

CORPORATE **GOVERNANCE** REPORT

February 2024



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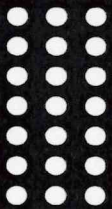


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1.1. Introduction

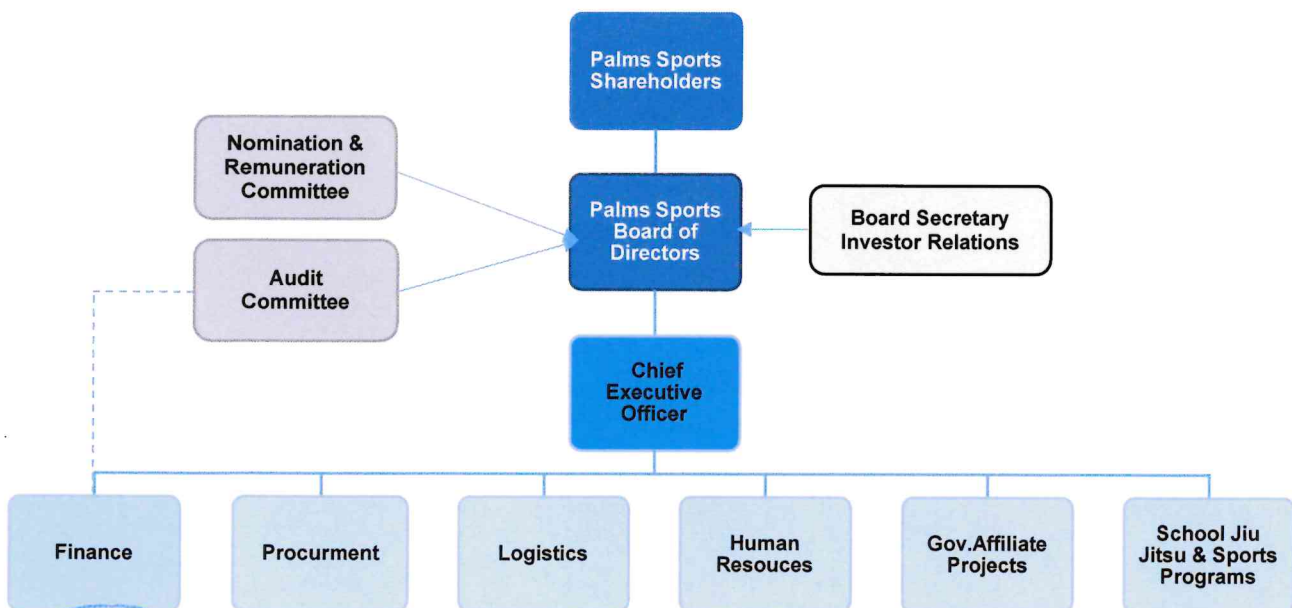
Palms Sports PJSC (hereafter referred as the "Company") was established in 2011 and is a UAE-based Company that promotes niche sporting activities with specific focus on Jiu-Jitsu and Martial Arts to UAE Nationals. On 26 November 2020 the Shareholders of the Company resolved to change the legal form of the Company from Limited Liability Company to Private Joint Stock Company. Palms Sports has listed its shares on ADX Second Market on 21 December 2020.

This gives an overview of Palms Sports' corporate governance systems and procedures as of 31 December 2023. It is being filed with Securities and Commodities Authority (SCA), posted on the ADX website and the Company's website. This report is governed by the Resolution of the Board of the Securities and Commodities Authority ("SCA") No. 3/Chairman. of 2020 as amended from time to time on the Corporate Discipline and Governance Standards of Public Joint-Stock Companies ("Resolution 3/2020"). The format of this report is prescribed by SCA.

1.2. Governance Structure

Corporate Governance is the system by which the business of the Company is directed and controlled. The Board of the Company has established a governance structure to direct and control the business in an efficient manner. The implemented corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders within the Company, such as, the Board, Board Members, Chief Executive Officer, Managers, and shareholders; and establishes the rules and procedures for making decisions on corporate affairs. The primary goal of the Company's corporate governance policy is to create and sustain value within the Company.

The Governance structure of the Company is provided below:



1.3. Implementation of Corporate Governance in Palms Sports

The Shareholders are the ultimate decision-makers in respect of the direction of the Company as they are responsible for appointing the Board of Directors. The General Assembly Meeting is the highest decision-making body in the Company and is the forum in which shareholders express themselves and exercise their right to decide on the Company's direction.

The Board plays a central role in the Company's corporate governance framework. It is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders. The Company is managed by the Board of Directors composed of five members elected by the ordinary general assembly through a cumulative secret ballot for a period of three years. The Board of Directors then elect the Chairman and the Vice Chairman from among its members. The position of the Board's Chairman and the position of CEO are separate.

The Board has established Two (2) Committees: Audit Committee, Nomination and Remuneration Committee, which review and monitor key areas on behalf of the Board and make recommendations for its approval. Each Board Committee operates under written terms of reference which are approved by the Board. The Chair of each Committee reports to the Board on their activities and minutes are circulated once they have been approved by the respective Committee. Information on the activities and composition of each Committee is set out in Section 1.7.

1.3.1. Role of the Board

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through oversight of the Company's business. In particular, the Board is responsible for providing strategic direction, management supervision and adequate controls, with the objective of promoting success and long-term value of the Company and is accountable for the performance of Palms Sports.

The Board's role and responsibilities are set out in the Board Charter which include:

- a. Establishing and amending Palms Sports' Corporate governance structure and framework.
- b. Approving various Corporate Governance policies and procedures.
- c. Reviewing board composition and performance.
- d. Issuance / granting or revoking of general / specific power of attorney.
- e. Approving the strategy, main objectives of the Company and supervising the strategy implementation.
- f. Approving Annual Operating budgets and amendments.
- g. Reviewing financial performance considering the strategy, business plan and budget of Palms Sports ensuring that where necessary corrective action is taken.
- h. Establishment / Amendment of Authorized Bank Signatories / Mandates.
- i. Setting a clear authorization policy in the Company to determine authorized persons and the powers assigned to them.
- j. Approval for Listing / delisting on stock exchanges.
- k. Approving investment related decisions including mergers and acquisitions.
- l. Approval of Quarterly / Annual Financial Statements.
- m. Recruitment and Termination, Reward & Compensation and Benefit Matters for N and N-1 level. N is the Palms Sports CEO and N-1 includes all direct reportees of Palms Sports CEO.
- n. Screening and Selection of Financial Institutions/Banks.
- o. Opening or Closing of Bank Accounts.
- p. Creation of any Mortgage, Charge, or other Security Interest over any of the Palms Sports' assets.



- q. Review and approve the Company's Annual Corporate Governance Report.

1.3.2. Delegation of Authority to the Board Members and Executive Management

The Palms Sports Board has also delegated, through a Power of Attorney to the CEO, the authority, and powers necessary to manage the business affairs of Palms Sports. The Power of Attorney is provided up to 30 May 2024 and was attested by the notary public. This includes the power to:

- Represent and manage the Company, its subsidiaries and affiliates in all transactions and documents before the Government, Semi-Government and Private entities.
- Represent and sign all contracts and agreements on behalf of the Company, its subsidiaries, and affiliates inside and outside of the United Arab Emirates.
- Sign all relevant lease and rent of properties, warehouses, shops, stores, showrooms, offices, and other relevant real estate items in connection with the business of the Company and its subsidiaries.
- Filing, registering, and renewing all types of intellectual properties and rights including patents, industrial designs, trademarks, copyrights, franchise and other licenses, technology transfer licenses commercial and distribution agencies and domain names that belong from time to time to the company and its subsidiaries.
- Appoint and terminate managers for the Company, its subsidiaries, and affiliates; and
- Manage the Company, its subsidiaries, and affiliates' operations.

1.3.3. Corporate Governance Policies and Procedures

Below is a summary of Palms Sports' key policies and procedures to promote and enhance higher corporate governance standards.

- Corporate Governance Manual covering the roles and responsibilities of all stakeholders involved in governance processes including the General Assembly of Shareholders, the Board of Directors including the Chairman of the Board and Board Committees, CEO, Senior Management, Internal Audit and/or Internal Control, External Audit, Board and Committees Secretary and other stakeholders.
- Delegation of authority for Palms Sports to ensure efficient and effective decision-making which balances empowerment against controls.
- Code of Conduct and Business Ethics to guide the conduct of Directors and Employees.
- Board of Directors Charter for effective functioning of the Board.
- Charters for effective functioning of the Board Committees namely Audit Committee and Nomination and Remuneration Committee.
- Conflict of Interest Policy sets forth requirements for the avoidance and management of potential and actual conflicts of interests.
- Disclosure and Transparency Policy provides guidelines to ensure that Palms Sports makes timely and accurate disclosure on all material matters, including the financial situation, performance, governance, rules pertaining to disclosure of information, methods of classification of information, and the frequency of disclosure. The Management of the Company is in the process of preparing the above Corporate Governance Policies and Procedures which shall be reviewed and approved by the Board in due course.



1.4. The Board of Directors Transactions in Securities

1.4.1. Transactions report of the members of the Board of Directors, their spouses, and

Name	Position/ Relationship	Shares held as at 31 December 2023	Total Sale Transactions	Total Purchase Transactions
H.E. Mr. Abdelmoneim Elsayed Mohamed Abdulraheem AlHashemi	Chairman of the Board	14,850,000	0	0
Mr. Readh Faraj Alkindi	Vice Chairman of the Board	0	0	0
Mr. Khalifa Yousif Abdulla Khouri	Board Member	0	0	0
Mr. Fouad Fahmi Darwish	Board Member and CEO	7,420,900	80,000	0
Mr. Saje Thomas	Board Member	101,350	0	0

their children in the Company's securities during the year 2023

1.5. The Board of Directors Other Statements

1.5.1. Transactions report of the members of the Board of Directors resigned during the year 2023, and their spouses and their children in the Company's securities.

None of the Board of Directors resigned during the year 2023.

1.5.2. The extent to which the Board members are committed to comply with disclosure requirements prescribed by the provisions of the Law and the regulations and decisions issued pursuant thereto in respect of their transactions in securities.

Members of the Board of Directors have complied with the disclosure requirements prescribed by the provisions of the law, regulations and decisions issued pursuant thereto in respect of their transactions in securities issued by the Company.

1.6. Palms Sports Board of Directors

The Board is structured to ensure that it has an effective composition, size, commitment and an appropriate collective mix of skills, experience, and expertise to discharge its responsibilities and duties. The present Board of Directors were elected at the Annual General Meeting held on 22 Nov 2020 for a term of three years. The Board currently has five members, comprising an independent non-executive Chairman, 3 independent non-executive Directors and a non-independent executive Director.



Board of Directors	Role and Committee Memberships	Category	Member Since
H.E. Mr. Abdelmoneim Elsayed Mohamed Abdulraheem AlHashemi	<ul style="list-style-type: none"> Chairman – Palms Sports Board 	Independent, Non-Executive	22/11/2020
Mr. Readh Faraj Alkindi	<ul style="list-style-type: none"> Vice Chairman – Palms Sports Board. Chairman – Nomination and Remuneration Committee. Member – Audit Committee 	Independent, Non-Executive	22/11/2020
Mr. Khalifa Yousif Abdulla Khouri	<ul style="list-style-type: none"> Board Member Member – Nomination and Remuneration Committee Member – Audit Committee 	Independent, Non-Executive	22/11/2020
Mr. Fouad Fahmi Darwish	<ul style="list-style-type: none"> Board Member CEO Member – Nomination and Remuneration Committee 	Non - Independent, Executive	22/11/2020
Mr. Saje Thomas	<ul style="list-style-type: none"> Board Member Chairman – Audit Committee 	Independent, Non-Executive	22/11/2020

1.6.1. Profile of Board Members

The table below shows the names, roles, experience, and capacities of the current Board of Directors.

H.E. Mr. Abdelmoneim Elsayed Mohamed Abdulraheem AlHashemi

Position and Committee Memberships

- Chairman – Palms Sports Board, Independent / Non-Executive

Skills, Experience and External Appointments

H.E. Abdelmoneim Al Hashemi has been and continues to be the President of the UAE Jiu Jitsu Federation since its inception. An athlete, himself, H.E. is regarded as a sporting authority and figure in the UAE sporting domain. More so, H.E. is also the Vice President of the International Jiu Jitsu Federation, and Chairman of the Asian Jiu Jitsu Union in addition to several other governmental appointments.

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Mr. Readh Faraj Alkindi

Position and Committee Memberships



- Vice Chairman – Palms Sports Board, Independent / Non-Executive
- Chairman – Nomination and Remuneration Committee
- Member – Audit Committee

Skills, Experience and External Appointments

Mr. Readh Alkindi is a seasoned investor and financial executive with more than 20 years of experience in the fields of investment management and marketing. Mr. AlKindi began his career in the very distinguished private offices of His Highness Sheikh Zayed Bin Sultan Al Nahyan back in 1996 and until year 2004. Mr. Alkindi became associated with the Royal Group from the onset and is a founding partner of PAL Computers, PAL Technology Services LLC amongst many other board directorships and chairmanships.

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Mr. Khalifa Yousif Abdulla Khouri

Position and Committee Memberships

- Board Member, Independent / Non-Executive
- Member – Nomination and Remuneration Committee
- Member – Audit Committee

Skills, Experience and External Appointments

Mr. Khalifa Khouri is certainly an influential investor and entrepreneur in the UAE and elsewhere; he is a director in several public and private joint stock companies in the UAE and is a trusted representative for private family wealth management offices. More so, Khalifa over the years has been involved in the founding of several companies in the UAE and certainly enjoys a wealth of experience in the fields of investments, media, trading, services, manufacturing, real estate, building materials, oil & gas and others. He has had an active leadership role in mergers & acquisitions, bond issuance and taking companies public.

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Mr. Fouad Fahmi Darwish

Position and Committee Memberships

- Board Member and CEO, Non – Independent / Executive
- Member – Nomination and Remuneration Committee

Skills, Experience and External Appointments

Fouad Darwish joined Palms Sports as a general manager in early 2015 buoyed with over 25 years of managerial experience & strategizing in the banking and financial sector across 3 continents. Fouad has 13 years' experience as senior executive within North America and MENA Banking & Investment industries, including senior roles with Global Investment House, NBAD, Central Bank of the UAE and ING Bank of Canada in addition to being a director in 12 international boards during years 2011-2015. Master of Business Administration (MBA) in International Finance & Marketing from American University in Dubai, UAE (2007) and holder of BA Honours degree in Economics & Political Science with minor in Middle Eastern & Islamic Studies from University of Toronto, Canada (1995).

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Mr. Saje Thomas

Position and Committee Memberships



- Board Member, Independent / Non-Executive
- Chairman – Audit Committee

Skills, Experience and External Appointments

Mr. Saje Thomas holds a bachelor's degree in Commerce from Mahatma Gandhi University, India. He is a member of the Institute of Chartered Accountants of India, a Certified Public Accountant from Colorado USA, and a Certified Cost and Management Accountant from India.

Mr. Saje is also the Managing Director with Royal Group wherein he has contributed significantly to the growth of the group over the past 19 years and has succeeded in expanding its activities in real estate, entertainment, and other areas.

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1.6.2. The Board Secretary

Board Secretary is the point of communication with the Board of Directors and Senior Management and plays a key role in the administration of important corporate governance matters.

Mr Hatem Elmohr is currently holding the role of Board Secretary, with the following key responsibilities:

- a. Notifying Board members of the Board and Board Committee meetings dates well in advance of the meeting date.
- b. Attend all the meetings of the Board and Board Committees (in cases where the Secretary is unable to attend meetings, an alternative should be nominated by Board members).
- c. Coordinate the agenda with Chairman of the Board and Board Committees and arrange for approved agenda items to be discussed at the meeting, including inviting any required attendees to the meetings on behalf of the Board.
- d. Providing Board and/or Committee members with the agenda of the meeting and the related papers, documents, and information and any additional information related to subjects contained in clauses of the agenda requested by any Board member.
- e. Take note of a of the proceedings to include agreements, suggestions, concerns, conclusions, decisions, required actions etc.
- f. Prepare minutes of all meetings and submit the draft minutes to Board members to express their opinion thereon before signing it.
- g. Ensure Board members receive a copy of the minutes of the Board and Board Committee meetings, information and documents related to the Company.
- h. Prepare and maintain an action items list containing a brief description of the action to be taken, cross referenced to the relevant item in the minutes. The list should also note the responsible person and the date by which the action is to be completed.
- i. Communicate the decisions of the Board to the respective parties as required.
- j. Keep record of all the documents related to Board including a minute book and a register of all resolutions of the Board.
- k. Informing the Company executive management about resolutions of the Board and its Committees and reporting on their implementation and application.
- l. Coordinating between Board members and executive management.
- m. Making sure that Board members comply with actions approved by the Board.



n. Supporting the Board evaluation process.

1.6.3. Diversity - Women's representation in the Board of Directors in 2023

Palms Sports supports the inclusion and participation of women in business and believes that diversity contributes to the quality and effectiveness of governance. For the last election of the Board, the Company invited nominations from both male and female candidates; however, no nominations of female representatives were received. Hence, we do not have any female representation in our current Board.

1.6.4. Key focus areas for the Board during 2023

During 2023, the Board of Directors focused and made decisions on various areas as below.

- Reviewed updates from the Management on Company performance.
- Establishment of Corporate Governance system and approval of Corporate Governance implementation plans.
- Regular review with Executive Management on key risks.
- Review and approval of quarterly and annual financial statements.
- Approve the acquisition of "Learn Education"
- Approve the equity investment in "Pure Health Holding PJSC" in the form of IPO subscription / investment in financial assets.
- Approve the equity investment in "Multiply Group"
- Approve the investment in financial assets with "Chimera Global"

1.7. The Board of Directors Other Statements

1.7.1. Method of Determining the Remunerations of Board of Directors

The Board of Directors' remuneration shall be determined in accordance with the Articles of Association of the Company, subject to the provisions of Federal Decree Law No. (32)/2021 regarding commercial companies. The remuneration of the members of the Board of Directors, subject to approval of the shareholders, is linked to the financial results of the Company.

The Company may also pay additional expenses or fees or monthly salary to the extent determined by the Board of Directors for any of its members, if this member is working in any Committee, or exerts exceptional efforts or performs additional work to serve the Company, beyond his or her normal duties as a member of the Board. In all cases, Directors' remuneration should not exceed 10% of the net profit after deducting all amortizations and reserves.

1.7.2. Total Remunerations paid/proposed to the Members of Board of Directors in 2023

The Company's general assembly approved the payment of AED1,646,197/- in remuneration to the chairman, vice-chairman and members of the board of directors in 2023.

- **Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for the year 2023.**



No allowances were paid for attending the meetings of the Board of Directors or the Committees emanating from the Board for the year 2023.

- **Details of the additional allowances, salaries or fees received by a Board member, during the year 2023, other than the allowances for attending the committees and their reasons.**
No allowances, salaries, or additional fees were disbursed during the year 2023.

1.7.3. The Board Meetings

The Board of Directors had convened four (4) meetings during 2023 as follows:

No	Meeting Date	Attendance	Proxy	Absent	Names of Absent Members
1	18/01/2023	4 (2 in person 2 remotely)	-	1	Mr. Readh Faraj Alkindi
2	26/01/2023	Resolution by circulation	-	-	-
3	18/04/2023	4 (2 in person 2 remotely)	-	-	Mr. Readh Faraj Alkindi
4	17/07/2023	4 (2 in person 2 remotely)	-	1	Mr. Readh Faraj Alkindi
5	21/09/2024	Resolution by circulation	-	-	-
6	19/10/2023	4 (2 in person 2 remotely)	-	-	Mr. Readh Faraj Alkindi
7	13/11/2023	Resolution by circulation	-	-	-

Below details of Board meetings attendance during the year 2023 as follows:

Board of Directors	No. of Absences/ No. of Meetings	First Meeting 18/01/2023	Second Meeting 18/04/2023	Third Meeting 28 17/07/2023	Fourth Meeting 19/10/2023
H.E. Abdelmoneim Elsayed Mohamed Abdulraheem AlHashemi	0	✓	✓	✓	✓
Mr. Readh Faraj Alkindi	4	✗	✗	✗	✗
Mr. Khalifa Yousif Abdulla Khouri	0	✓	✓	✓	✓
Mr. Fouad Fahmi Darwish	0	✓	✓	✓	✓
Mr. Saje Thomas	0	✓	✓	✓	✓

1.7.4. Summary of Board Resolutions Passed During 2023

Resolutions Passed at the Board Meetings:

Sr No	Board Meeting Date	Resolutions Passed
1	18/01/2023	<ul style="list-style-type: none"> • Approve financial statements for FY ended on 31/12/2022



2	26/01/2023	<ul style="list-style-type: none"> Call the Company's Annual General Assembly to convene
3	18/04/2023	<ul style="list-style-type: none"> Approval of the interim financial statements for Q1/23 ending on 31/03/2023.
4	17/07/2023	<ul style="list-style-type: none"> To approve Company's audited financials for H1/2023, ending on 30/06/2023.
5	21/09/2024	<ol style="list-style-type: none"> Increase of the Company's share capital from AED 150,000,000 (one hundred fifty million UAE Dirhams to AED 165,000,000 (one hundred sixty-five million UAE Dirhams). The entry of ICE Holding RSC LTD as owner of 9.09% of the shares in the Company by issuing 15,000,000 (fifteen million) new shares to be subscribed for by ICE Holding RSC LTD. The issuance of the Capital Increase Shares at AED 13,33 thirteen UAE Dirhams and thirty-three Fils per share, and the Subscriber contributing with the cash amount of AED 200,000,000 two hundred million UAE Dirhams as consideration for its subscription for the Capital Increase Shares. To approve the proposed draft subscription agreement to be entered into with the Subscriber, and delegate the Company's Chief Executive Officer Mr. Fouad Darwish to sign it on behalf of the Company's Board of Directors. To approve the amendment to Article 7 of the Company's Articles of Association as follows: "The Company's capital is fixed at AED (165,000,000) one hundred sixty-five million UAE Dirhams, divided into (165,000,000) one hundred sixty-five million shares with a nominal value of AED (1) one Dirham each. All shares are cash shares and fully paid." provided that the approval of competent authorities is secured. Invite the Company's General Assembly to convene.
6	19/10/2023	<ul style="list-style-type: none"> To approve Company's audited financials for Q3/2023, ending on 30/09/2023.
7	13/11/2023	<ul style="list-style-type: none"> Call the Company's general assembly to convene for the purpose of electing the board of directors.

1.8. Board of Directors' Committees

1.8.1. Audit Committee

It is the responsibility of the Committee to provide the board with independent, objective advice on the adequacy of management's arrangements with respect to the following key aspects of the management of the Organization.



1.8.2. Audit Committee Acknowledgment

The Audit Committee members, acknowledge responsibility for discharging the Audit Committee's mandate across the Company including review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Audit Committee.

1.8.3. Members of Audit Committee as of 31 December 2023

S. No	Name	Title	Category
1	Mr. Saje Thomas	Chairman	Non-Executive/Independent
2	Mr. Readh Faraj Alkindi	Member	Non-Executive/Independent
3	Mr. Khalifa Yousif Abdulla Khouri	Member	Non-Executive/Independent

1.8.4. Audit Committee Functions

Financial Reporting

- Review with the management and the external auditors all significant matters including audit opinions on the quarterly, half-yearly (as applicable) and year-end financial statements and recommend its adoption by the Board.
- Monitor compliance with financial reporting standards and regulatory requirements.
- Review significant accounting and reporting issues.
- Review the Company's financial and accounting policies and procedures.
- Review any management letter from the external auditors and ensure corrective actions by executive management.

Corporate Governance

- Oversee and monitor the implementation of the corporate governance framework within Palms Sports and ensure compliance to the regulatory requirements.
- Review and recommend to the Board, the Annual Governance Report submitted to the regulatory authorities.

Internal Control and Risk Management

- Review the Company's financial control, internal control, and risk management systems.
- Discuss the internal control system with the Management and ensuring that it fulfils its duty to establish an effective internal control system.
- Ensure an annual review of internal control system is performed to determine the overall adequacy and effectiveness of Palms Sports Internal Control System.

External Audit

- Assessing annually their independence and objectivity considering relevant professional and regulatory requirements and the relationship with the auditor, including the provision of any non-audit services
- Meet regularly with the statutory auditor to discuss the auditor's remit and any issues arising from the audits.



- Evaluate on an annual basis the external auditor's qualifications, performance, and independence.
- Ensure that Senior Management is taking necessary corrective actions to address the findings and recommendations of statutory auditors in a timely manner.

Internal Audit

- Review and approve the Internal Audit Charter.
- Review and approve audit plans, budget, staffing, and organisational structure of the Internal Audit Function and related Internal Control activities.
- Review the appointment, resignation or dismissal of the Chief Audit Executive and the internal audit provider, in case of an outsourced service provider.
- Review all reports submitted to the Committee by the Internal Audit Function and monitor management response and action to the findings and recommendations. Ensure that control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors are adequately and timely addressed by Executive Management.
- Review performance of the Chief Audit Executive, Internal Audit Function/Outsourced Internal Audit service provider (as applicable) and evaluate its performance on an annual basis.
- Report to the Board all matters presented to the Audit Committee by virtue of the delegation.
- Review all reports submitted to the Committee by International Holding Company's Audit Committee and monitor management response and action to the findings and recommendations. Ensure that control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors are adequately and timely addressed by Executive Management.
- Consider the results of the investigations in internal control matters assigned to them by the Board of Directors or are inherited by the Committee and approved by Board of Directors.

Compliance Monitoring

- Monitor the status of Palms Sports' compliance with applicable laws, regulation, and agreements.
- Review the related parties' transactions with the Company and ensuring that there is no conflict of interest and recommending them to the Board of Directors before their conclusion.

1.8.5. Audit Committee Meetings During the Year 2023

Audit Committee Member	No. of Absences/ No. of Meetings	First Meeting 18/01/2023	Second Meeting 18/04/2023	Third Meeting 17/07/2023	Fourth Meeting 19/10/2023
Mr. Saje Thomas (Chairman)	0 of 4	✓	✓	✓	✓
Mr. Readh Faraj Alkindi (Member)	4 of 4	✗	✗	✗	✗
Mr. Khalifa Yousif Abdulla Khouri (Member)	0 of 4	✓	✓	✓	✓

1.8.6. Nomination and Remuneration Committee

1.8.7. Nomination and Remuneration Committee Acknowledgment

The Nomination and Remuneration Committee members, acknowledge responsibility for discharging the Nomination and Remuneration Committee's mandate across the Group, review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee.

1.8.8. Members of Nomination and Remuneration Committee as of 31/12/2023

S. No	Name	Title	Category
1	Mr. Readh Faraj Alkindi	Chairman	Non-Executive/Independent
2	Mr. Khalifa Yousif Abdulla Khouri	Member	Non-Executive/Independent
3	Fouad Fahmi Darwish	Member	Executive / Non – Independent

1.8.9. Committee Functions

- Propose policies and criteria for membership in the Board and Senior Management. The policy shall consider gender diversity encouraging active participation of women.
- Annually review the required needs of skills for Board membership and prepare description of qualification and abilities required for Board membership.
- Identify individuals qualified to become Board members, consistent with criteria approved by the Board, and to recommend to the Board the director nominees for the next annual meeting of shareholders.
- Regularly review the structure, size, and composition (including the skills, knowledge, and experience) required of the Board compared to its current position and make recommendations to the Board regarding any changes.
- Continuously ensure that independent Directors remain independent throughout the term of their office.
- If the Committee finds that a member lacks the conditions of independence, it shall submit the matter to the Board to notify the member by a registered letter to his address known to the company about the grounds of lacking independence. The member shall reply to the Board within fifteen days from the notice date. The Board shall issue a decision that the member is independent or not independent at the first meeting following the member reply or expiration of the period referred to in the preceding paragraph without reply.
- Conduct an annual evaluation of Board performance and the performance of Board members and Committees to determine ways to strengthen its effectiveness.
- Identify the competencies required for Senior Management and the basis of selecting them.
- Consider succession planning for Directors and other senior executives in the course of its work, considering the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future.
- Formulate and carry out and annual review of policies on granting remunerations, benefits, incentives and salaries to Board members and employees of the Company.
- Ensure linking the remunerations and bonuses, including the other deferred options and remunerations and benefits offered to Senior Management in the performance of the company in the medium and long term.
- Annually review executive compensation trends and policies at peer groups of companies and make relevant modifications to its own policies and practices to consider market practice.

- Oversee any major changes in employee benefit structures throughout the Company.
- Develop, recommend, and review annually the Company's human resources and training policies and monitor the implementation of the same.

1.8.10. Committee Meetings During the Year 2023

The Nomination and Remuneration Committee did not convene any meetings during 2023.

1.9. Executive Management

The following table lists out senior executives in the Company, their designations, appointment dates and total salaries, allowances & bonuses paid to them during the year 2023:

Position	Appointment Date	Total salaries and allowances paid during the year 2023 - in dirham	Total bonuses paid during the year 2023 – in dirham	Any other bonuses to be paid in the future for the year 2023 – in dirham
CEO	30/05/2015	2,347,749	-	-
CFO	06/05/2012	740,000	-	-
Project Manager	01/01/2012	573,000	-	-
Technical Manager	31/10/2013	486,000	-	-
Logistics Manager	01/03/2011	434,000	-	-
Head of Strategic Development & Education	25/04/2022	408,000	-	-

1.10. Related Parties Transactions

Summary of transactions with related parties amounting to 5% or more of Company's capital for the year 2023

Sr No	Name of Related Party	Clarifying the nature of relationship	Type of transaction	Value of transaction in dirham
1	Multiply marketing	Entity under Common control	IPO Subscription-Investment in Financial Asset	47,779,500
2	Chimera Global	Entity under Common control	Investment in Financial Asset	16,294,190
3	Pure Health	Other related party	IPO Subscription-Investment in Financial Asset	5,272,500

These investments were approved by the Board.

1.11. Risk Management and Internal Control System

The Board of Directors acknowledges its responsibility for the Company's risk management and internal control system and its review and effectiveness.

1.11.1. Risk Management

Risk Management is the responsibility of the Board and is integral to the achievement of strategic objectives. The Board is responsible for establishing the system of risk management, setting the risk appetite and for maintaining a sound internal control system. The Audit Committee oversee the risk management process and assesses the effectiveness of risk management within the Company.

Risk Management within Palms Sports starts with management's forward-thinking approach, and cascades to the functions identifying, monitoring and mitigating risks in their own sphere of work on a continuous basis. Any risk identified is considered within the Company's risk appetite and tolerance levels, which are reviewed annually by the Board.

1.11.2. Internal Controls

1.11.3. The Board of Directors' Acknowledgement of its Responsibility for the Internal Control System and its review and effectiveness

The Board of Directors acknowledges its responsibility for the Company's internal control system and its review and effectiveness.

The Company's internal control system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of



legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

The Board is responsible for establishing and maintaining an effective system of internal control and has established a control framework within which the Company operates. The objective of the Company's internal control framework is to ensure that internal controls are formally established as necessary. The appropriate policies and procedures are then properly documented, maintained, and adhered to, and are incorporated by the Company within its normal management and governance processes. This system of internal control is embedded in all key operations and is designed to provide reasonable assurance that the Company's business objectives will be achieved.

The Audit Committee reviews the effectiveness of the system of internal controls in accordance with its remit.

1.11.4. Internal Control Function- Profile and Working Mechanism

No internal audit activities were carried out during 2023.

1.11.5. Number of Reports Issued by Internal Control Function

N/A

1.12. External Auditor

1.12.1. Brief About the Company's External Auditor

Ernst & Young (EY) was appointed as the company's external auditor for the fiscal year 2023. Ernst & Young (EY) has people and operations in more than 150 countries, which are organized into three areas – Americas, Asia-Pacific and EMEA – and further divided into regions. It has been in the MENA region for more than 90 years, and in UAE since 1966. All their people work in one of their service lines – Assurance, Advisory, Tax, Transaction Advisory Services (TAS) – or in Core Business Services (CBS) which provides internal operational support such as HR and EY Technology.

Ernst & Young has been reappointed on 27 February 2023 by resolution of the Company's Annual General Assembly and Mr. Ahmed El Dali is the Engagement Partner

The scope of the audit for the financial year 2023 is as follows:

- Provide an audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards.
- Provide an audit opinion on the financial statements of all subsidiaries of the company in accordance with International Financial Reporting Standards.
- Provide a review of quarterly interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

1.12.2. External audit fees, Services & Costs

Below are the details and breakdowns of the external audit costs paid during 2023:

- The external audit services of Ernst & Young for 2023 amounted to AED 280,000. These fees are against annual audit and interim review of financial statements of Palms Sports.

1.12.3. External Auditor's opinion on the financial statements

The Company's external auditor did not have any reservations to any item of the interim and annual financial statements during 2023.

1.12.4. Violations Committed by the Company during the year 2023

During the year 2023, the Company was not subject to any material fines or penalties imposed by any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations.



1.13. Share Holding and Share Price Information

1.13.1. Palms Sports share price

The following table presents the company's highest and lowest share price at the end of each month during the year 2023 and share performance against market index and sector index as of 31st December 2023:

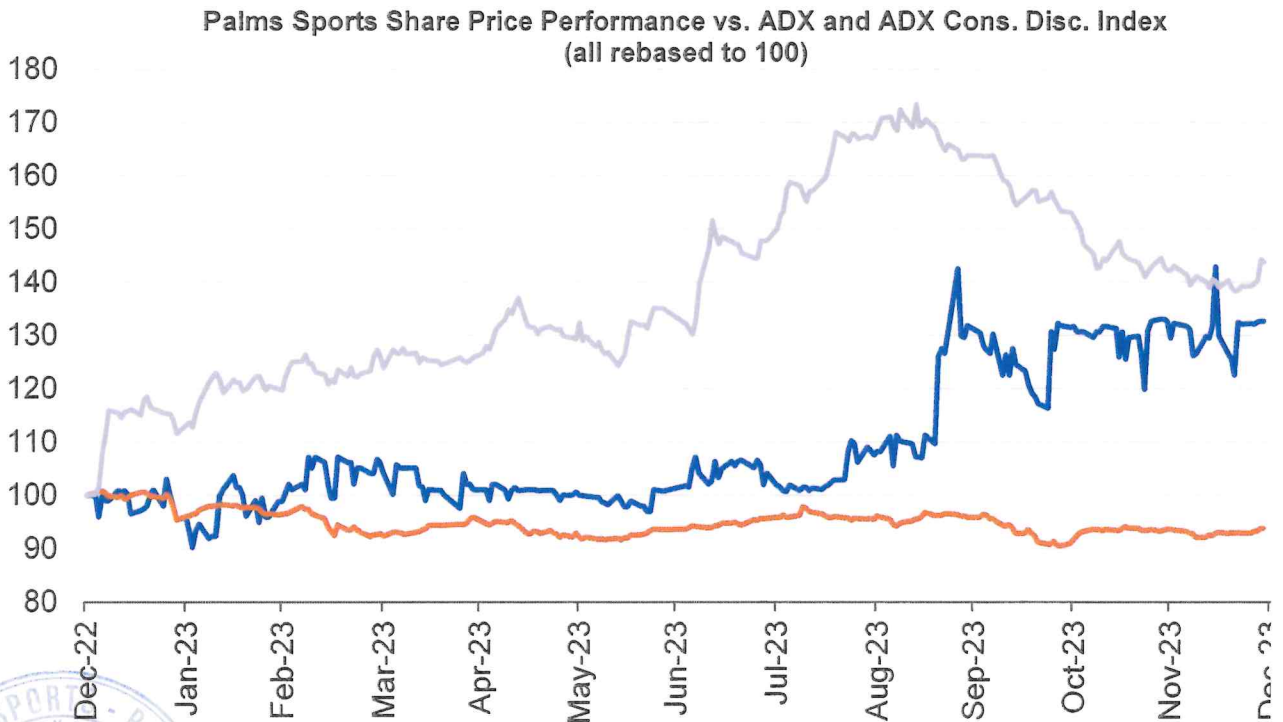
Share Price (AED)				Share Performance					
Month 2023	High	Low	Closing price	Market Index	ADX Disc.	Cons. Index	Absolute	Vs Market	Vs Sector
January	13.0	11.0	9.1	9,811.6		6,197.0	-25.3%	-21.4%	-38.9%
February	11.7	10.9	9.7	9,844.8		6,527.9	6.1%	5.8%	0.8%
March	13.0	11.0	10.2	9,430.3		6,756.6	5.3%	9.5%	1.8%
April	14.4	11.4	9.9	9,789.2		6,865.8	-2.9%	-6.7%	-4.6%
May	13.4	10.9	9.8	9,406.6		7,220.8	-1.0%	2.9%	-6.2%
June	13.0	10.6	9.9	9,550.4		7,362.2	0.7%	-0.8%	-1.2%
July	11.0	9.8	10.0	9,787.1		8,174.0	1.1%	-1.4%	-9.9%
August	11.3	10.0	10.6	9,810.2		9,208.2	6.2%	6.0%	-6.4%
September	11.5	10.0	12.9	9,785.3		8,931.9	21.9%	22.1%	24.9%
October	11.1	9.2	12.9	9,343.9		8,300.9	-0.2%	4.4%	6.9%
November	11.3	0.0	12.7	9,559.6		7,753.8	-1.7%	-4.0%	4.9%
December	10.3	9.5	13.0	9,577.9		7,836.1	2.5%	2.3%	1.5%
Overall Performance During 2023	14.4	9.2	13.0	9,577.9		7,836.1	6.4%	12.6%	-37.3%



1.13.2. Company's share price performance during the year 2023



1.13.3. Performance of the company's shares, compared with the ADX index and ADX Consumer Index during the year 2023



1.14. Distribution of Shareholders' Ownership

The following table indicates the shareholders' ownership by nationality as of 31 Dec 2023:

Description	Individuals	Companies	Governments	Total
UAE	23,822,974	120,857,416	-	144,680,390
GCC	508	350	-	858
Arabs	37,596		-	37,596
Foreigners	501,537	4,779,619	-	5,281,156
Total	24,362,615	125,637,385	-	150,000,000
Percentage %	16.24%	83.76%	-	100%

1.15. Investor Relations Affairs

The Company has established a department specialized in managing the affairs of the shareholders. Mr. Hatem Elmohr has been appointed as the Investor Relations Officer in addition to his responsibility as Board Secretary and holds the following qualifications:

- Holds a bachelor's degree in accounting and finance.
- Aware of the relevant legal and legislative requirements.
- Has full knowledge of the company's activities and opportunities.
- Has the ability to use different channels of communication and has the skills to communicate with investors in securities.

Contact details for Investor Relations Officer,

Telephone: +9712 811 1444

Email: hatem.mohammad@palmssports.com

1.16. Special Resolutions Presented to the General Assembly Held During 2023

On 27 September 2023, the Company's general assembly convened to consider the following resolutions:

1. Approve the proposal to increase the Company's share capital from AED 150,000,000 to AED 165,000,000, by issuing 15,000,000 shares ("Capital Increase Shares"), for an issuance price of AED 13.33 per share ("Share Premium"), which has been valued based on the methodology for calculating indicative share price, as per the attached Board of Directors' report, which shall be presented to the respected shareholders during the meeting.



2. Accept the subscription of ICE HOLDING RSC LTD in the Capital Increase Shares for a cash consideration of AED 200,000,000 and becoming a new shareholder in the Company.
3. The Company's shareholders' waiver of their priority right to subscribe in the Capital Increase Shares, pursuant to clause 17.4 of the Articles of Association of the Company and Article (199) of the Federal Decree Law No. 32 of 2021 concerning the Commercial Companies.
4. Approval to amend Article (7) of the Company's Articles of Association implementing the capital increase resolution, as follows:

Article (7) before amendment: "The Company's capital is fixed at AED (150,000,000) one hundred fifty million UAE Dirhams, divided into (150,000,000) one hundred fifty million shares with a nominal value of AED (1) one Dirham each. All shares are cash share and fully paid."

Article (7) after amendment: "The Company's capital is fixed at AED (165,000,000) one hundred sixty-five million UAE Dirhams, divided into (165,000,000) one hundred sixty-five million shares with a nominal value of AED (1) one Dirham each. All shares are cash share and fully paid."

5. Authorize the Company's Board of Directors, or any person authorized by the Board of Directors, to take any decision on behalf of the Company and to take any action that may be necessary to implement any of the aforementioned General Assembly resolutions, including, but not limited to, (a) approving the Company's capital increase (as indicated in the proposed resolution above) and obtaining the approval of the Ministry of Economy to issue the Capital Increase Shares and amend Article (7) of the Company's Articles of Association, (b) listing the Capital Increase Shares on the Abu Dhabi Securities Exchange; and (c) liaise and negotiate with any person or entity (whether official or otherwise) in the United Arab Emirates or elsewhere.

These resolutions were not approved.

1.17. Emiratization Percentage in the Company as of 2023

Number of Employees	Emiratis	Non-Emiratis	Total
Total	44	1,134	1,174
Rat	3.9%	96.1%	100%



1.18. Significant Events During 2023

January

- 3-year renewal of Active Hub Contract with Abu Dhabi Sports Council.
- 1-year renewal of a government contract to provide 42 fitness & swimming instructors and 8 Jiu-Jitsu coaches.
- Renewal of a 2-year contract with a government entity to provide 10 fitness coaches.

February

- Holding the 35th edition of UAE Warriors.
- Holding the 36th edition of UAE Warriors.
- Holding the 37th edition of UAE Warriors.

March

- Holding the 38th edition of UAE Warriors.
- Holding the 39th edition of UAE Warriors.
- Holding the 40th edition of UAE Warriors.

May

- Holding the 41st edition of UAE Warriors.
- Holding the 42nd edition of UAE Warriors.

July

- Acquisition of 100% stake in Securiguard Middle East LLC in a AED 300 million deal.
- Renewal of a 2-year contract with ESE to provide Jiu-Jitsu coaches, swimming instructors and lifeguards.

August

- Holding the 43rd edition of UAE Warriors.
- Holding the 44th edition of UAE Warriors.

September

- 3-year renewal of a government contract to provide physical readiness instructors and supervisors.
- Signing a new contract with a government entity to provide 24 jiu-jitsu coaches for 1 year.

October

- Expansion of contract with Emirates Schools Establishment to provide additional 283 Jiu-Jitsu coaches in Abu Dhabi and Northern Emirates.
- Holding the 45th edition of UAE Warriors.

December

- Equity investment in Pure Health Group PJSC.
- Initiating the acquisition process of Learn Education.



- Signing a 2-year memorandum of cooperation with Zayed Higher Organization for People of Determination to provide and deliver Jiu-Jitsu training in Abu Dhabi and Al Ain to people of determination.

1.19. Initiatives and Innovations During 2023

In 2023, Palms Sports continued its relentless drive to achieve and overcome previous benchmarks. We remained steadfast in fulfilling our responsibilities towards our many strategic partners and associates; we did not stop at that, but we were successful in adding to our ever-growing list of current and potential clients, alike.

In terms of contracts and programs, 2023 witnessed numerous renewals of major contracts with several strategic partners to include Abu Dhabi Sports Council, Ministry of Defence, Ministry of Interior and Emirates Schools Establishment. The latter rolled out the most significant expansion of the School Jiu-Jitsu program through the addition of 149 new schools including 117 in the norther emirates in 32 in Abu Dhabi.

Community engagement remained in the forefront of our endeavours, availing widescale community access to diversified physical activities through the increasingly popular Active Hub Program. In collaboration with Abu Dhabi Sports Council and Emirates Schools Establishment, both the reach and activities on offer through Active Hub reached new heights with the addition to 2 new centres in 2023.


In line with our strategic plans for investment and in congruence to our commitment for diversification and expansion, Palms concluded its biggest and most significant transaction in July 2023 by acquiring 100% stake in one of the largest private security service providers in the region: Securiguard Middle East LLC. Within less than 2 months of the acquisition, Securiguard won a AED 408 million contract renewal, further cementing its stature and market presence. Our equity investments witnessed more significant milestones with the subscription in the IPO of Pure Health Group PJSC.

Moreso, we took significant strides towards this ends through the decision to acquire Learn Education LLC. This strategic move secures Palms Sports' ownership of Al Rabeeh School (ARAs) and Al Rabeeh Academy (ARA), marking a significant milestone in the company's expansion journey. Al Rabeeh School and Al Rabeeh Academy, renowned for providing exceptional British-curriculum primary and secondary education in Abu Dhabi.

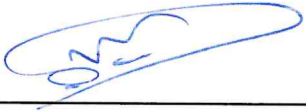
The success and popularity of our world-famous MMA championships, UAE Warriors, continued echoing throughout the global MMA scene in 2023, in which we gave to the world 10 outstanding editions, which continues to contribute – in its own way - to cementing the UAE's stature as the MMA capital of the world as it has been – and will continue to be – towards Jiu-Jitsu.



The Report was approved by the Board of Directors on 01 February 2024.



H.E. Mr. Abdelmoneim Elsayed Mohamed Abdurraheem AlHashemi
Chairman, Board of Directors



Mr. Saje Thomas
Chairman, Audit Committee



Mr. Readh Faraj Ahmed Alkindi
Chairman, Nomination and Remuneration
Committee