

FAWAZ ABDULAZIZ ALHOKAIR & Co. Invites its shareholders to attend the Ordinary General Assembly meeting (first meeting) by means of modern technology

The Board of Directors of FAWAZ ABDULAZIZ AL HOKAIR & CO. is pleased to invite its valued shareholders to share and vote in the Ordinary General Assembly meeting (the first meeting), which is scheduled to be held, God willing, at 8:30 pm on Tuesday 21/02/1443 AH corresponding to September 28, 2021 AD.

Through modern technical means using the TADAWULATY system, in order to ensure the safety of dealers in the financial market and within the support of preventive and precautionary efforts and measures by the competent and relevant health authorities to address the new Corona virus COVID 19, and as an extension of the continuous efforts made by all government agencies in the Kingdom of Saudi Arabia by taking the necessary preventive measures to prevent its spread.

City and venue of the Ordinary General Assembly: Using modern technology from the company's main headquarters in Riyadh - Prince Turki Abdul Aziz Al Awwal Road - U Walk Complex (University Avenue). This is done through the use of Tadawulaty via the link www.tadawulaty.com.sa

To vote on the following agenda:

1. Voting on the Board of Directors Report for the fiscal year ended on 03/31/2021.
2. Voting on the Annual audited financial statements for the financial year ended on 03/31/2021.
3. Voting on the External Auditor Report for the financial year ended on 03/31/2021.

4. Voting on releasing members of the Board of Directors from liabilities for their performance during the fiscal year ending on 03/31/2021.
5. Voting for the appointment of the company's auditor from among the candidates based on the recommendation of the Audit Committee in order to examine, review and audit the financial statements for the first, second, third, fourth and annual quarters of the fiscal year 2021. Determine his fees.
6. Voting on Paying an amount of 1,800,000 Saudi Riyals as remuneration to the members of the Board of Directors for the fiscal year ended on 31/03/2021.
7. Voting on amending the Regulations of the Audit Committee. (attached)
8. Voting on amending the Regulations of the Nominations and Remunerations Committee. (attached)
9. Voting on amending the remuneration policy for the members of the Board of Directors, and committees emanating from the board, and the executive management. (attached)
10. Voting on amending the policies, standards and procedures for membership in the Board of Directors. (attached)
11. Voting on the competition criteria for the members of the Board of Directors. (attached)
12. Voting on the business and contracts that took place between the group and the Arabian Centers Company, in which a member of the board of directors, FAWAZ BIN ABDUL AZIZ AL-HOKAIR, ABDUL MAJEED BIN ABDULAZIZ AL-HOKAIR, and OMAR BIN ABDUL AZIZ AL-MOHAMMADI have an indirect interest in it which is real estate rental payments. Note that the amount of transactions for the fiscal year ending on March 31, 2021 amounted to 303,397,543 Saudi Riyals, and it should also be noted

that these transactions are carried out on a commercial basis. (There are no preferential terms). (attached)

13. Voting on the business and contracts concluded between the group and the Egyptian Centers for Real Estate Development Company, in which the members of the board of directors, FAWAZ BIN ABDUL AZIZ AL-HOKAIR and ABDUL MAJEED BIN ABDULAZIZ AL-HOKAIR, have an indirect interest. They are real estate rental payments, knowing that the amount of transactions for the fiscal year ending on March 31, 2021 amounted to 6,378,761 Saudi Riyals, and it should also be noted that these transactions are carried out on a commercial basis. (There are no preferential terms). (attached)
14. Voting on the business and contracts that took place between the group and FAS Saudi Holding Company, which belong to the members of the board of directors FAWAZ BIN ABDULAZIZ AL-HOKAIR, ABDUL MAJEED BIN ABDULAZIZ AL-HOKAIR, OMAR BIN ABDULAZIZ AL-MOHAMMADI and ABDUL MAJEED BIN ABDULLAH AL-BASRI. The said gentlemen has indirect interest relating to the payments made on behalf of the group, bearing in mind that the amount of transactions for the fiscal year ending on March 31, 2021 amounted to 89,964,509 Saudi Riyals, and it should also be noted that these transactions are carried out on a commercial basis. (There are no preferential terms). (attached)
15. Voting on the business and contracts that took place between the group and Hagen Ltd., in which a member of the board of directors, FAWAZ BIN ABDULAZIZ AL-HOKAIR and ABDUL MAJEED BIN ABDULAZIZ AL-HOKAIR have an indirect interest, which are printing and advertising services, bearing in mind that the amount of transactions for the fiscal year ended on March 31, 2021 amounted to 1,719,302 Saudi Riyals. It

should also be noted that these transactions are carried out on a commercial basis. (There are no preferential terms). (attached)

16. Voting on the business and contracts that took place between the group and Al Farida Commercial Agencies Company, in which a member of the Board of Directors, ABDUL MAJEED BIN ABDULAZIZ AL-HOKAIR has an indirect interest, which are expenses for business and services, bearing in mind that the amount of transactions for the fiscal year ending on March 31, 2021 amounted to 5,123,771 Saudi Riyals. It should also be noted that these transactions are carried out on a commercial basis. (There are no preferential terms). (attached)
17. Voting on the participation of Board Member ABDUL MAJEED BIN ABDULAZIZ AL-HOKAIR in a work that competes with the company's business. (attached)
18. Voting on delegating the Board of Directors to the authority of the ordinary general assembly with the licensing contained in paragraph (1) of Article 71 of the Companies Law, for a period of one year from the date of approval by the General Assembly or until the end of the delegated Board of Director's session, whichever is earlier, in accordance with the conditions contained in the controls and procedures. The regulations issued in implementation of the Companies Law for listed Joint Stock Companies.

Each of the shareholders registered in the company's shareholder's register at a deposit center at the end of the trading session preceding the meeting of the assembly has the right to attend the ordinary general assembly meeting in accordance with the rules and regulations. The right of registration to attend the assembly meeting ends at the time of the assembly meeting and the ordinary general assembly meeting is valid if

the attended Shareholders representing at least half of the capital. Bearing in mind that the registered shareholders in the TADAWULATY services will be able to vote electronically on the assembly's items starting from ten in the morning on Saturday 18/02/1443 AH corresponding to 25/09/2021 AD until the end of the time of the Ordinary General Assembly Registration. Voting for TADAWULATY services will be free and available to all shareholders via the following link: tadawulaty.com.sa.

If you have any inquiries, please contact us through the following channels:

Phone: 0114146832

Email: investor.relations@fahretail.com



The annual report of the Audit Committee for the fiscal year ended
March 31, 2021

Fawaz Abdul Aziz AL HOKAIR & Co
The Annual Report of the Audit Committee
For the fiscal year ended March 31, 2021

Audit Committee

The Audit Committee was formed of three (2) members, all of whom are independent, non-executive members specialized in financial and accounting affairs, and among them is an independent board member.

The duties and responsibilities of the Audit Committee are as follows:

- * Supervising the Internal Audit Department in order to verify its effectiveness in carrying out the tasks and tasks set by the Board of Directors.
- * Studying the internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- * Submitting recommendations to the General Assembly to appoint and dismiss external auditors, determine their fees, ensure their independence, and follow up their work, while studying and reviewing the audit plan with the external auditor.
- * Studying the external auditor's observations on the company's financial statements and following up on what has been done about them with studying the preliminary and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation in this regard.
- * Assessing the effectiveness of the company's assessment of the important risks and the steps taken by the company's management to monitor and confront these risks, and to express an opinion and recommendation to the Board of Directors regarding them.
- * Issuing an annual report to the General Assembly. The committee's report includes details of its performance of its competencies and duties stipulated in the Companies Law and its implementing regulations, provided that the

report includes the committee's recommendations and opinion regarding the efficiency of the company's internal and financial control systems and risk management systems.

- * Submit an annual report to shareholders describing the composition of the committee, its responsibilities, how it will be conducted, and any other information required by law, including approval of non-audit services.

Audit Committee Members

Name	Position
SHAMRI EID	Chairman of the Committee
DR. SULEIMAN ALSUKRAN	Member
SAAD AL-MASHOUH	Member

Audit committee meeting schedule

Nine (9) meetings of the Audit Committee were held during the period between April 1, 2020 and March 31, 2021 as follows:

Date	EID*	Dr. SULAIMAN	SAAD
20-April- 2020	√	√	√
21- May -2020	√	√	√
11- June- 2020	√	√	√
30- June- 2020	√	√	√
24 – August- 2020	√	√	√
7- October- 2020	√	√	√
8- November- 2020	√	√	√
1- February- 2021	√	√	√
16-Feb-2021	√	√	√
Total meetings	9	9	9

Its activities during those meetings were as follows:



- * Reviewing the annual and quarterly financial statements of the company and making recommendations to the Board of Directors for approval.
- * Conducting an audit to evaluate the work of the Internal Audit Department through Protiviti, submitting and discussing the results report with the Board of Directors and agreeing on a plan to develop the work of the Internal Audit Department in the light of this evaluation. Work is underway to contract with an auditing company to provide outsourcing of Internal Audit services to the Internal Audit Department.
- * In view of the degree of risks associated with inventory, and the management's implementation of procedures related to the inventory account, the Committee assigned the Audit Office "Protiviti" a project to assess the review of the inventory management process and the material operations carried out by the management with regard to writing off and calculating provisions for inventory. The objective of this project is to evaluate those procedures and improve the effectiveness of related risk management, control and governance processes. The agreed scope of work includes the following four tracks:-
 - 1- Reviewing the company's inventory operations and internal controls, on the basis of a comprehensive understanding of the inventory management process, with a focus on the write-offs and inventory allocations that took place during the period from April 2016 to September 2020.
 - 2- Data analyzes and review of supporting documents, including extraction of inventory movement reports, script development/testing, and review of supporting documents to identify discrepancies, exceptions, and disagreements.
 - 3- Reviewing financial reports in accordance with International Financial Reporting Standards (International Accounting Standard No. 2), to verify the conformity of the recorded values of inventory in the books of accounts.



- 4- Reviewing information technology applications, by evaluating control over user permissions (applications and database), control over software change, and checking exceptions and reports.
- * Meeting with both the external and internal auditors of the company, and ensuring that the company's management has made available to them all the data and information required to perform their work.
 - * Follow up with the Board of Directors and Executive Management to ensure the implementation of key issues such as:
 - * Reassignment of external auditors
 - * Implementing the Oracle program and strengthening the control over the books of accounts Preparing a regional team to perform the internal audit
 - * The company's risk management system
 - * Involve management to enhance policies, procedures, controls and governance regarding:
 - * Trade Inventory, Inventory Allocation, and Inventory Stocktaking
 - * Fixed assets including inventory, depreciation
 - * Applying IFRS 16 "Lease Contracts" to verify its suitability to the company's circumstances and its compliance with international accounting policies.
 - * Reviewing and approving the annual plan of the Internal Audit Department.
 - * Reviewing and approving the internal audit charter, manual and protocols.
 - * Reviewing the annual report of the internal audit and following up the implementation of the notes and recommendations of the internal audit.
 - * Follow-up on the impact of the Covid-19 pandemic on the company and the measures taken by the management in this regard.

Internal Audit Department

The Internal Audit Department undertakes the internal audit functions of the various departments of the company. As part of the implementation of the internal audit services, the Department is committed to the following:

- * Reviews are conducted in accordance with the established professional standards established by the Association of Internal Auditors.
- * Maintain independence and objectivity. Commitment to the highest degree of fairness and integrity, and compliance with the rules of professional conduct established by the Association of Internal Auditors.
- * Maintain good relationships with fellow auditors that are characterized by open communication, trust, mutual respect and professionalism. Maintaining a high level of performance and time management.
- * Encouraging teamwork and creativity. Achieving continuous professional improvement through obtaining professional certificates and educational goals in the professional field. Carry out a comprehensive review to provide a reasonable level of assurance.

The scope of the work of the Internal Audit Department includes the following:

- * Preparing the annual internal audit plan based on the risks identified during the risk assessment and validation by management. In an effort to prioritize limited resources, the audit plan was organized over a three-year period. Each year, there is a mix of internal audit assignments based on risk assessment, compliance assistance, advisory services and ongoing monitoring and follow-up.
- * Assist management in achieving its goals and objectives by seeking to provide a positive impact on the efficiency and effectiveness of operations.

Continuing to recognize professionalism, competence, and a positive attitude.

- * Continuing to benefit from auditing methods and new technology to make the audit process more effective and efficient.
- * Work to be among the leaders in the professional practice of the internal audit profession in the Kingdom of Saudi Arabia.
- * Develop and implement the principle of risk-based sampling and testing to determine whether the most critical management controls are well designed and operating as intended.

Supervision of the audit committee

The Audit Committee periodically supervises the work of the internal audit and reviews its reports on a regular basis. To ensure the independence of the internal audit, the head of the internal audit department submits his technical, professional, and administrative reports to the audit committee, where none of the company's managers interfere in the internal affairs of the internal audit. The Internal Audit Department has no direct operational responsibility in any of the areas or activities reviewed. The head of the internal audit department shall annually confirm to the audit committee the independence of the internal audit department.

The Internal Audit Department submits a summary report to the Audit Committee on weaknesses in the areas of internal control, limited scope, good practices, and improvements on a quarterly basis in accordance with the International Professional Practices Framework issued by the Association of Internal Auditors, and strengthening the applicable internal control framework.

The opinion of the audit committee on the internal control system

As a result of the efforts of the Audit Committee at the level of the company and its subsidiaries, the annual review of the internal control procedures, which were selected for testing during the fiscal year ending on March 31, 2021 by the Committee and the Internal Audit Department, as well as the reports of the



external auditors, confirms that the executive management should work on developing Improving internal control procedures, risks, governance, and activities related to a number of internal control objectives, which are mainly related to inventory operations, fixed assets, financial reports, related person activities, and information systems.

The Audit Committee was not able to verify the appropriateness of the control procedures and policies, especially related to the stock of provisions, etc., and pending the issuance of the report of the external consultant (Protiviti).

The committee also recommended that the procedures for inventory management and inventory in stores and warehouses are flawed, which may be serious and need to reconsider the policies and procedures related to inventory management in its entirety.

The committee also recommended the establishment of an independent risk committee.

Signature:

Dr./ SULEIMAN AL-SUKRAN	EID AL-SHAMRY	SAAD AL-MUSHAWAH
Committee Member	Chairman of the Committee	Member