



# Annual Report 2023





Annual Report

present to you the annual report for the  
fiscal year ending on December 31, 2023



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# Board Message





# Board Message

**Honorable shareholders of  
Herfy Food Services Company**

**Peace, mercy, and blessings of Allah be upon  
you.**

The company's Board of Directors is pleased to present to you the annual report for the financial year ending on December 31, 2023, which sheds light on the company's activity, its most important achievements and financial results, and also presents the auditor's report on the company for the year 2023.

The company will continue to focus on increasing its market share for all its segments and its presence in the markets by offering many products and innovations, raising the level of operational efficiency, relying on digital technology, and increasing marketing initiatives. The company will also continue its efforts to improve its operational efficiency during the year 2024 to limit and reduce the impact of increases in operating costs due to the inflationary wave as a result of geopolitical events prevailing in the world, which led to an increase in operating requirements and shipping and transportation costs.

Despite the ongoing economic challenges of the business community coupled with high inflation rates, and the accompanying decline in demand and purchasing power in the markets, as well as the intensification of competition at a local level, which affected consumer spending behavior, and in turn left a substantial adverse impact on sales and profit margins of the restaurant sector, the Company managed to achieve growth in sales in the bakery, confectionery, and meat segments by adding new sales lines to the meat and bakery segments.

As part of the company's expansion plan, it is expected to open new Herfy branches. The company will also continue to add new sales lines to its industrial sectors. The company, represented by its Board of Directors and Executive Management, will continue its constant endeavor to maintain and increase its market shares, improve performance and develop for the better, while adhering to the policy of disclosure and transparency through the application of the company's standards. Governance Regulations and other relevant regulations issued by the Capital Market Authority and the Ministry of Trade and Investment.

The Board of Directors will be honored to discuss this report with you and respond to your inquiries and questions through the General Assembly, which will be held on the date approved by the regulatory authorities. We also hope that you will agree with the details contained in this report.

Thank you for your kind support and assistance.



**Board Message  
Herfy Board of Directors  
March 2024**



**HERFY**





# Company activity

# 01





The company carries out the following main activities:

## ■ Restaurants

Managing and operating a chain of fast food restaurants under its distinctive logo.



## ■ Bakeries

Bakery products of all kinds and through manufacturers in Riyadh and its distinctive logo as well as the management and operation of the chain of shops and showrooms of sweets and chocolates.



## ■ Meat

All types of meat products are manufactured through the company's factory in Riyadh.



Herfy Food Services Company is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Ministerial Resolution No. (302/Q) dated 22/11/1428 and Commercial Registration No. 1010037702 dated 4/5/1401H.

annual report for the fiscal year ending on December 31, 2023





Most  
prominent  
results in 2023

02





## Most prominent results in 2023

### A. Features and summary of the most prominent results:

1.174

billion SAR

#### Net sales

Net sales for 2023 amounted to SAR 1.174 billion, compared to SAR 1.244 billion for the previous year.

43.08

million SAR

#### Operating profit

The Company's operating profits for the year 2023G amounted to SAR 43.08 million, compared to SAR 41.03 million for the previous year.

284.41

#### Gross profit

The Company's total profit for the year 2023G amounted to SAR 284.41 million, compared to SAR 307.00 million for the previous year.

8.39

million SAR

#### Net profit

The Company's net profit amounted to SAR 8.39 million for the year 2023, compared to SAR 3.55 million for the year 2022, an increase of (136%).

## Shareholder profits

Based on the recommendation of the Board of Directors, the shareholders agreed at the annual general assembly meeting on 08/05/2023G to distribute dividends of SAR 0.5/ share, at a rate of 5% of the nominal value of the share for the year 2022G.

On 05/02/2024, the Board of Directors decided to recommend to the General Assembly not to distribute dividends for the year 2023, in order to support and strengthen the Company's financial position in addition to supporting cash liquidity and financing the Company's capital expansions.

### B. Statement of Financial Position as on December 31, for a period of five years from 2019G to 2023G, in Millions Saudi Riyals:

#### Assets

Description	2019	2020	2021	2022	2023
Total current assets	350.849	367.304	371.698	397.390	351.562
Total non-current assets	1,682.614	1,581.774	1,628.462	1,597.110	1,555.109
Total Assets	2,033.463	1,949.078	2,000.160	1,994.500	1,906.671

#### Liabilities and Shareholders' Equity

Description	2019	2020	2021	2022	2023
Total current liabilities	408.116	401.98	266.656	286.905	259.146
Total non-current liabilities	627.360	587.694	689.905	651.252	614.048
Total Liabilities	1,035.486	989.683	956.561	937.947	873.194

## Shareholders' equity

Description	2019	2020	2021	2022	2023
Capital	646.800	646.800	646.800	646.800	646.800
Statutory reserve	80.499	85.783	101.405	101.760	-
Retained earnings	270.687	226.812	295.393	307.993	386.677
Total Shareholders' Equity	997.986	959.395	1,043.599	1,056.553	1,033.477
Total liabilities and share-holders' equity	2,033.463	1,949.078	2,000.160	1,994.5000	1,906.671

## C. Statement of Income

For a period of five years from 2019G to 2023G (in SAR Millions)

Description	2019	2020	2021	2022	2023
Net Sales	1,288.31	1,074.633	1,319.092	1,243.838	1,173.696
Sales Cost	895.67	826.494	901.264	936.834	889.283
Total profit	392.64	249.589	417.829	307.004	284.412
Net profit	196.09	52.839	151.792	3.546	8.387

## D- Comparison of the income statement

For the year 2023G compared to the previous year 2022G (SAR Millions)

Description	2023G	2022G	Change + or (-)	Change (%)
Net sales	1,173.696	1,243.838	(70.14)	-6%
Cost of sales	889.283	936.834	(47.55)	-5%
Total profit	284.412	307.004	(22.59)	-7%
General and administrative ex-penses	66.139	95.470	(29.33)	-31 %
Selling, marketing and distribution expenses	187.913	184.021	3.89	2 %
Income from main operations	43.08	41.030	2.05	5 %
Expense income (others)				
Financing charges	31.795	37.304	(5.51)	-15%
Other income, net	12.717	13.517	(0.80)	-6%
Income before Zakat	11.282	3.726	7.56	203 %
Zakat	2.895	0.180	2.72	1509 %
Net income for the period	8.387	3.546	4.84	137 %



E-

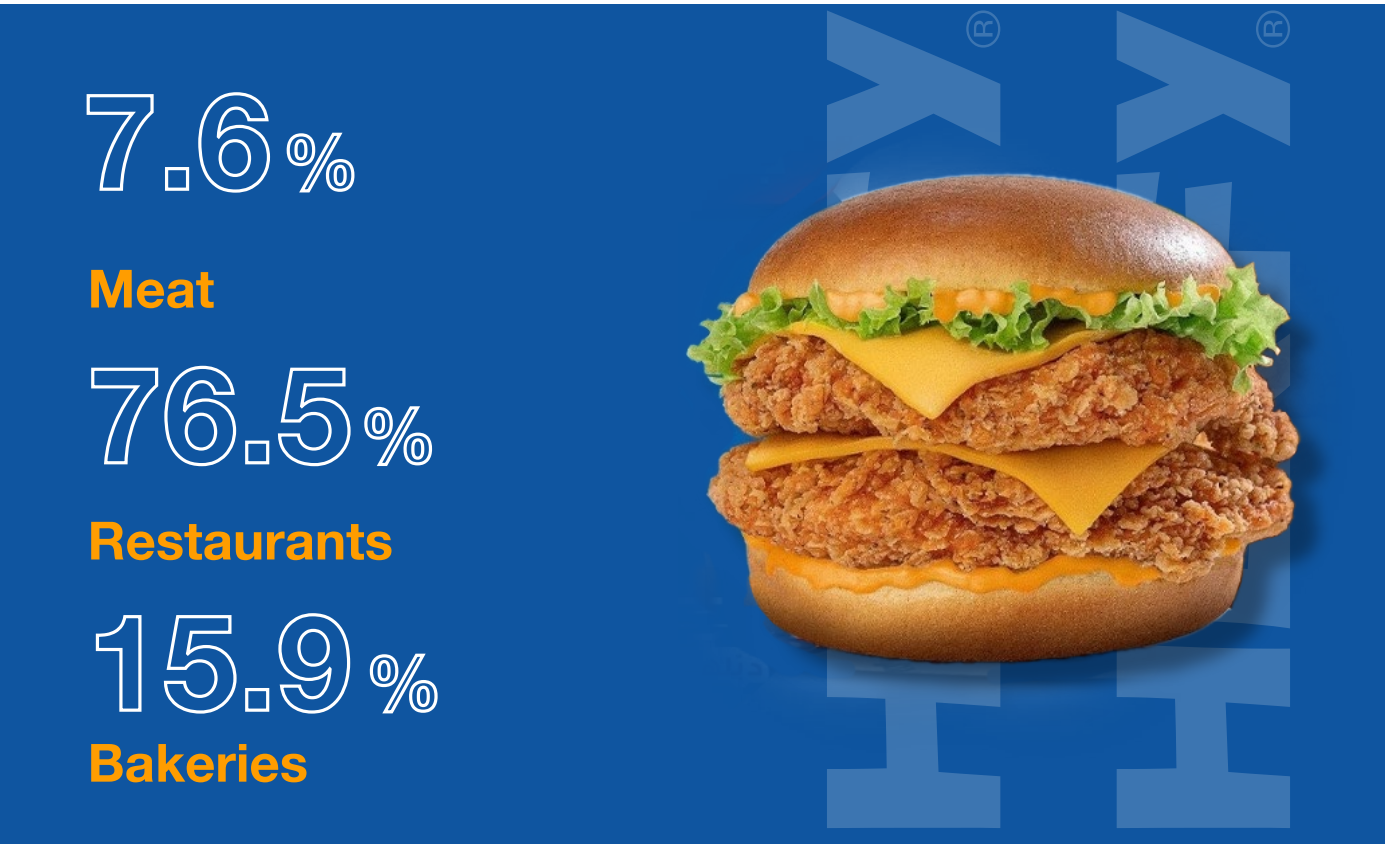
Analysis of the Company’s net sales

According to the main sectors for the years 2023G and 2022G (SAR Millions):

Main sectors	2023G	2022G	Change + or (-)	Change (%)
Restaurants	898.192	983.970	(85.78)	-9%
Meat Factory	89.241	77.905	11.34	15%
Bakeries, factories and other activities	186.263	181.963	4.30	2%
Total	1,173.696	1,243.838	(70.14)	-6%

Company’s net sales:

According to the main segments for the year 2023G



F-

Analysis of the Company’s net sales

According to the geographical distribution within the Kingdom for the years 2023G – 2022G (SAR Millions)

Region	2023G	2022G	Change + or (-)	Change (%)
Central Region	674.875	725.034	(50.159)	-7%
Eastern Region	140.844	152.122	(11.278)	-7%
Southern Region	126.759	135.950	(9.191)	-7%
Northern Region	100.939	106.940	(6.001)	-6%
Western Region	130.279	123.792	6.487	5%
Total	1173.696	1243.838	(70.142)	-6%

Geographical analysis of sales



## G- Net Sales of the Company

During five years (2019G – 2023G) (SAR Million)

2019	2020	2021	2022	2023
1,288.310	1,074.633	1,319.092	1,243.838	1,173.696

## H- Company's Net Profit

During five years (2019G – 2023G) (SAR Million)

2019	2020	2021	2022	2023
196.087	53.563	151.792	3.546	8.387

## I. Shareholders' equity

During five years (2019G – 2023G) (SAR Million)

2019	2020	2021	2022	2023
997.986	977.802	1,043.599	1,056.553	1,033.477

## J- Growth of the Company's dividends to shareholders

During five years (2019G – 2023G) (SAR Million)

2019	2020	2021	2022	2023
137.561	73.148	64.680	-	32.340

## K- Outstanding long-term loans as at the end of the fiscal year

It should be noted that the management of Herfy Food Services Company is always keen to ensure that its financial transactions are compliant with Islamic Shariah, especially with regard to loan policy. Therefore, all loans obtained by the Company are Shariah-compliant. Below are details of the Company's long-term loans:

### Statement of long-term loan as on December 31 2023G (SAR Millions):

Name of the bank / Lender	Loan Period (Year)	Loan Principal Amount	2023	2022	2021	2020	2019
Al Rajhi Bank*	4	A. 70 B. 120 C. 160 D. 150 E. 110	-	15,612	30,528	47,516	93,690
Saudi Industrial Development Fund **/**	6	A. 16.579 B. 11.880 C. 45 D. 3.6	-	-	-	3,642	17,630
The Saudi British Bank - SABB	55	15.6 70 30	-	-	-	110,218	83,984
Total			-	15.612	30.528	161.376	195.304
Minus: the current portion:							
Al Rajhi Bank			-	15,612	15.222	17.586	48.442
Saudi Industrial Development Fund			-	-	-	2.642	15.135
The Saudi British Bank - SABB			-	-	-	104.368	74.234
Total current portion			-	15.612	15.222	124.596	137.811
Non-current portion			-	-	15.306	36.780	57.493



\* The total bank facilities from Al Rajhi Bank during the period from 2011 to 2017 amounted to SAR 610 million due within five years according to withdrawal dates (during 2022, the Company paid SAR 14.916 million, and during 2023 the Company repaid the full remaining amount SAR 15.612 million).

\*\* According to an industrial financing agreement for the establishment of a meat factory and subsequent expansions during the period from 2005 to 2018, the Company withdrew financing facilities totaling SAR 26.454 million on the basis of repayment within (6) years, including a grace period of one year.

\*\*\* According to another industrial financing agreement in the amount of SAR 45 million to establish a factory for cakes and baked goods and expansions of production lines during the period from 2012 to 2018G, the Company also withdrew financing in a total amount of SAR 37.98 million on the basis of repayment within (6) years, including a one-year grace period.

During 2021, the Company repaid the remaining balance amounting to SAR 3.642 million

- For more clarifications, please see accompanying note (17) of the financial statements and the auditor's report.

\*\*\*\* The Company has concluded a Murabaha / Tawarruq financing agreement on 25/01/2018G with the Saudi British Bank (SABB) for a period of five years, provided that the Murabaha margin shall be priced every three months. During 2018, an amount of SAR 15.6 million was withdrawn. During 2019G, the Company, in accordance with the same agreement, withdrew an additional loan in the amount of SAR 70 million. The Company also withdrew an additional SAR 30 million amount during 2020G. The Company repaid SAR 110.218 million of these facilities in 2021G.

# HERFY®

## L- A description of the Company's important plans, decisions and prospects:

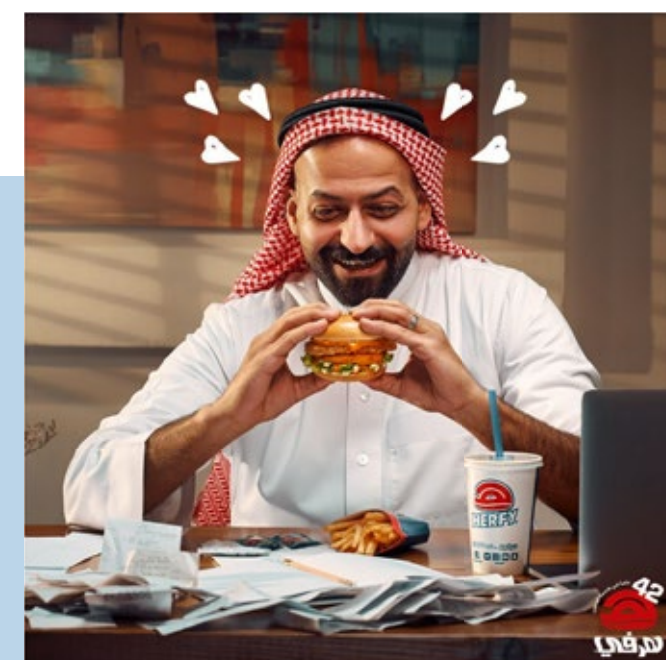
The Company will continue to focus on increasing its market share for its several segments and expand its presence in the markets by offering many products and innovations, raising the level of operational efficiency, relying on digital technology and increasing marketing initiatives. In 2024, the Salesbuzz application will be launched for industrial sector sales and linked directly to the Company's programs as well as the Zakat Tax Authority, as well as activating the Chatbot, which allows the feature of purchasing and raising complaints through various social networking sites and improving customer service and complaints. Herfy Mobile app will also be launched after developing it to keep pace with the requirements and desires of customers and improve the customer's experience in dealing with the application. Another program will be launched to store and analyze various data and information for the Company's segments, which facilitates supervision and follow-up work and speedy decision-making.

The Company's strategy during the coming period focuses around the ability of all the Company segments to evaluate and study market needs, taking into account the change in consumer behavior and preferences regarding the trend towards digital solutions. In continuation of the Company's expansion policies, it is planned for the Company to open 4 new restaurants during the fiscal year 2024G in various regions of the Kingdom. Notably, 7 new restaurants were opened during the fiscal year 2023, including two large restaurants, which include all services from dining halls for individuals and families (and drive-thru service), as well as home delivery service.

# 4

## Restaurants

new restaurants during  
the fiscal year 2024G



Restaurants that do not achieve positive returns will be evaluated and appropriate measures will be taken regarding them, which will have a positive impact on the segment's operating results. Herfy will also continue to go global as one of the axes of Vision 2030 announced by His Highness the Crown Prince Mohammed bin Salman. The Company aspires and is looking forward to having a presence in the Far East and the GCC states, where there are currently 7 branches of Herfy restaurants in Bangladesh under the franchise system, and it is planned to open three branches in 2024, in addition to the presence of Herfy restaurants in the State of Kuwait, where we have 8 restaurants and it is planned to open a new branch in 2024. Further, there are currently 3 Herfy restaurants in Nigeria, and it is planned to open a new branch in 2024. The Company will continue its efforts to improve its operational efficiency during the year 2024 to limit and reduce the impact of increases in operating costs due to the inflationary wave as a result of the geopolitical events taking place in the world, which led to an increase in operating requirements, shipping and transportation costs.

7

**Branches of Herfy  
restaurants in Bangladesh**

3

**Opening of new branches in  
2024 in Bangladesh**

8

**Branches of Herfy  
restaurants in Kuwait**

1

**Opening of a new  
branch in 2024 in  
Kuwait**

In 2024, the Company will continue to expand and develop the sales and distribution fleet of the cake and pastry factory by adding refrigerated cars to the sales lines, in addition to developing the production halls and internal logistics areas, as well as introducing new products to the retail markets to match the production capacities available in the factory. The Company will also continue to increase operational efficiency of the branches of "Dukah Bakery House" to sell Luxury Product cakes, ice cream, and sandwiches. The number of its branches currently stands at 9. In 2024, the Company will continue to introduce new products from the meat factory in the retail markets, as well as increasing its sales lines to the markets.

9

**Dukah Bakery  
House branches**







# Performance results of the Company's segments in 2023G

# 03



# Performance results of the Company's segments in 2023G

## Restaurants

During the year 2023, the company opened 7 new restaurants, bringing the number of restaurants managed by the company (owned or rented) to 393 restaurants as of December 31, 2023.

The restaurant sector is the company's main activity, as its revenues represent about 76.5% of its revenues

76.5%

7

New restaurants

393

Total restaurants

The Company is conducting business based on ambitious plans aimed at expanding the number of its restaurants, evaluating existing ones, and replacing locations with others, along with opening four new restaurant branches annually, taking into account geographical expansion to cover all parts of our beloved Kingdom

Which enables the company to

serve its customers in all cities and regions

as well as monitoring and evaluating the performance of existing restaurants and raising their operational efficiency

In 2023, sales of the restaurant sector was SAR 898 million, compared to SAR 984 million in 2022, at a decrease rate of 8.7%, which is attributed to the decrease in demand and purchasing power as well as the intensity of competition.

2023

### Restaurant sector sales

2023

898 million riyals

2022

984 million riyals

8.7% decrease rate





## ■ Meat factory

Meat factory is located in the industrial city, and it operates to the latest international technologies in this field, in order to provide all needs of the Company's restaurants of processed meat and poultry, as a strategic goal for the Company to ensure stability of product quality in its restaurants, and to develop and add new products.

The factory started its actual production in October, 2005G. It is worth mentioning that this factory is currently providing 100% of the Company's restaurants needs of processed meat and poultry at the highest level of quality. The Company has also provided a sales fleet that provides markets and supermarkets with high-quality factory products to be offered to consumers in the Saudi market

The factory products are available currently in the major markets.

# 2005

The factory started its actual production



The factory's market sales in 2023 amounted to 89.2 million riyals, compared to 77.9 million riyals in 2022, a 14.6% increase

The factory's sales reached the markets

**89.2**  
million riyals

Factory sales in 2022 reached

**77.9**  
million riyals

**14.6%**  
Increase Rate

Net profit for 2022 **48.6** million riyals

Net profit for 2023 **45.1** million riyals

**7.2%**  
Decrease Rate

The meat factory also realized a net profit of SAR 45.1 million during the fiscal year ending on December 31, 2023, compared to SAR 48.6 million in 2022, a 7.2% decrease as a result of the high sales and marketing cost.

## ■ Bakeries and other activities

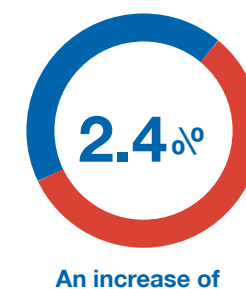
This segment consists of the Company's bakery located in Al-Morouj district, and the Company's factory for cakes and pastries in the industrial city in Riyadh, which began its actual production in June 2012. This factory is equipped to accommodate 4 production lines. It is currently working with two production lines for hamburger bread and slice bread, and a line for the production of croissant and cake was added during December 2015. An Arabic bread line was also added at the end of 2022



It also includes a series of 10 high-end showrooms for sweets and chocolate in Riyadh. During 2019, Herfy opened "Doka Bakery House" shops to sell cake, ice cream and sandwiches, Luxury Products. There are currently 9 branches of them.



Total market and customer sales in the bakery and other activities sector amounted to SAR 186.26 million during the fiscal year ending on December 31, 2023, compared to SAR 181.9 million in 2022, an increase of 2.4%.



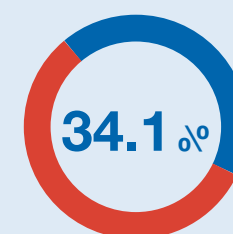
The value of internal sales for that sector also was SAR 15.3 million, and the Company is anticipated to continue its plans for this sector by continuing to increase the capabilities of the sales and distribution fleet, as well as increasing the sales team, to exploit the available production capacities provided by the production lines as well as increasing the sales lines

**15.3**

The value of internal sales for bakeries and other activities sector

Also, during the year, the utilized percentage of the production capacity of the croissant and pies line was increased to **41%** compared to **32.6%** in 2022

This segment achieved a net profit of SAR 12.2 million during the fiscal year ending on December 31, 2023, compared to SAR 18.5 million in 2022, a decrease of 34.1% as a result of the increase in the cost of sales due to the large increase in the prices of materials, in addition to the increase in selling and distribution expenses.



Decrease rate





## 04 Paid and due statutory payments as on December 31, 2023

(SAR '000)

Description	2023		Brief description	Reasons
	Paid	Due until the end of the annual financial period and has not been paid		
Zakat	5,223	2,380	Due Zakat	A statutory requirement for payment of zakat for the year 2023
Tax	82,003	5,843	Quality tax	A statutory requirement to pay the December 2023 tax
General Organization for Social Insurance (GOSI)	20,192	1,772	GOSI contributions	Regulatory requirement for December 2023 subscriptions
Visa and passport costs	33,811	-	Iqama and visa issuance fees	Statutory Requirement
Labor office fees	515	-	Issuance fees for Labor Office cards	Statutory Requirement

## A statement of the value of any other investments or reserves

Established for the benefit of the Company employees:

The Company provides its employees with loans and advances and credit benefits for some purchases and services, which are collected and repaid on monthly installments, deducted from the monthly salaries. The balance of those loans and advances as on 31- December -2023 amounted to about SAR **1.26** million, a decrease of (SAR **0.84** million) compared to the balance on 31/12/2022.

Loans and advances  
in 2023

**1.26**  
million SAR

## 05 Applied and not applied provisions of the Corporate Governance Regulations, and the reasons thereof

The Company complied with most of the articles of the Corporate Governance Regulations issued by the Saudi Capital Market Authority, in recognition of the importance of the Corporate Governance Regulations in enhancing the disclosure and transparency. The Company has fulfilled the requirements of the Capital Market Authority and the Ministry of Commerce and Investment regarding the implementation of the governance regulation and disclosure of the items that were not applied and the reasons for that. Since 2010, the Company has prepared a guide for the "Herfy Company's Governance Regulations" and approved by the Company's Board of Directors, which includes the specific and announced provisions, policies procedures, rules, and standards that regulate transactions and relations with the Company shareholders and stakeholders. Those are applied in accordance with specific and announced standards, rules, and controls, in accordance with the requirements of the Capital Market Authority, Companies Law, Corporate Governance Regulations, and the Company's articles of association. The regulation (guide) also includes the practices carried out by the Company that were not mentioned in the regulations, rules and requirements. Herfy Governance Regulation Guide is subject to ongoing modification and development in line with the changes that occur in the rules, regulations, and controls of the relevant regulatory authorities. The Company's governance regulations are being updated based on the amendments to the Company's bylaws, Corporate Governance Regulations, policies and regulations that were approved by the Company's general assembly on 19/11/2023G.

It is worth noting that the provisions that the Company did not apply are some guiding clauses, some items that have been partially applied and related to an update of the policies, objectives and operational plans of the Company to keep pace with the changes and developments that the business sector is currently witnessing. The following statement clarifies this:

Clause/ Article No.	Clause/Article Text	Partially applied	Not applied	Reasons and details
Article (20), Paragraph (B)	The board is responsible for the Company's business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.	✓		The Company's Board of Directors made a power of attorney for the CEO with the regulatory authorities. This power of attorney includes some matters such as buying and selling and concluding contracts, agreements and deals, and this power of attorney was made because it is a required matter and is linked to the conduct of the Company's business and administrative and executive work.
Article (21) Paragraph (1/A)	It is within the jurisdiction of the Board of Directors to establish risk management policies and procedures.		✓	The Company did not have a risk management department, and a risk department was recently established, and work is underway through the department to establish policies and procedures for the risk department.
Article (25), Paragraph (2)	It is within the jurisdiction of the executive management to propose policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them.	✓		The Company's internal policies have been updated, and the second phase of the project is being implemented, specifically implementing the procedures related to those policies.
Article (25) Clause (10)	It is within the jurisdiction of the executive management to propose a policy and types of rewards to be granted to employees, remuneration as fixed remuneration, performance-related remuneration, and rewards in the form of shares.		✓	The Company's internal policies have been updated, and the second phase of the project is being implemented, specifically implementing the procedures related to those policies.

Clause/ Article No.	Clause/Article Text	Partially applied	Not applied	Reasons and details
Article (35), Paragraphs (7&9) Board Secretary	Ensuring that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company.  -Organizing the Board of Directors' disclosures record	✓		<p>Due to a leak of one of the documents related to a meeting of the Board of Directors in 2021, and when an investigation was conducted in this regard by an external party, the source of the leak was not reached, so the Board of Directors directed to preserve the confidentiality of information and documentation and to avoid the recurrence of this leakage that some documents presented at board meetings be preserved as well as the minutes of board committees in the secretariat of the Board of Directors, while making them available for viewing by all members.</p> <p>Disclosures of the directors are documented through an annual statement sent by the directors in the current and previous companies in which they occupy management positions or own stakes, as well as their disclosure of their ownership in the shares of Herfy, as well as their minor children and wives. Also, their disclosure in the minutes of board meetings about the transactions that may have with Herfy. These data will be collected in the form of a record for the disclosure of the members of the Board of Directors</p>
Article (37), Paragraph (1-2)	1) Preparing programs for the recently-appointed Board members and Executive Management to familiarize them with the progress of the Company's business and activities  2) developing the necessary mechanisms for Board 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	✓		<p>As for the members of the Board of Directors and executive managers, they are introduced to the Company's activities and its various sectors through their visits to those sectors, as well as reviewing the work and results of those sectors. They may also communicate with the Company's executive management, and most of the members of the Board of Directors have experience in the field of the Company's work. The procedures will be formulated in the form of training programs that reflect the expansions the Company is witnessing, as well as the changes that the business sector is going through, which will be reflected on the Company's plans, activities and strategy. It is expected to be completed before this article becomes mandatory. The article is still indicative.</p>



Clause/ Article No.	Clause/Article Text	Partially applied	Not applied	Reasons and details
Article (39), Paragraphs (A-B-C-D-F)	<p>a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.</p> <p>b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.</p> <p>c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.</p> <p>d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties, responsibilities and his/her overall contribution to Herfy, including focusing on areas where the Board or management believes the Board could be improved, in addition to attending the Board and its committees meetings and dedicating adequate time thereof.</p> <p>e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.</p> <p>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</p>	✓	✓	The Board of Directors was evaluated externally in 2019, and the evaluation was done internally for 2023, and the article is still indicative.
Article (51), Paragraph (B)	The chairman of the audit committee shall be an Independent member		✓	The committee is chaired by an experienced member from outside the Board of Directors. The article is currently indicative.

Clause/ Article No.	Clause/Article Text	Partially applied	Not applied	Reasons and details
Article (67)	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". 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.		✓	In the organizational structure, Risks Department reports to the CEO's, and the article is currently Guiding.
Article (68)	Competencies of the Risk Management Committee		✓	Guiding Article
Article (69)	Meetings of the Risk Management Committee		✓	Guiding Article
Article (82), Paragraphs (2,3)	<p>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 program;</p> <p>3) establishing social organizations for the benefit of the Company's employees</p>		✓	Guiding Article
Article (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.		✓	Guiding Article
Article (85)	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company		✓	Guiding Article
Article (89)	Disclosure by the board	✓		Disclosure is made through an annual statement sent by directors of the current and previous companies in which they occupy management positions or own stakes, as well as their disclosure of their ownership in the shares of Herfy, as well as their minor children and wives. And also their disclosure in the minutes of the Board of Directors about the transactions that may have with Herfy. These data will be collected in the form of a record for the disclosure of the members of the Board of Directors
Article (92)	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) 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.	✓		Since the article is guiding, the work of reviewing the governance bylaws is currently being assigned to the Nominations and Remuneration Committee. The Company's governance bylaws are being updated based on the amendments to the Company's bylaws, the corporate governance regulation, policies and regulations that were approved by the Company's general assembly on 19/11/2023.



# The Company's Managerial body

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# The Company's Managerial body

Names of members of the Board of Directors, members of committees and executive management, their current and previous positions, qualifications and experience:

## A. Members of Board of Directors as on 31/12/2023:



### Eng. Moataz Qusay Al-Azzawi

Chairman of Herfy Board of Directors

#### Current Positions

- A businessman who runs his own group of companies

#### Previous Positions

- A businessman who runs his own group of companies

#### Qualifications

- Bachelor of Computer Engineering from King Saud University

#### Experience

- 28 years in investment, trade, and corporate management



### Mr. Walid Khaled Yaseen Fatani

Deputy Vice Chairman of the Board  
of Directors of Herfy Company

#### Current Positions

- CEO of Savola Group

#### Previous Positions

- CEO of Saudi Fransi Capital
- General Manager of Treasury and Financial Markets Advisor at Abdul Latif Jameel Group.
- General Manager of Deutsche Bank in Saudi Arabia.
- Treasury Manager at the Saudi Fransi Bank.

#### Qualifications

- Bachelor of Science in Accounting from California State University, USA.

#### Experience

- Management of companies, banks, financial institutions, and holding companies.



### Eng. Ahmed Mohammed Al-Falih

Board Member

#### Current Positions

- CEO of the Leading Commercial Representation Company
- Managing Director of Bin Laden International Holding Group

#### Previous Positions

- CEO of Tasheelat Marketing Company
- CEO of Al Mashreq Contracting Company
- CEO of Olayan Food Services Company, Burger King

#### Qualifications

- Bachelor of Civil Engineering from University of Petroleum and Minerals

#### Experience

- Activities of fast service restaurants and legal, technical and real estate consultations in the field of developing the restaurant network



### Dr. Bander Talaat Hamooh

Board Member

#### Current Positions

- CEO of Panda Retail

#### Previous Positions

- Adviser to the Minister of Health.
- CEO and member of the Board of Directors of Al-Nahdi Medical Company.
- Deputy Chairman and Board Member of GlaxoSmithKline.
- CEO of Saudi Arabian Glaxo Company Ltd.

#### Qualifications

- Bachelor of Pharmacy, King Saud University

#### Experience

- Management of retail companies, and pharmaceutical companies.



### Eng. Esam Maged Al-Muhaidib

Board Member

#### Current Positions

- Vice President of Industrial Investments and Infrastructure Al Muhaidib Group

#### Previous Positions

- CEO of the Grand Warehousing Company.
- General Manager of Dar Al Marafa Company for Office supplies

#### Qualifications

- MA and BA in Industrial Engineering, University of Texas.

#### Experience

- Industrial and commercial companies' management



### Eng. Hussein Ali Alasmari

Board Member

#### Current Positions

- IT Consultant General Insurance Corporation

#### Previous Positions

- General Manager of Sales Channels Applications at Saudi Telecom Company.
- General Manager of Information Technology Governance and Strategy at Maaden Company

#### Qualifications

- Bachelor of Information Technology, King Abdulaziz University .

#### Experience

- Information and Communication Technology



### Eng. Abdul Aziz Mohammed Al Raqib

Board Member

#### Current Positions

- General Manager of Intiaz Arabia Company

#### Previous Positions

- Consultant at Bain & Company.
- Engineer at Aramco

#### Qualifications

- Master's degree in Petroleum Engineering from the University of Kansas.
- Master's degree in Chemical Engineering from the University of Kansas

#### Experience

- Commercial companies' management

## B. Members of committees as on 31/12/2023:

### Nomination and Remunerations Committee:



### Eng. Ahmed Mohammed Al-Falih

Chairman of the Nominations and Remunerations Committee and member of the Board of Directors

#### Current Positions

- CEO of the Leading Commercial Representation Company
- Managing Director of Bin Laden International Holding Group

#### Previous Positions

- CEO of Tasheelat Marketing Company
- CEO of Al Mashreq Contracting Company
- CEO of Olayan Food Services Company, Burger King

#### Qualifications

- Bachelor of Civil Engineering from University of Petroleum and Minerals.

#### Experience

- Activities of fast service restaurants and legal, technical and real estate consultations in the field of developing the restaurant network





### Eng. Hussein Ali Al-Asmari

Committee member and board member

#### Current Positions

- IT Consultant General Insurance Corporation

#### Previous Positions

- General Manager of Sales Channels Applications at Saudi Telecom Company.
- General Manager of Information Technology Governance and Strategy at Maaden Company

#### Qualifications

- Bachelor of Information Technology, King Abdulaziz University

#### Experience

- Information and Communication Technology



### Mr. Murhaf Mohammed Al-Samman

Committee member from outside the Board of Directors

#### Current Positions

- Executive Manager of Human Resources at Savola Group

#### Previous Positions

- Human Resources Manager at Crystal International Group,

#### Qualifications

- Masters in Systems and Information Management from the University of Chicago
- Professional Studies in Human Resources Management

#### Experience

- Work experience in human resources

## Audit Committee



### Mr. Ali Barakat

Chairman of the Audit Committee  
from outside the Board of Directors

#### Current Positions

- Chief Internal Audit Officer, Savola Group

#### Previous Positions

- Senior Audit Manager at Abu Dhabi Accountability Authority
- Manager at KPMG.
- Manager at Ernst & Young.

#### Qualifications

- Bachelor of Accounting, Helwan University.
- Certified Public Accountant from the United States of America.
- American Fellowship of Certified Public Accountants (CPA) and the Association of Certified Global Management Accountants

#### Experience

- He has extensive experience for more than 25 years in the field of financial affairs, internal control, internal and external audit work, quality assurance, governance, institutional risk management and compliance.



### Eng. Hussein Ali Alasmari

Committee and Board member

#### Current Positions

- IT Consultant General Insurance Corporation

#### Previous Positions

- General Manager of Sales Channels Applications at Saudi Telecom Company.
- General Manager of Information Technology Governance and Strategy at Maaden Company

#### Qualifications

- Bachelor of Information Technology, King Abdulaziz University

#### Experience

- Information and Communication Technology



### Dr. Ahmed Abdullah Al-Munif

Member of the Committee from  
outside the Board of Directors

#### Current Positions

- Faculty member at King Saud University

#### Previous Positions

- Lecturer, Department of Accounting, King Saud University, Teaching Assistant, Department of Accounting, King Saud University

#### Qualifications

- Ph.D. in Accounting from Dundee University,
- Master of Research in Financial Accounting, University of Glasgow,
- Master of Accounting Sciences from Central Tennessee University,
- Bachelor of Accounting, King Saud University

#### Experience

- Financial Accounting and Financial Auditing



### Dr. Abdul Raof Suleiman Banja

Member of the Committee  
from outside the Board of Directors

#### Current Positions

- Independent Consultant for Financial Consultations

#### Previous Positions

- Senior Vice President and CEO of Al Awal Financial Services Company

#### Qualifications

- PhD in Economics from the University of California

#### Experience

- Financial consulting

## Executive Committee



### Eng. Moataz Qusay Al-Azzawi

Chairman of the committee and the chairman of the Board  
of Directors

#### Current Positions

- A businessman who runs his own group of companies

#### Previous Positions

- A businessman who runs his own group of companies

#### Qualifications

- Bachelor of Computer Engineering from King Saud University

#### Experience

- 28 years in investment, trade, and corporate management



### Mr. Walid Khaled Yaseen Fatani

Committee member and Deputy Vice Chairman of the Board  
of Directors

#### Current Positions

- CEO of Savola Group.

#### Previous Positions

- CEO of Saudi Fransi Capital
- General Manager of Treasury and Financial Markets Advisor at Abdul Latif Jameel Group.
- General Manager of Deutsche Bank in Saudi Arabia.
- Treasury Manager at the Saudi Fransi Bank..

#### Qualifications

- Bachelor of Science in Accounting from California State University, USA.

#### Experience

- Management of companies, banks, financial institutions, and holding companies.





### Eng. Ahmed Mohammed Al-Falih

Committee and Board Member

#### Current Positions

- CEO of the Leading Commercial Representation Company
- Managing Director of Bin Laden International Holding Group.

#### Previous Positions

- CEO of Tasheelat Marketing Company
- CEO of Al Mashreq Contracting Company
- CEO of Olayan Food Services Company, Burger King..

#### Qualifications

- Bachelor of Civil Engineering from University of Petroleum and Minerals.

#### Experience

- Activities of fast service restaurants and legal, technical and real estate consultations in the field of developing the restaurant network



### Eng. Abdul Aziz Mohammed Al Raqib

Committee and Board Member

#### Current Positions

- General Manager of Imtiaz Arabia Company.

#### Previous Positions

- Consultant at Bain & Company.
- Engineer at Aramco.

#### Qualifications

- Master's degree in Petroleum Engineering from the University of Kansas.
- Master's degree in Chemical Engineering from the University of Kansas.

#### Experience

- Commercial companies' management



### Mr. Sam Bader

Committee member and Chief Executive Officer

#### Current Positions

- CEO of Herfy Food Services.

#### Previous Positions

- Executive Director of the Restaurants Sector at Herfy,
- Operations Manager for McDonald's Restaurants in America

#### Qualifications

- Bachelor of Accounting, University of New Jersey.

#### Experience

- Management, Operation and Development of Food Restaurants.

## D. Members of Executive Management as on 31/12/2023



### Mr. Sam Bader

Chief Executive Officer

#### Current Positions

- CEO of Herfy Food Services.

#### Previous Positions

- Executive Director of the Restaurants Sector at Herfy,
- Operations Manager for McDonald's Restaurants in America

#### Qualifications

- Bachelor of Accounting, University of New Jersey.

#### Experience

- Management, Operation and Development of Food Restaurants.



### Mr. Khaled Rabie Al-Rashidi

#### Current Positions

- Vice Executive Officer for the Industrial Segment.

#### Previous Positions

- Executive Director of Quality at PepsiCo
- Alternate Director of Almarai Factories

#### Qualifications

- Bachelor of Chemical Engineering, King Saud University
- MPA, University of Hull, Britain.

#### Experience

- Food processing



### Mr. Sherif Al-Safsafi

#### Current Positions

- General Manager of Financial Affairs.

#### Previous Positions

- Assistant General Manager of Financial Affairs at Herfy Company

#### Qualifications

- Bachelor of Accounting, Cairo University.

#### Experience

- Financial accounting work



### Mr. Abdulrahman Mohammed Al Nashmi

#### Current Positions

- Vice Executive Officer for Human Resources.

#### Previous Positions

- Human resources consultant, developer, and corporate restructuring consultant, and his last position was advisor to the Ministry of Human Resources and Social Development

#### Qualifications

- Diploma in Business Research from the University of Hull in the United Kingdom, a Master's in Business Administration from George Washington University in the United States of America, and a Bachelor's in Business Administration from King Saud University.

#### Experience

- Management and development of human resources systems



### Mr. Ihab Ali Khalil

#### Current Positions

- Restaurant Operations Manager.

#### Previous Positions

- Director of McDonald's Egypt Operations, Executive Director of Cook Door Restaurants in Egypt

#### Qualifications

- Bachelor of Commerce.
- Bachelor of Restaurant Management from McDonald's University in Chicago, USA.

#### Experience

- Management and operation of ready-made food restaurants



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

Member's Name	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC
<b>Moataz Qusay Al-Azza-wi</b>	Riyad Bank	Inside the Kingdom	Listed Joint stock company	Merrill Lynch Saudi Arabia	Inside the Kingdom	Non-listed shareholding company
	Savola Group	Inside the Kingdom	Listed Joint stock company	Butterfly Food Industries	Outside the Kingdom	Non-listed shareholding company
	Arabic Cemen	Inside the Kingdom	Listed Joint stock company	Qusai Al-Azzawi & Sons Co	Inside the Kingdom	LLC
	Etihad Etisalat Company	Inside the Kingdom	Listed Joint stock company	Ready-mix concrete and construction supplies company	Outside the Kingdom	Listed Joint stock company
	Herfy Food Services	Inside the Kingdom	Listed Joint stock company			
	Savola Food	Inside the Kingdom	Non-listed shareholding company			
	United Sugar	Inside the Kingdom	Non-listed shareholding company			
	Afia Global	Outside the Kingdom	Non-listed shareholding company			
	United Sugar Egypt	Outside the Kingdom	Non-listed shareholding company			
	Alexandria Sugar	Outside the Kingdom	Non-listed shareholding company			
	Queen for Food Industries	Outside the Kingdom	Non-listed shareholding company			
	Afia Global Saudi	Inside the Kingdom	Non-listed shareholding company			
	Qatrana cement	Outside the Kingdom	Non-listed shareholding company			
	Saudi Industrial Construction and Engineering Projects	Inside the Kingdom	LLC			
	Saudi Technology and Trade	Inside the Kingdom	LLC			
	mediators of development	Inside the Kingdom	LLC			

Member's Name	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC
<b>Esam Maged Al-Mu-haidib</b>	Herfy Food Services Company	Inside the Kingdom	Listed Joint stock company			
	Panda Retail Company	Inside the Kingdom	Non-listed shareholding company			
	Abdul Qader Al Muhaidib & Sons Co	Inside the Kingdom	Non-listed shareholding company			
	Mayar Food Company	Inside the Kingdom	LLC			
	Masdar Building Materials Company	Inside the Kingdom	Non-listed shareholding company			
	Al Zahrawi Medical Supplies Company	Outside the Kingdom	LLC			
	Bawan Engineering Industries Company	Inside the Kingdom	LLC			
	Binaa Holding Company	Inside the Kingdom	LLC			
	Thabat Construction Company Ltd.	Inside the Kingdom	LLC			
	Zohoor Alreef Trading Company	Inside the Kingdom	Non-listed shareholding company			
	United Company for Electrical Substations and Breakers Technology	Inside the Kingdom	LLC			
	Imdad human resources company	Inside the Kingdom	Non-listed shareholding company			
	United Electrical Transformers Company Limited	Inside the Kingdom	LLC			
	Envision Arabian Industrial Company	Inside the Kingdom	LLC			
	Tawasul Al Tarabut Investment Company	Inside the Kingdom	LLC			
	International Timber Company	Inside the Kingdom	LLC			
	Saudi Abyat Company	Outside the Kingdom	Non-listed shareholding company			

Member's Name	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC
Ahmed Moham-med Al-Falih	Bin Laden International Holding Group	Inside the Kingdom	Closed Joint Stock Company	Tashelat Marketing Company	Inside the Kingdom	LLC
	Al Jouf Cement Company	Inside the Kingdom	Listed Joint stock company	Tashelat Holding Company	Inside the Kingdom	LLC
	Herfy Food Services	Inside the Kingdom	Listed Joint stock company	Sahel market company	Inside the Kingdom	LLC
	Leading commercial representation company	Inside the Kingdom	LLC	Sahel transportation company	Inside the Kingdom	LLC
	United company for technical works	Inside the Kingdom	LLC	Sahel operation and maintenance company	Inside the Kingdom	LLC
	Mohammed bin Saleh Al-Sultan Professional Consulting Company	Inside the Kingdom	LLC	Sahel Marketing and Distribution Co	Inside the Kingdom	LLC
				Sahel Real Estate Investment Company	Inside the Kingdom	LLC
				Advanced Seal Company	Inside the Kingdom	LLC
				Etihad Cel Company	Inside the Kingdom	LLC
				Musa Al Mousa Holding Company	Inside the Kingdom	Closed Joint Stock Company
Walid Khaled Fatani	Herfy Food Services Company	Inside the Kingdom	Listed Joint stock company		-	-
	Almarai Company	Inside the Kingdom	Listed Joint stock company	-	-	-
	Savola Food Company	Inside the Kingdom	Closed Joint Stock Company	-	-	-
	Panda Retail Company	Inside the Kingdom	Closed Joint Stock Company	-	-	-
	Kinan International Real Estate Development Company	Inside the Kingdom	Closed Joint Stock Company	-	-	-
	Al Kabeer Holding Company	Outside the Kingdom	LLC	-	-	-
	Afia International Company	Inside the Kingdom	Closed Joint Stock Company	-	-	-
	United Sugar Company	Inside the Kingdom	Closed Joint Stock Company	-	-	-
	Savola World Foundation	Inside the Kingdom	National (non-profit)	-	-	-
	Afia International Company - Egypt	Outside the Kingdom	Closed Joint Stock Company	-	-	-
	United Sugar Company - Egypt	Outside the Kingdom	Closed Joint Stock Company	-	-	-
	Queen Company - Egypt	Outside the Kingdom	Closed Joint Stock Company	-	-	-

Member's Name	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC	Names of the companies in which a member of the Board of Directors is a member of their current boards of directors or one of their managers	Inside / Outside the Kingdom	Legal Status Listed JSC / Non-listed shareholding/ LLC
Bander Talaat Hamooh	Herfy Food Services Company	Inside the Kingdom	Listed Joint stock company	Al Sarei Group	Inside the Kingdom	Listed Joint stock company
	Al Kabeer Food Group	Outside the Kingdom	Closed Joint Stock Company	L'azurde Company for Jewelry	Inside the Kingdom	Listed Joint stock company
	Mediwa Medical Company	Inside the Kingdom	LLC	Zuhair Fayez & Co	Inside the Kingdom	LLC
	Savola Food Institution	Inside the Kingdom	National (non-profit)	Jamjoom Pharma for Pharmaceutical Industries Co	Inside the Kingdom	Closed Joint Stock Company
	Al-Salam Medical Company	Inside the Kingdom	LLC	Health Assembly in Makkah	Inside the Kingdom	LLC
	Panda Retail Company	Inside the Kingdom	Non-listed shareholding company			
Abdul Aziz Al Raqib	Arabian franchise company	Inside the Kingdom	Non-listed shareholding company	Madar Food Company to provide fast meals	Inside the Kingdom	LLC
	Herfy Food Services Company	Inside the Kingdom	Listed Joint stock company	Iowa limited company	Outside the Kingdom	LLC
	Sports franchise company	Inside the Kingdom	Non-listed shareholding company	Switch Restaurant Company	Outside the Kingdom	LLC
	Hamad Mohammed Al Raqib & Sons Trading Company	Inside the Kingdom	Non-listed shareholding company			
	Al Reema Real Estate Development Company	Inside the Kingdom	Non-listed shareholding company	-	-	-
	Sanaya Najd Investment Company	Inside the Kingdom	LLC	-	-	-
	Eastern heights investment company	Inside the Kingdom	LLC	-	-	-
	Bahrain Switch Restaurant Company	Outside the Kingdom	LLC	-	-	-
	The Future of Fun Trading Company	Inside the Kingdom	Non-listed shareholding company	-	-	-
Hussein Ali Alas-mari	Nadec Company	Inside the Kingdom	Listed Joint stock company			
	Herfy Food Services Company	Inside the Kingdom	Listed	Mobily	Inside the Kingdom	Listed



## 08 Composition of the Board of Directors and classification of its members as on 31/12/2023

According to the articles of association of Herfy Company, the members of the Board of Directors of Herfy are composed of nine directors. On 25/4/2021, at the meeting of the Ordinary General Assembly, the Company's Board of Directors was elected and re-formed for its new term for a period of **3 years** which began on 01/05/2021 and ends on 30/04/2024. On 21/06/2021, the board member, the non-executive member Mr. Ahmed Hamad Al-Saeed resigned and the non-executive member Mr. Khaled Ahmed Al-Saeed, was dismissed at the General Assembly meeting on 28/03/2022, and no members were appointed to replace them. Currently, the board is composed of **7 members**, including three independent members and five non-executive members. The following table shows composition of the Board and classification of its members as on December 31, 2023:

S/N	Member Names	Membership Type
1	Eng./ Moataz Qusay Al-Azzawi, (Chairman of the Board of Directors)	Non-Executive Member
2	Mr. Walid Khaled Yaseen Fatani, (Deputy Chairman)	Non-Executive Member
3	Eng. Ahmed Mohammed Al-Falih (Board member)	Independent member
4	Eng./ Esam Maged Al-Muhaidib (Board member)	Non-Executive Member
5	Dr. Talaat Bandar Hamooh (Board member)	Non-Executive Member
6	Eng./ Hussein Ali Alasmari (Board member)	Independent member
7	Eng./ Abdul Aziz Mohammed Al Raqib (Board member)	Independent member

## 09 Number of board meetings and attendance record:

According to the Company's articles of association, the Company's Board of Directors is responsible for drawing up and approving the Company's future strategies and plans, general policies, financial objectives, and their approval, monitoring business management, evaluating the performance of the Company and senior management, and protecting and caring for the interests of shareholders. The Company's Board of Directors held **6 meetings** during the fiscal year 2023, and the table below shows the details related to that:

Member	Membership Type	First meeting 02/02/2023	Second meeting 14/03/2023	Third meeting 08/05/2023	Fourth Meeting 03/08/2023	Fifth Meeting 01/11/2023	Sixth Meeting 24/12/2023	Total
Eng./ Moataz Qusay Al-Azzawi Chairman of Board of Directors	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Mr. Walid Khaled Fatani Vice President of the Council	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Mr. Esam Maged Al-Muhaidib *	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Eng. Ahmed Mohammed Al-Falih	Independent	✓	✓	✓	✓	✓	✓	6/6
Eng./ Hussein Ali Alasmari	Independent	✓	✓	✓	✓	-	✓	6/5
Dr. Bander Talaat Hamooh	Non-Executive	✓	✓	✓	✓	✓	✓	6/6
Eng./ Abdul Aziz Mohammed Al Raqib	Independent	✓	✓	✓	✓	✓	✓	6/6

## 10 Number of the Company's applications for shareholders registry 2023:

The number of times the shareholders register was requested during the year 2023 was 10 times, according to the attached table:

Number	Application date	Application reason
1	20/03/2023	Others
2	08/05/2023	General assembly meeting
3	09/05/2023	Dividends distribution
4	12/05/2023	Dividends distribution
5	21/06/2023	Others
6	08/08/2023	Others
7	10/10/2023	Others
8	05/11/2023	Others
9	19/11/2023	General assembly meeting
10	19/12/2023	Others

## 11 Measures taken by the Board of Directors to inform its members - especially the non-executives - of the shareholders' suggestions and comments regarding the Company and its performance:

Shareholders' suggestions and comments are received through the Company's management and the investor relations officer, as well as through direct communication with them at the general assembly meetings. All such documented suggestions, as well as the minutes of the general assembly meetings, are available to all executive and non-executive members of the Board of Directors with the Investor Relations Officer. The Investor Relations Officer informs the executive and non-executive members of the Board of Directors of those suggestions. During the year, no comments or suggestions were received from the shareholders on the Company and its performance.

## 12 A brief description of the committees' competencies and tasks:

### Board Committees:

Herfy's Board of Directors forms an appropriate number of committees according to the company's needs and circumstances, so that it can perform its duties effectively. These committees consist of a sufficient number of non-executive and independent board members in the committees concerned with tasks that may lead to conflicts of interest situations such as

- A-** Ensuring the integrity of financial and non-financial reports,
- B-** Reviewing related persons' transactions
- C-** Nomination for membership of the Board of Directors
- D-** Ensuring the independence of independent members
- E-** Recommendation with regard to the remuneration of the board members
- F-** Ensuring that there is a clear policy for disbursing bonuses the remuneration of senior executives.



In the General Assembly meeting held on 25/04/2021G, the Board of Directors was elected for a period of 3 years, starting from 01/05/2021G to 30/04/2024G. A vote was taken to appoint the members of the Audit Committee for a period of 3 years starting from 01/05/2021G to 30/04/2024G.

The Board of Directors held its first meeting on 29/04/2021, and at this meeting, the Nominations and Remunerations Committee and the Executive Committee were formed for a period of 3 years, starting from 01/05/2021G to 30/04/2024G. Thus, the number of the sub-committees assisting the Board became three: namely Audit Committee, Nominations and Remunerations Committee and Executive Committee.

The Extraordinary General Assembly held on 19/11/2023 amended the charters (work regulations) of the Audit Committee and the Nominations and Remuneration Committee. Below are the details of the Board committees:

- A- Audit Committee.
- B- Nominations and Remuneration Committee.
- C- Executive Committee



# A. Audit Committee ..

The general assembly of the Company held on 25/04/2021G voted to select the Audit Committee and the Chairman of the Committee for the period from 01/05/2021G to 30/04/2024G. five (5) members, were elected including a member of the Board of Directors, Eng. Issam Majid Al-Muhaidib and (4) members from outside the board, specialized in financial affairs, namely, Dr. Abdul Raouf Banaja, Mr. Saleh Al-Khalaf, Dr. Ahmed Al-Munif, Mr. Ali Barakat. On 21/06/2021, the committee member, Mr. Issam Majid Al-Muhaidib was resigned., and Eng. Hussein Al-Asmari (independent board member) was appointed in his place as a member of the committee. Also, on 01/06/2023, committee member Mr. Saleh Moqbel Al-Khalaf resigned, so that the committee members became (4).

Members  
Audit Committee

5

Members

Sub-committees  
assisting the Board

3

Sub-committees



The committee held (7) meetings during the year 2023. The main task of the Audit Committee is to

**7**  
meetings

- A** verify the adequacy of the internal control system and its effective implementation
- B** supervise and coordinate audit operations
- C** present any recommendations to the Board of Directors that would activate and develop the system in a way that achieves the Company's objectives and protects the interests of shareholders and investors.



The Committee has undertaken the tasks and responsibilities related to its work in accordance with the Corporate Governance Regulations, Herfy governance regulations, and as directed by the Board of Directors

The committee's work during the year included, for example, the following:

Studying the preliminary and annual statements and recommending their approval to the Board of Directors.

Supervising and following up with the work of the internal audit department in the Company, in order to verify its effectiveness in executing tasks and functions.

Studying the internal audit reports and following up on the implementation of corrective actions for the comments contained therein.

Studying the internal control system and preparing a written report on its opinion and recommendations in this regard.

Recommending to the Board of Directors the nominating auditors, their dismissal, and their remuneration. When recommending their appointment, consideration should be given to ensuring their independence.

Studying auditors' notes on the financial statements and following up with the actions taken to that regard.

Studying the accounting policies used and providing input and recommendation to the Board of Directors in this regard.

Reviewing the Company's transactions and contracts with related parties.

The committee carries out continuous follow-up operations for greater efficiency and effectiveness. The committee has also provided the Board of Directors, through the minutes of the committee and the committee’s annual report, with the results of the internal audit and its recommendations on the efficiency and effectiveness of internal control. The committee’s annual report on the results of the effectiveness of internal control. The committee’s annual report on the results of the effectiveness of the internal control procedures will be presented to the Company’s general assembly. Following are the names of the members of the Audit Committee and the attendance record of the committee’s meetings:

Member	Nature of membership	1st meeting 01/02/2023	2nd meeting 14/03/2023	3rd meeting 29/03/2023	4th meeting 07/05/2023	5th meeting 25/05/2023	6th meeting 02/08/2023	7th meeting 31/10/2023	Notes
Mr. Ali Barakat (Chairman of the Audit Committee)	Specialized in finance and accounting from outside the Board of Directors	✓	✓	✓	✓	✓	✓	✓	7/7
Dr. Abdul Raof Suleiman Banja	Committee member from outside the Board of Directors	✓	✓	–	✓	✓	–	✓	5/7
Mr. Saleh Moqbel Khalaf	Specialized in finance and accounting from outside the Board of Directors	✓	✓	✓	✓	✓	Resigned from committee membership on 1/6/2023		5/7
Dr. Ahmed Abdullah Al-Munif	Specialized in finance and accounting from outside the Board of Directors	✓	✓	✓	✓	✓	✓	✓	7/7
Eng./ Hussein Ali Alasmari	Board member - Independent	✓	✓	✓	✓	✓	✓	✓	7/7

The position of the Committee’s Rapporteur is held by Mr. Ashraf Abdel Fattah, Manager of the Internal Audit Department, and he attended all the Committee’s (7) meetings.


## B. Nominations and Remuneration Committee

The Company applies Article (47, Clause 7) of the Corporate Governance Regulations, where the Nominations and Remuneration Committee were merged into one committee under the name of the Nominations and Remunerations Committee on 29/4/2021G, the Nominations and Remunerations Committee was reformed in light of the election of the Board of Directors for its new session, which started from 01/05/2021G for a period of three years until 30/04/2024G – consists of (3) members, including (2) independent members from the Board of Directors, Eng. Ahmed Al-Falih, Eng. Hussein Ali Al-Asmari, and one (1) member from outside the Board of Directors, Mr. Murhaf Mohammed Al-Samman.

3

Member

Eng. Ahmed Mohammed Al-Falih  
Eng. Hussein Ali Alasmari  
Mr. Murhaf Mohammed Al-Samman



During the year, the Committee held (4) meetings. During its meetings, the Committee reviewed and implemented the tasks entrusted to it and contained in the Corporate Governance Regulations according to the following:

Recommending to the Board of Directors the nomination of the membership of the Board in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime against honor and honesty.

Annual review of the required needs of the appropriate skills for the membership of the Board of Directors.

Reviewing the structure of the Board of Directors and making recommendations regarding changes that can be made.

Recommending the necessary mechanisms for evaluating the performance of the Board of Directors.

Ensuring on an annual basis the independence of the independent members, and the absence of any conflict of interests if the member is a member of another company Board of Directors.

Develop clear policies for the remuneration of the members of the Board of Directors and senior executives. (CEO and his deputies).

The committee is also tasked to carry out periodic review of the Company's corporate governance regulations and submit recommendations and suggestions to the Board of Directors regarding making amendments thereto in line with the interest and objectives of the Company. Following are the names of the members of the Nomination and Remuneration Committee and a record of attendance at the committee's meetings:

Member	Nature of membership	1st meeting 28/02/2023	2nd meeting 23/07/2023	3rd meeting 12/11/2023	4th meeting 19/12/2023	Notes
Eng. Ahmed Mohammed Al-Falih	Committee Chairman Board member - Independent	✓	✓	✓	✓	4/4
Eng./ Hussein Ali Alas-mari	Board member - Independent	✓	✓	✓	✓	4/4
Mr. Murhaf Mohammed Al-Samman	Committee member from outside the board	✓	✓	✓	✓	4/4

The position of the Committee's Rapporteur is held by Mr. Ashraf Abdel Fattah, Manager of the Internal Audit Department, and he attended all the Committee's (4) meetings.

## C. Executive Committee

The main objective of forming the Executive Committee is to

Assist the Board of Directors in assuming its responsibilities before shareholders and other bodies in matters related to supervising the executive management of the Company

Reviewing and monitoring the Company's business on a regular basis, and making the necessary recommendations to the Board when needed



The Board of Directors of the Company formed an “Executive Committee” on 29/04/2021G. The Executive Committee consists of (5) members of the Board of Directors, including (2) non-executive members, two (2) independent, in addition to the CEO of the Company. On 24/05/2021G, the Board of Directors approved the Committee’s work regulation.

The committee is responsible for implementing the tasks entrusted to it in accordance with the committee’s work regulations. Among these tasks, for example, are the following:

Participation in setting the Company’s new strategic plans and objectives and evaluating the proposals submitted by the management for such plans, including reviewing and evaluating the annual plan and the estimated budget and making recommendations in this regard for approval by the Board of Directors.

Reviewing and approving loan and borrowing requests, mortgaging assets and corporate guarantees

Consider selling or merging non-QSR services (bakery, meat, real estate) with other strategic partners as part of the overall strategic planning.

Reviewing the Company’s business in light of the set goals and the estimated budget based on the quarterly management reports, discussing any urgent developments or updates, and requesting additional meetings of the committee if appropriate.

Take the necessary decisions to carry out any tasks determined by the Board of Directors or any of the committees emanating from the Board.

Reviewing the main topics to be raised in the agenda of the Board of Directors’ meetings and making recommendations to the Board in their regard, if necessary.

The committee met twice in the year 2023. Following are the names of the members of the executive committee and the record of attendance at the committee’s meetings:

Member	Nature of membership	1st meeting 29/11/2022	2nd meeting 11/12/2023	Notes
Eng. Moataz Qusay Al-Azzawi	Committee chairman – non-executive	✓	✓	2/2
Eng. Ahmed Mohammed Al-Falih	Board member – Independent	✓	✓	2/2
Mr. Walid Khaled Yaseen Fatani	Board member – non-executive	✓	✓	2/2
Eng. Abdul Aziz Mohammed Al Raqib	Board member – Independent	✓	✓	2/2
Mr. Sam Mohammed Bader	CEO	✓	✓	2/2

The position of the Committee’s Rapporteur is held by Mr. Ashraf Abdel Fattah, Manager of the Internal Audit Department, and he attended all the Committee’s meetings.

# 13 Assessment of the Performance of the Board of Directors and its Committees:

As part of its terms of reference, the Nomination and Remuneration Committee is responsible for assessment of the performance of the Board of Directors and its committees. During 2019 the task of assessment of the Board of Directors was assigned to an independent external assessment party. The Board of Directors’ performance for the year 2023 was also evaluated internally.



# 14 Remunerations of the Board and the Executive Management

## Objective

Through the remuneration policy of the members of the Board of Directors and its permanent committees, Herfy Company aims to organize remunerations to attract members of the board or committees with scientific, technical, and administrative competences and appropriate experience, in order to enable them to perform their tasks and duties with professionalism and high efficiency, taking into account the sector in which the Company operates and the skills necessary to manage it.

Herfy also aims at creating an attractive environment in it, through which it can attract human resources with the required skills and experiences and to retain them to sustain its growth and achieve its vision, through the organizational framework for senior executive remunerations, which shall comply with relevant regulations, legislation and applications.

## Standards and Rules Organizing the Remunerations:

Based on the provisions organizing the Board of Directors and its permanent committee as stipulated in the Companies Law, Corporate Governance Regulations and the impending regulations of the listed Companies Law. Based on the Company's Articles of Association and the Company's Corporate regulations, the remunerations for the Board's members, its Permanent Committee and the Senior Executives will be in accordance with the following Rules and Standards:

### A. Members of the Board of Directors and its Committees

- **The Board of Directors- based on the recommendation of the Nomination and Remuneration Committee- determines the remuneration for the members of the Board and its permanent committees in accordance with the following standards:**

The remuneration must be fair and proportionate to the member's specializations, work and responsibilities carried out and borne by members of the Board of Directors or members of affiliated committees that are to be achieved during the fiscal year.

The remuneration must be fair and proportionate to the Company's strategy, objectives and long-term performance.

The remuneration must be commensurate with the Company's activity, its degree of risk, and the skill required for membership in the Board of Directors.

The remuneration must take into account the complexities of the Company's work, the size of its business, and the experience of each member of the Board of Directors.

The remuneration should be reasonably sufficient to attract members of the Board of Directors and its committees with appropriate competence and experience, and the remuneration should be an incentive for members to attract them.

The remuneration of members of the Board of Directors may be of varying amounts, taking into account the member's experience, specialization, work and tasks assigned to him, the number of sessions he attends, as well as other considerations.

The annual remuneration should be determined based on the period and date of joining and leaving.

- **The remuneration for members of the Board of Directors consists of a certain amount, an attendance allowance for sessions, an expense allowance, in-kind benefits, or a certain percentage of net profits. Two or more of these benefits may be combined, and the remuneration may vary in amount from one member to another. The entitlement to the Board of Directors' remuneration is proportional to the number of sessions attended by the member.**
- **An additional remuneration for both the Chairman of the Board and Managing Director may be granted, in addition to the remuneration prescribed for the Board members, as decided by the Board of Directors.**
- **A member of the Board of Directors may obtain a remuneration for any additional work or executive, technical, administrative or advisory positions - under a professional license - assigned to him in the Company, in addition to the remuneration that he may obtain in his capacity as a member of the Board of Directors and in the committees formed by Board of Directors.**

- The Company currently adopts a fixed annual remuneration for each member of the Board of Directors, and it is paid according to the term of membership of the Board of Directors during the year.
- The Board member who participates in the committees of the Board of Directors- the Audit Committee, the Nomination and Remuneration Committee- is entitled for an annual remuneration of SAR 100 thousand for each Committee.
- A member of the Audit Committee and the Nomination and Remuneration Committee (non-Board member) participating in the Board's Committees is entitled for annual remuneration of SAR 100 thousand for each Committee.
- The Chairman of the Committee- Audit Committee, Nomination and Remuneration Committee- whether a Board member or (non-Board member) will be entitled for an annual remuneration of SAR 100 thousand for each committee.
- The Board member participating in the Executive Committee- is entitled for an annual remuneration of SAR 150 thousand. The Chairman of the Committee is entitled for an annual remuneration of SAR 200 thousand approved in the work regulation of the Committee as adopted by the Board of Directors.
- The member of the Board of Directors and the member of the committees are entitled for allowance for attendance of the meetings of the Board of Directors and the Board committees amounting to three thousand riyals for each meeting, with additional amount of two thousand riyals per meeting for members from outside Riyadh, in lieu of catering and transportation.
- The Company has the right to claim for compensation from the Board member for damage to its reputation and refund remunerations, compensation and any other costs incurred by the Company in the following cases:

The Board member committed an act of violating the honor and trust, or violation of laws and regulations of the Kingdom of Saudi Arabia.

The Board member failed to carry out his duties, responsibilities and tasks, leading to a damage to the Company's interest.

If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent due to his failure to attend three consecutive meetings or five separate meetings of the Board within one year without a legitimate excuse, then this member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remuneration he received for that period.

If it becomes clear to the Audit Committee or the Board of Directors that the remuneration paid to any member of the Board of Directors is based on incorrect or misleading information that was presented to the General Assembly or included in the annual report of the Board of Directors, he must return them to the Company, and the Company has the right to demand that he return them. This shall not relieve the member of the Board of Directors from any responsibilities for any damages incurred by the Company, its shareholders, or any other related persons as a result.

## B. Senior Executives

In addition to the amounts received by the executives in terms of fixed monthly salaries and job allowances such as housing allowance, transportation allowance, etc., and medical insurance benefits, the Board of Directors determines - based on the recommendation of the Nominations and Remuneration Committee - the executive management's rewards for senior executives are determined based on criteria related to achieving performance indicators as well as achieving the Company's business results in accordance with the executive plans and the nature of each position, approved by the Board of Directors and disbursed based on the recommendation of the Executive Management after review by the Nominations and Remuneration Committee, and approval by the Board of Directors, provided that the rewards shall take into account the following:

The remunerations and compensation shall be compatible with the strategic objectives and to stimulate senior executives to achieve those objectives and strengthen the Company's capacity to develop its business, sustainability, and growth.

Be appropriate for the nature of the Company's business, activity, size, and required skills and expertise.

Enabling the Company to attract senior executives who have the capacities, skills and qualifications necessary to enable the Company to achieve its objectives

Taking into consideration the practices of other companies in determining the remunerations.

The remunerations shall be determined based on the Job level, tasks, responsibilities, skills, performance, scientific qualifications and practical expertise.

**The Nomination and Remuneration Committee shall study and compare the relationship between the remuneration granted and the applicable remuneration policy, and also study deviations from that policy.**



Following is a statement containing remunerations and payments for the Board’s executive and non-executive members, and five senior executives in the Company:

Board members’ remuneration paid ..

during 2023 (SAR’000)

Description	Fixed Remuneration					Expenses allowance
	Specific amount #	Allowance for attending board sessions	total amount of allowance for attending Committee sessions of	Received by the board members in their capacity as employees or managers, for technical or consultative work	Total	
First: Independent Members						
Ahmed Al-Falih	199	18	18	-	235	0
Hussein Ali Alasmari	300	15	33	-	348	0
Abdul Aziz Mohammed Al Raqib	300	18	6	-	324	0
Total	799	51	57		907	
Second: Non-Executive members						
Moataz Al-Azzawi	5258*	18	6	-	5282	0
Walid Khaled Yaseen Fatani	296	18	6	-	320	6
Esam Maged Al-Muhaidib	300	18	-	-	318	4
Bander Talaat Hamooh	300	18	-	-	318	6
Total	6154	72	12		6238	16

\* The amount of five million riyals includes an additional remuneration for the Chairman of the Board of Directors, and based on the powers granted to the Board in the Company’s articles of association.  
# The annual remuneration for the year 2022, which was disbursed in 2023 and is within the maximum limit of SAR 500,000 thousand for the year 2022, as for the allowances paid, they are for the year 2023.

The annual remuneration due to the Directors for the year 2023

the Nominations and Remuneration Committee recommended to the Board of Directors, which in turn will present the following to the General Assembly:

1. An annual remuneration of three hundred thousand riyals will be paid to each member of the Board of Directors for the year 2023.
2. Additional remuneration of five million was paid to the Chairman of the Board of Directors for the year 2023.

His Excellency the Chairman of the Board of Directors, Eng. Moataz Qusay Al-Azzawi, informed the Board that he will waive the value of the additional remuneration if it is due in favor of the company in order to spend it in ways that achieve its interest and improve its performance and business.



# Remunerations paid to members of board committees

for the year 2023 (in SAR ‘000)

Committee’s information	Fixed annual remuneration	Allowance for ses- sion attendance	*Transportation and lodging allowance	Total (SAR’000)
Audit Committee				
Mr. Ali Barakat - (Chairman of the Audit Committee–A member from outside the board	100	21	10	131
Eng./ Hussein Ali Alasmari - Committee member and independent board member	100	21	-	121
Dr. Abdul Raof Suleiman Banja (A member from outside the board)	100	15	4	119
Mr. Saleh Moqbel Khalaf (A member from outside the board)	41.667	15	-	56.667
Dr. Ahmed Abdullah Al-Munif (A member from outside the board)	100	21	-	121
Total	441.667	93	14	548.667
Nominations and Remuneration Committee				
Eng. Ahmed Mohammed Al-Falih - Committee chairman – Independent board member	100	12	-	112
Mr. Murhaf Mohammed Al-Samman Committee member from outside the board	100	12		112
Eng./ Hussein Ali Alasmari- Committee member – Independent board member	100	12	-	112
Total	300	36		336
Executive Committee				
Eng./ Moataz Qusay Al-Azzawi Falih Committee chairman	200	6		206
Mr. Walid Khaled Yaseen Fatani Board member	150	6	2	158
Eng. Ahmed Mohammed Al-Falih Board member	150	6	-	156
Eng./ Abdul Aziz Mohammed Al Raqib Board member	150	6	-	156
Total	650	24	2	676

\* Transportation and lodging allowance for the session for members from outside Riyadh.

# Remuneration of Senior Executives

(SAR ‘000)

Description	Fixed Remuneration				Variable Remunera- tion Annual and seasonal	End of Service indemnity	Grand Total
	Salaries	Allow- *ances	In Kind benefits	Total			
Five senior executives, including the CEO and CFO	3,658	1,701		5,359	-	-	5.359

\* It includes transportation allowance, housing allowance, vacation salary allowance, travel allow-  
ance, travel tickets allowance, etc.

\*\*\* The Company has committed to disclose the elements of the senior executives’ remuneration in total in accordance with the statutory requirements contained in sub-paragraph (4) of Article 93 of the Corporate Governance Regulations, but the Company has disclosed the remunerations and compensations of senior executives in line with paragraph (b) of Article ( 60) of the Rules on the Offer of Securities and Continuing Obligations.

# 15 Violations and Penalties

Any penalty, fines, precautionary measure, or precautionary restriction imposed on the Company by the Authority or any supervisory, regulatory or judicial body, the reasons for the violation, the penalizing agency, and ways to remedy it and avoid its occurrence in the future.

# Statement of violations and penalties for the year 2023

Government agency	Type of Violation	Total value of violations (SAR)	proposed solutions
District sub-municipalities	Imposing new requirements and updates by Ejada and the municipalities on the restaurant sector	947,443	The Company's safety department has recently been assigned to carry out preventive inspection visits to ensure that the branches comply with the updated terms and requirements issued by the Ministry.
Transport General Authority	Implementing the Saher system and imposing new requirements related to other government agencies	686,500	A vehicle movement department was established in the Company to govern the movement of trucks, which positively limited the acceleration of violations
Ministry of Commerce and Investment	Customer complaints	8,300	Follow up with the delivery department to solve customer problems

## 16 Results of the Annual Audit of the Effectiveness of Internal Control Procedures

It falls within the competences and tasks of the executive management to implement internal control systems and controls and supervise them in general, and to ensure the existence of an appropriate and effective internal control system, which includes policies, procedures and processes that have been developed to achieve the Company's objectives. Usually, an internal control system is established in line with the Company's governance and is compatible with laws and regulations. The system defines the roles and responsibilities assigned to the Board of Directors and its committees, in addition to other management committees, in a way that provides appropriate oversight at the level of the Company. The Company's management also follows up on compliance with the control procedures and corrects any deficiencies in the internal control system.

The Audit Committee also recommended to the Executive Management and the Board of Directors to rectify the repeated observations indicated in the reports of the Internal Audit Department and the External Auditor, which include the necessity to work on completing the project to prepare and update the Company's internal policies to keep pace with the current changes and the size of the Company's expansions. The preparation and updating of the policies have been completed. They were approved by the Board of Directors in February 2023. Human resources management policies are being updated and approved, and a project to implement the Company's internal procedures is currently underway.

scope of work includes evaluating the adequacy and effectiveness of the internal control system, including compliance with the policies and procedures that have been established. Audit reports that include weaknesses in the internal control system as well as corrective actions are submitted to the executive management and the Audit Committee. The Audit Committee submits its report to the Board of Directors and the general assembly of shareholders.

The Committee has found that there is no material shortcoming that requires disclosure, which may affect the integrity and effectiveness of the Internal Control Systems. Corrective plans and procedures have been developed to improve effectiveness based on the observations contained in the reports of the Internal Audit Department and external auditors, which provide reasonable grounds for ensuring the effectiveness of internal control according to a time frame, which will be followed up with the entrusted departments on an ongoing basis. The committee stresses the need to complete the draft policies and procedures in the Company because of its impact on the effectiveness of the internal control system in the Company.





## 17 The need to appoint an internal auditor



The Audit Committee did not recommend the appointment of an internal auditor because the Company has an internal audit department.

## 18 Conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors

There are no recommendations for the Audit Committee that conflict with the decisions of the Board of Directors, or which the Board refused to take into account regarding the appointment and dismissal of the Company's auditor, determining his fees, evaluating his performance or appointing the internal auditor.

## 19 Details of the Company's Social Contributions

In light of Herfy's keenness to contribute to the development of the community in which it operates, the Board of Directors will develop programs and determine the necessary means to present the Company's initiatives in the field of social responsibility. Until finalizing the preparations of such programs, the Company during the year made multiple contributions to society, whether through in-kind contributions by providing products, as well as providing support to the Aamal Association for Family and Community Development, in addition to many economic and social initiatives. The Company's contributions in 2023 were as follows:



Providing Iftar meals for fasting people throughout the holy month of Ramadan



Providing children's meals to cancer patients



Providing children's meals to the Insan Charit Committee for Orphaned Children



Providing 7,000 cartons of water (Aquafina) to break the fast throughout the holy month of Ramadan

## 20 General Assemblies held during 2023

During the year 2023, an ordinary general assembly was held on 08/05/2023, and another Ordinary General assembly on 19/11/2023. Following is the attendance record of the board members in both assemblies:

Name	Attendance record for the Ordinary General Assembly on 08/05/2023	Attendance record to the Extraordinary General Assembly on 19/11/2023
Eng. Moataz Qusay Al-Azzawi (Chairman)	✓	✓
Mr. Walid Khaled Fatani (Deputy Chairman)	✓	✓
Eng. Ahmed Mohammed Al-Falih (Board member)	✓	✓
Eng. Esam Maged Al-Muhaidib (Board member)	✓	✓
Dr. Bandar Talaat Hamooh (Board member)	✓	✓
Eng. Hussein Ali Alasmari (Board member)	✓	✓
Eng. Abdul Aziz Mohammed Al Raqib (Board member)	✓	✓

## 21 A description of any interest, contractual securities and subscription rights belonging to the members of the Company's Board of Directors, senior executives and their relatives in the Company's shares or debt instruments or any of its subsidiaries, and any change in such interest or rights during the last financial year

There are no debt instruments.

## A. Members of the Board of Directors

Name	Number of shares at the beginning of 2023	Number of shares at the end of 2023	Net change during the year (Shares)	(%) of change
Eng. Moataz Qusay Al-Azzawi	1400	1400	-	-
Mr. Walid Khaled Yaseen Fatani	-	-	-	-
Eng. Ahmed Mohammed Al-Falih	-	-	-	-
Dr. Bander Talaat Hamooh	-	-	-	-
Eng. Esam Maged Al-Muhaidib	1	1	-	-
Eng. Hussein Ali Alasmari	-	-	-	-
Eng. Abdul Aziz Mohammed Al Raqib	1000	1000	-	-

Members who do not own shares are members nominated by shareholders.

There are no interest, contractual securities and subscription rights belonging to relatives of board members and senior executives in the Company's shares or debt instruments.

## B. Senior Executives:

Senior executives from outside the board do not own shares or have a direct or indirect interest in the Company as on 1/1/2023 & 31/12/2023, with the exception of Mr. Sam Mohammed Bader, CEO (Senior Executives), who is not a member of the Board of Directors, who owns 100 shares in the Company, as follows:

Name	Number of shares at the beginning of 2023	Number of shares at the end of 2023	Net change during the year (Shares)	(%) of change
Sam Mohammed Bader - CEO -	-	100	100	-

## C. Persons other than members of the Company's Board of Directors, senior executives and their relatives:

The Company has not been notified by any persons other than members of the Company's Board of Directors, senior executives and their relatives of any notice related to their ownership or having an interest of 5% or more of any class of voting shares or debt instruments convertible into shares.

## 22 List of Substantial owners

A statement of the names, number of shares and percentage of ownership of the substantial shareholders who own 5% or more and its change during the year 2023:

Investor	Nationality	Number of shares at the beginning of 2023	Ownership percentage at the beginning of 2023	Number of shares at the end of 2023	Ownership percentage at the end of 2023
Savola Group Company	Saudi company	31,693,200	49 %	31,693,200	49 %
Mr. Ahmed Hamad Al-Saeed	Saudi	12,395,795	19.165 %	9,896,040	15.3 %

## 23 A description of any interest in the voting class of shares belonging to persons (other than members of the Company's Board of Directors, senior executives and their relatives) who have informed the Company of such rights under Article Eighty-Five of the Rules on the Offer of Securities and Continuing Obligations, and any change in such rights during the last financial year

None

HER



**24** A description of the categories and numbers of debt instruments convertible into shares, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company during the fiscal year, with an explanation of any compensation obtained by the Company in exchange for that.

None

**25** A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company.

None

**26** A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the Company and those purchased by its subsidiaries.

None

## 27 Dividend Distribution Policy

The Company's annual net profits shall be distributed after deducting all general expenses and other costs as follows:

01

The General Assembly determines the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any, based on a recommendation from the Board of Directors in accordance with the stipulations of regulations in this regard.

02

In accordance with the Company's bylaws and based on the recommendation of the Board of Directors, the Company may, at any time, distribute profits to its shareholders, whether quarterly, semi-annually, annually, or exceptional profits, from distributable profits and retained earnings in accordance with the audited or reviewed financial statements, and in accordance with the regulations issued by the competent authorities.

03

The Company may, based on the recommendation of the Board of Directors and the approval of the General Assembly, not pay dividends to shareholders.

On 15/03/2023, the Board of Directors recommended to the General Assembly to approve the proposal to distribute dividends for the year 2022. It was disbursed on 24/5/2023 according to the following statement:

description	Percentage of profits proposed to be distributed for the year 2022	Value is SAR	Number of Shares	Total amount of the distribution (SAR)
Earnings per share	5%	0.50	64,680,000	32,340,000

On 05/02/2024, the Board of Directors decided to recommend to the General Assembly not to distribute dividends for the year 2023, in order to support and strengthen the Company's financial position in addition to supporting cash liquidity and financing the Company's capital expansions.



## 28 Transactions with Related Parties - Members of the Board of Directors

The Company have been operating in the Saudi market for about 42 years, and has extended and long-term transactions and agreements relating to exchanged real estate rentals, purchasing raw products, selling products, etc. with related parties, i.e., (Kenan Company, Al-Aziziya Panda Markets Company both affiliates to Savola Group, Al Marai Company, United Sugar Company, etc.) Following is a statement that includes the nature and size of those transactions for the year 2023:

### A. Lease Contracts

Related Parties	Capacity	Type of Contract	Number of contracts	Remarks
Panda Company	Members of the Board of Directors of Herfy: Eng. Issam Majid Al-Muhaidib Mr. Walid Khaled Fatani, Dr. Bandar Talaat Hamouh, members of the Board of Directors of Panda Company and senior executives.	Rental of 5 Herfy stores numbers 3 -10 -15- 170 - 157	5	The stores are in Riyadh area. The rental amount represents a percentage of sales varies between 8% and 10% annually. The date of some contracts refers to 1995 and they are renewed; They total SAR 1,303 million
		Rental of 4 Herfy stores numbers 126 - 141 -174 - 37	5	The shops are located in Riyadh, except Herfy restaurants No.174, and No. 37 in Buraidah and Jizan areas, respectively; total value of rental is SAR 729 million (the store rental ranges between SAR 110 thousand and SAR 300 thousand and rental hosing for workers SAR 50). The date of some contracts was in 2005 and they are renewed.
		Housing for workers next to Herfy 170	1	The rental value is SAR 300 thousand annually, the date of the contract was in 2012.
Kenan International Real Estate Development Company	Member of the Board of Directors Mr. Walid Khaled Fatani is a member of the Board of Directors of Kenan International Company.	Rental of two Herfy stores -171-109 and a warehouse attached to	3	The first store is located in Yanbu, and the second store is at Al-Rimal Center in Ri-yadh; rentals constitute 9% and 10% of sales amounting to SAR 34.3 thousand and SAR 34.8 thousand & rent of the warehouse is SAR 4800. Date of the contract was in 2006.
Jawda company	Two companies owned by the General Organization for Social Insurance, of which a member of the Board of Directors Eng. Hussein Al-Asmary is the IT Consultant	Renting Herfy restaurant 101	1	The store is located in the Granada Mall in Riyadh, with an annual rental value of 355,500 riyals.
Leading Investments Company		Renting Herfy restaurant 107	1	The store is located on Khalid bin Al-Waleed Street in Riyadh, with an annual rental value of 325,650 riyals.

Most of these contracts were/are renewed for other periods after the end of the first contract term. For more details about these contracts, please refer to the notes accompanying the auditor's report, and his separate report on transactions with related parties.

### B. Purchases of Raw Materials:

The Company purchases some supplies of raw materials, and products from companies affiliated to related parties. The following table shows details of these transaction during the year 2023:

The Related Parties	Capacity	Type of contract	Value of Purchases during 2023G
Afia International Company	Members of the Board of Directors of Herfy Company, Eng. Moataz Qusay Al-Azzawi, and Mr. Walid Khaled Fatani also serves as members of the Board of Directors of Afia International Company.	Purchasing food oils for Herfy. Annual contract	22,926,444 SR
International Food Industries Company	Members of the Board of Directors of Herfy Company, Eng. Moataz Qusay Al-Azzawi, and Mr. Walid Khaled Fatani also serves as members of the Board of Directors of Savola Foods Company, which owns the International Food Industries Company	Purchase of specialized fat products	6,176,070 SR
United Sugar Company	Members of the Board of Directors of Herfy Company, Eng. Moataz Qusay Al-Azzawi, and Mr. Walid Khaled Fatani also serves as members of the Board of Directors of United Sugar Company	Purchasing products Annual contract	3,398,567 SR
Al-Marai Company	A company where the Board member Mr. Walid Khaled Fatani assumes membership of its board	Purchasing products Annual contract	211,545 SR
Al Ahsan Trading Company (Al Kabeer Group)	Members of the Board of Directors Mr. Walid Khaled Fatani, and Dr. Bandar Talaat Hamouh are also members of the Board of Directors of Al-Kabeer Group.	Purchase of raw materials	141,403 SR

C.Sales of Products:

The Company is marketing part of its bakery products and meat products through companies belonging to related parties. The following table shows details of these transactions during the year 2023:

The Related Parties	Capacity	Type of contract	Value of Sales during 2023G
Panda Retail Company	Members of the Board of Directors of Herfy Eng. Issam Majid Al-Muhaidi, Mr. Walid Khaled Fatani, Dr. Bandar Talaat Hamouh who are members of the Board of Directors of Panda Company senior executives.	Selling bakery products and meat factory products. Annual contract	23,864,750 SR
Riyad Bank	Member of the Board of Directors Eng. Moataz Qusay Al-Azzawi, who is a member of the Board of Directors of Riyadh Bank	An agreement to sell meals to Riyadh Bank employees	48,500 SR



It would be appropriate to clarify some points related to the agreements and contracts referred to as follows:

- 01

Those contracts were presented in accordance with Articles (27, 71) of the Companies Law, and Article 64 of the Implementing Regulations of the Companies Law for joint-stock companies, and they are commercial contracts, transactions and agreements in which the members of the Board of Directors had a personal interest (indirect).
- 02

The rental contracts value has been determined by (a percentage of the sales or a fixed rental value) according to market prices at the time of their conclusion. The Company follows in these agreements the same terms and foundations followed with others (the same prevailing price conditions).
- 03

Commercial deal contracts are made according to market prices and according to the same terms and foundations followed by the Company with other customers and suppliers (the same prevailing price conditions).
- 04

Most of these transactions are governed by long-term contracts and fixed terms (stores, buildings and land lease contracts) or by extended contracts and agreements that are annually renewed and may be subject to change in some of their terms such as procurement contracts, sales for raw materials, products, materials and products of the Company. It is worth noting that the conclusion and renewal of these contracts fall within the framework of Herfy’s regular activity, according to the commercial conditions prevailing in the market and the fair competition that protects the shareholders’ interests.
- 05

The Company has disclosed the transactions with related parties who have relations with members of the Board of Directors. These transactions included mutual rental contracts, mutual material sales and purchase contracts. The terms of those contracts have been disclosed in terms of the value of the contract, its duration, the transaction’s party, and they were carried out according to the prevailing conditions. Other contracting conditions were not disclosed by such as prices of supply items, size of supplies, discount percentage, credit periods, delivery dates, specifications, fines for non-compliance with the contract, and other detailed issues. It would not be in favor of the Company to disclose these things because other competitors will be able to overview the Company’s important operational and financial information.
- 06

Contracts and transactions with related parties are subject to review by the Company’s Audit Committee. Each period the rental values are reviewed by a specialized real estate assessment office.



07

In the General Assembly's meeting on 08/5/2023G authorization was obtained for the Board of Directors regarding the authority of the Ordinary General Assembly to give the permission contained in paragraph (1) of Article (71) of the Companies law for a year from the date of approval of the Ordinary General Assembly or until the end of the delegated Board of Directors session, whichever comes first, in accordance with Article (56) of regulatory controls and procedures issued in implementation of the Companies Law for the listed joint stock companies.

08

A separate report on these transactions has been prepared by the Company's external auditor for 2023.

09

These transactions and contracts will be presented to the general assembly at its next meeting to consider the authorization of the members who have an interest in them in accordance with Article 71 of the Companies Law, and the Board will be informed at the Company's general assembly meeting during the year 2024 when it convenes, about those businesses and contracts that one of them a director or an executive manager have a personal interest in them.

10

The Board of Directors voted on the members' notifications in its session held on 05/02/2024, and the Board of Directors approved all contracts.

## 29 A description of any transaction between the Company and a related party

The Company has transactions with related parties who are substantial shareholders of the Company and their relatives, directly or indirectly, namely Mr. Ahmed Al-Saeed, who owns 15.3% of the Company's shares, and daughter of Mr. Khaled Ahmed Al-Saeed. Following is a statement that includes the nature and size of those transactions during the year 2023G:



Related party	Transaction	Transaction type	Transaction value in 2023	Information
Ahmed Hamad Al-Saeed	A substantial shareholder He owns 15.3% of the Company's shares.	Renting a land plot owned by him on which Herfy 40 restaurant is built	Rental value is 250 thousand riyals	The land in the Abha region is 1,300 square meters, contracted since 2009 and for a period of 15 years.
		Buying products from Mama Sauce factory, in which he owns a stake	1,323,793 SR	Buy sauce products from Mama Sauce factories
		Selling Herfy products to Taza Restaurants Company, which is owned by the Ashmore Fund, in which he owns a stake	447,528 SR	Selling products from Herfy factories to Taza restaurants.
Khaled Ahmed Hamad Al-Saeed	From relatives of Mr. Ahmed Hamad Al-Saeed, a substantial shareholder, who owns 15.3% of the Company's shares	Renting Herfy shop 139, Herfy 360 from Bazbaza International Company, in which Mr. Khaled Ahmed Al-Saeed a stake	285,000 SR	1. Herfy 139, the shop in Tabuk, with a rental value of 125 thousand riyals. The lease has been in place since 2017 for a period of 10 years and is renewable 2. Herfy 360 in Makkah-, Sharaei Al-Mujahideen, at an annual rental value of SAR 160 thousand for 7 years starting 01/07/2017
		Renting 3 stores from Herfy Company, next to Herfy restaurants 77, 321, 220 for the Bazbaza International Company, in which he owns a stake	247,167 SR	The shops are located in Riyadh regions (2 shops), and Makkah, at a rental value of SAR 78 thousand, SAR 50 thousand and 119.167 thousand, respectively. The contracts date back to 2002 and for periods ranging from 5 years to 20 years and are renewable.
		Selling Herfy products to Bazbaza International, in which he owns a stake	810,290 SR	Selling products from Herfy factories to Bazbaza International Company



Related party	Transaction	Transaction type	Transaction value in 2023	Information
Khaled Ahmed Hamad Al-Saeed	From relatives of Mr. Ahmed Hamad Al-Saeed, a substantial shareholder, who owns 15.3% of the Company's shares	Renting a fully finished building from Qitaf Real Estate Company, which is owned by him	SR 400,000	A 2-floor building located in Dawadmi area (Herfy 203), next to the Panorama Dawadmi commercial center. The contract period is 20 Hijri years, starting from 01/03/1433H. The rental value is SAR 400 thousand annually for an area of 680 m2
		Renting a fully finished store from Qitaf Real Estate Company, which is owned by him	SR 300,000	The shop is located in Buraidah (Herfy 232). The contract period is 18 years and ten months starting from 10/10/2013 - including a grace period of 40 days - The rental value is SAR 300 thousand annually for an area of 158 m
		Renting concrete structure buildings from Qitaf Real Estate Company which is owned by him	SR 1000,000	The shops are located in the cities of Afif, Al Shammasi, and Buraidah for Herfy Restaurants 333, 373, with an annual rental value of SAR 450 thousand, SAR 550 thousand, 23 years, 18 years. The contracts were signed on 8/2015
		Renting a store from Herfy next to Herfy 30 for the Optimal Taste Company, in which he owns a stake	SR 220,000	A shop located in Riyadh, next to Herfy 30. The contract period is 10 years, starting from 10/12/2020, with a grace period of two months. The rental value is SAR 220 thousand annually
		Renting a store from Herfy Company, next to Herfy 73, for cake and cheese for the Optimal Taste Company, in which he owns a stake	SR 130,000	A shop located in Riyadh, next to Herfy 73. The contract period is 5 years, starting from 10/12/2019, with a grace period of two months. The rental value is SAR 130 thousand annually
		Purchasing Herfy products for the Bazbza Company, in which he owns a stake	SR 121,141	Selling products from Herfy Company to Bazbza Company

The Board of Directors acknowledges that there are no contracts or interest between the Company and the CFO.

## 30 Information about competing businesses for the Company or any of its branches activity

**First:** According to the business concept as stipulated in the regulations of the Board of Directors and committees and approved by the General Assembly on 19/11/2023, competing business are the activities that are conducted in the main activity of the Company and are as follows:

1. Establishing, operating, maintaining or managing quick service restaurants, including, for example, burger, pizza, broasted, shawarma, etc. restaurants.
2. Establishing, operating, maintaining or managing sweets showrooms or cafes.

Accordingly, there are no competing actions of this kind among the members of the Board of Directors.

**Second:** There are businesses and activities that are similar and competitive with some of the activities of the subsidiary activities, not the main ones related to the manufacture and sale of baked goods, as well as meat products, but they are not businesses that compete with the main activity in accordance with the business competing concept in item 1 above. The following statement clarifies information for that:

A company that has an activity similar to Herfy's non-core activities and to which the concept of Herfy's competing activities does not apply	Company activity	Name of board member	Role of a member of the Company
Almarai Company, a listed joint stock company, which owns Lusine Bakery Factories	Production and sale of baked goods	Mr. Walid Khaled Yaseen Fatani	Member of the Board of Directors of Almarai Company
Almarai Company, a listed joint stock company, which owns Al Awael poultry and meat factories	Frozen food processing and poultry processing	Mr. Walid Khaled Yaseen Fatani	Member of the Board of Directors of Al Kabeer Company
Al-Kabeer Group Limited Liability Company	Frozen food processing and poultry processing	Dr. Bander Talaat Hamooh	

# 31 Board of Directors' Declarations

Since the Registration and Listing Rules and Corporate Governance Regulations issued by the Capital Market Authority (CMA) emphasize the need to disclose in the annual report of the Board of Directors all required items in accordance with the Annual Report Guidance Template prepared by the CMA, the Company's Board of Directors declares that the following topics do not apply to the Company, and the Board is committed to disclose them if they become applicable:

- 01.** There is no deviation from accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA) regarding the review and assessment of the Company's financial statements.
- 02.** Herfy Food Services Company has no subsidiaries to as of December 31, 2023G, and therefore, no shares or debt instruments issued to any subsidiary.
- 03.** There are no preferred shares or priority shares with voting privilege or any debt instruments belonging to the members of the Board of Directors, senior executives, their wives and children, and for any other persons, as the Company is currently not applying preferred shares system and does not have debt instruments transformable to shares.
- 04.** There are no treasury shares held by the Company.
- 05.** A statement of any arrangements or agreement waiving under which a member of the Board of Directors of the Company or a senior executive
  - (a) A member of the Board of Directors (there are)
 

His Excellency the Chairman of the Board of Directors, Eng. Moataz Qusal Al-Azzawi, will waive the value of the additional remuneration of five million riyals if due to the benefit of the company in order to spend it in ways that achieve its interest and improve its performance and business
  - (b) Senior Executive ( None )
- 06.** No agreement under which any Company's shareholders have waived any rights in profits.
- 07.** There are no investments or other reserves established for the benefit of the Company's employees.
- 08.** The auditor's report did not include any qualifications on the annual financial statements.
- 09.** No penalties or sanctions have been imposed on the Company by the CMA or by any other jurisdiction.
- 10.** The Company confirms that it has not received from its auditor a request for holding the General Assembly during the ended fiscal year and has not been held.
- 11.** The chairman did not receive any written request for emergency meetings from two or more members during the fiscal year ended 2023.
- 12.** The Board of Directors has not recommended to change the auditor before the end of the term assigned to him.





## The Board of Directors also declares the following:

01

The accounting records are prepared correctly.

02

The internal control system has been correctly prepared and effectively implemented.

03

There is no doubt of the Company's ability to continue its activity.

## 32 Information related to Risks

Any economic activity is exposed to potential risks, and Herfy is exposed to certain risks due to the nature of its activity of production and sale of food products, management of restaurants and showrooms. The Company has extensive and accumulated expertise in the field of fast food and food processing, which have been acquired over the past 40 years, and which enable it to identify and limit the risks associated with the Company's activities. We will discuss some of the most prominent Risks:



### Operational Risks

#### Risks associated with the safety and quality of products:

Nature of nutrition and restaurants includes exposure to accompanying risks, most importantly, the safety and quality of the products. The Company has an integrated program to ensure the safety and quality of food stuff, and apply a number of preventive measures to ensure the safety of its products through quality control management. The Company has obtained the "HACCP" international certificate in this area, and ISO certificates.

#### Risks of the availability of raw materials and sufficiency of supplies:

The Company works to face these risks by expanding qualified suppliers base and continue to rely on the Company's factories and increase its production efficiency.



### Risks of the Market and Competition:

The Company works in a highly competitive market and the risk is in the increase of the quality and quantity of competitors, which may affect the market share. To meet these risks, the Company is working on continuous development and diversification of products while maintaining the highest level of quality and customer service



### Financial Risks

#### The risks of fluctuations in raw material prices

The Company is working to face price fluctuation by monitoring the prices, and making the purchasing decisions based on price projections, in addition to expanding the base of the Company suppliers and concluding annual contracts for major raw materials to ensure the stability of the prices and exploitation of size savings.

### General Assembly Meeting

Herfy Food Services Company's shareholders will be informed on the date of the General Assembly and its agenda after taking approvals from the competent authorities.



# Thanks and appreciation



The Company's Board of Directors is pleased to take this opportunity to extend wholehearted thanks and appreciation the Custodian of The Two Holy Mosques, and the Crown Prince- May Allah preserve them, for their vigorous efforts to achieve the well-being and security of this Country. The Board extends also its sincere thanks and appreciation to the Government of the Custodian of the Two Holy Mosques for its continued support and care for private sector companies. Our thanks and gratitude are expressed also to the Company clients for their trust and support, as well as all parties that deal with the Company, including suppliers, banks and regulatory and supervisory agencies. The Board also extends its sincere thanks and gratitude to the shareholders of the Company for their generous support and trust. We invoke the Almighty to have this trust and support crowned with more development and prosperity for the Company. Thanks also are extended to the Company's management and employees. The Board of Directors, executive management and employees of the Company are also looking forward to overcoming the current challenges in the business sector and restoring growth in the Company's main segments.

Chief Executive Officer

**Sam Bader**

Chairman

**Moataz Qusay Al-Azzawi**

 **May Allah bless you all,**



 herfyfsc

