

**Al-Jouf Agricultural Development Company**

**A Saudi Joint Stock Company**



From Aljouf to Aljouf

**Al-Jouf Agricultural Development Company**

**A Saudi Joint Stock Company**

**Annual Board Report  
For the fiscal year 2020**

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## **Board of Directors**

### **Deputy Board of Directors**



Dr. Rashid bin Rashid bin Saad bin Awain

### **Chairman of Board of Directors**



His Royal Highness

Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud

### **Board Member**



(Mr. Abdul Aziz bin Muhamed Al-Hussein)

### **Board Member**



(Mr. Mazrou bin Abdullah Al-Mazrou)

### **Board Member**



(Mr. Abdul Rahman bin Abdul Aziz Al-Yamany)

### **Board Member**



(Mr. Yasser Yahya Abdul Hamid Abed Rabbo)

### **Board Member**



(Mr. Omar Bin Riyadh Al-Humaidan)

### **Board Member**



(Dr. Mohammed Ahmed Hassan Fitaihi)

### **Board Member**



(Mr. Ali Bin Riyadh Al-Humaidan)

## Speech of the Chairman of the Board of Directors



### **Dear Sirs / Shareholders of the Company**

Praise is to God, the maximum amount of praise and thanks to God before and after, blessings and peace be upon the Messenger of God, may God bless him and grant him peace. The fiscal year ending on December 31, 2020 and submitted to your esteemed Ordinary General Assembly 34 for discussion and then approval.

Where we review with you the company's operational, financial performance and capital investments during this year. The report also includes a summary of the mechanisms for implementing corporate governance and the disclosures related to the composition of the Board of Directors remuneration, tasks, the structure of its committees and its tasks, the remuneration of senior executives and the transactions that take place with related parties (if any). The report also includes affidavits of the Board and extent of compliance of the company with the Corporate Governance Regulations. This report also includes the audited financial statements and the explanations attached, and the report of the external auditor for the fiscal year ending 12/31/2020 AD.

We ask the Almighty to crown our efforts with success as we welcome a new year with more confidence and determination to continue the plan of growth and expansion in all areas of the work, and we pledge before God and in front of everyone that we will continue to develop and push the company forward through the optimal use of the company's resources to achieve the aspirations of its shareholders, and to be one of the tributaries that contribute to the food security of our beloved kingdom, asking the Almighty to preserve the homeland and to perpetuate the blessing of security and stability under our wise government and wise leadership.

**Chairman of Board of Directors**

**His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud**

## Chief Executive Officer Speech



### **Dear Sirs / Shareholders of the Company**

Praise is to God and prayers and peace is upon the Messenger of God, may God's prayers and peace be upon him. We have chosen in Al-Jouf Agricultural Development Company, for many years to speak with ambition and persistence. The challenges that the agricultural sector faces in the Kingdom after the cessation of cultivation of some (strategic) crops, such as clover and yellow corn fodder wheat and barley, but during the past years, Al-Jouf Company began to expand the cultivation of olive trees and establish an industrial complex for olives, and as a result, the company obtained a certificate of the Guinness Book of Records as the largest modern olive farm in the world and I am happy to put in your hands Annual report for the fiscal year 2020,

On this occasion I only wish to extend my sincere thanks and appreciation to the Board of Directors of the company headed by His Royal Highness Prince Abdulaziz bin Mishaal bin Abdulaziz Al Saud, may God preserve him for the continuous support, and my thanks go to the company team for their dedication, dedication, and continuous effort to achieve what we aspire to. And my appreciation to everyone who contributed to the achievements of the company, including its employees, employees, and workers, and we still have a lot of work and goals that we seek to achieve during the next phase, God willing.

**Chief Executive Officer**

**Engineer / Mazen bin Abdullah bin Mohammed Badaoud**



## Company Profile

Al-Jouf Agricultural Development Company is a Saudi joint stock company listed on the stock market. The company was established pursuant to Royal Decree No. 4/237 / M dated 1/27/1409 AH under license No. 535 dated 06/08/1408 AH in accordance with the Companies Law issued by Royal Decree No. (M / 6) dated 03/22/1385 AH with a capital of 200 million riyals, and it was increased to 300 million Saudi riyals divided into 30 million shares, with a nominal value of 10 riyals per share. Since it's established, company has gone through various stages of development and activities until has reached the current situation.

The company's project is located in the Basita Al-Jouf area in Wadi Al-Sarhan in the northern part of the Kingdom. The project area is considered one of the best regions in the Kingdom in terms of its storage of groundwater, the fertility of its soil and the suitability of its climate for the cultivation of all crops throughout the year. The project area is 60 thousand hectares.

Al-Jouf Company owns the largest modern olive farm in the world and the largest producer of organic olives in the Middle East, where there are 5 million olive trees.

The company owns a modern nursery to multiply olive and fruit seedlings to preserve the distinctive varieties owned by the company to produce all varieties of olives and fruits and to secure the company and farmers' needs that are commensurate with the nature of the region.

This is in addition to owning the largest plant for the production, squeezing and filling of oil in the Middle East, where the production capacity of the squeezing lines is approximately 600 tons of fruits per day, and filling lines of all sizes are 25 tons per day, and to maintain the quality of the olive oil after the pressing operations, the oil is automatically pumped after extraction to stainless steel tanks equipped to work with a

system. Nitrogen prevents the reaction of oil with oxygen and the storage capacity is 6000 tons.

Al-Jouf Company is unique in filling the oil after automatic sedimentation to preserve the properties of the product of vitamins and minerals beneficial to public health and this is what distinguishes the olive oil of the Al-Jouf Company for Agricultural Development.



## Company Main Activities

The company's objectives are summarized as follows:

- 1) Crop farming, livestock production, hunting and related services.
- 2) Establishing and managing plant and animal farms associated with the realization of the company's objectives and the reclamation and investment of agricultural lands.
- 3) Production, manufacture and packaging of olive oil and vegetable oils, marketing and selling, and importing all the machinery, machinery, equipment, equipment and means of transport, building and establishing the plants and factories necessary for the purposes of the company and its industries and warehouses for preserving, storing and displaying its products and other aspects that the company needs to use in manufacturing and storage Selling, buying, importing, exporting, and establishing other

industries that complement their industries alone or in participation and participation in them with other companies, institutions and individuals.

4) Carrying out agricultural production, both plant and animal, and raising poultry - and eggs -, apiaries, fish and shrimp.

5) Fishing and aquaculture.

6) Wholesale and retail trade in food and non-food items.

7) Manufacture of food products.

8) Investment in the field of import and export for the company and for others in agricultural, food and animal materials of all kinds, health materials, grains, seeds, fodder, barley, feed additives, and fish wealth.

9) Retail sale of fresh and preserved fruits and vegetables and dates.

10) Retail sale of dairy products, eggs, olives, pickles and honey.

11) Pickles industry (pickling).

12) Water and ice production and packaging.

13) Investing in the industrial field by establishing, managing and operating industrial projects of all kinds.

14) Road transport of goods.

15) Support activities for crop production and agricultural services - rental of agricultural equipment - irrigation projects, greenhouse installation and all other activities related to support activities for crop production.

16) Commercial agency business and distribution contracts.

17) Buying and selling lands, real estate and factories necessary to achieve the company's objectives.

**The company carries out its activities according to the followed regulations and after obtaining the necessary licenses from the competent authorities, if any.**

## **Company strategy**

The company's board of directors is currently working with the executive management on reformulating the vision and strategy of the company and then studying the strategic initiatives that contribute to drawing the future direction of the company, as well as re-studying the business model and business plans of the company:

**The current general strategy of the company is summarized in several main axes:**



**1<sup>st</sup>: the transition from the agricultural sector to the industrial agricultural sector**

**2<sup>nd</sup>: developing sales channels and raising the factories' utilized capacity**

**3<sup>rd</sup>: Focusing on high-profit crops**

**4<sup>th</sup>: greater market share in olive oil**

**5<sup>th</sup>: the establishment of the industrial potato project**

**6<sup>th</sup>: Automation for all processes**



## **Corporate Governance**

The Board of Directors of Al-Jouf Company continued to perform its duties during the fiscal year 2020 AD and managed the company's operations in accordance with the approved corporate governance regulations and based on Paragraph (1) of Article Ninety of the Corporate Governance Regulations issued by the Capital Market Authority, the company applies the mandatory provisions of the Governance Regulations, Especially with regard to the following: -

1) Shareholders 'rights and the general assembly in terms of facilitating shareholders' exercise of their rights and access to information, their rights during company assemblies, voting rights, shareholders 'rights in dividends, and the right to dispose of shares. The executive management also provided shareholders with all information that enables them to fully

exercise their rights. Instruct, so that this information is complete, accurate, and updated in a regular and timely manner, without discrimination between them.

2) The general policies for disclosure, transparency and disclosure in the report of the board of directors.

3) The Board of Directors, its basic functions, responsibilities, composition, subsidiary committees, their remuneration and conflict of interest.

4) The obligation to publish the quarterly financial results and the annual financial results during the statutory dates on the Tadawul website.

5) Preparing the Board of Directors' report in accordance with the rules of the Corporate Governance Regulations.

6) Adhere to the ad format set by the Capital Market Authority and the dates for publishing essential information in accordance with the Authority's instructions regarding company announcements.

7) Drafting the rules of professional conduct for the managers and employees of the company so that they correspond to sound professional and ethical standards and regulate the relationship between them and the stakeholders.

#### **(1) Provisions that have not been implemented from the Governance Regulations:**

The following are the points that have not been fully implemented in the corporate governance regulations and the reasons as follows:

| Article no. / Paragraph   | Article text/ Paragraph  | Reasons for non applying                           |
|---------------------------|--|--|
| Article 25, paragraph 8   | The development of management succession plans for the company's management.   | It is underwork to activate this item              |
| Article 26, paragraph 6 c | The executive management should implement appropriate control systems to measure and manage risks, by developing a general perception of the risks that may face and creating an environment familiar with the culture of risk reduction at the company level, and presenting it transparently with the Board of Directors and other stakeholders. | It is underwork to activate and complete this item |
| Article 37, paragraph 9a  | The Board Secretary shall organize the register of disclosures for the members of the Board of Directors and the Executive Management in accordance with the   | It is underwork to activate this item              |

|  |   |   |
|--|---|---|
|  | provisions of Article (92) of the Corporate Governance Regulations.   |   |
| Article 39, paragraph 2<br>Guidance material | The company shall put in place the necessary mechanisms for the members of the Board of Directors and the executive management to obtain continuous training programs and courses in order to develop their skills and knowledge in the areas related to the company's activities.  | Will coordination in the future to obtain programs and courses for members of the Board and the Executive Management. |
| Article 41, paragraph A<br>Guidance material | Based on the proposal of the Nomination Committee, the Board of Directors sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, through appropriate performance indicators related to the extent to which the company's strategic objectives are achieved, the quality of risk management, and the adequacy of internal control systems and others, provided that the strengths and weaknesses are identified and a proposal to address them. Consistent with the company's interest. | will study the mechanism of activation of this item   |
| Article 41, paragraph E<br>Guidance material | The Board of Directors makes the necessary arrangements to obtain an evaluation by a competent external body of its performance every three years.  | It is underwork to activate this item   |
| Article 41, paragraph F<br>Guidance material | Non-executive members of the board of directors conduct a periodic evaluation of the performance of the chairman of the board after taking the views of the executive members - without the chairman of the board attending the discussion designated for this purpose - provided that the strengths and weaknesses are identified and proposed to address them in accordance with the company's interest.  | It is underwork to activate this item   |
| Article 65, paragraph 10                     | The Nomination Committee is concerned with identifying weaknesses and strengths in the Board of Directors, and proposing solutions to address them in the interest of the company.  | It is underwork to activate this item   |
| Article 70<br>Guidance material              | By a decision of the company's board of directors, a committee called (the Risk Management Committee) has been formed. Its chairman and the majority of its members are non-executive members of the board of directors - it is required that its members have an appropriate level of knowledge of risk management and financial affairs.  | It is underwork to activate this item   |

**(2)The names of the members of the board of directors, the members of the committees and the executive management, their jobs, qualifications and experiences:**

**(A) Board of Directors:**

| <b>N</b> | <b>Name</b>   | <b>Postion</b>                                     | <b>Qualifications</b>            | <b>Experiences</b>                  |
|----------|---|--|----------------------------------|-------------------------------------|
| <b>1</b> | His Royal Highness Prince / Abdul Aziz bin Mishaal bin Abdul Aziz | Bachelor of Business Administration                | Chairman of Board of Directors   | 39 years in business administration |
| <b>2</b> | Dr. Rashid bin Rashid Owain                                       | PhD in Nuclear Engineering                         | Deputy manager                   | 37 years in business administration |
| <b>3</b> | Mr. Abdul Aziz bin Muhammad Al-Hussein                            | Bachelor of Public Administration                  | Deputed member General Manager   | 29 years in business administration |
| <b>4</b> | Mr. Abdul Rahman bin Abdul Aziz Al-Yamani                         | Bachelor's degree in Geography                     | Member of the Board of Directors | 38 years in business administration |
| <b>5</b> | Mr. Mazrou Abdullah Hamad Al-Mazrou                               | Master in Geography                                | Member of the Board of Directors | 38 years in business administration |
| <b>6</b> | Mr. Omar Riyadh Muhammad Al-Humaidan                              | Bachelor of Sharia and Law                         | Member of the Board of Directors | 22 years in business administration |
| <b>7</b> | Mr. Yasser Yahya Abd Al-Hamid Abd Rabbo                           | Bachelor of Commerce                               | Member of the Board of Directors | 28 Financial Management             |
| <b>8</b> | Mr. Ali Riyadh Muhammad Al-Humaidan                               | High school  | Member of the Board of Directors | 18 years in business administration |
| <b>9</b> | Dr. Mohamed Ahmed Hassan Fitaihi                                  | PhD, Master of Business Administration and Finance | Member of the Board of Directors | 27 years in business administration |

## **(B) Board Committees:**

### **Executive committee**

| <b>N</b> | <b>Name</b>   | <b>Postion</b>                 | <b>Qualifications</b>                | <b>Experiences</b>                     |
|----------|---|--------------------------------|--------------------------------------|--|
| 1        | Mr. Omar Riyadh<br>Muhammad Al-Humaidan             | <b>Committee<br/>president</b> | Bachelor of Sharia &<br>Law          | 22 years in business<br>administration |
| 2        | Dr. Rashid bin Rashid<br>Owain                      | <b>Committee<br/>member</b>    | PhD in Nuclear<br>Engineering        | 37 years in business<br>administration |
| 3        | Mr. Abdul Aziz bin<br>Muhammad Al-Hussein           | <b>Committee<br/>member</b>    | Bachelor of Public<br>Administration | 29 years in business<br>administration |
| 4        | <b>Mr.</b> Abdul Rahman bin<br>Abdul Aziz Al-Yamani | <b>Committee<br/>member</b>    | Bachelor's degree in<br>Geography    | 38 years in business<br>administration |
| 5        | Mr. Yasser Yahya Abd Al-<br>Hamid Abd Rabbo         | <b>Committee<br/>member</b>    | Bachelor of<br>Commerce              | 28 Financial<br>Management             |

### **Aduit Committee**

| <b>N</b> | <b>Name</b>                                 | <b>Postion</b>         | <b>Qualifications</b>                  | <b>Experiences</b>                          |
|----------|---|------------------------|--|---|
| 1        | Mr. Mohammed Ahmed<br>Yassin Al Sheikh      | Committee<br>president | Bachelor of Administrative<br>Sciences | 40 years in<br>management and<br>accounting |
| 2        | Mr. Yasser Yahya Abd Al-<br>Hamid Abd Rabbo | Committee<br>member    | Bachelor of Commerce                   | 28 years Financial<br>Management            |
| 3        | Mr. Ali Riyadh Muhammad<br>Al-Humaidan      | Committee<br>member    | High school                            | 18 years in<br>business<br>administration   |

### **Nomination and Remuneration Committee**

| <b>N</b> | <b>Name</b>                                  | <b>Postion</b>         | <b>Qualifications</b>                                 | <b>Experiences</b>                     |
|----------|--|------------------------|---|--|
| 1        | Dr. Mohamed Ahmed<br>Hassan Fitaihi          | Committee<br>president | PhD, Master of Business<br>Administration and Finance | 27 years in business<br>administration |
| 2        | Mr. Abdul Rahman bin<br>Abdul Aziz Al-Yamani | Committee<br>member    | Bachelor's degree in<br>Geography                     | 38 years in business<br>administration |
| 3        | Mr. Mazrou Abdullah<br>Hamad Al-Mazrou       | Committee<br>member    | Master in Geography                                   | 38 years in business<br>administration |

### **Committee for preparing the company's strategic plans.**

| <b>N</b> | <b>Name</b>                                 | <b>Postion</b>         | <b>Qualifications</b>                                    | <b>Experiences</b>                     |
|----------|---|------------------------|--|--|
| 1        | Dr. Mohamed Ahmed<br>Hassan Fitaihi         | Committee<br>president | PhD, Master of Business<br>Administration and<br>Finance | 27 years in business<br>administration |
| 2        | Mr. Omar Riyadh<br>Muhammad Al-Humaidan     | Committee<br>member    | Bachelor of Sharia &<br>Law                              | 22 years in business<br>administration |
| 3        | Mr. Yasser Yahya Abd Al-<br>Hamid Abd Rabbo | Committee<br>member    | Bachelor of<br>Commerce                                  | 28 years Financial<br>Management       |



**(C) Executive Management**

| N | Name                                      | Postion   | Qualifications  | Experiences   |
|---|---|---|---|---|
| 1 | <b>Mazen Abdullah Badaoud</b>             | chief executive officer<br>Represente the company at the Market Authority                     | Bachelor of Chemical Engineering  | 28years in management                               |
| 2 | <b>Mohammed Humaidan Zayed Al Sharari</b> | Director of Administrative Affairs<br>One of the company's senior executives                  | Bachelor of Public Administration   | 31years in management                               |
| 3 | <b>Sarhan Saud Shwait Al-Subaie</b>       | Assistant Director General for Agricultural Affairs<br>One of the company's senior executives | Bachelor of Agricultural Engineering  | 23years in the agricultural sector                  |
| 4 | <b>Fathy Khalil Awad Gouhar</b>           | The Internal Auditor<br>The company's representative at the Capital Market Authority          | CIA certificate CMA certificate, Master of Financial Management Postgraduate Diploma in Auditing, Bachelor of Commerce Department of Accounting | 23 years in accounting and auditing                 |
| 5 | <b>Ziad Mohammed Al-Jaafra</b>            | Director of Financial Department  | Bachelor of Commerce Department of Accounting CPA certificate and CFE certificate   | 23 years in accounting and management               |
| 6 | <b>Ihab Abdullah Rajab Al-Sharqawi</b>    | Sales and Marketing Director  | Bachelor of Commerce Department of Accounting   | 23 in Sales and Marketing                           |
| 7 | <b>Mahmoud Safakhan, Turkestan</b>        | Manager of Information Technology   | Bachelor of Information Systems ,Higher diploma in Network Technology   | 13 years in the field of information systems        |
| 8 | <b>Ahmed Mohamed Saleh</b>                | Director of Civil Engineering Department  | bachelor of Civil Engineering   | 31 years in the field of maintenance, construction, |

# Al-Jouf Agricultural Development Company

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|    |                                     |  |  |  |
|----|-------------------------------------|--|--|--|
|    |                                     |  |  | roads and electricity                  |
| 9  | <b>Abdul Qadir Ibrahim Mohammed</b> | Director warehouses                      | Bachelor of Commerce<br>Department of Accounting | 35 years in warehouse business         |
| 10 | <b>Adel Ahmed Abdul Majid</b>       | Director of the Follow-up Department     | Bachelor in Agricultural Sciences                | 26 years in Agriculture and Management |
| 11 | <b>Yassin Muhammad Hamdi</b>        | Director of the olive industrial complex | Bachelor of Agriculture                          | 26 years in oils and management        |



(3) Names of companies inside and outside the Kingdom of which a member of the company's board of directors is a member of its boards of directors:

| N | Name  | Postion           | Membership in the boards of other joint companies        |
|---|---|-------------------|--|
| 1 | Prince / Abdul Aziz bin His Royal Highness Mishaal bin Abdul Aziz | Chairman of Board | Yanbu Cement Company - City Cement                       |
| 2 | Dr. Rashid bin Rashid Owain                                       | Deputy president  | Federation of Wire Factories (Aslak) - Petrochem Company |
| 3 | Mr. Abdul Aziz bin Muhammad Al-Hussein                            | Member            | Nill   |
| 4 | Mr. Abdul Rahman bin Abdul Aziz Al-Yemeni                         | Member            | Saudi Chemical   |
| 5 | Mazroua Abdullah Hamad Al-Mazrou                                  | Member            | Nill   |
| 6 | Mr. Omar Riyadh Muhammad Al-Humaidan                              | Member            | Fitaihi Group – Glass                                    |
| 7 | Mr. Yasser Yahya Abd Al-Hamid Abed Rabbo                          | Member            | Nill   |
| 8 | Mr. Ali Riyadh Muhammad Al-Humaidan                               | Member            | Nill   |
| 9 | Dr. Mohamed Ahmed Hassan Fitaihi                                  | Member            | Nill   |

**(4) The formation of the board of directors and the classification of its members as follows: a member of the board of directors (executive - non-executive – independent):**

| N | Name  | Position              | Membership               |                            |                        |
|---|---|-----------------------|--------------------------|----------------------------|------------------------|
| 1 | Prince / Abdul Aziz bin His Royal Highness Mishaal bin Abdul Aziz | Chairman of the Board | Independent Board Member | Non-executive board member | Executive Board Member |
| 2 | Dr. Rashid bin Rashid Owain                                       | Deputy president      | √                        |                            |                        |
| 3 | Mr. Abdul Aziz bin Muhammad Al-Hussein                            | Managing Director     | √                        |                            |                        |
| 4 | Mr. Abdul Rahman bin Abdul Aziz Al-Yemeni                         | Board member          |                          | √                          |                        |
| 5 | Mazroua Abdullah Hamad Al-Mazrou                                  | Board member          | √                        |                            |                        |
| 6 | Mr. Omar Riyadh Muhammad Al-Humaidan                              | Board member          |                          | √                          |                        |
| 7 | Mr. Yasser Yahya Abd Al-Hamid Abed Rabbo                          | Board member          |                          | √                          |                        |
| 8 | Mr. Ali Riyadh Muhammad Al-Humaidan                               | Board member          | √                        |                            |                        |
| 9 | Dr. Mohamed Ahmed Hassan Fitaihi                                  | Board member          |                          | √                          |                        |

**(5) Actions taken by the Board of Directors to inform its members - especially the executives - of making the procurement process of proposals for proposals and their comments.**

**About the company and its performance:**

- By activating the members of the board and its committees to review the minutes of the board and committees meeting (the audit committee - the nominations and remuneration committee - the committee committee - the strategic planning committee) and the discussions of the members of the board in the recording group and their inquiries in the meeting minutes and their discussion with the members of the board and work if they are of benefit to the company And work, knowing that the observations on the performance of the company.

- Communication with Al-Atin and the injured:

The company is aware of the shareholding with its shareholders and benefits them with information and in application of the principle of disclosure and transparency, the company has done the following:

Publish the quarterly financial statements and final accounts for the fiscal year 2020 on the Tadawul website, and publish them within the period specified by the system.

Adherence to the ad format set by the Capital Market Authority, the essential information that should be included, and the dates for publishing these announcements.

Preparing the Board of Directors' report in accordance with the disclosure requirements contained in the Governance Regulations.

- All shareholders of the company can - without exception - review the minutes of the general assemblies, and any annual reports of the board of directors on the trading site and the company's website on the Internet, as well as in personal attendance or request them via e-mail or fax.

- A company-specific email has been created to receive complaints and suggestions from all stakeholders (shareholders, customers, suppliers, and employees)

**(6) A brief description of the competencies of the main board committees, their tasks, chairmen and members, and the number of their meetings during the year 2020:**

**(A) Executive Committee:**

- The company's executive committee is appointed by the board of directors to provide the ability to respond quickly in emergency situations, in addition to assisting the board in performing its supervisory duties efficiently and effectively, especially with regard to implementing the company's strategic goals and arranging financial and operational priorities for them.
- The Executive Committee also makes recommendations to the Board of Directors on various related issues, and the Board delegates the committee to discharge some of its duties.

The following is a statement of the membership of the committee and the record of attending its meetings during the year 2020.

| N | Name                                      | position  | Date  |       |       | Attendance |
|---|---|-----------|-------|-------|-------|------------|
|   |   |           | 05/10 | 04/12 | 04/04 |            |
| 1 | Mr. Omar bin Riyadh Al-Humaidan           | President | √     | √     | √     | %100       |
| 2 | Dr. Rashid bin Rashid bin Awain           | Member    | √     | √     | √     | %100       |
| 3 | Mr. Abdul Aziz bin Muhammad Al-Hussein    | Member    | √     | √     | √     | %100       |
| 4 | Mr. Abdul Rahman bin Abdul Aziz Al-Yamani | Member    | √     | √     | √     | %100       |
| 5 | Mr. Yasser Yahya Abdel-Hamid              | member    | √     | √     | √     | %100       |

During the year 2020, the Executive Committee held (3) meetings.

**(B) Audit Committee:**

The following is a statement of the committee's membership and the record of attending its meetings during the year 2020.

On 10/17/2020, Mr. Ali bin Riyadh Al-Humaidan resigned from the Audit Committee.

- During the year 2010 AD, the audit committee held (12) meetings, with an attendance of 100% for all members.
- Mr. Muhammad Ahmad Yassin Al-Sheikh - Chairman of the Audit Committee / Member from outside the Board.

The primary function of the audit committee is to assist the board of directors to carry out its supervisory duties efficiently and effectively, and in particular the committee is responsible for ensuring the integrity and completeness of the lists, the internal control policies and procedures, the relationship with the chartered accountant, the internal audit policies and procedures, studying the basic risks faced by the company, which include financial risks And the operational and legal, and review of the policies applied by the management related to the processes of identifying, evaluating

and treating those risks, identifying and reviewing the accounting problems that affect the process of preparing financial reports and understanding the extent of their impact on the validity of those reports.

- The committee recommended and then contracted with Messrs. KPMG, to carry out the internal audit work, and the scope of work was determined based on risk assessment, as the company needs significant development in this aspect.
- The audit committee supervises the internal audit of the company and studies the periodic financial reports and the internal and external audit reports and the extent of their efficiency. It also checks the efficiency of the control systems and it has been recommended to work on building effective control systems, and it follows up on the work of statutory accountants.

| Name                                      | position  | Meeting Date |      |      |      |      |     |      |      |      |      |     |      | Attendance |
|---|-----------|--------------|------|------|------|------|-----|------|------|------|------|-----|------|------------|
|   |           | 11/4         | 10/8 | 10/1 | 8/20 | 8/11 | 7/2 | 5/17 | 3/19 | 3/18 | 3/11 | 3/4 | 2/12 |            |
| Mr. Mohammed Ahmed Yassin Al Sheikh       | President | ✓            | ✓    | ✓    | ✓    | ✓    | ✓   | ✓    | ✓    | ✓    | ✓    | ✓   | ✓    | %100       |
| Mr / Yasser Yahya Abd Al-Hamid Abed Rabbo | Member    | ✓            | ✓    | ✓    | ✓    | ✓    | ✓   | ✓    | ✓    | ✓    | ✓    | ✓   | ✓    | %100       |
| Mr. / Ali Bin Riyad Al-Humaidan           | Member    |              | ✓    | ✓    | ✓    | ✓    | ✓   | ✓    | ✓    | ✓    | ✓    | ✓   | ✓    | %100       |

The period of membership of the committee is three years in conjunction with the period of Membership of the board of directors, and committee members receive an allowance for attending sessions (3000 riyals) three thousand riyals for each session for each member.

### **(C) Nomination and Remuneration Committee:**

- The committee assists the board of directors in performing its supervisory duties efficiently and effectively, and in particular the committee is concerned with identifying competent board members and executives and confirming that the company's nomination policy results in correct appointments and leads to the development and retention of distinguished members of the board of directors and directors and thus it helps the company in achieving its goals Setting standards to determine the independence of a member of the board of directors, and setting up an appropriate mechanism to inform shareholders of any variables that may lead to the member losing his independence, and to ensure that there is no conflict of interest if the member occupies the board of directors of another company.

The Nomination and Remuneration Committee annually reviews the requirements for membership of the Board of Directors in accordance with the approved policies and standards,



reviews the structure of the Board of Directors, submits recommendations regarding changes, and makes sure on an annual basis that the independence of independent members is not in conflict with the interests of the member if

(C) He continued with the Nomination and Remuneration Committee

He held the membership of other boards for the term of membership of the committee three years in conjunction with the term of the board of directors, and the members of the committee paid a fee for attending sessions (3000 riyals) three thousand riyals for each session for each member

- The following is a statement of the membership of the committee and the record of attending its meetings during the year 2020.

|   | Name   | postion   | Meeting date |        |      | attendance |
|---|--|-----------|--------------|--------|------|------------|
|   |  |           | 11/22        | 10 /15 | 8/27 |            |
| 1 | A / Abdul Rahman bin Abdulaziz Al-Yamani     | President | √            | √      | √    | %100       |
| 2 | Dr. / Mohamed Ahmed Hassan Fitaihi           | Member    | √            | √      | √    | %100       |
| 3 | A / Mazrou bin Hamad bin Abdullah Al-Mazroua | Member    | √            | √      | √    | %100       |

During the year 2020, the Nomination and Remuneration Committee held (3) meetings, and the attendance rate for members was 100% for all members .

#### **(D) Committee for drawing up and preparing the company's strategic plans:**

- The Committee for Drawing and Preparing the Company's Strategic Plans provides recommendations to the Board of Directors on various issues related to the preparation and drawing of the Company's Strategic Plans - The term of membership of the committee is three years in conjunction with the term of membership of the Board of Directors. .

The following is a statement of the membership of the committee and the record of attending its meetings during the year 2020

|   | Name                            | postion   | Meeting Date | Attendance |
|---|---------------------------------|-----------|--------------|------------|
|   |                                 |           | 7 / 19       |            |
| 1 | Dr. Mohamed Ahmed Hassan Fetihi | President | √            | % 100      |
| 2 | Mr. Omar Bin Riyadh Al-Humaidan | Member    | √            | % 100      |
| 3 | Mr. Yasser Yahya Abdel Hamid    | Member    | √            | % 100      |

The committee for drawing and preparing the company's strategic plans during the year 2020 held one meeting with 100% attendance for all members .

7) Where applicable, the means that the board of directors relied upon in evaluating its performance and the performance of its committees and members and the external body that carried out the evaluation and its relationship to the company (none).

(8) Remuneration for members of the Board of Directors and executive management in accordance with Article 93 of the Governance Regulations:

**The policy of distributing remuneration to board members, committees and executive management: -**

In light of the provisions governing the remuneration of members of the Board of Directors and its subsidiary committees stipulated in the Company's Law, the Corporate Governance Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law for Listed Companies; And the company's articles of association; The remuneration of the members of the board of directors, its committees emerging from it and the executive management, the aim of the remuneration policy for members of the board of directors and its subsidiary committees is to organize remuneration to attract members of a board or committees with scientific, technical, and administrative competence and commensurate experience in order to enable them to perform their duties and duties professionally and with high efficiency. Taking into account the sector in which the company operates and the skills needed to manage it.

The company also aims to create an attractive environment to work in; Through it, it can attract and retain human resources with the required skills and experience to sustain its growth and achieve its vision. And that is through the regulatory framework for the remuneration of senior executives in the company so that it conforms to the relevant regulations, legislation and applications and falls under the powers of the general assembly of shareholders to determine and approve the fees that the members of the board of directors receive as a result of their service with the board or its committees.

Board members 'remuneration is calculated as follows:

The remuneration of a member of the board of directors may be a certain amount of 200 thousand riyals - or an allowance for attending sessions, in-kind benefits, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.

**(A) Remuneration for Board Members:**

### Remuneration for Board Members

|   | Fixed Bonuses                            |  |        | Variable Bonuses |         | severance pay | Total     |
|---|--|--|--------|------------------|---------|---------------|-----------|
|   | Allowance for attending council meetings | Allowance for attending committee meetings | Total  | Periodic reward  | Total   |               |           |
| 1 <sup>st</sup> : Independent Members                     |  |  |        |                  |         |               |           |
| His Royal Highness Prince / Abdulaziz bin Mishaal Al Saud | 15,000                                   | 0  | 15,000 | 300,000          | 300,000 | 0             | 315,000   |
| Dr. Rashid bin Rashid Saad Awain                          | 18,000                                   | 0  | 18,000 | 300,000          | 300,000 | 0             | 318,000   |
| Mr. Mazroa bin Hamad bin Abdulaziz Al-Mazrou              | 18,000                                   | 9,000                                      | 27,000 | 300,000          | 300,000 | 0             | 327,000   |
| Mr. Abdulrahman bin Abdulaziz Al-Yamani                   | 18,000                                   | 9,000                                      | 27,000 | 300,000          | 300,000 | 0             | 327,000   |
| 2nd : Non-executive members                               |  |  |        |                  |         |               |           |
| Mr. Omar Riyadh Al-Humaidan                               | 18,000                                   | 3,000                                      | 21,000 | 300,000          | 300,000 | 0             | 321,000   |
| Mr. Yasser Yahya Abdel Hamid Abd Rabbo                    | 18,000                                   | 39,000                                     | 57,000 | 300,000          | 300,000 | 0             | 357,000   |
| Mr. Ali Raban Riad Al-Humaidan                            | 18,000                                   | 33,000                                     | 51,000 | 300,000          | 300,000 | 0             | 351,000   |
| Mr. Mohammed Ahmed Hassan Fitaihi                         | 18,000                                   | 12,000                                     | 30,000 | 300,000          | 300,000 | 0             | 330,000   |
| 3 <sup>rd</sup> : Executive members                       |  |  |        |                  |         |               |           |
| Mr. Abdulaziz Bin Mohammed Al-Hussaim                     | 18,000                                   | 0  | 18,000 | 300,000          | 300,000 | 1,257,740     | 1,575,740 |

### Notes

There is an attendance allowance for the General Assembly that was included in the Board meetings.

The amount of remuneration spent to each of the members of the Board of Directors is detailed as follows: Two hundred thousand riyals for the year 2019 were disbursed in the year 2020 and an amount of one hundred thousand riyals For the year 2020

A member of the board of directors, Mr. Abdulaziz bin Muhammad Al-Hussein, his term changed from 1/5/2020 from an executive member to a non-independent member



(B) A statement of the total salaries, wages, allowances and the highest remuneration obtained by five of the company's senior executives, including the CEO and the Chief Financial Officer:

**Salaries of senior executives**

| Postion   | Total            |
|---|------------------|
| General Manager / CEO                                 | 1,789,600        |
| Financial Director / Director of Financial Department | 389,750          |
| Director of Agricultural Affairs                      | 366,576          |
| Director of Administration                            | 402,167          |
| The Legal advisor/ the Internal auditor               | 134,844          |
| <b>Total Amount</b>                                   | <b>3,082,937</b> |

**Notes**

From 01/01/2020 until 30/04/2020, the Managing Director and General Manager were among the top executives, and he was replaced by the CEO.

The period from 01/01/2020 until 30/08/2020, the legal advisor was one of the senior executives, after which he was replaced by the internal auditor.

**(C) Remuneration of committee members:**

**Remuneration for members of the committees**

|   | Fixed rewards excluding attendance allowances | Allowance for attending sessions | Total   |
|---|---|----------------------------------|---------|
| <b>Audit Committee</b>                        |   |                                  |         |
| Mr. Mohamed Ahmed Yassin Al-Sheikh            | 0   | 36,000                           | 36,000  |
| Mr. Yasser Yahya Abdel-Hamid                  | 0   | 36,000                           | 36,000  |
| Mr. Ali bin Riyadh Al-Humaidan                | 0   | 33,000                           | 33,000  |
| Total   | 0   | 105000                           | 105,000 |
| <b>Nominations and Remuneration Committee</b> |   |                                  |         |
| Mr. Abdul Rahman bin Abdul Aziz Al-Yamani     | 0   | 9,000                            | 9,000   |
| Mr. Mazrou bin Abdullah Al-Mazrou             | 0   | 9,000                            | 9,000   |
| Dr. Mohamed Ahmed Hassan Fetihi               | 0   | 9,000                            | 9,000   |
| Total   | 0   | 27000                            | 27000   |
| <b>Strategic Committee</b>                    |   |                                  |         |
| Dr. Mohamed Ahmed Hassan Fetihi               | 0   | 3,000                            | 3,000   |
| Mr. Omar bin Riyadh Al-Humaidan               | 0   | 3,000                            | 3,000   |
| Mr. Yasser Yahya Abdel-Hamid                  | 0   | 3,000                            | 3,000   |
| Total   | 0   | 9000                             | 9000    |

(9) There is no - any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the authority or any supervisory, regulatory or judicial authority with an explanation of the causes of the violation, the signatory to it, means of remedying it and avoiding its occurrence in the future.

(10) Results of the annual review of the effectiveness of the company's internal control procedures - in addition to the audit committee's opinion on the efficiency of the company's internal control system:

- 1) Keeping records in a manner that ensures the availability of detailed and accurate information that essentially reflects the reality of transactions and dispositions in the company's assets and resources.
- 2) Provide reasonable assurances that recording transactions allows the preparation of financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and issued by the Saudi Organization for Certified Public Accountants.
- 3) It provides reasonable assurances regarding the prohibition or timely disclosure of the unauthorized purchase, use, or disposal of company assets that could have a material impact on the financial statements.

All control systems, however well designed, contain an inherent risk of being able to prevent or detect all errors. It also does not provide an assessment of the future period of time during which the system will remain effective in detecting risks due to changes in conditions that may make the system inappropriate in this area, or in judging the degree of compliance with policies and regulations.

The main business cycles were studied: revenue, inventory, supplier accounts and associated expenditures, fixed assets, financial reports (including zakat), recruitment costs and wages, information technology systems.

The necessity of rebuilding the internal control system in general, which is related to all departments, works and activities of the company, was reached.

(10) Results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

#### **Audit Committee Report 2020**

(1) About the formation of the audit committee emanating from the board of directors:



The audit committee is composed of three members, including one from outside the board of directors, and two non-executive members:

**(2) Committee members:**

- Mr. Muhammad Ahmad Yassin Al-Sheikh (Chairman of the Committee - a member from outside the Board of Directors).
- Mr. Yasser Yahya Abdel Hamid (Board Member - Non-Executive).
- Mr. Ali Riyadh Al-Humaidan (Member of the Board of Directors - Non-Executive).

**(3) Duties and Responsibilities:**

- 1) Considering the interim and annual financial results and statements and recommending the Board of Directors to approve them with special focus on the extent of integrity of the disclosures in the financial statements, changes in accounting policies, important and unexpected events, and verification of accounting estimates in material matters, in addition to the extent of compliance with accounting standards And other legal requirements.
- 2) It was recommended to the Board of Directors to appoint Messrs / (KPMG) to carry out internal audit work, as of the date ..... and the Board of Directors approved this recommendation, and accordingly the fees of Messrs / (KPMG) were determined, and the Audit Committee follows up their work.
- 3) Recommending to the board of directors the nomination of auditors, determining their fees, evaluating their performance, verifying their independence, reviewing the scope of their work and the terms of contracting with them.
- 4) Study the auditor's report and his notes on the financial statements and follow up on their implementation.

**(4) Audit Committee meetings during the year 2020 AD:**

- The audit committee met twelve meetings during the year 2020.

**(5) Results of the annual review of the effectiveness of internal control procedures:**

- 1) The committee prepared the annual audit committee report and approved its distribution to shareholders in line with Article (104) of the Companies Law, and the company's executive management also signed declarations aimed at emphasizing the responsibility of the executive management in providing internal control procedures that reasonably ensure the effectiveness and efficiency of the company's operations and procedures. The control applied therein, including the reliability and integrity of the financial reports and the extent of compliance with the applicable laws, laws and policies, as these declarations were submitted for the fiscal year

2020 and deposited with the legal affairs of the company, while providing the members of the Board of Directors with a copy of them.

2) Based on the reports received from (KPMG) for accounting, auditing and financial consulting and based on the annual examination of the internal control procedures for the fiscal year 2020 AD by the audit committee, the committee recommended to the Board of Directors to restructure the company, update the organizational structure, attract qualified human cadres, and establish effective internal control systems And the subsequent updating of business flow, policies, procedures, powers and responsibilities matrix, and principles for preparing budgets to address deficiencies in the internal control systems.

(11) There is no - a recommendation from the audit committee regarding the extent of the need to appoint an internal auditor in the company - due to the presence of an internal auditor for the company in addition to contracting with KPMG to carry out the internal audit of the company.

(12) Recommendations of the audit committee that there is a conflict between it and 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, the rationale for these recommendations and the reasons for not taking them into account.

None - Recommendations from the audit committee that there is a conflict between them and the decisions of the board of directors or the decisions of the board's refusal to take them in connection with the appointment of the company auditor, his dismissal, determination of his fees, evaluation of his performance, or the appointment of an internal auditor.

**(13) The company's social contribution:**

The company has carried out societal duties as a commitment to social responsibility:

**(A) Environment, health, security and safety:**

- Al-Jouf Company is committed in its project to achieve the highest levels of performance in the fields of environment, health, security, and safety represented in the completion of its operations with a performance that exceeds the desired level of commitment and to consolidate this trend among all employees of the company and its dealers.
- The company's performance in the fields of environment, health, security and safety is one of the highest levels known among companies and it continues to improve this performance and place it within its future goals. This outstanding performance has been achieved by the

commitment of all executive leaders in the company to unlimited support and support in all technical, training and educational fields to support the company's march to reach To the lead.

#### **(B) Work environment:**

- Taking into account the interests of the employees and the multiculturalism resulting from the difference in the nationalities of the employees and providing care and safety and security precautions.

Improving the living conditions of employees by adhering to the policy of granting incentives and production bonuses.

- Providing social and cultural services and adequate housing for employees and their families and providing them with appropriate transportation.
- Paying attention to cultural, sports and religious activities for all employees and employees of the company of all nationalities and cultures.
- Conducting sports, religious and cultural competitions for all nationalities.
- Make trips to the holy places on a regular basis.
- Creating a homogeneous urban community of various nationalities and cultures within the company's project.

#### **(C) Markets and customers:**

- Taking care of the consumer in the first place and providing all facilities to deliver the company's products to the farthest place in the Kingdom.
- Taking into account the interests of customers and consumers in choosing the type of agricultural and commercial investments for the company.
- Our commitment to quality is the basis of our investments. Quality management and product development devote all efforts to always provide the best products to ensure the highest standards of excellence.
- Our development is a result of our constant pursuit of the best and the finest, and the development also includes a mixture of distinctive infrastructure that includes farms, factories and distribution networks of international standards.
- We seek to achieve the required balance between supply and market demand and maintain prices at levels that make obtaining food products available to all segments of society with different levels of income.
- Commitment to implementing quality systems for different points and stages of production to ensure that consumers obtain high-quality products and competitive prices.

**(D) Community Contribution:**

The company's effective participation and sponsorship of the Al-Jouf Olive Festival, its contribution to increasing interactive activities in the community and the company's participation with its products in the festival through its own pavilion, and the company's keenness to sell its products at competitive prices to visitors to the festival and on the sidelines of the festival's activities, lectures are organized for many experts, specialists and those interested in olives, under Title of the health and therapeutic benefits of olive oil.

- Effective participation in supporting training programs for Saudi youth coming to work to qualify them to enter the competition in finding suitable job opportunities according to their academic qualifications.
- The company is continuously seeking for the Saudization of many jobs by attracting national cadres, qualifying and training newly graduated Saudis and motivating them in addition to training and Saudization of some leadership positions in all fields of work in order to prepare a supportive class of leaders to assume the responsibility of developing and managing the company's business.



**(14) A statement of the date of the general assembly of shareholders held during the year 2020 and the Names of the members of the board of directors present:**

| Name | Ordinary general assembly on<br>2020/5/06 |
|------|---|
|      | Attendance                                |



|   |   |   |
|---|---|---|
| 1 | His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud | ✓ |
| 2 | Dr. Rashid bin Rashid bin Saad bin Awain                                | ✓ |
| 3 | Mr. Abdul Rahman bin Abdul Aziz Al-Yamany                               | ✓ |
| 4 | Mr. Abdul Aziz bin Muhammad Al-Hussein                                  | ✓ |
| 5 | Mr. Mazrou bin Abdullah Al-Mazrou                                       | ✓ |
| 6 | Mr. Omar Bin Riyadh Al-Humaidan   | ✓ |
| 7 | Mr. Yasser Yahya Abdul Hamid Abed Rabbo                                 | ✓ |
| 8 | Mr. Ali Bin Riyadh Al-Humaidan  | ✓ |
| 9 | Dr. Mohammed Ahmed Hassan Fitaihi                                       | ✓ |



### (15) Description of the company's main activities and its contribution to the results:

Al-Jouf Agricultural Development Company intensifies its activity in the field of agricultural and industrial production and marketing, and the company's project is considered one of the best regions in the Kingdom in terms of its storage of groundwater and the fertility of its soil, which

enabled it to achieve the highest average productivity in all crops and after a short period of its establishment it became one of the most important and pioneering agricultural companies. In the field of food security, Al-Jouf Company pursued in the field of marketing and sales to reach distinction in high-caliber and the company always seeks to deliver its products to all consumer sectors within the Kingdom through sales outlets spread throughout the Kingdom in order to reach the citizen's needs of the foodstuffs produced by the company and meet the needs and from In the meantime, we strive to achieve the goal of maximizing sales and then maximizing profits in order to benefit the shareholder, and the following is a description of the main activities of the company:





### **Wheat**



Due to the suspension of wheat by silos, the company tended to find alternatives to the exploitation of cultivated areas, optimal utilization and diversification of income sources. Water consumption & reduction of production cost during the period permitted by the sovereign authorities in the Kingdom only.

### **Arboretum**



The company has a large nursery established with a modern irrigation system to multiply different seedlings such as (fruit seedlings, olive seedlings and decorative tree seedlings) in order to meet the company's needs of seedlings instead of importing them at a high cost, as well as meeting the demands of the local market for seedlings and supporting farmers by providing seedlings with reliable source and suitable for the region's climate.

### **Onion**



The company aims to expand the cultivation of onions as it is one of the crops with higher productivity and thus lower production costs. The company has succeeded in focusing on good varieties in terms of production and marketing. The company has achieved great successes by cultivating onions of both types (yellow & white) and there is a great demand for the company's production of onions for its high quality as well as Ali that it is put on the market fresh without storing under the company slogan (from Al-Jawf to Al-Jawf) and the company's onion is characterized by low humidity, which helps to withstand a period of storage.

### Potato



The company is unique in producing potatoes over 3 loops (spring - summer - autumn) due to the suitability of weather conditions and the needs of local markets and factories are covered with fresh potatoes without storage. The company is distinguished by its diversity in its production of potatoes (French fries & Chips & Table) and to achieve the highest price / unit The company aims to cultivate 60% of its production in the summer loop, as the company is unique in cultivating the summer loop because it is not appropriate to cultivate it in any region except Al-Jawf, which enabled it to achieve the target prices coupled with productivity and new dual-purpose varieties are being cultivated to avoid the risks of lower market prices (table & industrial) such as the Sagita They are put on the market when prices increase or manufacturing in case market prices decrease.

### Bee honey



Due to consumers 'demand for the natural honey product, the company has produced the finest types of natural bee honey in marketing quantities. The honey produced by the company is distinguished by that it is produced from bees that feed on natural pastures represented in the flowers of fruit trees and it is 100% natural, content, high quality and desirable to the consumer for its good taste and health benefits The company has many different types of honey products, including (honey with wax - honey with nigella sativa - honey with royal jelly - and honey with pollen) coupled with analyzes that proved that it is natural honey and conforms to the Saudi standard specifications.

### Palm



The expansion is underway by cultivating the date palm variety Barhi after the success of his experience with the company and Burhi Al-Jouf is distinguished as the best in the Kingdom in terms of size and quality. New varieties were cultivated last season (Ajwa Al Madinah - Al Sagai - Al Majdool - Helwa Al Jouf) will enter the production stage next season.

### Fruit



The company's plan is being completed regarding replacing the economically ineffective varieties with modern varieties whose efficiency has been confirmed in terms of production and marketing. Modern methods of cultivation in the form of v were followed to increase the number of trees per unit area and obtain higher productivity at a lower cost. We note that the target plan is to benefit from the fruits of mature fruit. For the manufacture of this concentrate, and we would like to inform you that the varieties that can be grown in the company are (peaches - apricots - nectarines - grapes - plums)

## "Sectors Contribution to the Company's Revenues and Profits "

### (Sectors' contribution to the company's revenues and profitability 2020)

| Type of activity                    | Impact on results | The ratio | Activity revenues |
|-------------------------------------|-------------------|-----------|-------------------|
| Agricultural manufacturing activity | 42,934,173        | % 69      | 154,903,656       |
| Agricultural activity               | (21,583,666)      | % 31      | 68,306,446        |
| Total                               | 21,350,507        | % 100     | 223,210,102       |





**(16) A description of the important plans and decisions of the company and the future expectations of the company's business: (structuring and strategy):**

A diagnostic study was made for the company by an independent consultant to find out the current situation of the company and to identify the strengths and weaknesses as well as challenges and opportunities, and accordingly the company re-establish the strategy including the goals and strategic axes in light of the outcomes of that study and work to exploit the available opportunities and optimal utilization of resources with Taking into consideration the preservation of the underground water wealth and working on the rise of the company and placing it in the ranks of the ancient national companies to be a tributary of food security in our beloved country.

**Among the most important future plans and decisions are the following:**

- 1) Optimizing the company's resources.
- 2) Attracting the national competencies and expertise that it needs to carry out its tasks and to achieve the strategic objectives for which it was established.
- 3) Raise the production efficiency of all crops with less water requirements.
- 4) Continuing work to reduce costs, reduce expenses, and achieve rewarding returns for shareholders in line with their aspirations.
- 5) The company's management aims to maintain a positive, stimulating and highly productive work environment.
- 6) The company's management works to provide training and qualification programs for its employees to raise their efficiency and qualify them for the available jobs in the company.
- 7) In line with the state's policy aimed at preserving the water wealth, the company has pushed to move towards finding alternatives that achieve added value, which is the industrial environment, as taking care of this environment within the company represents one of the main axes to meet the requirements of the next phase after preparing a feasibility study in this regard.

**(17) Risks faced by the company in light of current and future challenges:**

**(1) Financial risk management:**

**The company's activities are exposed to a variety of financial risks:** market risk (including currency risk, fair value, cash flow, interest rate risk and price risk) credit risk and liquidity risk. The company's overall risk management program focuses on fluctuations in financial markets

and the company's management tries to minimize negative impacts. Therefore, the company uses derivative financial instruments to hedge its exposure to certain risks.

**Financial risk management framework:**

The risk management policy is implemented by the senior management in accordance with the policies approved by the Board of Directors. The senior management determines, assesses and hedges financial risks in close cooperation with the operating units of the company - The most important types of risks are credit risk, currency risk or fair value and interest rates for cash flows - The Board of Directors has overall responsibility for establishing and overseeing the company's risk management framework - The Executive Management Team is responsible for developing and monitoring the company's risk management policies as the work team conducts regular meetings - Any changes or matters related to compliance with the policies are reported to the Board through Review Committee .

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the company's activities - the company aims, through training, management standards and procedures, to develop a responsible and constructive control environment so that all employees are aware of their roles and obligations.

The audit committee oversees management's compliance with the company's risk management policies and procedures and reviews the appropriateness of the risk management framework in relation to the risks faced by the company.

The financial instruments included in the balance sheet include cash, trade receivables, prepaid expenses, other receivables, loans and payables, accruals and other credit balances - the methods of evidence used are disclosed in the policy statement related to each item.

Offsetting between financial assets and liabilities and the net amounts determined in the financial statements takes place when there is a legally binding right to set off those amounts listed, as well as when the company has an intention to settle them on a net basis or sell the assets to pay the liabilities simultaneously.

**(2) Market price risk:**

Market price risk is that the fair value or cash flows of a financial instrument may fluctuate due to changes in market prices. Market risk consists of three types of risks, which are: interest rate risk, currency risk, and other price risks:

**(3) Interest rate risk:**

It is exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the financial position and cash flows of the company. The company manages this risk through risk management policies and the management believes that the company is not significantly exposed to interest rate risk.

**(4) Fair value risk:**

It is the value that will be received in exchange for selling an asset or paying for the transfer of a liability in an orderly transaction between market participants at the measurement date. Since the financial statements are prepared on the basis of historical cost, differences may arise between the estimates of the book values and the fair values - and in the opinion of management, the fair values of current assets and liabilities do not differ significantly from their book value.

**(5) Credit risk:**

Risks of one party's inability to fulfill its obligations causing financial losses to the other party - the management continuously manages credit exposures and creates provisions against those doubtful balances to mitigate those risks.

**(6) Concentration risk:**

Concentration risk arises when a number of counterparties are involved in similar activities, or activities in the same geographical area, or activities that have the same economic advantages, which could affect their ability to fulfill contractual obligations similarly in the event of any economic or political changes or any circumstances. Other. Concentrations refer to the relative sensitivity of a company's performance to developments affecting specific industries.

**(7) Liquidity risk:**

It is the risk that the company will encounter difficulties in obtaining the necessary financing to meet obligations related to financial instruments. Liquidity risk may arise when the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the company's financial obligations.

**(8) Capital Management Risks:**

When managing capital, the company aims to ensure that the company can survive so that it can continue to provide returns to shareholders, and to maintain a strong core capital to support its business.



The company manages its capital structure by monitoring returns on net assets and making adjustments to it in light of changes in economic conditions. For the purpose of maintaining or adjusting the capital structure, the company may adjust the amount of dividends paid to shareholders or it may increase the capital. The company also monitors capital using the borrowing rate, which is total debt (interest bearing loans and advances, including financing costs, trade and other credit balances). Capital refers to shareholders' equity as shown in the balance sheet in addition to total debt.

**(9) Risks related to human resources :**

The company's performance depends mainly on the experiences, skills and capabilities of its executives and other senior employees, and the future performance of the company depends to a large extent on its ability to attract individuals with high qualifications and qualifications as well as the ability to retain them, as competition is intense, at the present time for such employees who have Extensive expertise required and the company works to reduce employee dropout from it to reduce the effects of losing key employees, but there are no guarantees that the company's business will not be affected in the event that it is not able to attract, develop and retain qualified employees or replace them with employees with the same level of qualifications, capabilities extensive expertise required. The company works to reduce employee dropout from it to reduce the effects of losing key employees, but there are no guarantees that the company's business will not be affected in the event that it is unable to attract, develop and retain qualified employees or replace them with employees with the same level of qualifications, capabilities and experiences, and the company may be harmed As a result of the loss of the services of one or more of its key employees who cannot be replaced in the short and medium term, which may lead to the disruption of some business and may negatively affect the financial position of the company and the results of its operations. So far, the company has managed to replace those employees who left with other qualified employees.

The company always strives to attract qualified and professional employees in addition to developing and developing the capabilities of current employees to carry out bigger tasks and occupy higher positions in the company. The Human Resources Department monitors the evaluation of the performance of the existing manpower and determines the extent of the actual need to attract competencies in specific locations.



**(18) The assets, liabilities and results of the company's business for the past five years**

**2016-2020**

| Statement / year                           | 2016        | 2017        | 2018        | 2019        | 2020        |
|--|-------------|-------------|-------------|-------------|-------------|
| Total current assets                       | 280,392,010 | 257,632,290 | 281,429,589 | 231,859,074 | 241,426,875 |
| Net fixed assets                           | 618,831,751 | 602,765,954 | 565,663,848 | 542,247,953 | 490,456,438 |
| Total assets                               | 899,223,761 | 860,398,244 | 847,093,437 | 774,107,027 | 731,883,313 |
| Total current liabilities                  | 110,636,561 | 81,844,123  | 65,702,436  | 60,363,920  | 94,674,330  |
| Total non-current liabilities              | 101,479,099 | 93,318,079  | 87,211,722  | 87,499,794  | 29,074,737  |
| Total liabilities                          | 212,115,660 | 175,162,202 | 152,914,158 | 147,863,714 | 123,749,067 |
| Shareholders' equity                       | 687,108,101 | 685,236,042 | 694,179,279 | 626,243,313 | 608,134,246 |
| Total liabilities and shareholders' equity | 899,223,761 | 860,398,244 | 847,093,437 | 774,107,027 | 731,883,313 |

**(18) Monitor the assets, liabilities and results of the company's business for the past five years 2016-2020**

**(B) Five-year summary of business results:**

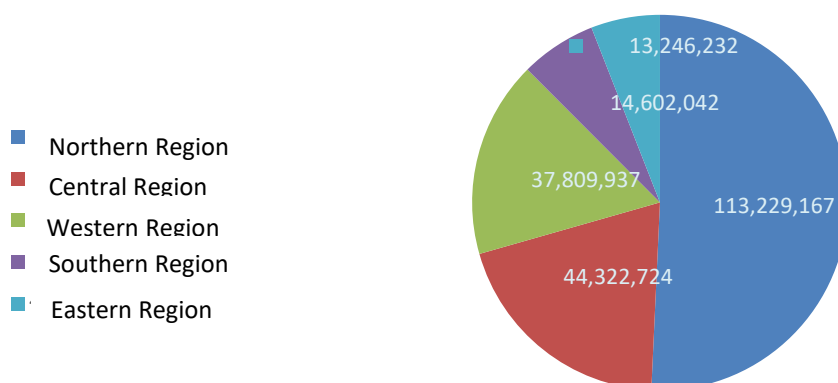
| Statement / year    | 2016        | 2017        | 2018        | 2019         | 2020        |
|---------------------|-------------|-------------|-------------|--------------|-------------|
| Total sales         | 380,211,468 | 305,615,188 | 358,934,363 | 224,447,971  | 223,210,102 |
| Cost of goods sold  | 247,990,806 | 231,222,752 | 255,559,513 | 183,955,192  | 158,922,930 |
| Gross Profit        | 132,220,662 | 74,392,436  | 103,374,850 | 40,492,779   | 64,287,172  |
| Net profit / (loss) | 68,151,914  | 25,600,983  | 35,762,762  | (20,798,707) | 21,350,507  |



**(19) Geographical analysis of the company's total Revenues for the year 2020:**

| Year        | Geographical analysis of the company's total revenue (value in riyals) |                    |                   |                   |                   |                   |
|-------------|--|--------------------|-------------------|-------------------|-------------------|-------------------|
|             | The total revenue  | Northern region    | Central region    | Western region    | Eastern region    | Southern region   |
| <b>2020</b> | <b>223,210,102</b>   | <b>113,229,167</b> | <b>44,322,724</b> | <b>37,809,937</b> | <b>13,246,232</b> | <b>14,602,042</b> |

The contribution of each region to the company's revenues for the fiscal year 2020



**(20) Summary of material differences of operating results for 2020 compared to 2019:**

| Statement                           | 2020        | 2019         | Change       | Percentage % |
|-------------------------------------|-------------|--------------|--------------|--------------|
| Total sales                         | 223,210,102 | 224,447,971  | (1,237,869)  | %1-          |
| Sales cost                          | 158,922,930 | 183,955,192  | (25,032,262) | %14-         |
| Total income                        | 64,287,172  | 40,492,779   | 23,794,393   | %59          |
| Marketing expenses                  | 27,762,520  | 24,880,305   | 2,882,215    | %12          |
| General and administrative expenses | 28,421,861  | 29,804,426   | (1,382,565)  | %5-          |
| Operating profit                    | 8,102,791   | (14,191,952) | 22,294,743   |              |

(21) There is no difference in matching the accounting standards used by the company with the standards issued by the Saudi Organization for Certified Public Accountants.

(22) There are no - subsidiary companies of the company inside or outside the Kingdom of Saudi Arabia.

(23) There are no - shares or debt instruments issued to subsidiary companies as the company does not own subsidiary companies.

**(24) Description of the company's policy for dividend distribution:**

Profits are distributed according to Article 47 of the Articles of Association and Articles of Association of the company, whereby the annual net profits are distributed after deducting all general expenses and other costs as follows:

- 10% of the net profits are set aside to form the statutory reserve of the company. The Ordinary General Assembly may decide to stop this retainer when the said reserve reaches 30% of the paid capital.
- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside 10% of the net profits to form an agreement reserve and allocate it for a specific purpose or purposes, and it is not permissible to use that agreement reserve for a purpose other than the purpose assigned to it except by a decision of the General Assembly based on the proposal of the Board of Directors.
- The Ordinary General Assembly may decide to establish other reserves; And that is to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders, and the aforementioned association may also deduct a percentage not exceeding 10% of the net profits as

amounts to establish social institutions for the company's employees or to assist what exists from these institutions.

- From the remainder after that, a percentage of not less than 5% of the company's paid-up capital shall be distributed to the shareholders.
- The remuneration for a member of the board of directors may be a certain amount of 200,000 riyals, an allowance for attending sessions, in-kind benefits, or a certain percentage of the net profits, and two or more of these benefits may be combined.
- If the remuneration is a certain percentage of the company's profits, then this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the general assembly in implementation of the provisions of the law and the company's articles of association, and after distributing a profit of no less than 5% of the share capital. The paid company, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member.
- In all cases; The total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets shall not exceed an amount of five hundred thousand riyals annually, according to the controls laid down by the competent authority.
- The company may distribute interim dividends to its shareholders on a quarterly or semi-annual basis under a mandate from the Board's General Assembly, to be renewed annually.

**The total distributed profits for the fiscal year 2020, and it is proposed to be distributed as follows:**

|       | Percentage of profits distributed during 2020 |            | The proposed profit distribution ratio at the end of the year | Total profits |
|-------|---|------------|---|---------------|
|       | 23/12/2020                                    | 19/08/2020 |   | 21,350,507    |
| Ratio | 2.5%  | 5%         | 0   |               |
| total | 7,500,000                                     | 15,000,000 | 0   |               |

(25) There is no - any interest in the category of shares eligible to vote belongs to persons (except for the company's board of directors, senior executives and their relatives) who informed the company of those rights under Article Sixty-eight of the rules for offering securities and continuing obligations and any change in those rights during the fiscal year 2019





(26) There is no interest, contractual securities, and subscription rights belonging to members of the company's board of directors, senior executives and their relatives in the company's debt instruments, or any change in that interest or those rights during the fiscal year 2019 AD - as for shares, there are only ownership percentages for members of the board of directors. And their relatives according to the following statement- :

**(A) Ownership of Board Members:**

|   | Name  | Total shares at the beginning of the year | Ownership percentage at the year beginning | The net change in the number of shares during the year | The change during the year | Total shares at the end of the year | Ownership percentage at the end of the year |
|---|---|---|--|--|----------------------------|-------------------------------------|---|
| 1 | His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz Al Saud | 24664                                     | %0,082                                     | —  | —                          | 24664                               | %0,082                                      |
| 2 | Mr. Abdul Aziz bin Muhammad Al-Hussein                                  | 1000                                      | %0,003                                     | —  | —                          | 1000                                | %0,003                                      |
| 3 | Mr. Abdul Rahman bin Abdul Aziz Al-Yamani                               | 1500                                      | %0,005                                     | —  | —                          | 1500                                | %0,005                                      |
| 4 | Dr. Rashid bin Rashid Al-Owain  | 55298                                     | %0,184                                     | —  | —                          | 55298                               | %0,184                                      |
| 5 | Mr. Mazroua Abdullah Hamad Al-Mazrou                                    | 1000                                      | %0,003                                     | —  | —                          | 1000                                | %0,003                                      |
| 6 | Mr. Omar Riyadh Muhammad Al-Humaidan                                    | 1000                                      | %0,003                                     | —  | —                          | 1000                                | %0,003                                      |
| 7 | Mr. Yasser Yahya Abd Al-Hamid Abed Rabbo                                | —   | —  | —  | —                          | —                                   | —   |
| 8 | Mr. Ali Riyadh Muhammad Al-Humaidan                                     | 1012                                      | %0,003                                     | —  | —                          | 1012                                | %0,003                                      |
| 9 | Dr. Mohamed Ahmed Hassan Fitaihi  | —   | —  | —  | —                          | —                                   | —   |



**(B) Own senior executives:**

(1) There is no ownership of the remaining senior executives in the company's shares.

(27) Loan Information:

- The company acknowledges that it does not have any loans to any party, whether due or non-repayable, which are not mentioned in the following statement:

|   | The name granting party of the loan | principal amount of the loan | term of the loan | Payment during the year | remaining amount | total debt of the company |
|---|-------------------------------------|------------------------------|------------------|-------------------------|------------------|---------------------------|
| 1 | Saudi Industrial Development Fund   | 15,350,000 Riyal             | 5 years          | 1,300,000 Riyal         | 10,298,631 Riyal | 10,750,000 Riyal          |

(28) There are no convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year 2020 with an explanation of any compensation obtained by the company in return for that.

(29) There is no - any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year 2020

(30) .There is no - there is no refund, 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.

(31) The number of board meetings held during the year 2020 AD and attendance record:

**(Board meetings by attendance)**

**Sequence and Dates of Meetings**

| Name of the members   | 1 <sup>st</sup><br>4/3 | 2 <sup>nd</sup><br>17/3 | 3 <sup>rd</sup><br>30/8 | 4 <sup>th</sup><br>23/12 | 5 <sup>th</sup><br>4/122 | Attendance |
|---|------------------------|-------------------------|-------------------------|--------------------------|--------------------------|------------|
| His Royal Highness Prince / Abdulaziz bin Mishaal bin Abdulaziz | √                      | √                       | √                       | √                        | √                        | %100       |
| Mr. Abdul Aziz bin Muhammad Al-Husseini                         | √                      | √                       | √                       | √                        | √                        | %100       |
| Dr. Rashid bin Rashid Owain                                     | √                      | √                       | √                       | √                        | √                        | %100       |
| Dr. Mazroua Abdullah Hamad Al-Mazroua                           | √                      | √                       | √                       | √                        | √                        | %100       |

|   |   |   |   |   |   |      |
|---|---|---|---|---|---|------|
| Mr. Omar Riyadh Muhammad Al-Humaidan                        | √ | √ | √ | √ | √ | %100 |
| Mr / Yasser Yahya Abd Al-Hamid Abed Rabbo                   | √ | √ | √ | √ | √ | %100 |
| A / Abdul Rahman bin Abdul Aziz Al-Yemeni                   | √ | √ | √ | √ | √ | %100 |
| Mr. / Ali Riyadh Muhammad Al-Humaidan                       | √ | √ | √ | √ | √ | %100 |
| Dr. / Mohamed Ahmed Hassan Fitaihi                          | √ | √ | √ | √ | √ | %100 |
| <b>the last meeting of the General Assembly in 6/5/2020</b> |   |   |   |   |   | √    |

- The current board of directors of the company held (5) attendance meetings during 2020, and the attendance rate for members was as shown above.

**(32) The number of the company's requests for the shareholders 'register, the dates and reasons for those requests:**

| No. | Number of Company Requests for Shareholder Register | Date of Request | Reasons for the Request |
|-----|---|-----------------|-------------------------|
| 1   | 1   | 04/3/2020       | Corporate Actions       |
| 2   | 1   | 05/3/2020       | Corporate Actions       |
| 3   | 1   | 04/5/2020       | General Assembly        |
| 4   | 1   | 08/5/2020       | Profits file            |
| 5   | 1   | 30/8/2020       | Profits file            |
| 6   | 1   | 21/2/2020       | Corporate Actions       |

(33)**None** - any deals between the company and a related party during the year 2020:

(34)**The company declares that there is no** - any business or contracts of the company a party to it, or there was interest in it for a member of the company's board of directors, senior executives, or any related person during the year 2020.

(35)**There is no** - an arrangement or agreement whereby a member of the company's board of directors or a senior executive waived any remuneration during the fiscal year 2020.

(36)**There is no** - an arrangement or agreement whereby one of the shareholders of the company waived any rights to profits during the fiscal year 2020.

(37)**A statement of the value of the regular payments paid and due for the payment of any zakat, taxes, fees or any other dues that were not paid until the end of the 2020 financial period, with a brief description of them and their reasons :**

| statment                                   | 2020   |                 | Description   | Statement reasons |
|--|--|-----------------|---|-------------------|
|  | the end of the annual financial period and has not been paid | paid up/ Riyals |   |                   |
| Zakat                                      | 5,511,341  | 9,952,057       | Zakat 2020 will be paid after submitting the declaration    | -                 |
| Tax  |  | 11,033,140      |   | -                 |
| The Public Institution for Social Security | 224,532  | 2,366,627       | Due to GOSI for the December 2020 were paid in January 2021 | -                 |
| Costs of visas and passports               | -  | 623,350         | -   | -                 |
| Labor office fees                          | -  | 8,279,875       | -   | -                 |

**(38)There are no** - any investments or reserves established for the benefit of the company's employees during the fiscal year 2020.

**(39)The Board of Directors of the company shall acknowledge the following:-**

- 1) That the account records were prepared correctly.
- 2) That the internal control system needs to be developed and modernized.
- 3) There is no doubt about the source's ability to continue its activity.

**(40)There are no** - reservations about the financial statements by the company auditor.

**(41)There is no** - any recommendation by the board of directors to change the company's auditor before the end of the period for which he was appointed.

**(42)None** - treasury shares held by the company.

**(43)The company confirms that it has not received from shareholders who own 5% of the capital or more, a request to convene the general assembly during the ended fiscal year, or to add one or more topics to the agenda of the general assembly when preparing it.**

**(44)The company affirms that the shareholder has the right to obtain a share of the company's assets upon liquidation, and the right to monitor the work of the board of directors and file a liability lawsuit against members of the board, based on what is stated in the articles of association of the company and has the right to attend general assemblies,**

participate in its deliberations and vote on its decisions And everything that was mentioned in Article Five (Rights Related to Shares) of the Corporate Governance Regulations.

**(45)No party has requested access to the annual reports of investors from legal persons who act on behalf of others, such as investment funds.**

### **The agenda of the General Assembly**

- 1) Voting on the report of the Board of Directors for the year ending 12/31/2020
- 2) Voting on the company's auditor's report for the fiscal year ending 12/31/2020
- 3) Voting on the financial statements for the fiscal year ending on 31/12/2020
- 4) Voting to appoint the company's auditor from among the candidates based on the audit committee's recommendation, to examine, review and audit the financial statements and zakat for the second, third, fourth and annual quarters of the fiscal year 2021 AD and the first quarter of 2022, and determine their fees.
- 5) Vote to absolve the members of the Board of Directors from liability for the fiscal year ending on 31/12/2020
- 6) Voting to authorize the Board of Directors to distribute interim dividends to the shareholders of the company for the fiscal year 2021, semi-annually or quarterly, with determination of eligibility and payment dates in accordance with the regulatory controls and procedures issued by the Capital Market Authority.

**In conclusion, the Board of Directors extends its thanks and appreciation to you and your trust in it. Thanks extend to the executive management of Al-Jouf Company and its employees, praying to God Almighty to guide us and you to what is good for all.**

**Board of Directors of Al-Jouf Company**

**March 2020**