Member	Chief Executive officer at Ebdæe Watan Food trading CO. LTD	Vice President at United Sugar Company, Senior Vice President at Savola, Chief of Seniors executives at Savloa, Consultant to the Excellency the Minister of Economy and Planning, Consultant to the Excellency the Minister of Hajj and Umrah	Bachelor of Science in Industrial Engineering in 1994, Master of Business Administration in miniature in 2005	Administrative and consulting experiences



Mr. Ghassan Ahmed Amodi

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Nomination and Remuneration Chairman & Audit Committee Member	Chief Executive Officer at Asyad Holding Company	Chief Executive Officer at Dar Altamleek. General Manager of (Corporate Banking) at The Saudi British Bank, Regional Head of Corporate Banking (SABB Western Region).	Bachelor of Science in Business Administration from The American University – Los Angeles, CA United States of America in 1994	He began his career in 1995 where he held several leadership positions in banking sector and membership of the boards of directors of companies and committees in various sectors



Eng. Thamer Temairik

Managing Director and Chief Executive Officer

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Member	Managing Director and Chief Executive Officer of Halwani Brothers Saudi Arabia, & Managing Director of Halwani Brothers Egypt	<ul style="list-style-type: none"> • Global Nutrition Regional Director – MENA at PEPSICO. • Chief Marketing officer at AMS BAESHEN. • Brand Management at Procter & Gamble. 	Bachelor of Science in Electrical Engineering from George Washington University, USA, & Master of Engineering Management	More than 20 years in the field of marketing, sales and business development and worked for many local and international companies



Eng. Sakhr Assad Jamjoom

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Member	Vice President - Domestic Sales Lubricants Petromin Corporation	Vice President HR, Admin and Marketing - Petromin Vice President HR and Admin - Petromin General Manager Manufacturing - Global Textile Company, Greif JV Head of Manufacturing Logistics – Ahmed Baeshen Company Operation Group Manager & Autonomous Maintenance pillar leader - Modern Products Company, Procter & Gamble JV	Master's in Engineering Management Bachelor's Industrial Engineering	Manufacturing/Production, Marketing, Sales and Business Development, and worked in many leadership positions in local and multinational companies



Mrs. May Ihsan Shakour AbuGhazalah

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Nomination and Remuneration Committee Member and Executive Committee member	<ul style="list-style-type: none"> -Secretary of The Board – ALBAIK Group & General Manager - AbuGhazalah Charitable Foundation -Board Member - AlWoustah Food Services Company 	<ul style="list-style-type: none"> Head of Brand Reputation Management – ALBAIK Food System Company Assistant Brand Manager – ALBAIK Food System Company Marketing Coordinator – ALBAIK Food System Company 	Master's in business administration	Leadership, management and marketing expertise

8.2 | Committee Members (Not within the Board of Directors)



Mr. Nasser Sahaj Al Shaibani

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Audit Committee member (from outside the Board of Directors)	Financial and Administrative Consultant	Consultant - Al-Rashid Chartered Accountants Office Consultant - Harf Information Technology Company Diploma Manager - Gulf Training Company Lecturer - Technical College in Riyadh	Master's in Accountancy & Information Systems University of Denver Bachelor's in Accounting University of King Saud	More than 20 years in the field of financial and consultancy services and the development of administrative systems



Eng. Haitham Medainy Almedainy

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Nomination Remuneration Committee member (from outside the Board of Directors)	EVP Human Resources Division- Bank Albilad	Head of Resourcing - SABB, KSA. HR Senior Relationship Manager- Business Partner – SABB, KSA. Treasury Risk Manager - SABB, KSA. Network Development Manager- SABB, KSA. Network Operations Manager- SABB, KSA. Development Engineer- SABB, KSA. LAN Administrator- King Faisal Specialist Hospital (KFSH), KSA.	Bachelor's degree in computer engineering CIPD certification	Several leadership positions, consulting expertise, and development of technical, information and administrative systems

Names of the companies in which the member of the Board of Directors Is a director or manager of its current or pervious board of directors.

9.1 | Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors

Board Member Name	Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Eng. Abdulaziz M. Yamani	<ul style="list-style-type: none"> • Sinad Holding Co. • Itqan Capital • Dallah Albaraka Holding Co • Dallah Trading Co. • Dallah Technology & Alternative Energy Ltd. Co • Foras International Investment Co (Under Liquidation) • Ulker Food Manufacturing Co • International Biscuits Company • Jude alhala Trading Co. Ltd. • Dallah Albaraka Investment Holding Co • Manakha Project Urban for Development Holding Co. LTD • Al Thuraya ALomarania Properities • Benfit sharining company for real estate • Brouj first of Investment • AMAM Modern Real Estate Development Company • Makkah Est for Printing and Information Est • Ismailia Misr Poultry • Al Baraka Bank Egypt • Al Baraka Financial Investment Company • A.T.Securitization • Arab Moltaka Investments Company (AMIC) • Dallah Albaraka Holding Co. - Bahrain 	<p>Listed</p> <p>Unlisted</p> <p>Unlisted</p> <p>Limited liability</p> <p>Limited liability</p> <p>Unlisted</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Unlisted</p> <p>Unlisted</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Media institution</p> <p>listed</p> <p>listed</p> <p>Unlisted</p> <p>Unlisted</p> <p>Listed</p> <p>Listed</p>	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p>

Board Member Name	Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Eng. Abdulaziz M. Yamani	<ul style="list-style-type: none"> Egyptation Dallah Albaraka For Investment & Development Al tawfeek for Development & Investment (ADICO) Al tawfeek Investment Funds Company AlTawfeek Development House Holding CO Dallah International Holding CO The Arab Company for Technology Investments and Development Dallah Real Estate Investments Company Almaza Real Estate Development Company Samala &Alam Al-Roum Co For Urban Development Costa de Smla For Hotels & Resorts New Ismailia For Urban Development Copmay Mechreef Company Almushrif Club Sal Company Halwani Brothers Company (Egypt) Saden Holding Company GODIVA INVESTMENT (GDV)UI Egypt B.V UI Egypt 	Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Listed Unlisted Unlisted Unlisted Limited liability Private Limited Liability Company Private Co. With Limited Liability	Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom
Mr. Abdullah I. Al Howaish	<ul style="list-style-type: none"> Amlak International for Real Estate Finance Co Sinad Holding Co. Alessa Industries Company SEDCO Capital Co Halwani Brothers Co. (Egypt) Emaar The Economic City Co (EEC) Al Rabie Saudi Food Co 	Listed Listed Unlisted Unlisted Unlisted Listed Unlisted	Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Egypt Inside the Kingdom Inside the Kingdom

Board Member Name	Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Mr. Abdulelah A. Sabbahi	<ul style="list-style-type: none"> • Dar Saleh Co. • Al Baraka Bank Tunisia • Best Lease • Société Al Buhaira de Developpement et d'Investissement • El Amana Takaful • International Tunisian Fair • Buhaira Entertainment Company • Societe Al-Baraka Immobiliere • Algerian Saudi Leasing Ltd • Al tawfeek Company for Investment Funds - Cayman • Al tawfeek Development House Holding Co. - Bahrain • Al Baraka Banking Group • Dallah Albaraka Holding Co – Bahrain • Dallah Albaraka Holding Co – Saudi 	Unlisted Unlisted Listed Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Listed Unlisted Unlisted	Inside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Inside the Kingdom
Eng. Thamer Temairik	<ul style="list-style-type: none"> • Halwani Brothers Co. (Egypt) 	Unlisted	Outside the Kingdom
Eng. Mohammed H. Al Klaiby	<ul style="list-style-type: none"> • Ebdæe Watan Food trading CO. LTD • Arabian Cement Co 	Unlisted Listed	Inside the Kingdom Inside the Kingdom
Mr. Ghassan A. Amodi	<ul style="list-style-type: none"> • Dar Al-Hekma University • Saba Clinics • Albaraka Group bank Turkey 	Unlisted Unlisted Listed	Inside the Kingdom Inside the Kingdom Outside the Kingdom
Mrs. May AbuGhazalah	<ul style="list-style-type: none"> • AlWoustah Food Service Company 	Limited Liability	Inside the Kingdom
Eng. Sakhr Assad Jamjoom	<ul style="list-style-type: none"> • Petromin Corporation 	Closed Joint stock company	Inside the Kingdom

9.2 | Names of the Companies in which the member of the Board of Directors was a director or manager of its pervious board of directors

Board Member Name	Names of the Companies in which the member of the Board of Directors was a director or manager of its pervious board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Eng. Abdulaziz M. Yamani	<ul style="list-style-type: none"> • Dallah Bitumen Company • Food services group company • Al Rabie Saudi Food Co. Ltd • Textile and garment company • National Petrochemical Industry Company [NATPET • Saudi Basic Advanced Industries Company (SBAIC) • Dallah Industrial Investment • Arab Company for Acricultural Investment • Saudi Swicorp Co • AlSamah Trading Co • Saudi Foras Investment Co • Alujain holding company • The Investor for Securities • Altawfeek Development House CO • Al Shara Arabia Real Estate Company • Waj Devlopment Investment Co.LTD • Al-Tawfeek Financial Group (Liquidate the company) • Tunisian Company for the Development of the Milk Industry (SOTUDIL) • Al Sawari Investment Co. LTD (offshore) • kawamel Trading and Contracting Company (offshore) • Tawleed for Electrical Business (Offshore) • The Arab Company for Real Estate and Tourism Investment • Egyptian Saudi Finance Bank • A.T. LEASE • A.T.Lease Company 	<p>Limited liability Unlisted Limited liability Limited liability Unlisted Limited liability Limited liability Unlisted Unlisted Limited liability Limited liability Listed Unlisted Limited liability Limited liability Limited liability Unlisted ----- Limited liability Limited liability Limited liability Unlisted Listed outside the Kingdom Listed Unlisted</p>	<p>Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom</p>

Board Member Name	Names of the Companies in which the member of the Board of Directors was a director or manager of its pervious board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Mr. Abdullah I. Al Howaish	<ul style="list-style-type: none"> • Standard Chartered Capital Saudi Arabia Co • Riyadh Airports Co • Simah Saudi Credit Bureau Co • Fawaz Abdulaziz Alhokair Co • Altawfeek Financial Group (currently Itqan Capital) • SABB Takaful Co • Saudi Amad for Airport Services & Transport Support Co • Saudi Ground Services Co • Al Ittefaq Steel • Al Khozama Management Company 	Unlisted Unlisted Unlisted Listed Unlisted Listed Unlisted Listed Unlisted Unlisted	Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom
Mr. Abdulelah A. Sabbahi	<ul style="list-style-type: none"> • Itqan Capital 	Unlisted	Inside the Kingdom
Eng. Mohammed H. Al Klaiby	<ul style="list-style-type: none"> • United Sugar Company • Halwani Brothers Company (Egypt) 	Unlisted Unlisted	Inside the Kingdom Outside the Kingdom
Mr. Ghassan A. Amodi	<ul style="list-style-type: none"> • Dar Altamleek 	Unlisted	Inside the Kingdom

10 Composition of the Board and members classification

The Company's bylaws have set the formation of members of the Board, to be consisted of 9 members, which is in line with the Companies Law issued by MC. Three years is the duration of completing the Board's session. (The period set out in the company's bylaws for the Board membership duration). Therefore, the board of directors has been formed for a three-year session started on 07 / 11 / 2021 to 06 / 11 / 2024. following statement clarifies names and composition of the Board and members classification as of 31 Dec 2022:

No	Member's Name	Membership Classification
1	Eng. Abdulaziz M. Yamani	Non-Executive
2	Mr. Abdullah I. Al Howaish	Non-Executive
3	Mr. Abdulelah A. Sabbahi	Non-Executive
4	Mr. Mohamed A. Halwani	Non-Executive
5	Eng. Mohammed H. Alklaiby	Independent
6	Mr. Ghassan Ahmed Amodi	Independent
7	Eng. Thamer Temairik	Executive
8	Eng. Sakhr Assad Jamjoom	Independent
9	Mrs. May AbuGhazalah	Non-Executive

11 Board, Committees (Audit, Nomination and Remuneration, Executive) General Assemblies Meetings held during 2022

Statement	Board of Directors Meetings	Executive Committee Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meetings	Ordinary General Assembly Meetings	Extraordinary General Assembly Meetings	Total
Number of meetings	5	5	7	5	0	1	23

12 Board of Directors Meetings

The Board of Directors held a total of (5) Meetings during 2022, and the following statement illustrates Board Meetings and attendance record for each meeting:

Member's Name	1st 10/3	2nd 8/6	3rd 6/9	4th 27/9	5th 27/12	Total
Eng. Abdulaziz M. Yamani	√	√	√	*√	√	5
Mr. Abdullah I. Al Howaish	√	√	√	√	√	5
Mr. Abdulelah A. Sabbahi	√	√	√	√	√	5
Mr. Mohammed A. Halwani	√	√	√	×	√	4
Eng. Mohammed H. Alklaiby	√	√	√	√	√	5
Mr. Ghassan Ahmed Amodi	√	√	√	√	√	5
Eng. Sakhr Assad Jamjoom	√	√	√	√	√	5
Eng. Thamer Temairik	√	√	√	√	√	5
Mrs. May AbuGhazalah	√	√	√	√	√	5

* Proxy attendance.

*Last meeting of the General Assembly during 2022 was held on 19 /4 / 2022

13 Procedures for informing the Board members of the shareholder's suggestions and notes on the Company and its performance

The company's By-law ensures all shareholders rights related to the share, and they have the right to inquire and request information in a manner that does not affect the interests of the company and does not contradict with the Capital Market Law and its Implementing Regulations. Additionally, the company collects all suggestions or remarks submitted by its shareholders through e-mail or by phone and the general assembly meeting. The Board of Directors are notified by a summary of these suggestions or comments, if any.

14 Committees responsibilities and functions

According to the company's By-Law and corporate governance regulations, an appropriate number of sub-committees emanating from the board are formed according to the company's need, conditions and activities. In a way that contributes in assisting the Board of Directors to effectively perform the duties entrusted to them, in accordance with general procedures established by the Board that include defining the objective of the committee, its tenure, and its powers delegated to it during this period, and how the Board supervises it. The committees submit their reports to the Board of Directors, which periodically monitors the tasks of these committees, to verify that they are carrying out the tasks assigned to them. Additionally, the Board approves the Charters of all committees emanating from it, while the General Assembly approves the Charters of the "Audit Committee, and the Nomination and Remuneration Committee" and the following Board committees have been formed:

1) Audit Committee

2) Nomination and Remuneration Committee

3) Executive Committee

Therefore, an illustration of the responsibilities, functions and meetings of these Committees during 2022.

14.1 | Audit Committee

The Audit Committee assists the Board of Directors in performing its duties and carrying out its responsibilities related to the terms of reference, tasks, and responsibilities according to what is mentioned in the Audit Committee Charter or referred to it by the Board of Directors. The Committee shall be accountable and report to the Board of Directors. It shall inform the Board of Director of all results or resolutions taken in a transparent manner and the presentation of its minutes that include the results of its actions, resolutions, directives, recommendations, and any reports issued by it to the Board of Directors periodically. The Board of Directors shall follow up the work of the Committee regularly, on how it hands the assigned tasks, and the company's Ordinary General Assembly, which was held on October 13, 2021 endorse the formation of the Audit Committee and its Charter.

14.1.1 | Competencies of Audit Committee

The Audit Committee shall be responsible for monitoring the Company's businesses and verifying the integrity and fairness of its reports, financial statements, and internal control systems. Besides any other duties and responsibilities assigned to it by the Board of Directors, the mandates of the Committee shall particularly include the following:

► A) Financial Reporting

- 1) Analyzing the Company's interim and annual financial statements before presenting them to the Board of Directors, and expressing its opinion and providing recommendations thereon to ensure their integrity, fairness, and transparency;
- 2) Providing technical opinions, at the request of the Board of Directors, as to whether the Board of Directors' report and financial statements are fair, balanced, and understandable, and include information that enables shareholders and investors to evaluate the Company's financial position, performance, business model, and strategy;
- 3) Analyzing any important or unfamiliar issues contained in the financial reports;
- 4) Accurately investigating any issues raised by the Company's CFO or the person assuming his/her duties, or the Company's Compliance Officer or External Auditor;
- 5) Verifying accounting estimates in respect of significant matters stated in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

► B) Internal Audit

- 1) Examining and reviewing the Company's internal control systems, and risk management systems;
- 2) Analyzing the internal audit reports and following up on the implementation of corrective measures for the remarks contained therein;
- 3) Monitoring and overseeing the performance and activities of the Company's internal auditor along with the Internal Audit Department, if any, to ascertain the availability of necessary resources and their effectiveness in the performance of its activities and mandates. If the Company does not have an internal auditor, the Committee shall provide recommendation to the Board of Directors as to the need to appoint such an auditor;
- 4) Providing a recommendation to the Board of Directors on appointing a manager of the Internal Audit Unit or Department or an internal auditor, and propose his/her remuneration; and
- 5) The Committee shall periodically meet with the Internal Auditor, at least twice a year.

► C) External Auditor

- 1) Providing a recommendation to the Board of Directors on the nomination and dismissal of external auditors, determining their fees and evaluating their performance, following the verification of their independence, and reviewing the scope of their work and the terms of their contract;
- 2) Verifying the independence, objectivity, and fairness of the External Auditor and the effectiveness of the audit activities, taking into account relevant rules and criteria;
- 3) Reviewing the Company's External Auditor plan and its activities, and verifying the non-submission of technical or administrative works that are beyond the scope of the audit activity, and providing their inputs thereon;
- 4) Responding to queries of the Company's External Auditor;
- 5) Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith
- 6) The Committee shall periodically meet with the External Auditor, at least twice a year.

► D) Compliance Assurance

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- 2) Ensuring the Company's compliance with the Related Laws, Regulations, Policies, and Instructions;
- 3) Reviewing the contracts and proposed transactions that the Company desires to conduct with related parties thereof, and providing its recommendations to the Board in connection therewith; and
- 4) Reporting to the Board any issues in connection with what it is deemed necessary to take action on and providing recommendations as to the actions that should be taken.

14.1.2 | Members of the Audit Committee

As on December 31, 2022, the committee includes the following members:

No	Member's Name	Capacity
1	Mr. Abdulelah A. Sabbahi - Non-Executive Board member	Chairman of the Committee
2	Mr. Ghassan A. Amodi - Independent Board member	Member
3	Mr. Nasser Sahaj Al Shaibani - not from the Board of Directors	Member

14.1.3 Meetings of the Audit Committee

During 2022, the audit committee held (7) meetings, and the members of the committee participated in the attendance as below:

Member's	1 st 17/2	2 nd 7/3	3 rd 24/4	4 th 22/6	5 th 4/8	6 th 25/10	7 th 14/12
Mr. Abdulelah A. Sabbahi	√	√	√	√	√	√	√
Mr. Ghassan A. Amodi	√	√	√	√	√	√	√
Mr. Nasser Sahaj Al Shaibani	√	√	√	√	√	√	√

14.2 Nomination and Remuneration Committee

In line with the Corporate Governance Regulations, the Board of Directors have resolved combining the nomination and remuneration committees into one committee, and the company's general assembly endorse the committee's Charter. Therefore, the committee's Charter have been amended, which were approved in the company's general assembly meeting held on 03/02/2021 in accordance with the corporate governance regulations. The Remuneration and Nominations Committee is responsible about the tasks related to the remuneration of the members of the Board and the committees emanating from it, the remuneration of the Executive Management and the nominations for membership of the Board and the Executive Management as set forth below, in addition to any other duties and responsibilities assigned to it by the Board of Directors.

14.2.1 Competencies of Nomination and Remuneration Committee

The Committee shall carry out the following duties & responsibilities:

- 1) Prepare a clear remuneration policy and submit it to the Board of Directors for consideration and as to be approved by the Company's General Assembly, Provided that performance-related standards are followed in such policy, and they are disclosed and ensure implementation, and such policy includes the following:
 - Remuneration of the Board members.
 - Remuneration of the committees stemming from the Board of Directors.
 - Remuneration of the Executive Management.

- 2) Clarify the relationship between the granted remuneration and applicable remuneration policy, and determine any material deviation from this policy.
- 3) Periodically review the remuneration policy, and assess its efficiency in fulfilling the intended objectives thereof.
- 4) Give the following recommendations to the Board of Directors, in accordance with the policy approved by the General Assembly:
 - Remuneration of the Board members.
 - Remuneration of the committees stemming from the Board of Directors
 - Remunerations of the senior executives.
- 5) Propose clear policies and standards for membership of the Board of Directors and Executive Management.
- 6) Give recommendation to the Board of Directors on nominating and re-nominating its members in accordance with the approved policies and standards, and ensure not to nominate any person previously convicted for committing a breach of trust.
- 7) Prepare a description of the capabilities and qualifications required for the membership to the Board of Directors and for assuming the Executive Management positions.
- 8) Determine the time a member shall allocate for the activities of the Board of Directors.
- 9) Review, on an annual basis, the necessary needs of the appropriate skills or expertise for the membership of the Board of Directors and Executive Management positions.
- 10) Review the organizational structure of the Board of Directors and Executive Management, and provide recommendations in respect of the changes which can be made.
- 11) Review, on an annual basis, if independent members acting independently and if there is a conflict of interests in case the member is a board member of another company.
- 12) Set a job description for the executive, non-executive and independent members and senior executives.
- 13) Set the relevant procedures in case of a vacant position of a Board member or senior executive.
- 14) Determine the weaknesses and strengths of the Board of Directors, and propose solutions for remedying the same for the benefit of the Company.

14.2.2 | **Members of the Committee**

As on December 31, 2022, the committee includes the following members:

No	Member's Name	Capacity
1	Mr. Ghassan A. Amodi - Independent Board member	Chairman of the Committee
2	Mr. Haitham Almedainy – not from the Board of Directors	Member
3	Mrs. May AbuGhazalah– non-Executive Board member	Member

14.2.3 Meetings of the Committee

During 2022, the committee held (5) meetings, and the members of the committee participated in the attendance as below:

Member's Name	1 st 21/2	2 nd 29/3	3 rd 4/9	4 th 18/10	5 th 20/12
Mr. Ghassan A. Amodi	✓	✓	✓	✓	✓
Mr. Haitham Almedainy	✓	✓	✓	✓	✓
Mrs. May AbuGhazalah	✓	✓	✓	✓	✓

14.3 Executive Committee

The Executive Committee is formed by a resolution of the Board of Directors and the tenure of their membership is specified in the resolution, provided that the tenure of the Committee's must not exceed the Board's tenure according to the membership rules and conditions set forth in the Committee's Charter, which was endorsed by the Board of Directors on May 13, 2019, and then the Board of Directors have approved the proposed amendments on 27 Dec, 2020.

14.3.1 Competencies of Executive Committee

The Executive Committee shall carry out duties related to its scope which include, in particular, those listed below, in addition to any other duties and responsibilities assigned by the Board of Directors:

- 1) Periodic review of the Company's strategic plans and its subsidiaries to ensure their compatibility with the company's objectives.
- 2) Ensure the company's strategic plans have been reflected into reality to achieve the company's objectives.
- 3) Pursue implementation of the company's financial, executive and regulatory policies and regulations, and continuously develop them and propose appropriate amendments with submission to the Board of Directors.
- 4) Pursue implementation of plans and estimated budgets of the company, follow up on the actual performance, analyze the causes of deviation, if any, and provide recommendations in their regards.
- 5) Review the approved budget by the Board of Directors and, the Committee has the authority to override the approved budget in accordance with what is specified in the Matrix of Authorities.

- 6) Approving the sale and disposal of fixed assets in which beyond the authority of the CEO according to the Matrix of Authorities approved by the Board of Directors.
 - 7) Pursue the company's financial statements, cash flows, and its financial and credit relationships with others.
 - 8) Assure the integrity of the data and information that must be disclosed, in accordance with the applicable policies and systems for disclosure and transparency.
 - 9) Review the company's overall performance, in accordance with the objectives approved by the Board of Directors.
 - 10) Study and follow up the company's investments with submission of its recommendations to the Board.
 - 11) Study the entry into a new investment or acquisition of the company or asset with submission of recommendations to the Board.
 - 12) Study the exit from an existing investment of the company with submission of recommendations to the Board.
 - 13) Proposing and developing internal policies related to the company's work, including defining the tasks and competencies assigned to the various organizational levels.
 - 14) Proposing written and detailed policies defining the powers delegated to the executive management, and a matrix illustrating those powers, implementation mechanism, and execution period.
 - 15) Follow-up and review legal cases against the company or filed by the company against others.
 - 16) Study and review the annual and long-term financial objectives and strategies, as well as related performance indicators, and estimated budgets.
 - 17) Review the company's significant financial matters and its subsidiaries, such as matters related to the company's capital, the company's credit rating, cash flows, and investment deposits, in cooperation with the company's executive management and the audit committee.
 - 18) Preparing and reviewing recommendations submitted to the Board of Directors related to the company's Dividends Distribution Policy and implementation method.
 - 19) Periodic review of the actual capital expenditures and reviewal with pre-approved budgets.
 - 20) Opening and closure of bank accounts.
 - 21) The Executive Committee, through its chairman or whomever it delegates, must inform the Board periodically about the exercise of its duties and inform the Board of the minutes of its meetings.
 - 22) Recommending to the Board for approving obtaining credit facilities, loans, rescheduling, and related conditions, contracts, etc., beyond the powers delegated to the committee.
 - 23) Endorsement of financing facilities in accordance with the powers of the committee, based on the matrix of authority approved by the Board of Directors.
 - 24) Conducting negotiations and approving contracts with other parties that exceed the authority of the CEO according to the authority matrix and the limits of the approved budget.
 - 25) The committee has the power of accessing all sources of information necessary for carrying out its duties and responsibilities through the CEO or the secretary of the committee.
 - 26) The committee may delegate any of its responsibilities or powers to the executive management, but the Executive Committee remains the only responsible entity before the Board for any powers have been delegated.
 - 27) Occasionally the Board may delegate any of its powers to the Executive Committee by a resolution Issued by the Board, provided that to be presented for the Board during its periodic meetings.
- * The Board of Directors also delegated, during 2021, the Executive Committee to carry out the tasks of the Risk Management Committee in addition to its tasks, which were stipulated in the Corporate Governance Regulations issued by the Capital Market Authority as a guiding article.

14.3.2 | Members of the Executive Committee

As on December 31, 2022, the committee includes the following members:

#	Member's Name	Capacity
1	Mr. Abdullah I. Al Howaish	Chairman of the Committee
2	Eng. Thamer Temairik	Member
3	Eng. Sakhr Assad Jamjoom	Member
4	Eng. Mohammed H. Alklaiby	Member
5	Mrs. May Ihsan AbuGhazalah	Member

14.3.3 | Meetings of the Executive Committee

During 2022, the Committee held (5) meetings, and the members of the committee participated in the attendance as below:

Member's Name	1 st 23/2	2 nd 19/4	3 rd 17/7	4 th 1/11	5 th 18/12
Eng. Abdulaziz M. Yamani	√	X	√	Committee Session ended on 19/10/2022	
Mr. Abdullah I. Al Howaish	√	√	√	√	√
Eng. Thamer Temairik	√	√	√	√	√
Eng. Sakhr Assad Jamjoom	√	√	√	√	√
Eng. Mohammed H. Alklaiby	√	√	√	√	√
Mrs. May Ihsan AbuGhazalah	Appointed at the Committee on 19/10/2022			√	√

15 The Methodology used by the Board of Directors to Assess their Performance as well as the Committees & Board members individual performance

Nomination and Remuneration Committee has put a written plan for the mechanism of evaluating the Board's performance, the Committees, and the Members for three years. It has been activated starting from year 2022 to work on addressing weaknesses and strengths and optimizing areas of strength. They also submit their observations to the Board of Directors, if any.

16 Board of Directors Members and Executive Management Remunerations

16.1 Board of Directors Members Remunerations Policy

The General Assembly on 13 / 10 /2021, have endorsed the updates on the policy of Board of Directors Members, Committees and Executive Management Remunerations, which targets setting a clear standards for the Board of Directors Members, Committees and Senior Executives Remunerations within the company, in light of the requirements of Companies Law issued by MC and CMA Policies & regulations. Additionally, This Policy also aims to attract qualified, competent and talented individuals to work in the Board of Directors, committees and Executive Management, by adopting incentive plans and programs for remunerations that are linked to performance, which contributes to improving the Company's performance and achieving the interests of its shareholders. The Nominations and Remuneration Committee shall provide their recommendations to Board of directors regarding the Remunerations of Board of Directors members, Emanating Committees members, and Senior Executives within the company, in accordance to the approved policy, as the following:

- 1) The policy aligns with the Company's strategy and objectives.
- 2) The remuneration is provided with a view to urging the members of the Board of Directors and the Executive Management to contribute to the long-term success and development; for example, by linking the remuneration's variable part to long-term performance.
- 3) The remuneration is determined depending on the job level, duties and responsibilities assigned to the concerned person, academic qualifications, practical experience, skills and performance level.
- 4) The remuneration is consistent with the level, nature and degree of the Company's risks.
- 5) Other practices of the Company are taken into consideration for determining the remuneration, with avoiding unjustified rise in the remuneration which may occur in that regard.

- 6) The policy aims at acquiring, retaining and motivating professional competencies, subject to the provisions of Paragraph (3) of Article (76) of the Companies Law.
- 7) A member of the Board of Directors may obtain a remuneration for his membership in the formed audit committee or for any executive, technical, administrative or consultancy or positions under a professional license, the company delegates him for, in addition to the remuneration obtainable as a member of the Board of Directors and in the emerging committees From the Board of Directors in accordance with the Companies Law and the Company's By-law.
- 8) The Remuneration and Nomination Committee will determine the remuneration for new appointments.
- 9) The remuneration's payment or redemption is suspended, if it is found out that the issued remuneration was based on inaccurate information provided by a Board member or the Executive Management, so as to prevent the misuse of job position for obtaining non-entitled remuneration.
- 10) If the General assembly decided to terminate the membership of Board Member, of who is absent from three consecutive meetings of the board without having a legitimate excuse, then he's not-entitled to any remuneration for the period that follows the last meeting he attended, and he must return all remuneration paid to him for that period.
- 11) In case of the company develops a program to grant shares to Board of Directors members, executive management and its employees, whether it is a new issuance, or shares purchased by the company. That must be done under the supervision of Remuneration and Nomination Committee, in accordance with the Company's By-law and relevant rules and regulations of the Capital Market Authority.

16.2 | Remuneration and compensation of the members of the Board of Directors

Subject to provisions of the Company's By-law, the remunerations of membership in the Board of Directors consist as follows:

- 1) According to article (22) of Company's By-law, remuneration of Board members consists of a specified sum or sessions attendance fee of or in-kind benefits or a certain percentage of the net profits, and may, combine two or more of those benefits, As determined by the Board of Directors, within the limits stated in the Companies Law and its regulation, subject to provisions of related instructions, resolutions and policies Issued by competent authorities.
- 2) Where the remuneration represents a certain percentage of the company's net profits, this percentage should not exceed in excess of (10%) from the net profits, and that after deducting the reserves endorsed by the General Assembly implementing the provisions of the Companies Law and Company's Bylaw, and after distributing dividends on the shareholders not less than 5% from the company's paid capital, provided that this remuneration shall be from the date of joining the Committee according to the duration of his membership during the fiscal year.
- 3) In all cases, the total of remuneration and financial or in-kind benefits that a Board Member receives may not exceed which is the maximum limit of remuneration stipulated in the regulations and laws, in accordance with the controls set by the competent authority.
- 4) The annual remuneration for each member of the Board of Directors shall be an amount not exceeding SAR (300 Thousand).

- 5) The attendance allowance shall be SAR 4,000 for each meeting of the Board of Directors.
- 6) The Company shall cover the reasonable and actual costs and expenses incurred by the Board member for the purpose of performing his work.
- 7) The Annual Directors' report shall include a comprehensive statement of all the amounts received by each board member during the fiscal year including remunerations, allowances, expenses, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services. Such a report shall also include a statement of the number of the board meetings held and the number of meetings attended by each member beginning from the date of the last meeting of the General Assembly.
- 8) The remunerations of board members may vary, in which reflecting the members' experience, expertise, duties to undertake, and independence and number of board meetings attended in addition to other considerations.
- 9) The remuneration of independent board members shall not be a percentage of the profits that are realized by the company, nor shall it be based directly or indirectly on company's profitability.

16.3 | Committees members Remunerations

Audit Committee Charter, and Nomination & Remuneration Charter, which have been endorsed by the general assembly, and the Executive Committee Charter, which have been endorsed by the Board of Directors, includes the remunerations related to its members, it's an annual remuneration of 130,000 Riyals for the Chairman of the Audit committee and a 100,000 Riyals for the audit committee members. 100,000 Riyals for the Chairman of the Nomination & Remuneration committee and a 75,000 Riyals for the Nomination & Remuneration committee members. An amount of 130,000 Riyals for the Chairman of the Executive committee, and a 100,000 Riyals for the Executive committee members. provided that this remuneration shall be from the date of joining the Committee according to the duration of his membership during the fiscal year.

The following statement illustrates the remuneration and compensation paid in favor of Committees Members during 2022:

16.3.1 | Remunerations details for Audit Committee members

Member's Name	Fixed remunerations (Riyals)	Sessions attendance fee (Riyals)	Total (Riyals)
Mr. Abdulelah A. Sabbahi	130.000 Riyals	28.000 Riyals	158.000 Riyals
Mr. Ghassan A. Amodi	100.000 Riyals	28.000 Riyals	128.000 Riyals
Mr. Nasser Sahaj Al Shaibani	100.000 Riyals	28.000 Riyals	128.000 Riyals
Total	330.000 Riyals	84.000 Riyals	414.000 Riyals

16.3.2 Remunerations details for Nomination & Remuneration Committee members

Member's Name	Fixed remunerations (Riyals)	Sessions attendance fee (Riyals)	Total (Riyals)
Mr. Ghassan A. Amodi	100.000 Riyals	20.000 Riyals	120.000 Riyals
Mrs. May AbuGhazalah	75.000 Riyals	20.000 Riyals	95.000 Riyals
Mr. Haitham Almedainy	75.000 Riyals	20.000 Riyals	95.000 Riyals
Total	250.000 Riyals	60.000 Riyals	310.000 Riyals

16.3.3 Remunerations details for Executive Committee members

Member's Name	Fixed remunerations (Riyals)	Sessions attendance fee (Riyals)	Total (Riyals)
Eng. Abdulaziz M. Yamani	104.140 Riyals	8.000 Riyals	112.140 Riyals
Mr. Abdullah I. Al Howaish	105.968 Riyals	20.000 Riyals	125.968 Riyals
Eng. Thamer Temairik	100.000 Riyals	20.000 Riyals	120.000 Riyals
Eng. Sakhr Assad Jamjoom	100.000 Riyals	20.000 Riyals	120.000 Riyals
Eng. Mohammed H. Al Klaiby	100.000 Riyals	20.000 Riyals	120.000 Riyals
Mrs. May AbuGhazalah	19.892 Riyals	8.000 Riyals	27.892 Riyals
Total	530.000 Riyals	96.000 Riyals	626.000 Riyals

16.4 The Methodology of determination of the remuneration for members of Board of Directors

The remuneration for members of Board of Directors are determined based on his performance evaluation and his participation within the events and businesses of the Board & Committees during the fiscal year In order to ensure that the remuneration is paid on a fair basis and upon the recommendation of the Nominations and Remuneration Committee, provided that this remuneration shall be from the date of joining the Board or Committees according to the duration of his membership during the fiscal year.

16.5 | The relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy

It has been committed, in payment of remunerations granted to members of the Board of Directors and committees according to the endorsed remuneration Policy and Committees Charters approved by the General Assembly of Shareholders, in accordance to the company's by-law.

16.6 | Remuneration and compensation of the members of the Board of Directors

Fixed remunerations (Riyals)									Variable remunerations (Riyals)							
Name	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total	End-of-service award	Aggregate Amount	Expenses Allowance
First: Independent Directors																
Ghassan A. Amodi	400.000	20.000	48.000	-	-	-	468.000	-	-	-	-	-	-	-	468.000	-
Sakhr Assad Jamjoom	300.000	20.000	20.000	-	-	-	340.000	-	-	-	-	-	-	-	340.000	-
Mohammed H. Al Klaiby	300.000	20.000	20.000	-	-	-	340.000	-	-	-	-	-	-	-	340.000	-
Second: Non-Executive Directors																
Abdulaziz M. Yamani	304.140	16.000	8.000	-	-	-	328.140	-	-	-	-	-	-	-	328.140	-
Abdullah I. Al Howaish	305.968	20.000	20.000	-	-	-	345.968	-	-	-	-	-	-	-	345.968	-
Abdulelah A. Sabbahi	330.000	20.000	28.000	-	-	-	378.000	-	-	-	-	-	-	-	378.000	-
Mohamed A. Halwani	200.000	16.000	-	-	-	-	216.000	-	-	-	-	-	-	-	216.000	-
May AbuGhazalah	294.892	20.000	28.000	-	-	-	342.892	-	-	-	-	-	-	-	342.892	-
Third: Executive Directors																
Thamer Temairik	300.000	20.000	20.000	-	-	-	340.000	-	-	-	-	-	-	-	340.000	-
Total	2.735.000	172.000	192.000	-	-	-	3,099,000	-	-	-	-	-	-	-	3,099,000	-

In implementation of stipulated in Article 76 of the Companies Law, therefore it has been committed not to exceed the total in the annual remuneration and compensation Granted to a Chairman, or Board member above the statutory ceiling.

05

Executive Management



Names of Executive Management, and their Current and Previous Positions, Qualifications and Experience



Eng. Thamer Temairik

The Managing Director & Chief Executive Officer

Current Positions	Previous Positions	Qualifications	Experience
The Managing Director & Chief Executive Officer of Halwani Brothers Saudi Arabia, & Managing Director of Halwani Brothers Egypt	<ul style="list-style-type: none"> • Global Nutrition Regional Director – MENA at PEPSICO. • Chief Marketing officer at AMS BAESHEN. • Brand Management at Procter & Gamble. 	Bachelor of Science in Electrical Engineering from George Washington University, USA, & Master of Engineering Management	More than 20 years in the field of marketing, sales and business development and worked for many local and international companies



Eng. Fawaz Halwani

Vice President

Current Positions	Previous Positions	Qualifications	Experience
Vice President of Saudi Halwani Brothers Company, Member of the Board of Directors of Halwani Brothers Egypt, Member of the Board of Directors of shawermatac Company	Businessman	<ul style="list-style-type: none"> - Bachelor of Mechanical Engineering Production Industry in 1998, - Master of Business Administration, Marketing in 2003 	Industrial engineering services - distribution and manufacture of food products



Mr. Yasser Awad Abdelwahab Mohamed

The Company's Chief Financial Officer

(Has Resigned on 13/10/2022)

Current Positions	Previous Positions	Qualifications	Experience
Halwani's Bros Saudi Chief Financial Officer	<ul style="list-style-type: none"> - Chief Financial Officer of Omar Kassem Alesayi Marketing Co, - Chief Financial Officer of National Biscuits Confectionery Co, - Financial Manager of National Food Industries Company – Americana 	<ul style="list-style-type: none"> - Bachelor's Degree in accounting from Ain Shams university 1991 - Certificate of the American Association of Accountants CPA - Passed the exams of the American institute of Management Accountants (CMA) 	More than 28 years of experience in Financial Management, and worked in several local and regional companies



Mr. Kareem Abdulwahab

(Acting) Chief Financial Officer

Current Positions	Previous Positions	Qualifications	Experience
Acting Chief Financial Officer- Halwani Brothers	<ul style="list-style-type: none"> -Financial Controller of Halwani Bros -Costing & Budgeting manager of Halwani Bros -Costing Section head in Alrashidy Al Asly -Financial Analysis section head in Kohler 	Bachelor's Degree in accounting from Cairo university	More than 14 years of experience in Financial Management, and worked in several local and regional companies



Mr. Mohamed Nasr Eldin

Internal Audit Director

Current Positions	Previous Positions	Qualifications	Experience
Internal Audit director (CAE) Halwani Bros Saudi	<ul style="list-style-type: none"> Internal Audit Manager- Halwani Bros Egypt Audit Manager (Comptroller) – Accountability State Authority Egypt 	<ul style="list-style-type: none"> Bachelor of Commerce, Major Accounting, May 1991, Ain Shams University, Egypt Diploma of Post Graduate Studies in Financial Accounting, May 1995, Ain Shams University, Egypt Certified Internal Auditor (CIA), 2005, IIA USA. Certified Information Systems Auditor (CISA), 2010, ISACA USA. Certification in Risk Management Assurance (CRMA), 2013, IIA USA Member of Egyptian society of Accountants & Auditors (ESAA), 2017 Egypt. 	30 years' experience in Audit, Accounting, Internal Audit & Risk Assessment



Mr. Abdalnasser Attiah

Corporate Governance and Investors Relation Manager & Board Secretary

Current Positions	Previous Positions	Qualifications	Experience
Corporate Governance and Investors Relation Manager & Board Secretary – Halwani Bros Saudi & Board Secretary – Halwani Bros Egypt.	Corporate Governance & Board Affairs Officer at Saudi Ground Services Co.	Bachelor of Science in Economics from King Abdulaziz University - Kingdom of Saudi Arabia	In Administration, Corporate Governance, Board Affairs.



Mr. Mohamed A. Siam

Chief Marketing Officer

(Has Resigned on 31/01/2023)

Current Positions	Previous Positions	Qualifications	Experience
Chief Marketing Officer	<ul style="list-style-type: none"> • CEO Obeikan Digital • General Manager Obeikan paper division • General Manager Henkel GCC • Regional Marketing director Henkel MEA • Global Marketing Director Persil Henkel 	BSC in Business Administration & Economics AUC	Marketing, Sales, General Management, Business Development, Manufacturing



Mr. Hisham F. ElKhatib

Procurement Director

Current Positions	Previous Positions	Qualifications	Experience
Procurement Director	Regional Procurement & Planning Manager – The Industrial Group – DIFC, Dubai	BSC Commerce MBA Management	Strategic Sourcing plans, Contracting, Negotiation & Vendor Management.



Eng. Mounib Issa

Integrated Management Systems Consultant

Current Positions	Previous Positions	Qualifications	Experience
CEO Consultant For Quality Systems	<ul style="list-style-type: none"> - Director of Quality Assurance Department at Halwani Brothers Company, Saudi Arabia. - Previous position as Factories Department Head at Halwani Brothers Factories, Saudi Arabia. - Production Management in Food Industries, Damascus, Syria 	Bachelor of Agricultural Engineering	Engineering, industrial, Administrative and Consulting Services.



Ms. Rawan Jalal

Chief Human Resources Officer

Current Positions	Previous Positions	Qualifications	Experience
Chief Human Resources Officer - Halwani Brothers	Vice President of Human Resources at (MenaBev) Middle East& North Africa Beverages Manufacturing Co	MBA degree from King Abdul Aziz University, Postgraduate Certificate in Organizational Development and Change from the Chartered Institute for Personnel Development in UK, licensed Occupational Tester and Birkman Methods Certified Consultant.	Over 20 years of professional achievement and proven track record in Talent Acquisition, Organizational Development, Coaching, People Development, Culture & Engagement across multiple sectors such as Financial Services, Insurance and FMCG.



Mr. Abdulgader Khumayes

Sales & Business Development Director

Current Positions	Previous Positions	Qualifications	Experience
Sales & Business Development Director - Halwani Brothers	<ul style="list-style-type: none"> -2019-2022 Binzagr Unilever Distribution: Managing Director and Customer Development Director -2018- 2019 Johnson & Johnson: Head of Sales 2013-2018 Goody: Head of Business Development KSA, Kuwait, Bahrain, Yemem 	<ul style="list-style-type: none"> -Post graduate Diploma International Business Law- University of Liverpool -MSc. Marketing- Dublin University of Technology -BA. Visual Media and Journalism- Griffith Collage Dublin 	16 years' experience in customer service, sales, and business development.



Dr. Sara Aldaous

Director of Research and Development

Current Positions	Previous Positions	Qualifications	Experience
Director of R&D- Halwani Brothers	<ul style="list-style-type: none"> -Head of Research and Development, 1440 Foods (Worldwide Sport Nutrition Supplement Inc.), Manhattan, New York -Director of Product Development, The Bountiful Co., New York -Kraft Foods, NY -PepsiCo, NY -Energizer (Edge) Personal Care, CT 	<ul style="list-style-type: none"> -BSc in nutrition and food, King Abdelaziz University -MSc in food science and nutrition, University of Maine, Orono, ME -PhD in Food Science and Technology, University of Florida, Gainesville, FL 	13 years of professional experience in the field of food industry and development and food supplement in the U.S.A



Mr. Abdulgader Badkook

Risk Manager

Current Positions	Previous Positions	Qualifications	Experience
Risk and Compliance Manager- Halwani Brothers	Personal Finance Risk Manager – Saudi National Bank Senior Application Analyst for Service and Parts – Abdullattif Jameel. Application Analyst – Zuhair Fayeze Partnership	Bachelor's degree - Business Information Systems	8 Years – Saudi National Bank – Consumer Risk Finance, Operational Risk 3 Years – Abdullattif Jameel – Senior System Analyst. 2 Years – Zuhair Fayeze Partnership – System Analyst.

18 The remuneration of Company's Executive Management

Based on the recommendation of the Nominations and Remuneration Committee, the Board of Directors determines the remuneration of Company's Executive Management which, includes the following:

- 1) A Fixed amount to be paid in the form of salary and allowances, the allowances that include housing, transportation, annual air tickets, and any other allowances that are proposed by the Nominations and Remuneration Committee and approved from the Board of Directors.
- 2) An annual bonus related to KPIs, according to the annual appraisal evaluation, that's done accordingly.
- 3) Based on the recommendation of the Nominations and Remuneration Committee, the Board of Directors endorses the plans, policy and sorts of remuneration for Company's Executive Management and employees.
- 4) The Nominations and Remuneration Committee must supervise on implementing the remuneration policy for all employees and senior executives, considering the plans, programs and general guidelines approved by the Board.

18.1 | Remuneration and compensation of Senior Executives for 2022

Statement	Five of Senior Executives (Including CEO and CFO) (Riyals)
Salaries	4.815.250
Allowances	1.733.738
In-Kind benefits	-
Total	6.548.988
(Periodic Remunerations (As per employment contracts	1.400.000
Profits	-
Shot-term incentive plans	-
Long-term incentive plans	-
Granted shares	-
Total	-
End-of-service award	287.770
Total remunerations for board executives, if Any	-
Aggregate Amount	8.236.758

- Five of Senior Executives (Including CEO and CFO) (Riyals).
- All remunerations and compensations for senior executives for 2022.

06

Social Responsibility



Details of Corporate Social Responsibility

Halwani Brothers believes in its role and social responsibility towards individuals and society, and the positive and effective participation and its commitment to improvement and development through basic standards (respect and responsibility, community backing and support, environment protection). Some of the initiatives carried out by Halwani Brothers during 2022 include:

- ▶ Welcoming the pilgrims, and contribute to the conduct of the convoy of Saudi products as gifts for pilgrims.
- ▶ Supporting those affected by Jeddah floods, in cooperation with districts associations and the efforts of employees and their families.
- ▶ Sponsoring the Green Nation Initiative for afforestation, planting trees and spreading environmental awareness in cooperation with the Social Responsibility Association in Jeddah.
- ▶ Holding workshops to introduce volunteer work to employees and their families and spreading the culture of volunteerism within the community.
- ▶ Continuing to provide food baskets to the homeless in cooperation with the Darkom Endowment for the care and rehabilitation of the mentally ill.
- ▶ Working on training university students in some of the company's departments to develop their functional and academic capabilities and qualify them to enter the labor market.

Halwani also continues to work on programs to raise food awareness and provide food products that suit all members of society.





07

Governance and internal Control

What Provisions has / has not been implemented of the Corporate Governance Regulations, with justifications

Halwani Brothers Company has been keen on observing compliance with the principles of good governance, following high professional standards in its transactions, and adopting aspects of transparency and disclosure in order to enhance the efficiency of the company's work and its relations with all stakeholders, especially since the company believes that adopting this approach enhances investor confidence in its business and its growth.

The Company applies all the provisions of the Amended Corporate Governance Regulations issued by the CMA on 18/01/2023, except for the following:

Article / Clause No	The Article/Clause	Reasons for none-compliance
37	The Company shall pay adequate attention to the training and preparation of the Board Members, Committee Members and the Executive Management and shall develop the necessary programs required for the same.	Optional Item
37/2	Developing the necessary mechanisms for Board Members, Committee Members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	
39/E	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Optional Item
39/F	Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified, and a solution shall be proposed for the same in the best interests of the company.	Optional Item
51/B	The chairman of the audit committee shall be an Independent Director	Optional Item
67	The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Optional Item, as the Board of Directors assigned the competencies of the Risk Management Committee to the Executive Committee
69	The risk management committee shall convene periodically at least once every six months, and as may be necessary.	

Article / Clause No	The Article/Clause	Reasons for none-compliance
82	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following:	Optional Item
82/1	Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;	
82/2	Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such programs; and	
82/3	Establishing social organizations for the benefit of the Company's employees	
84	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community	Optional Item
85	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include	Optional Item
85/1	Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;	
85/2	Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;	
86/3	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods	Optional Item, the company publishes any information and data required by disclosure regulations and other regulations enforced by the law

Article / Clause No	The Article/Clause	Reasons for none-compliance
92	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually	Optional Item

21 Details of any punishment, penalty, precautionary procedure or preventive measure imposed on the Company

The company conducts its business and activities in accordance with laws, regulations, and directives applicable, and during 2022 there were penalties issued and there is no precautionary measure or statutory restriction imposed on the company.

Punishment / penalty / precautionary procedure / preventive measure	Reasons for the violation	The signatory of the violation	Ways to treat it and avoid its occurrence in the future
135.000 Riyals	Freight Transport Violation	Transport General Authority	Temporary contracting with a logistics company to takeover until fixing the vehicles
11.000 Riyals	Storage and Transportation Violation	Jeddah Municipality	Have been complied with the applicable conditions

Confirmations, effectiveness of internal control procedures at the company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system

22.1 | The annual review of the effectiveness of internal control procedures and its results at the company

Company's management is responsible for preparation and publication of the financial statement for the financial year 2022, in accordance with the accounting standards and principles issued by the Saudi Organization for Certified Public Accountants, these financial statements for the financial year 2022, includes management estimates and some assumptions based on the personal judgment and in accordance with the professional standards. The financial statements have been audited by the independent external auditor, who has the right to access all the books, records, board and all of its committees minutes of meeting, and general assembly minutes of meeting , and the external auditor issued his unqualified audit report for the financial year 2022.

The company's management has evaluated the internal control system over the process of preparing the company's financial statements for the financial year 2022 and in accordance with the standards of internal control system over the process of preparing the financial statements, and in line with the professional standard in this regard.

The company's management confirms the effectiveness of the internal control system's procedures on the process of preparing the financial statements, This system has been designed to give a reasonable assurance to the company's management, the Board of Directors, and shareholders that the published financial statements can be relied on and trust its information. The internal control structure consists of the main elements that include the internal control environment, risk assessment, Internal control activities, information, and communication, in addition to follow-up.

There are inherent limits to the effectiveness of the company's internal control system, as an example, the possibility of a collusion by company's employees to override the internal control procedures, Therefor any effective internal control system provide only a reasonable assurance regarding the preparation and publication of the financial statements.

Internal Audit Department, auditing the internal control system, and prepare a report regarding this system to the Audit Committee, in coordination and discussion with the executive management, which take the needed corrective actions to address any deficiencies might be discovered in the internal control system, aiming at enhancing and developing of the system, and the company's Audit Committee studies the financial statements and discuss the process of its preparation.

22.2 | The opinion of the audit committee with respect to the adequacy of the Company's internal control system

The committee states that through the tasks carried out, it can confirm that it has reviewed what was presented by the external auditor which related to his observations, during his examining and auditing the financial statements about the internal control system, and discussing the executive management therein.

In addition, reviewed both executive management, and the internal audit department reports about the effectiveness of the company's internal control system, as well as overseeing the internal audit department activities according to the duties entrusted within, which raising its reports to executive management and audit committee, including the observations and recommendations that are concluded to strengthen the internal control system and its procedures.

The executive management is continuously working on implementing corrective actions, including documenting, updating, developing, completing of policies, procedures, structures., computer systems, business automation, and the authorities matrix with the following-up from the committee, there are no significant observations affecting the normal course of business under the current control system, which confirms that the internal control system has been prepared and implemented on acceptable basis as It must be continuously developed and enhanced.

23 | The audit committees' recommendations which have conflict with Board resolutions or those which the Board disregards

The Board of Directors certifies that during 2022, there were no resolutions with conflict to the audit committee's recommendations, or the Board disregarded.

24 Shareholders General Assemblies

Halwani Company held only (1) General Assembly Meeting during 2022, and the following statement illustrates Board attendance record:

Member's Name	Extraordinary General Assembly Meeting 19/04/2022
Eng. Abdulaziz M. Yamani	x
Mr. Abdullah I. Al Howaish	√
Mr. Abdulelah A. Sabbahi	√
Mr. Mohammed A. Halwani	√
Eng. Mohammed H. Alklaiby	√
Mr. Ghassan Ahmed Amodi	√
Eng. Sakhr Assad Jamjoom	√
Eng. Thamer Temairik	√
Mrs. May AbuGhazalah	√

25 Any inconsistency with the standards approved by the Saudi Organization for Chartered and Professional Accountant (“SOCPA”)

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountant (“SOCPA”). The Group prepared and issued its audited consolidated financial statements in accordance with the accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Chartered and Professional Accountant (“SOCPA”) for all periods, including the year ending on 31/12/2022. The consolidated financial statements for the year ended 31 / 12 / 2022 are the group’s forth consolidated financial statements prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountant (“SOCPA”). The consolidated financial statements have been prepared on a historical cost basis except for derivative instruments that are measured at fair value and employee benefit obligations where the actuarial present value calculations are used. The consolidated financial statements have been presented in Saudi riyals, other than what is specifically mentioned. The auditor’s report for the fiscal year 2022 did not include any reservations on the annual financial statements.

26 The appointment of the external Auditor

The General Assembly of the company which was held on 19/04/2022 have approved the selection of the office of Dr. Muhammad Al-Omari and Partners (BDO) from the list of candidates as auditors for the company, in accordance with the recommendation of the audit committee in order to review the annual financial statements of the company and also the quarterly period for the financial year ending on December 31. 2022 and the first quarter of 2023.

27 Subsidiaries

Name of Subsidiary Company	Capital	Company’s Ownership %	Core activities	Location of Operation	Country of incorporation
Halwani Bros Egypt	EGP 100,000,000	100%	Halwani Bros Egypt’s main activity is focused on manufacturing, packaging, canning and distributing chilled and frozen meats, Tahina, Halawa, Jams, Maamoul, juices and poultry products through 6 factories located in the industrial zone in the 10th of Ramadan City.	Arab Republic of Egypt	Arab Republic of Egypt

Details of shares and debt instruments issued for each affiliate company

There is no shares or debt instruments issued for affiliate companies.

The Dividends Distribution Policy

The company distributes annual dividends to enhance the value of return to shareholders, in proportion to the company's profits, financial position, market conditions, general economic climate, and other factors including analysis of investment opportunities, reinvestment requirements, monetary and capital needs, commercial expectations and the impact of any such distributions on any of the legal considerations. And although the company expects to distribute annual dividends to shareholders, there are no guarantees for an actual distribution of dividends, and there is no guarantee of the amounts that will be distributed in any year in the future, and the distribution of dividends is subject to the conditions mentioned in Article (50) of the Company's By-law which states: The annual net profits of the company are distributed after deducting all general expenses and other costs as follows:

- 1) 10% of the net profits shall be set aside as a statutory reserve. However, the ordinary General Assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
- 2) The Ordinary General Assembly, based on the proposition of the Board of Directors, may set aside a percentage not exceeding 10% of the net profits to form a consensual reserve, and allocate it for a specific purpose or purposes.
- 3) The General Assembly may resolve the creation of other reserves, to the extent that serves the interest of the company, or ensures that fixed dividends are distributed as much as possible, to the shareholders and the aforementioned Assembly may also deduct from the net profits amounts for establishing social institutions for the company's employees, or to support what might be existing from these institutions.
- 4) The General Assembly, upon the proposal of the Board of Directors, may distribute from the remaining afterwards to shareholders a percentage not less than 5% of the paid-up capital.

- 5) Subject to Article (22) of the company's By-law related to the remunerations of the members of the Board of Directors and Article (76) of the Companies Law, after the above, a percentage not exceeding 10% of the remaining shall be allocated as a remuneration to the members of the Board of Directors, provided that this remuneration shall be proportional to the number of meetings the member attends during the year
- 6) The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the requirements and statutory controls in this regard. Any dividend distribution proposed by the Board of Directors requires the approval of the General Assembly of the shareholders, and the dividends to be distributed to the shareholders are paid at the place and dates specified by the Board of Directors. And according to any relevant statutory instructions and there is no arrangement or agreement whereby one of the shareholders of the company waived any rights in the profits.

29.1 | Dividends Distributed During 2022

During 2022, the company distributed cash dividends to shareholders for the year 2021, in total of 70.714.290 Saudi Riyals and that was upon the approval of the Extraordinary General Assembly on April 19, 2022. Below an illustration of the position of dividends during 2022:

Dividends Distribution for 2021	
Total Amount of Dividend Distributed	70.714.290 SAR
Number of Shares Eligible for Dividends	35.357.145 Share
Dividend per share	2 SAR
Percentage of Dividend to the Share Par Value (%)	20%
Eligibility date	19/4/2022
Distribution Date	11/5/2022
Distribution Way	Account Transfer

Interest in a class of voting shares held

There is no interest in any class of voting shares for anyone (except to the Board members and senior executives and their relatives). who have notified the company with these interests, and any changes in these rights during 2022.

#	Name	Beginning of the year		End of the year		Percentage of change
		Shares	Total Holding Percentage	Shares	Total Holding Percentage	
1	Aseer Industrial Investment Co	19.626.750	55.51%	19.626.750	55.51%	0%
2	Mohamed A. Halwani	2.475.000	7%	2.475.000	7%	0%
3	Mohamed A. Halwani Investment Co	2.029.500	5.74%	2.029.500	5.74%	0%

Description of shares ownership and debt instruments of company to the Board members, Senior Executive and their relatives

The following table illustrates the contractual securities or rights issue belongs to the Board members, the company's Senior Executives and their relatives in shares or debt instruments of the Company or any of its subsidiaries, and any change in that interest or rights during the previous fiscal year:

#	Name	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
1	Eng. Abdulaziz M. Yamani	1.237	-	1000	-	237	19%
2	Mr. Abdullah I. Al Howish	112	-	112	-	0	0%
3	Mohamed A. Halwani	2.475.000	-	2.475.000	-	0	0%
4	Mohamed A. Halwani Investment Co	2.029.500	-	2.029.500	-	0	0%
5	Mr. Abdulelah A. Sabbahi	1.237	-	1.237	-	0	0%
6	Eng. Sakhr Assad Jamjoom	50	-	50	-	0	0%
7	Eng. Mohammed H. Alklaiby	100	-	100	-	0	0%
8	Mrs. May AbuGhazalah	68.308	-	68.308	-	0	0%
9	Mr. Ghassan Ahmed Amodi	1500	-	0	-	1500	100%

32 Ownership of the Board of Directors members, Senior Executives and their relatives in the shares or debt instruments of the subsidiary

The Board of Directors declares that there is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors, Senior Executives and their relatives in the shares or debt instruments of the subsidiary

33 Numbers of company's requests of shareholders records, dates and reasons

No of Requests	Date of Request	Date of the property file	Reason
1	8/1/2022	31/12/2021	Company Procedures
2	30/3/2022	19/4/2022	General Assembly
3	20/4/2022	21/4/2022	Dividends File
4	11/5/2022	21/4/2022	Dividends File
5	12/5/2022	21/4/2022	Dividends File

34 A statement of the total loan's indebtedness of the company and its affiliates

#	Lender	Original Amount	Loan period (Month)	Amount paid in 2021	Amount Remaining
1	Banque Saudi Fransi	6.250.000	53	6.250.000	0
2	Banque Saudi Fransi	313.681.760	5	221.181.760	92.500.000
3	Bank AlJazira	150.381.574	8	87.397.128	62.984.446
4	Al-Rajhi Bank	37.499.000	36	16.668.000	20.831.000
5	Al-Rajhi Bank	345.214.289	8	280.214.289	65.000.000
6	Saudi National Bank	140.000.000	3	90.000.000	50.000.000
7	Abu Dhabi Islamic Bank	50.370.719	6	16.370.310	34.008.042
8	Al Baraka Bank (Egypt)	28.283.546	9	12.757.735	15.525.811
9	Egyptian Gulf Bank	440.997	3	440.997	0
Total indebtedness of the company and the subsidiary				731.280.219	340.849.299

35 Transferable debt instruments

- 1) The Board of Directors declares that there is no class or any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year.
- 2) The Board of Directors declares that there are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company

36 Redemption, purchase or cancellation by the Company to any redeemable debt instruments

There is no redemption, purchase or cancellation by the Company or affiliates of any redeemable debt instruments.

37 A description of any transaction between the Company and any related party

The following transactions were in the normal course of business with related parties. The terms of such transactions are mutually agreed between the parties, with the same conditions and with no preference over other parties:

#	Related party	Relationship	Transaction	Duration	Value/Amount (SAR)
1	Dallah Taibah Hotel	An affiliate owned by one of the major shareholders	Selling finished goods	indefinite duration	97,003
2	Dallah Hospital	An affiliate owned by one of the major shareholders	Selling finished goods	indefinite duration	289,817
3	Dallah Trading Company	Board of Directors Member	Supplying, maintenance and spare parts, conditioners contract	indefinite duration	516,657
4	Dareen Travel Agency	An affiliate owned by one of the major shareholders	Supplying travel tickets for company employees	indefinite duration	417,019
5	Ismailia Poultry Company- Egypt ⁽¹⁾	Board of Directors Member	Purchase of raw materials	indefinite duration	1,677,919
6	Al Baraka Bank (Egypt) ⁽¹⁾	Board of Directors Member	Islamic murabaha and current accounts	indefinite duration	16,831,611
7	Emaar the Economic City	Board of Directors Member	Services for KAEC land	indefinite duration	403,941
8	Aquat Food Industries	Board of Directors Member	Selling finished goods	indefinite duration	1,747,106
9	AlWoustah Food Service Company	Board of Directors Member	Selling finished goods	indefinite duration	1,158,472
10	Express Foods Company	Board of Directors Member	Selling finished goods	indefinite duration	5,878,887

⁽¹⁾ Transactions that are done at the subsidiary company (an Egyptian joint stock Co) - outside the kingdom

38 information relating to any business or contract to which the company is a party and in which a Board Member, a Senior Executive or any person related to any of them is or was directly or indirectly interested

#	The nature of the transaction or contract	The value amount of the transaction or contract (SAR)	The duration of the transaction or contract	The conditions of the transaction or contract	Name of the Board member/ Senior executive or any person related to any one of them
1	Dallah Trading Company	516,657	indefinite duration	without preferential conditions	Eng. Abdulaziz M. Yamani - Chairman
2	Ismailia Poultry Company- Egypt ⁽¹⁾	1,677,919	indefinite duration	without preferential conditions	Eng. Abdulaziz M. Yamani – Chairman
3	Emaar the Economic City	403,941	indefinite duration	without preferential conditions	Mr. Abdullah I. Al Howish- Board Member
4	Aquat Food Industries	1,747,106	indefinite duration	without preferential conditions	Mrs. May AbuGhazalah – Board Member
5	AlWoustah Food Service Company	1,158,472	indefinite duration	without preferential conditions	Mrs. May AbuGhazalah – Board Member
6	Express Foods Company	5,878,887	indefinite duration	without preferential conditions	Mrs. May AbuGhazalah – Board Member

⁽¹⁾ Transactions that are done at the subsidiary company (an Egyptian joint stock Co) - outside the kingdom

39 Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses

The Board of Directors acknowledges that during 2022, there were no competing businesses with the company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

40 Summary of payments made and due to the government

A statement of the value of any paid and outstanding statutory payment on account for any zakat, taxes, GOSI, Visas and passports Labor office fees or any other charges that have not been paid until the end of the annual financial period:

Item (Payments)	2022		Description	Reasons / Justifications
	Paid	Due until the end of the financial period but not paid		
Zakat	5,087,405	(2,304,815)	According to the requirements of the laws and applicable regulations	According to the requirements of the laws and applicable regulations
Tax	21,114,500	(15,129,195)		
GOSI	6,259,521	(550,235)		
Visas and Passport Fees	198,118	-		
Labor Office Fees	3,369,151	-		

41 Board members or Senior Executives waiver of any remuneration

There is no arrangement or agreement under which a Board member or a Senior Executive of the issuer has waived any remuneration.

42 Shareholders waiver of any rights to dividends

There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.

43 Investments or reserves set up for the benefit of the company

There are no investments made or any reserves set up for the benefit of the employees of the issuer.

44 Reservations on the annual financial statements

The external auditors' report for the year 2022 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements

45 Replacement of the external auditor before the end of its term

There was no change to the external auditors before the end of its term, as (BDO), was appointed for the fiscal year of 2022 to audit the Company's annual and quarter financials along with the first quarter of 2023. And they were not replaced during the year.

46 Treasury shares held by the Company

There are no treasury shares held by the Company.

47 The Board confirms that :

- A) The Company's accounting records were properly prepared.
- B) Halwani's internal control systems and procedures were properly developed and effectively executed.
- C) There are no doubts about the Company's ability to continue its business activities.
- D) The company does not have any substantial comments on the internal control system and the effectiveness of its procedures for the year 2022.

48 End Statement

The Board of Directors are pleased to extend their thanks and appreciation to shareholders of Halwani Brothers, and they are also pleased to extend their thanks to the management of the company and its employees for the efforts they exerted to operate the company, which have been successful, praise be to Allah, and in conclusion, the Board of Directors would like to thank all the customers and suppliers of the company for the efforts they made during the financial year 2022, and the Board looks forward to accomplishing more achievements and successes in the years to come.



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