

Annual Report

For 2021



نماء
NAMA

الكيمائيات CHEMICALS



His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud
Crown Prince, Deputy Prime Minister and Minister of Defense of the Kingdom of Saudi Arabia



King Salman bin Abdulaziz Al-Saud
The Custodian of the Two Holy Mosques



Board of Directors

Mr. Hazem Mansour Al Fardan

Chairman of the Board

Mr. Abdullah Abdulmohsen Al Issa

Vice-President of the Board

Princess: Nouf Jalawy Al Saud

Board member

Mr. Abdullah Hamdan Al Sorayai

Board member

Mr. Faiz Ahmed Al Ahmari

Board member

Mr. Ahmed Abdul Mohsen Al Qosaibi

Board member

Mr. Firas Abdulaziz Al Hajaj

Board member

Eng. Abdullah Hajras Al Subiyal

Board member

Senior Executives

Eng. Abdullah Mohammed Al Salem

CEO

Eng. Alaaddin Abdullah Bawazir

VP, Sales and Marketing

Mr. Turki Naseer Al Hajri

VP, Chief Financial Officer

Mr. Miteb Hamad Al Driwish

VP, Shared Services

1. Board of Directors statement:

Nama Chemical's Board of Directors is pleased to submit to the shareholders of the company its annual report for the fiscal year ended on 31st December 2021 AD, which is prepared in accordance with the requirements of the Saudi corporate system, the company's statute, corporate governance regulations, securities offering rules and obligations, and the regulations and regulatory procedures issued in accordance with the companies law for listed joint stock companies issued by Capital Market Authority.

The report also provides information on the company's activities, performance, achievements and future plans, and the efforts made to enhance the company's performance in developing the rights of its shareholders, supporting the national chemical industry, and its contributions in the areas of safety, sustainability, reliability, and social responsibility, according to what was stated in its financial statements for the fiscal year ending on 31st December 2021.

It is also the pleasure of the Board of Directors to extend its sincere gratitude to the Custodian of the Two Holy Mosques, His Highness the Crown Prince, and the national government for what they have provided to support the economic sectors to contribute to the realization of the Kingdom's 2030 vision, especially the unlimited support for the industrial sector in the Kingdom. The Board also appreciates the efforts of the company's employees and the loyalty and support of its partners, including investors, shareholders, suppliers and customers, despite the challenges the Company faced during COVID-19 period, at the level of operations or marketing.

2. Establishment and activity:

Nama Chemicals Company (Nama) is a Saudi company established under the Saudi companies law as a joint stock company (closed) under ministerial resolution No. Q/979 dated 05/09/1412 AH, corresponding 08/03/1992 AD and under a commercial register no. (2050023216) issued from Dammam on 10/11/1412 AH, corresponding 12/05/1992 AD and was registered in Dammam registry, and in 1998 the company turned into a joint stock company (general) after completing all official procedures and trading of the company's shares began from 22/10/1998. The headquarter of the company is located in Jubail Industrial City.

The main activity of the company is to own and establish industrial projects, especially in the field of petrochemical and chemical industries, operation and management of the factories that establish them, provide technical support and industrial maintenance to serve the company's projects and other industrial projects. The company's statute also allows it to carry out other activities that complement its main activity.

3. The company's strategy:

The company has developed a clear-cut future strategy to benefit from the expansion and growth in the chemical industry with added value to the company's assets and shareholders' rights, while developing and maintaining the highest levels of safety, quality and sustainability, and full commitment to all relevant industry standards and laws to achieve leadership, while maintaining the partnership between all parties associated with the company locally and internationally. The company aims to enhance shareholders' rights without prejudice to the company's social responsibility, and it will be achieved through:

- Expanding the production capacity of the company's main products.
- Improving the energy efficiency of the company through implementing a number of programs and projects dealing with reliability, sustainability and performance improvement.
- Building an effective organizational structure and developing human resource systems to meet the company's ambitions and achieve its goals.
- Enhancing the confidence of all stakeholders in the company by marketing its achievements and expanding its horizons.
- Continuing to study the available investment opportunities related to the chemical industry in terms of energy product prices and the present position of the company.

4. Products:

Products	Capacity (metric tons per year)	Uses
Epoxy	120,000	Paint industry, military and automotive industries, renewable energy industry and various other industries in construction sector, electronics and other related industries.
Epichlorohydrin	30,000	Raw material for epoxy products, pharmaceutical industry, and water treatment chemical industry
Calcium chloride	45,000	Secondary material used in oil exploration
Chlor Alkali Caustic soda.	50,000	Secondary material used in several industries such as Epichlorohydrin and intermediary for many related industries
Hydrochloric acid	33,000	Secondary material with multiple industrial uses
Soda granules	50,000	Chemical, detergent, paper and other industries

5. Subsidiaries:

Name the subsidiary	Headquarters	Activity	Company capital
Jubail Chemical Industries Co. (Jana)	Jubail Industrial City	Production of multiple chemicals and petrochemicals	SAR 1,425 million
Arabian Alkali Company (Soda)	Jubail Industrial City	Production of dry caustic soda granules	SAR 50 million
Nama Industrial Investment Co.	Jubail Industrial City	Different investment activities	SAR 1 million
Nama Europe	Berne – Switzerland	Marketing of chemical products	SAR 0.07 million

6. The company's investments:

Company Name	Headquarter	Activity	Capital	Percentage of ownership
Arab Industrial Fiber Co. (Ibn Rushd)	Yanbu' Industrial City	Production of chemicals	SAR 2,000 ,000	0.78%
National Chemical Company (NACIC)	Kingdom of Bahrain	Production of chemicals	BHD 9,000,000	4.05%

7. Production Actual vs. plan 2021

Plant	Product	Plan MT 2021	Actual MT 2021	Variance	Achieved %
Jana (Epoxy)	Liquid resins	25,380	15,197	(10,183)	60%
	Solid resins	8,876	3,599	(5,277)	41%
	Solution resins	5,751	2,305	(3,446)	40%
Jana (Hasad)	Epichlorohydrin	24,841	15,257	(9,584)	61%
	Allyl Alcohol	27,324	16,727	(10,597)	61%
	Caustic Liquid	57,506	40,347	(17,159)	70%
	Chlorine	50,951	35,748	(15,203)	70%
	Hydrochloric acid	78,313	62,205	(16,108)	79%
	Sodium hydrochlorite	16,291	14,107	(2,184)	87%
	Calcium chloride	13,762	5,032	(8,730)	37%
Soda	Soda granules – solid	52,200	40,862	(11,338)	78%

8. Prominent developments

During 2021, Nama Chemicals Company, with the help and bounty of God, continued to implement its annual plan emanating from the announced strategy of the company. The following are the highlights of the plan achieved during the past year:

1. Completing the restructuring of the company and appointing highly qualified managers to all key departments.
2. One of the major achievements last year was completing the 1st turnaround maintenance cycle where the focus was building the reliability base line for all plants which will enable the company to achieve production plans.
3. Reviewing and analyzing the company's performance since the start of the transformation plan implementation and updating the plan for the next 5 years based on the outcome of the post COVID-19 business environment.

4. The company succeeded in rescheduling the SIDF outstanding loans which led to improving the company operational and financial ratios.
5. The company sold its treasury shares that was part of employees incentive program before stopping it years ago.
6. The company developed and updated number of operational, administrative and financial policies and procedures in addition to updating the authority matrix which will lead to better operational and financial control.
7. The company completed the re-assessment the zakat position for all previous years and making the necessary provisions for all outstanding claims.
8. Completing the update and the implementation of the ERP system including the missing modules which will enable the company to increase the operation efficiency and reduce the dependency on the human intervention.
9. The company introduced shared services policy for the indirect cost elements which will enable better management and allocation of costs based on the corporate and affiliates business model.

9. Risk objectives

The Board of Directors provides risk oversight as a component of its strategic leadership. The Executive Committee and Audit Committee of the Board oversees the risk management framework and monitors specific top corporate risks. undertook risk management and follow-up all the risks and submitted periodic reports to the Board and worked with the executive management to implement the risk management policy adopted by the Board of Directors, where the company continued in 2021 to evaluate the risks that it may face and may affect the achievement of its objectives, the process of evaluating the risks at the strategic and operational level is carried out and followed periodically and take the necessary measures measures to prevent or reduce these risks.

By the nature of its activity, the company is exposed to some risks that are necessarily related to the chemical and petrochemical industry.

- The shortage of qualified staff and the high demand for them in the labor market, which constitutes a strong competition that makes it difficult for the company to attract qualified staff.
- Changing production costs impacted by change in energy prices affecting the company's profit margin.
- The sharp increase in major raw material prices which was the major challenge for the company during 2021, and impacted clearly the company performance due to shortage of financial resources required to secure all required quantities.

(Nama) is applying a system of management of continuity of work, which is concerned with arranging priorities and understanding the challenges facing the company and the requirements necessary to reduce the likelihood of accidents and reduce their negative effects. The company held a workshop for all departments with the aim of reviewing the strategies of continuity of work and ways to develop them.

- It is well known that the company markets its products in international markets of a strong competitive nature that are subject to the forces of supply and demand, which exposes the company to the risks of competing with large companies, especially after the entry of Chinese companies into the market of the company's products.
- The company's continuity in bearing the high costs for disposing of wastewater as the investment pain to solve the problem is moving slower than expected due to technical and regulatory requirements.

In light of the risks which the Company is currently exposed or may be exposed to in the future, the company's management is working continuously to develop policies and procedures that will limit or mitigate current or future risks and follow them strictly and permanently. In the meantime, the company has followed the following steps and procedures, including but not limited to:

- Research and access to new markets and production of materials synonymous with new uses of Epoxy Resins for the domestic and global market.

- The Executive Committee and Audit Committee has taken over risk management whereby the Committee develops policies and strategies for managing and controlling risks, training of employees and encouraging them to report any risks they come across in the performance of their work. The Committee also takes measures to prevent or mitigate the risks, as well as identify and analyze the risks that may be faced by the various sectors of the company through analysis and evaluation of risks and work to address them and raise the level of readiness to face unexpected risks.
- Linking the risk management system with internal audit and legal management.

10. Our manpower.

The company seeks to contribute to the localization of jobs, achieving Saudization of 63.97%, with 174 Saudi employees and 98 non-Saudi employees under direct employment contract, and with 81 employees on contract basis. The company has a plan in the next period to reduce the number to meet the benefit of the company. The company has recognized experience in management and manufacturing, as some of them have international experiences of more than 30 years in this industry, and the management has chosen our employees very carefully from among the strongest candidates to work in a variety of administrative and technical disciplines. This enthusiastic workforce adheres to quality standards, is keen to work with team spirit, smoothly and effectively showing an optimistic drive towards the future. We at Nama Chemicals look forward to making a difference.



11. Plans, decisions, and future expectations:

Nama works in accordance with the strategic plans drawn up by the Board of Directors, which adopts the principles of safety, sustainability and reliability in the management of operational processes, risk management, performance control and comprehensive implementation in the company that aims to improve the efficiency of operations, rationalize energy and natural resources, and improving the performance of its assets, contributing to the development of the rights of its shareholders, protecting the environment and enhancing the company's competitive capabilities in various markets.

At the beginning of 2021, under the leadership of a new Board of Directors, the company has appointed a new executive management with expertise in the management of petrochemical plants. And through it, the company's performance over the past years, the size and requirements of the local and global markets were reviewed and analyzed. Accordingly, a transformation plan was developed for the next five years in line with the National Transformation Plan (Vision 2030).

■ The transformation plan focused on reaching key objectives which are:

1. Applying the highest safety and health standards to protect employees, contractors, and neighboring industries and to comply with the application of all applicable environmental regulations.
2. Improving and maintaining reliable maintenance work to increase the performance of plant productivity by at least 98 % of its production capacity except the epoxy resin plant which will increase its productivity performance to 50 % in the coming years.
3. Expanding the portfolio of epoxy products to include new products such as specialized types of epoxy and epoxy hardening materials to be at least 10 % of production.
4. Reducing the production cost by 15 % from 2020-2021 levels.
5. Ensuring the continuity and sustainability of all transformation plan programmes.

■ During the development of the plan, the focus was on four main themes:

Operational Excellence Program: This program includes compliance with all safety, health and environmental regulations, factory improvement projects and replacement of obsolete or underperforming equipment, development of operations and operating systems, maintenance programs, inventory management and quality assurance programs.

Human Resources Program: The program includes human resources policy improvements, restructuring of required manpower, replacement plan for important jobs, incentive programs to retain outstanding staff, training, and development, and Saudization programs.

Sales and Marketing Management Program: Includes strategic plans to increase sales by increasing production and adding specialized products that can be manufactured in epoxy resin factory and improving logistics performance.

Financial Management Program: Includes the updation of financial policies, debt restructuring and the implementation of financial control measures in accordance with its future plans, reflecting on the company's financial results over the next five years in several scenarios through the application of previous programs.

- The implementation of the company's transformation plan requires capital injection for new strategic projects over the next two years to be implemented as follows:
 1. Fresh water treatment project from the calcium chloride plant using UV oxidation technology in order to remove the TOC (total organic carbon) from the water, saving the company the cost of disposing of this water estimated at 12 million riyals per year and raising the production of the plant to double (30 thousand tons per year). The company agreed with a specialized company to develop this project. Hence engineering activities and pilot tests are ongoing as per the requirement of the regulatory authorities.
 2. Epoxy Wastewater treatment project, which will save the company the cost of disposing of this water at a value of 9 million riyals annually. The company agreed with a specialized company to develop this project. Hence engineering activities and pilot tests are ongoing as per the requirement of the regulatory authorities.
 3. The project of the barium sulfate plant, which will convert the water from the Chlor Alkali plant containing sulfur and turn it into a commercial product (barium sulfate), which will also save the company the cost of disposing of this water worth 3 million riyals annually.
 4. Working on the manufacture of new specialized products of epoxy resin by making additional technical modifications to the current factory, work is underway to study them. These products have been identified based on the global demand for them. The company target is to have special grades represents 10% of its annual Epoxy productio .
 5. A budget of 70 million riyals has been allocated to replace obsolete and poor-performing equipment over the upcoming 3 years in order to raise the plants efficiency and productivity and reduce unscheduled maintenance.



12. Names, qualifications and experience of board members, committee members, executive management, current and former jobs

A. Board of Directors

Name	Current posts	Previous posts	Qualifications	Experience
1 Mr. Hazem Mansour Al Fardan (Chairman) Independent Non-executive Director, started membership on 24/02/2019	Director of Private Banking for Samba financial group	1. Assistant Director of Private Banking of Arab National Bank 2. Assistant Director of Private Banking Samba financial group	Bachelor of Finance and Economics	More than 12 years in the field of finance and bank management.
2 Mr. Abdullah Abdulmohsen Al Issa (Deputy Chairman) Independent Non-executive Director, started membership on 24/02/2019	Chief Investment Officer, at Abdullatif Allssa Holding Group	1. Associate Manager – Corporate Banking – Samba Bank. 2. Associate Financial Analyst – Research Department – Riyadh Bank 3. Managing Director - Real Estate & Maamar International.	Bachelor of Financial Management from King Fahd University of Petroleum and Minerals	11 years of experience in the banking and investment sector in the Kingdom and abroad.
3 Mr. Abdullah Hajras Al Subiyal Independent Non-executive Director, started membership on 16/03/2020	Retired	1- Chairman and Chief Executive officer of Yaserf Yanbu Refinery 2- Vice President of Yaserf Yanbu production Company and the initial operating of the refinery 3- President of Aramco Asia In Beijing, China 4- Vice President and Representative of Saudi Aramco at Fujian Refining & Petrochemicals Company – China 5- Vice President of Engineering and Maintenance in Petrorabg 6- Representative of Saudi Aramco and head of the negotiation team for the petrochemical project in China – Hong Kong	Bachelor of Applied Chemical Engineering	More than 37 years of experience in industrial corporate management
4 Mr. Faiz Ahmed Al Ahmari Independent Non-executive Director, started membership on 15/12/2019	Finance Manager, Telecommunications Towers Company (TAWAL)	1- Head of Treasury at Yanbu Aramco Sinopec Refining Company (Yaserf) 2- Head of Treasury of The National Company for Second Oxy Titanium (Crystal) 3- Financial Manager, Elite Trading Company 4- Director of Corporate Relations at Samba Financial Group	Master of Financial Engineering Bachelor of Financial Management High Diploma in Financial Risk Engineering Executive Management Program of Financial Management.	More than 13 years in the field of economic and financial affairs
5 Princess Nouf Jalawy Al Saud Independent Non-executive Director, started membership on 24/02/2019	Marketing and labor development for civil aviation holding company	1. Advertising and media for Havas Advertising and Media Company 2. Human Resources C&T Commercial Investment Company	Bachelor of Business Administration	More than 9 years of experience in the management
6 Mr. Abdullah Hamdan Al Sorayai Independent Non-executive Director, started membership on 24/02/2019	General Manager of the Commercial Sector of The Rapid Industrial Trading Group.	1. Local sales manager for Al Saree Industrial Trading Group. 2. Export Sales Manager for Al Saree Industrial Trading Group.	High School	More than 13 years in the field of corporate governance.
7 Mr. Firas Abdulaziz Al Hajaj Independent Non-executive Director, started membership on 15/12/2019	Executive of Abdulaziz Al Hajjaj Contracting Company	1- Vice President of Abdulaziz Al Hajjaj Contracting Company 2- Head of Saudi Industrial Development Fund's credit team 3- Saudi Development Fund Credit Analyst	Master of Business Administration Bachelor of Industrial Engineering	More than 14 years in the field of credit for Saudi Industrial Development Fund and corporate management.
8 Mr. Ahmed Abdul Mohsen Al Qosaibi Independent Non-executive Director, started membership on 15/12/2019	Vice President of Operations at Ahmed Hamad Al Qusaibi and his brothers	Information Systems Project Manager	Bachelor of Business Administration	More than 11 years in the field of management

B. Executive Committee

Name	Current posts	Previous posts	Qualifications	Experience
1 Abdullah H. Al Subiyal (Chairman of the Executive Committee)	Retired	1- Chairman and Chief Executive officer of Yaserf Refinery in Yanbu 2- Vice President of Yaserf Production in Yanbu Company and the initial operating of the refinery 3- President of Aramco Asia In Beijing, China 4- Vice President and Representative of Saudi Aramco at Fujian Refining & Petrochemicals Company – China 5- Vice President of Engineering and Maintenance in Petrorgabg 6- Representative of Saudi Aramco and head of the negotiation team for the petrochemical project in China – Hong Kong	Bachelor of Applied Chemical Engineering	More than 37 years of experience in industrial corporate management
2 Hazem M. Al Fardan Member	Director of Private Banking samba financial group	1- Assistant Director of Private Banking of Arab National Bank 2- Assistant Director of Private Banking samba financial group	Bachelor of Finance and Economics	More than 12 years in the field of finance and bank management.
3 Faiz A. Al Ahmari Member	Finance Manager, Telecommunications Towers Company (TAWAL)	1- Head of Treasury at Yanbu Aramco Sinopec Refining Company (Yaserf) 2- Head of Treasury of The National Company for Second Oxy Titanium (Crystal) 3- Financial Manager, Elite Trading Company 4- Director of Corporate Relations at Samba Financial Group	Master of Financial Engineering Bachelor of Financial Management High Diploma in Financial Risk Engineering Executive Management Program of Financial Management.	More than 13 years in the field of economic and financial affairs

C. Audit Committee

Name	Current posts	Previous posts	Qualifications	Experience
1 Abdullah A. Al Issa (Chairman of the Review Committee) ended in 03-08-2021 AD	Chief Investment Officer, at Abdullatif Allssa Holding Group	1. Associate Manager – Corporate Banking – Samba Bank. 2. Associate Financial Analyst – Research Department – Riyadh Bank 3. Managing Director - Real Estate & Maamar International.	Bachelor of Financial Management from King Fahd University of Petroleum and Minerals	11 years of experience in the banking and investment sector in the Kingdom and abroad.
Faiz A. Al Ahmari (Chairman of the Review Committee) starting from 04-08-2021	Finance Manager, Telecommunications Towers Company (TAWAL)	1- Head of Treasury at Yanbu Aramco Sinopec Refining Company (Yaserf) 2- Head of Treasury of The National Company for Second Oxy Titanium (Crystal) 3- Financial Manager, Elite Trading Company	Master of Financial Engineering Bachelor of Financial Management High Diploma in Financial Risk Engineering Executive Management Program of Financial Management.	More than 13 years in the field of economic and financial affairs

Director of Corporate Relations at Samba Financial Group

2	Abdulrahman A. Balghanim Member from outside the Board of Directors	<ul style="list-style-type: none"> - General Manager of Internal Audit at Takamol for Business Services - Auditor at KPMG company - Director General of Internal Audit at the Ministry of Communications and Information Technology 	<ul style="list-style-type: none"> - Head of Investigation Unit at Sadara Chemical Company - Principal internal auditor in the Saudi Ready Mix Concrete Company - Director General of Internal Audit at the Saudi Contractors Authority, SCA 	Bachelor of Accounting from King Fahd University of Petroleum and Minerals	More than 14 years of experience in internal audit and financial management
3	Mfadi Ali Atanan Member from outside the Board of Directors	<ul style="list-style-type: none"> - Head of financial assets in charge of Osoul and Bakheet Investments - Director of Administration at Osoul and Bakheet Investment Company - Senior Fund Manager in Asset Management at Adeem Financial Company 	<ul style="list-style-type: none"> - Financial Analyst in Investment Management at Saad Group - Senior Financial Analyst at Royal Investment Company. - Assistant fund manager at Albilad Investment Company - Financial Analyst at Shuaa Capital - Financial Analyst at Albilad Investment Company - Head of financial markets 	Bachelor of Accounting from King Fahd University of Petroleum and Minerals	More than 13 years of experience in asset management, investments, and financial analysis

D. Nomination and Remuneration Committee

	Name	Current posts	Previous posts	Qualifications	Experience
1	Princess Nouf J. Al Saud (Chairman of the Remuneration and Nomination Committee)	Marketing and labor development for civil aviation holding company	1- Advertising and media for Havas Advertising and Media Company 2- Human Resources C&T Commercial Investment Company	Bachelor of Business Administration	More than 9 years of experience in the management
2	Abdullah A. Al Issa Member	Chief Investment Officer, at Abdullatif Allssa Holding Group	1- Associate Manager – Corporate Banking – Samba Bank. 2- Associate Financial Analyst – Research Department – Riyadh Bank 3- Managing Director - Real Estate & Maamar International.	Bachelor of Financial Management from King Fahd University of Petroleum and Minerals	11 years of experience in the banking and investment sector in the Kingdom and abroad.
3	Hazem M. Al Fardan Member	Director of Private Banking samba financial group	1- Assistant Director of Private Banking of Arab National Bank 2- Assistant Director of Private Banking samba financial group	Bachelor of Finance and Economics	More than 12 years in the field of finance and bank management.

E. Senior Executives

Name	Current posts	Previous posts	Qualifications	Experience
1 Abdullah M. Al Salem	CEO	<ol style="list-style-type: none"> General Manager of SABIC's Manufacturing Quality and Efficiency President of the National Industrial Gas Company (Gas) General Manager of Production at Saudi Petrochemical S.A. 	<p>Bachelor of Applied Chemical Engineering from King Fahd University of Petroleum and Minerals</p> <p>Executive Master from Thunderbird School of Global Business</p>	More than 22 years of experience in the operation and management of petrochemical companies
2 Turki N. Al Hajri	Vice President and Chief Financial Officer	<ol style="list-style-type: none"> Financial Analyst – Sahara International Petrochemical Company – Sipchem Finance Manager – National Petrochemical Company – Petrochem Director General of Financial Management - General Authority for Entertainment Director of Financial Supervision and Reports – Saudi Market Company – Tadawul 	<p>Bachelor of Accounting from King Saud University</p> <p>Master of Professional Accounting from King Saud University</p>	More than 13 years of experience in finance and accounting in several public and private entities including listed companies
3 Miteb H. Al Driwish	Vice President Shared Services	<ol style="list-style-type: none"> General Manager of Human Resources, Administrative and Medical Services – Ma'aden Co. Head of Human Resources and Employment – Sahara Company Supervisor of employment and workforce planning – Marafiq 	MBA at Northumbria University in Newcastle, UK	More than 24 years in the field of companies' management
4 Alaaddin A. Bawazir	Vice President Sales and Marketing	<ol style="list-style-type: none"> Crystal Sales Manager – National Titanium Dioxide Co. Ltd. Chief Executive Officer – For Al Arabiya For Calcium Carbonate Regional Sales and Marketing Manager – Fiberglass Oasis Company in Jeddah Director of Accounts and Strategic Markets – Jeddah Industrial Group 	<p>Bachelor of Science – Applied Chemical Engineering from King Fahd University of Petroleum and Minerals</p>	More than 23 years in the field of chemicals and various industries in five different companies

13. Names of companies inside and outside the Kingdom where the member of the Board of Directors is a member of its current and former boards of directors or one of its directors

Name	Names of companies whose board members are members of their current boards or directors	Inside/Outside the Kingdom	Names of companies whose board members are members of their previous boards or directors	Inside/Outside the Kingdom
1 Hazem M. Al Fardan	None	--	None	--
2 Abdullah A. Al Issa	Gulf Real Estate Co. Abdullatif AlIssa Holding Group	Inside the Kingdom	- Al Yosr for Management and Finance - Real Estate Development Company - Manarat Al Tanmiyah Co.	- Tanya Water Co. - Arab Paper Industry Co. - Alpha Capital Co. Inside the Kingdom
3 Abdullah H. Al Subiyal	None	--	None	--
4 Faiz A. Al Ahmari	None	--	None	--
5 Princess Nouf J. Al Saud	Haya Advanced Trading Co.	Inside the Kingdom	None	Inside the Kingdom
6 Abdullah H. Al Sorayai	Quick Industrial Trading Group Co.	Inside the Kingdom	None	Inside the Kingdom
7 Firas A. Al Hajaj	Abdulaziz Al Hajjaj Contracting Company Global Supply and Supply Light buildings (Superx)	Inside the Kingdom	None	--
8 Ahmed A. Al Qosaibi	Board member of Crowne Plaza – Riyadh Palace	Inside the Kingdom	None	--

14. Board diversity and composition and meeting attendance for 2021

In 2021 there were four (4) Board meetings. There were no meeting attendances by proxy. Below is a record of attendance at these meetings for each Board member.

Members	Appointed on	Role	BOD meetings				Total (4)
			First meeting 05/05/2021 AD	Second meeting 15/09/2021 AD	Third meeting 24/11/2021 AD	Fourth Meeting 28/12/2021 AD	
Hazem M. Al Fardan	24/02/2019	Independent	✓	✓	✓	✓	4
Abdullah A. Al Issa	24/02/2019	Independent	✓	✓	✓	✓	4
Princess Nouf J. Al Saud	24/02/2019	Independent	✓	✓	✓	✓	4
Abdullah H. Al Sorayai	24/02/2019	Independent	✓	✓	✓	✓	4
Faiz A. Al Ahmari	15/12/2019	Independent	✓	✓	✓	✓	4
Firas bin Abdulaziz Hajaj	15/12/2019	Independent	✓	✓	✓	✓	4
Ahmed A. Al Qosaibi	15/12/2019	Independent	✓	✓	✓	✓	4
Abdullah H. Al Subiyal	16/03/2020	Independent	✓	✓	✓	✓	4



Disclosure and Transparency



15. Disclosure of the company's board members' bonus policy and executive management

In accordance with the provisions of paragraph (1) of article (61) of the Corporate Governance Regulations issued by the CMA Board of Directors and the company's governance manual, the policy of bonus of board members and its committees and executive management of "Nama Chemical Company", the policy aims to establish standards for the bonus of members of the Board of Directors and its committees and executive management in accordance with the requirements and the objectives set out in the Corporate Governance Regulation sought to encourage board members, committees and executive management to carry out their work to the fullest in the interest of the company and its employees, the success of the company and the development of its business without violating the statutory requirements and the company's statutes and the relevant governance regulations, the bonuses of board members, members of its committees and senior executives in the company are subject to the following criteria:

1. Its compatibility with the company's strategic plans and long-term and short-term objectives, activities, the sector in which it operates, and the skill needed to manage it, and the size, nature, and degree of risk of the company.
2. Urge the members of the Board of Directors, its committees, and the executive management to make the company a success and long-term development, and to link the changing part of the bonus to long-term performance.
3. The bonus should be determined based on the level of the job, the tasks and responsibilities assigned to the incumbent, the level of performance, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.

4. Considering the practices of other companies in determining bonuses, while avoiding the resulting unjustified increase in bonuses and compensation.
5. To aim to attract, maintain and motivate professional talents, while not exaggerating them.
6. To be prepared in coordination with the company's bonus and nominations committee when new appointments.
7. To stop the payment or refund of the bonus if it is found to have been decided on the basis of inaccurate information provided by a member of the Board of Directors or executive management, in order to prevent the use of the job status to obtain undue bonuses.

Remuneration of the BOD and members of pop-up committees

And the Executive Management bonus.

And the expenses of the BOD and senior executives paid during 2021

16. BOD remuneration and BOD Secretary:

According to Article (20) of the company's statute, the bonus of the members of the board of directors shall be a certain amount, an attendance allowance for sessions, in-kind benefits, or a certain percentage of the net profits. It is permissible to combine two or more of these benefits, and the bonus of the members of the Board of Directors and its committees emanating from it consists of a certain amount and an attendance allowance for sessions or expenses, and not exceeding what was stipulated in the Companies Law, its regulations, and the Company's Statute, and in 2021 AD it was as follows:

- An annual amount per member of the Board of 200,000 riyals disbursed after the General Assembly's approval of the board's annual report.
- An annual amount for the BOD Secretary of 30,000 riyals disbursed at the end of the year.
- No additional annual bonus has been paid to the Chairman in addition to the bonus for board members.
- An attendance allowance of 3,000 riyals per session for each member.
- Travelling allowance expense of 2,000 Saudi Riyal to be paid to members how is attending the meeting outside the headquarter city.

17. Remuneration of board committees:

1. The remuneration of members of board committees shall be according to the following:

- A- Executive Committee: Chairman, an annual amount of 150,000 riyals for each member and disbursed at the end of the year.
- B- For the Audit and Remuneration & Compensation committees, an annual amount of 60,000 riyals for each member and 20,000 riyals for the Committee Secretaries.
- C- An allowance of 3,000 riyals for each member with reimbursing travel expenses and other expensense incurred due to committees' meetings according to the company's policy, not to exceed 2,000 Riyals.

2. Executive Management Bonus:

- A- The company grants its senior executives specific financial advantages based on the salary scale and policies adopted in this regard, and executive management bonus include:
 - A basic salary to be paid at the end of each calendar month and monthly medical insurance for him and his family, housing allowance, transportation allowance, any other allowances determined by the company
- B- The Company discloses the bonus of its board members and executive management in accordance with the statutory requirements specified in the Governance Regulations.

3. Bonus identification process and how to evaluate the performance of the Board, its committees and executive management

In addition to other benefits specified in its operating rules and related regulations, the Company's Bonus and Nominations Committee recommends to the Board of Directors awards bonuses to its board members, its committees and the company's senior executives in accordance with this policy. The Bonus and Nominations Committee evaluates the performance of board members according to the criteria listed below:

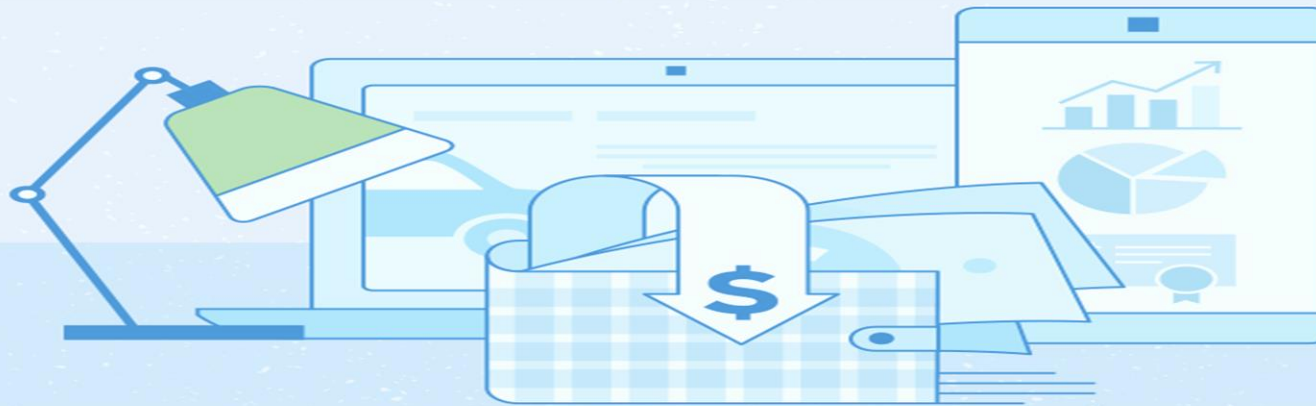
- A- The size of the member's participation in the various committees of the Council
 - B- Percentage of a member's attendance at board meetings
 - C- The extent to which a member contributes effectively to the work of the Council and committees if he or she is a member.
 - D- Member's contribution to solving the company's problems
 - E- Written proposals and visions submitted by the member to the Board of Directors
- Non-executive board members also periodically assess the performance of the Chairman of the Board after taking the views of the executive members.
- There is no third party that has done the evaluation in 2021.

4. Reviewing the regulation:

The bonuss policy is subject to periodic review for development and update in accordance with the relevant regulations as the Board deems it to be and any amendment may only be made on the recommendation of the Board of Directors.

The performance of the board members during 2021 was characterized by:

- A- Independence and impartiality in putting forward opinions and ideas while avoiding conflicts of interest.
- B- Attention to the preparation of board meetings considering the data sent to them by the company's management for meetings prior to the board meetings.
- C- Request information, ask questions, inquire about the company's performance, and ask for clarification and the desire to participate actively.
- D- Exchange ideas and suggestions and consult with the CEO and management of the company regarding the company's investments and performance.
- E- Active participation in the committees of the Board of Directors.



18. BOD and senior executives' expenses incurred during 2021

In compliance with the provisions of the company regulations and the CMA system and the company's statutes, especially Article (22), the company incurred the expenses and compensation for the members of the Board of Directors and senior executives to attend board meetings:

Statement	Executive members	Non-executive/independent members	Five senior executives (including CEO and CFO)
Compensation instead of attending hearings	225,000	42,000	--
Allowances	--	--	1,044,600
Periodic and annual bonuss	--	--	--
Incentive plans	--	--	--
Compensation or other in-kind benefits	--	--	3,470,400
End of Service	-	-	207,811
TOTAL	225,000	42,000	4,722,811



19. Ownership of BOD, senior executives, and their relatives in the company as of 31st December, 2021

A description of any interest, contractual securities and underwriting rights of board members or senior executives and their relatives in shares or debt instruments of the Company or instruments issued by the Company or any of its subsidiary companies and any change in that interest or rights during the fiscal year (2021):

M	The name of the one who has the interest.	Number at the 2021 beginning		Number at the 2021 end		Net change	Perc. change
		Shares	Instruments	Shares	Instruments		
1	Hazem M. Al Fardan (Chairman)	41,000	-	24,300	-	-16,700	- 68.7%
2	Abdullah A. Al Issa (Vice Chairman)	68241	-	68241	-	Zero	0%
3	Abdullah H. Al Subiyal (Board member)	-	-	-	-	Zero	0%
4	Faiz A. Al Ahmari (Board member)	1000	-	1000	-	Zero	0%
5	Abdullah H. Al Sorayai (Board member)	131000	-	131000	-	Zero	0%
6	Firas A. Al Hajaj (Board member)	12500	-	12500	-	Zero	0%
7	Princess Nouf J. Al Saud (Board member)	1000	-	1000	-	Zero	0%
8	Ahmed A. Al Qosaibi (Board member)	205	-	205	-	Zero	0%
9	Eng. Abdullah M. Al Salem (CEO)	-	-	-	-	Zero	0%
10	Turki N. Al Hajri (VP, Chief Financial Officer)	-	-	-	-	Zero	0%
11	Miteb H. Al Drawish (VP, shared Services)	-	-	-	-	Zero	0%
12	Alaaddin A. Bawazir (VP, Sales and Marketing)	-	-	-	-	Zero	0%

This confirms the board of directors that there is no interest belonging to the board members or senior executives in the company's debt instruments or the sukuk issued by the company or any of its subsidiaries.

20. Method of Informing Board Members of Shareholder and Investor Proposals

The executive management of Company shall inform the board members, in particular non-executives, of the shareholders' proposals and their notes about Company and its performance through several methods, including reports submitted during board meetings, or through general assembly meetings, or through reports sent by e-mail.

21. Method of Informing the Shareholders and Investors of the Material Developments and Methods of Communicating with them

Nama Company shall be committed to and acknowledges the right of shareholders and investors to be informed of the performance and activity of Company, As well as of any developments that may occur in the Company and have an impact, whether positive or negative, on Company's business, financial position and ability to compete in the domestic or global market through meetings held with them during the year and by being informed of the report of the Board of Directors and the disclosure and publicity of any substantive or non-material developments on Company's website (s).

22. Evaluation of the Performance of the Board and its Committees

The Remuneration and Nomination Committee shall Evaluate the Performance of the Board Members According to the Below Mentioned Criteria:

- The size of the member's participation in the various board committees
- Percentage of member attendance at board meetings
- The size of a member's effective contribution to the board and committee work, if he is a member of it
- The member's contribution to solving the problems encountered by Company
- Written proposals and visions submitted by the member to the Board of Directors

The non-executive members of the board also conduct a periodic evaluation of the performance of the chairman of the board of directors, after taking the opinions and views of the executive members .

The Performance of the Board Members during the Year **2021** was Characterized by the Following:

- Independence and neutrality in presenting opinions and ideas while avoiding conflicts of interest.
- Paying attention to preparing for board meetings in light of the data sent to them by Company's management for the meetings before the board sessions.
- Requesting information, asking questions, inquiring about Company's performance, and requesting clarification and the desire to participate actively.
- Exchange of ideas, proposals and consultations with the CEO and the management of Company regarding Company's investments and performance.
- Active participation in the special committees of the Board of Directors.

23. Board Committees

The board has formed a number of specialized committees, whether according to the requirements of the companies' system, the Capital Market Authority's system and its implementing regulations, or in light of the work need for Company, to help the board manage its tasks more effectively, and they are as follows:

A. Audit Committee

The Board of Directors has formed the Financial Audit Committee in accordance with the requirements of Company's Law and the Governance Regulations. The Audit Committee is concerned with reviewing the financial statements and recommending financial and accounting issues to the Board of Directors, recommending the appointment of the external auditor and supervising the efficiency of the work of the internal auditor and other matters falling under its competence in accordance with the amendments approved by the Governance Regulations. On July 17, 2021, the Board of Directors selected a new audit committee for a period of three years, according to the table below. The responsibilities of the audit committee include supervising the preparation of financial reports, including reviewing the financial statements, providing technical opinion in relation to the board's report and financial statements that comply with regulatory requirements, verifying accounting estimates, supervising internal control systems and risk management, supervising internal audit and verification of its effectiveness, supervising the external auditor with the recommendation, setting fees, and verifying his independence. The fiscal year ending on December 31, 2021 AD did not witness any conflict between the recommendations of the audit committee and the decisions of the board of directors, and there was no case of rejection by the board of the committee's recommendations regarding the appointment of the company's auditor, his dismissal, determination of his fees, evaluation of his performance, or the appointment of the internal auditor.

The following is the composition of the audit committee and the record of attendance of its meetings during 2021:

Member's name	Membership status	Date of meeting						Number of meetings
		27/03/2021	18/04/2021	01/05/2021	08/08/2021	28/10/2021	27/12/2021	
Abdullah A. Al-Issa	Chairman ended in 03-08-2021 AD	✓	✓	✓	-	-	-	3
Faiz A. Al Ahmari	Chairman started on 04-08-2021	-	-	-	✓	✓	✓	3
Abdulrahman A. Balghanim	Member	✓	✓	✓	✓	✓	✓	6
Mfadi A. Atanan	Member	✓	✓	✓	✓	✓	✓	6

B. Executive Committee

The Executive Committee consists of three members and performs some of the tasks delegated to it by the Board from time to time, according to the company's need and work requirements. The Executive Committee holds periodic meetings and makes the necessary recommendations to the Board of Directors. On March 30, 2021, the Board of Directors selected a new executive committee, according to the table below. The responsibilities of the executive committee include participating in developing the new general strategic plans for the company and evaluating the proposals submitted by the management, reviewing the company's performance based on monthly management reports, the monthly review of the company's business, reviewing and submitting proposals for new capital investments, reviewing the policies and regulations proposed by the executive management, reviewing periodicity of the company's corporate governance rules, policies and professional conduct controls for employees, reviewing issues and actions that could affect the public image of Company

The following is the composition of the Executive Committee and the record of attending its meetings during the year 2021:

Member's name	Membership status	Date of meeting										Number of meetings
		29/02/2021	18/04/2021	11/07/2021	15/09/2021	11/10/2021	14/11/2021	15/11/2021	20/12/2021	29/12/2021	9	
Abdullah H. Al Subiyal	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	
Faiz A. Al Ahmari	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9	
Hazem M. Al-Fardan	Member	✓	✓	✓	✓	✓	✓	✓	✓	-	8	

C. Remuneration and Nomination Committee

The Remuneration and Nomination Committee was formed in accordance with the requirements of the Corporate Governance Regulations based on the Corporate Governance Regulations issued by the Capital Market Authority. The Nomination and Remuneration Committee undertakes the tasks of evaluating the commitment and contribution of members to the work of the Board and determining the remuneration of the members in light of the aforementioned evaluation in addition to reviewing the requirements of the company regarding the experiences that must be available in the membership of the Board of Directors and recommending the requirements for nomination for membership of the Board of Directors. On February 24, 2019, the Board of Directors selected a new Nomination and Remuneration Committee according to the table below. The responsibilities of the Nomination and Remuneration Committee include recommending to the Board of Directors to nominate and re-nominate its members in accordance with the approved controls and standards, Annual review of the necessary skills or expertise appropriate for Board membership and executive management functions, Reviewing the structure of the Board of Directors and executive management and submitting recommendations to the Board regarding the changes that can be made, Determining the strengths and weaknesses of the board and proposing solutions to address them in line with the interests of Company, Verifying on an annual basis the independence of the members and the absence of a conflict of interest if the member occupies the membership of the board of directors of another company, Establishing a job description for the executive members, non-executive members, independent members and senior executives, - Clarifying the relationship between the remuneration granted and the applicable remuneration list, Recommending to the Board of Directors the remuneration of members of the Board of Directors, the committees emanating from it and the senior executives of the company in accordance with the approved regulations.

The following is the composition of the Nomination and Remuneration Committee and the record of attending its meetings during the year 2021:

Member's name	Membership status	Date of meeting				Number of meetings
		11/07/2021	13/07/2021	06/11/2021	27/12/2021	
Princess Nouf J. Al Saud	Chairman	✓	✓	✓	✓	4
Abdullah A. Al-Issa	Member	✓	✓	✓	✓	4
Hazem M. Al-Fardan	Member	✓	✓	✓	✓	4

24. Board remuneration and Expenses incurred during the Year 2021

The company shall commit to the policy of distribution of remunerations provided for in articles 20 and 48 of the bye-laws of the Company and there has been no substantial deviation from this policy.

During 2021, Company incurred remunerations and expenses to board members in accordance with the following.

	Fixed Remunerations							Variable Remunerations								
	Specific Amount	Allowance for attending meetings	Attending committee meetings	In-kind benefits	Remuneration for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total	End-of-service award	Expense allowance	Aggregate amount
Independent Directors																
Hazem M. Al-Fardan (Chairman of the Board)	200,000	14,000					214,000						-		2,000	216,000
Abdullah A. Al-Issa	200,000	12,000					212,000						-			212,000
Abdullah H. Al Subiyal	200,000	12,000					212,000						-			212,000
Faiz A. Al-Ahmari	200,000	12,000					212,000						-			212,000
Abdullah H. Al-Sorayai	200,000	11,000					211,000						-			211,000
Firas A. Al-Hajaj	200,000	12,000					212,000						-		2,000	214,000
Princess Nouf J. Al Saud	200,000	12,000					212,000						-			212,000
Ahmed A. Al-Qosaibi	200,000	14,000					214,000						-			214,000
Total	1,600,000	99,000	-	-	-	-	1,699,000	-	-	-	-	-	-	-	4,000	1,703,000

Notes: During fiscal year 2021, no payments were made to the board members as employees or administrators or in exchange for technical, administrative, or consulting works.

25. Senior Executives remuneration

The following are details of the remunerations and compensation sought by senior executives during the year 2021

All amounts in SAR	Fixed Remunerations				Variable Remunerations						End of Service Gratuity	Total remunerations for Board Executives if any	Aggregate amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total			
Senior Executives remuneration	3,470,400	1,044,600	-	4,515,000	-	-	-	-	-	-	207,811	-	4,722,811



26. Remuneration of Members of the Committees

	Fixed Remunerations	Allowance for attending	Total
Members of the Audit Committee			
Abdullah A. Al-Issa - Chairman (Ended in 03-08-2021 AD)	30,000	12,000	42,000
Faiz A. Al-Ahmari – Chairman (Starting in 04-08-2021 AD)	30,000	9,000	39,000
Abdulrahman A. Balghanim	60,000	21,000	81,000
Mfadi A. Atanan	60,000	21,000	81,000
Members of the Executive Committee			
Abdullah H. Al-Subiyah-Chairman	150,000	24,000	174,000
Faiz A. Al-Ahmari	100,000	24,000	124,000
Hazem M. Al-Fardan	50,000	21,000	71,000
Members of the Nominations and Remunerations Committee			
Princess Nouf J. Al Saud - Chairman	60,000	12,000	72,000
Hazem M. Al-Fardan	60,000	12,000	72,000
Abdullah A. Al-Issa	80,000	12,000	92,000

27. Waiver of Remuneration:

During the year 2021 AD, there are no arrangements or agreements under which a member of the Board of Directors or a senior executive waived any remuneration.

28. A Statement of the Dates of the General Assemblies and Board Members of Directors attendance during 2021

Name	General Assembly Meeting Regular 27/06/2021 AD	General Assembly Meeting Regular 04/08/2021 AD
Hazem M. Al-Fardan	Attended	Attended
Abdullah A. Al-Issa	Proxy Attended	Attended
Abdullah H. Al-Subiyai	Attended	Attended
Faiz A. Al Ahmari	Attended	Attended
Abdullah H. Al Sorayai	Attended	Not Attended
Firas A. Al-Hajaj	Attended	Not Attended
Princess Nouf J. Al Saud	Attended	Attended
Ahmed A. Al Qosaibi	Attended	Attended

29. The Number of Company's requests for the Shareholders 'Register, the Dates of those Requests, and the Reasons for them during 2021

Number of Company Requests for Shareholders' Register	Order date	Reasons for the Request
1-	06/01/2021	Company procedures
2-	18/01/2021	Company procedures
3-	16/02/2021	Company procedures
4-	18/03/2021	General Assembly
5-	08/04/2021	Company procedures
6-	06/06/2021	Company procedures
7-	27/06/2021	Company procedures
8-	30/06/2021	Company procedures
9-	28/07/2021	Company procedures
10-	04/08/2021	Company procedures
11-	09/09/2021	Company procedures
12-	28/09/2021	Company procedures
13-	28/11/2021	Company procedures

30. Accounting standards

These consolidated financial statements have prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

31. The challenges of the previous year

Company faced some challenges during the year 2021 which has had anegative impact on the company's performance as follows:

Global Pandemic (Covid - 19):

The company's business was affected by the global pandemic (Covid-19) during the year 2020, with the business gradual improvment during 2021 the companyfaced difficulties in shipping products and receiving imported raw materials in agreed taime frames due to global logistic crisis the arised post COVID-19 crisis, the peak of the llogistics crisis was during the 1st & 2nd quarters. The most impcated was the company Soda prills exports to Africa, then the exposrts of various products to N. America and S. America. The situation started easing slowly during the 3rd & 4th quarters of 2021.

Loans of Company with the Saudi Industrial Development Fund:

Nama management worked with the Saudi Industrial Development Fund management to evaluate the company's future business, and to review both the company's plans and the mechanism for rescheduling the company's defaulted loans, which is resulted getting the approval of saudi industrial development fund board of directors to reschedule the loans. The final reschdulement agreement has been signed on November 2021.

Scheduled Periodic Maintenance:

During the year 2021 AD, the company carried out periodic maintenance work for one of its subsidiaries (Hassad Plant of JANA Company), which was schduled to replace the chemical catalyst and other regulaor maintainance activities. The planned shutdown duration was 20 days during the fourth quarter in 2021.

32. Internal control

Nama Chemicals gives internal control of utmost importance in its endeavor to improve efficiency and effectiveness of performance, increase profitability, and consider the systems within which the company operates. The elements on which the company's internal control is based are based on the control environment, risk analysis and management, communication and information, control and follow-up procedures, and other effective control and management mechanisms.

In this context, Company's management has set policies and procedures that provide a reasonable basis for internal control to meet potential risks at the level of Company as a whole and at the level of various operations. At the company level, the administration has set several procedures aimed at providing a climate of responsibility and honesty, in addition to the distribution of authority and responsibility, the exchange of information and the protection of information systems, as well as the company's adoption of various policies and procedures governing the management of human resources. As for operations, the company's management has set written procedures for each activity according to the risks and objectives of the activity. The Audit Committee reinforces the independence

of the company's internal audit by monitoring its activities and following up on the implementation of the recommendations issued by it. The internal audit implemented the work plan for the year 2021 and issued the necessary reports, including the recommendations it reached in the context of improving performance .

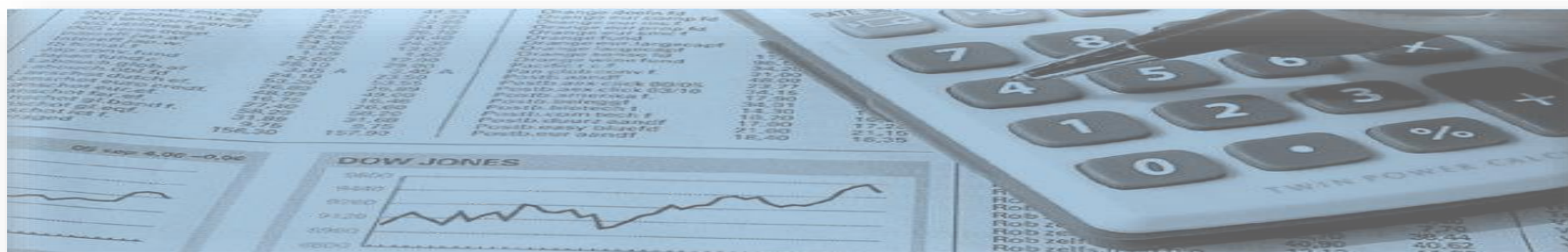
33. Statuary Obligations and payments

The company shall be obligated to make specific payments based on the rules and regulations to which the company is subject in the course of carrying out its activities. The below table provides details of amount paid in 2021 and remaining balance as at 31 Dec 2021:

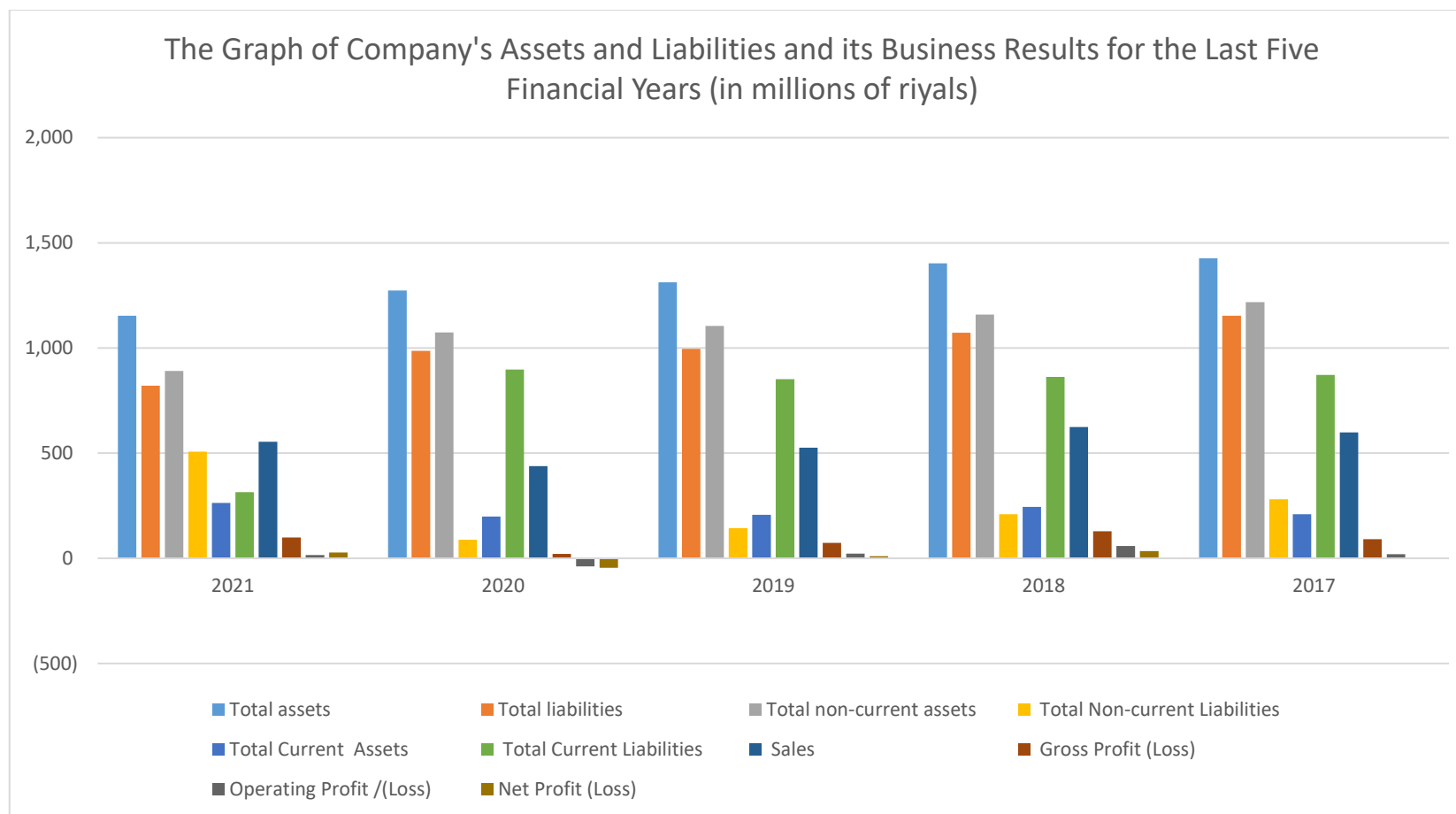
In SAR	2021	
	Paid Amounts	Due up to end of financial year and not settled
Zakat	2,506,779	10,146,050
Income Tax	-	-
GOSI	5,984,605	505,365
Visas and Passport Services	126,852	-
Total	8,618,236	10,651,415

34. Company's Assets and Liabilities and the Results of its Business for the Last Five Financial Years (in millions of riyals)

Statement	2021	2020	219	2018	2017
Total assets	1,153	1,273	1,312	1,403	1,427
Total liabilities	821	986	996	1,073	1,153
Total non-current assets	891	1,074	1,105	1,159	1,218
Total Non-current Liabilities	507	88	144	210	281
Total Current Assets	263	199	207	244	209
Total Current Liabilities	314	898	852	862	872
Sales	554	439	526	624	599
Gross Profit	99	21	74	128	91
Operating Profit /(Loss)	15	(38)	22	59	20
Net Profit (Loss)	27	(45)	10	35	(2)



The Graph of Company's Assets and Liabilities and its Business Results for the Last Five Financial Years (in millions of riyals)



35. Results of the Period

The consolidated statement of operations for the year 2021 shows the following main data, which can be found in detail in the notes attached to the financial statements:

Item	(Millions of riyals)
Sales	554
Cost of sales	(455)
Financial and other income	29
G & A, Selling & Financing cost	(97)
Zakat	(4)

36. Comparative Operating Results for the year 2021 with the year 2020

Statement	2021	2020	Changes (+) or (-)	Percentage change%
Total sales	554	439	115	26%
Cost of sales	(455)	(418)	(37)	9%
Gorss Profit	99	21	78	371%
Other operating income	-	-	-	-
Other operating expenses	(84)	(60)	(24)	40%
Operating Profit (Loss)	15	(38)	-	-

37. Sector Activities

Epoxy and Intermediates			Caustic Soda Sector		
Millions of riyals	2021	2020	Millions of riyals	2021	2020
Operating profit (loss)	11.37	(42.51)	Operating profit (loss)	1.10	(0.61)
Net profit (loss)	12.35	(53.41)	Net profit (loss)	2.02	(0.79)

38. Loans

The total outstanding loans owed by the company as of 31-12-2021 amounted to 516.05 million Saudi riyals according to the following details:

Donor	Remaining Loan Duration	(Paid) / Receivid, net	Total existing loans to Company and its subsidiaries (millions of riyals)
Saudi Industrial Development Fund	6 years	(150.18)	453.31
Al Jazeera Bank	8 Months	(50.69)	28.64
SABB Bank	18 Months	6.17	30.36
SABB and Al-Jazeera Bank	3 months	(40.22)	3.74
Total		234.92	516.05

39. Description of the Activities of Debt Instruments:

A. Transferable Debt Instruments:

There are no transferable debt instruments, any contractual securities, right-of-subscription notes or similar rights issued or granted by the Company during fiscal year 2021 AD.

C. Transfer or Underwriting Rights under Debt Instruments:

There are no transfer rights or underwriting under transferable debt instruments, contractual securities, right-to-ot notes, or similar rights issued or granted by the Company during the year 2021 AD.

E. Shares Eligible to Vote:

There is no interest in the voting rights category belonging to persons (except the company's board members, senior executives, and relatives) who have informed the Company of these rights and any change in those rights during fiscal year 2021 AD.

B. Recoverable Debt Instruments:

There is no refund, purchase or cancellation by the company of any refundable debt instruments.

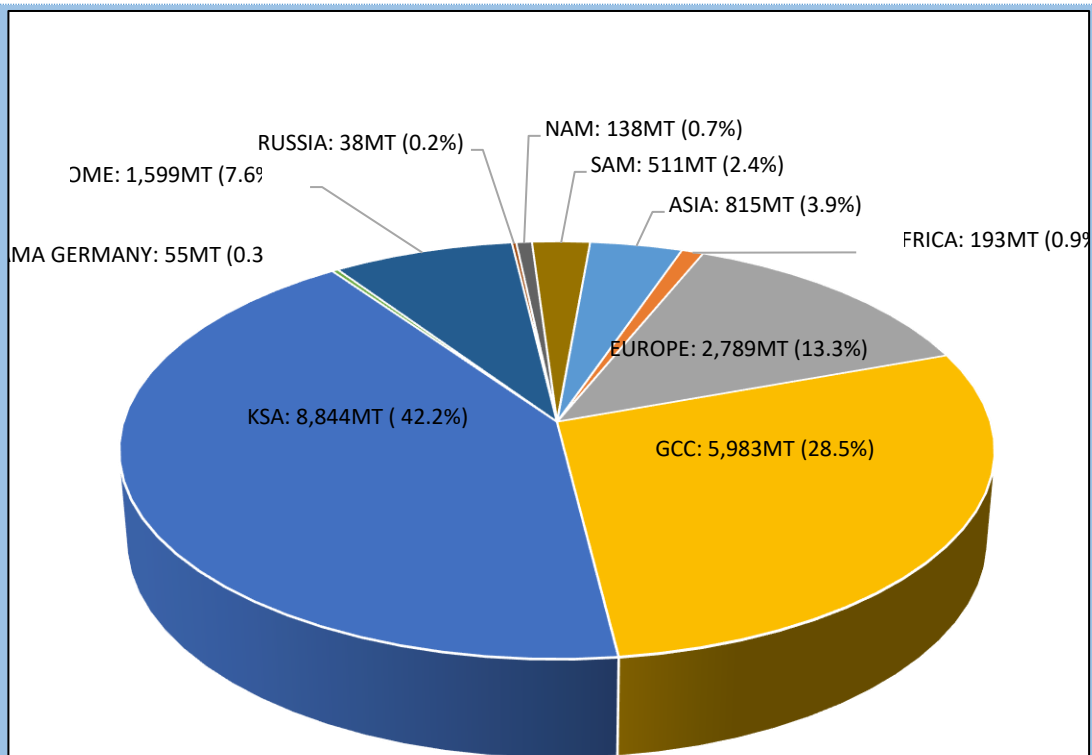
D. Shares and Instruments of the Debt of subsidiaries:

There are no shares or debt instruments issued to any of Nama's subsidiaries during the year 2021 AD.



40. Geographical analysis of the total sales of the company and its subsidiaries in tons during the year 2021

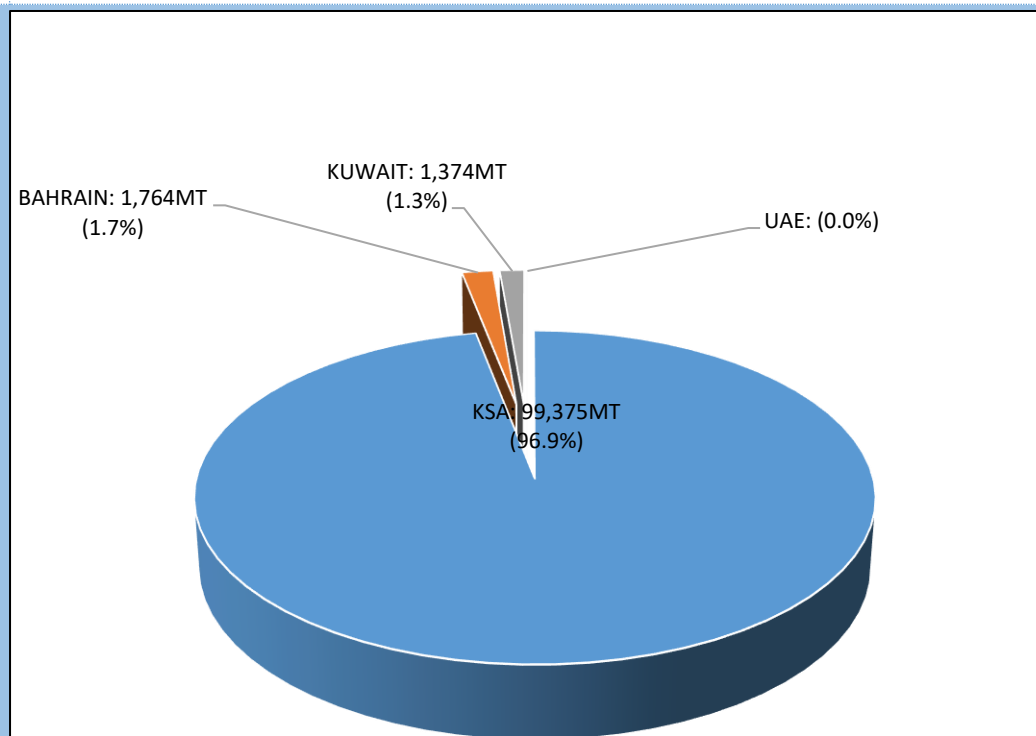
Geographical distribution of the total sales of GNA-epoxy in metric tons for the year 2021 AD



EPOXY

■ ASIA ■ AFRICA ■ EUROPE ■ GCC ■ KSA ■ NAMA GERMANY ■ ROME ■ RUSSIA ■ SAM

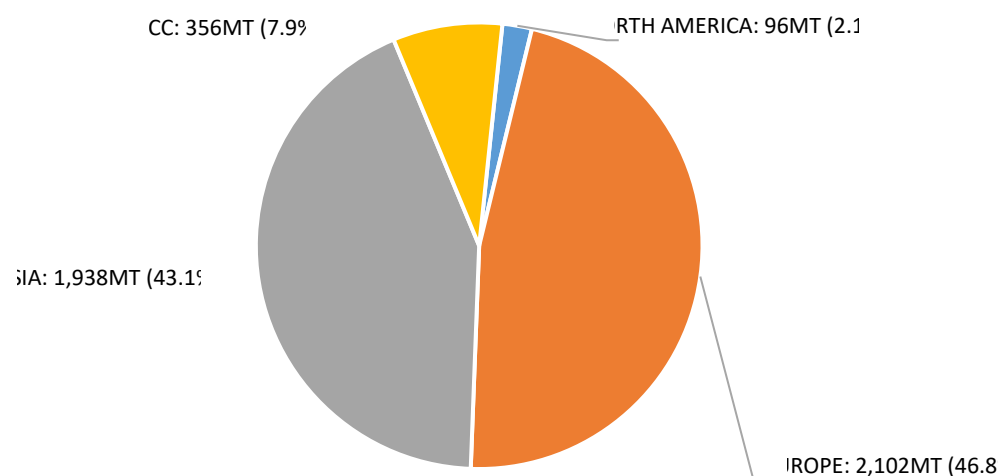
Geographical distribution of the total sales of intermediate materials in the Gulf region, in metric tons, for the year 2021 AD



INTERMEDIATE

■ KSA ■ BAHRAIN ■ KUWAIT ■ UAE

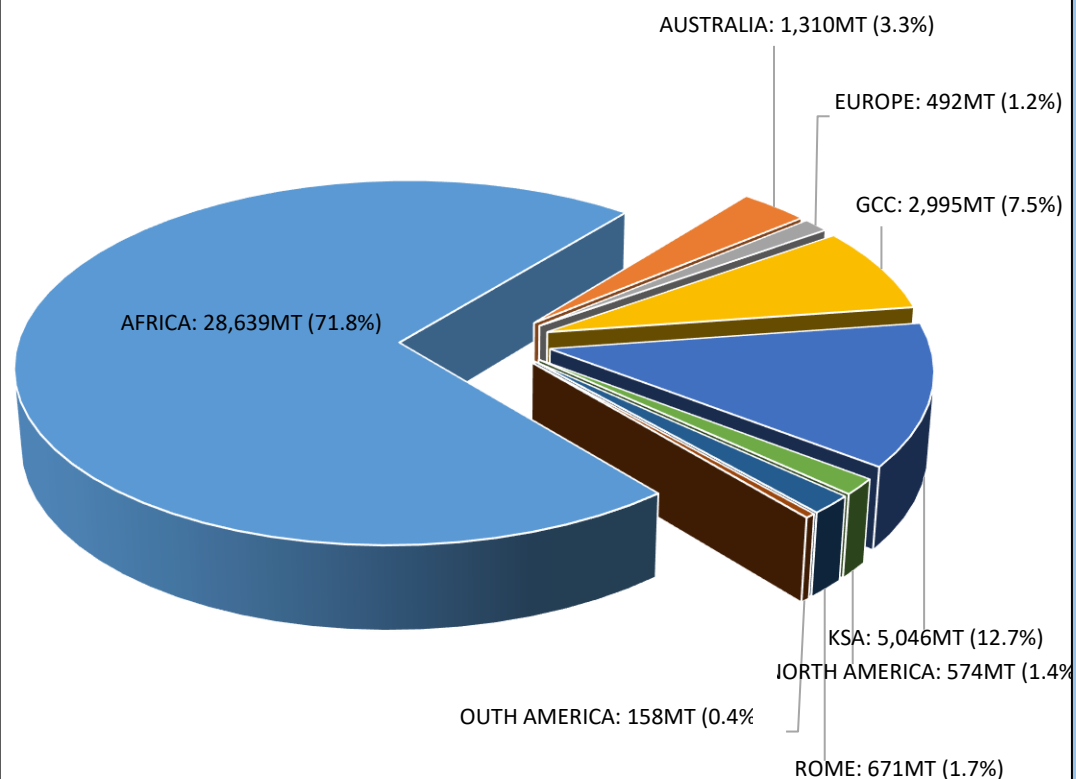
Geographical distribution of total sales of intermediate materials in the rest of the world,
in metric tons, for the year 2021 AD



ECH

■ NORTH AMERICA ■ EUROPE ■ ASIA ■ GCC

Geographical distribution of Soda's sales (in tons)
for the year 2021 AD



SODA

■ AFRICA ■ AUSTRALIA ■ EUROPE ■ GCC ■ KSA ■ NORTH AMERICA ■ ROME ■ SOUTH AMERICA

41. Profit Distribution Policy

:According to the articles of association of the company, the annual net profits of the company shall be distributed after deducting all general expenses and other costs as follows

- 1- Set aside 10% of the net profits to form a statutory reserve. The Ordinary General Assembly may stop this appropriation when the said reserve reaches 30% of the capital. The Ordinary General Assembly may decide to create other reserves.
- 2- Company focuses at the present time on enhancing the profitability of the company by investing the profits achieved in the existing projects so that in the long run this enhances the profitability of the company and thus the profitability of the shareholders.
- 3- The dividends to be distributed to the shareholders shall be paid at the place and dates specified by the Board of Directors.
- 4- From the rest, a first payment equal to 5% of the paid-up capital shall be distributed to the shareholders
- 5- After the aforementioned, 10% of the remainder shall be allocated to the remuneration of the members of the Board of Directors with a maximum of SAR 200,000 for each member in addition to the allowance for attending the sessions that the member deserves of 3000 riyals for each session in addition to the overnight stay and the transportation allowance for the non-resident member and the rest is distributed after that to the shareholders as an additional share in the profits as decided by the Assembly, or it shall be carried over for the following years.

The Board of Directors also confirms that during the year 2021 AD there were no arrangements or agreements whereby a shareholder of the company waived any rights to profits.

42. Governance in Nama Company

Corporate governance aims at creating a system whereby company leadership and guidance can be provided, which includes procedures for regulating different intra-company relations between shareholders. (Through annual shareholder meetings or extraordinary meetings) and the Board of Directors, on the one hand, and between the Board of Directors and Executive Directors, on the other, as well as the regulation of the company's relationship with stakeholders, by establishing rules and special procedures to facilitate the decision-making process in corporate affairs, and by making such decisions transparent and credible; Protecting the rights of shareholders and stakeholders and achieving fairness, competitiveness and transparency in the market.

Company has always given utmost importance to the application of governance mechanisms and tools to ensure effective management. On December 5, 2007, the Board of Directors issued a corporate governance regulation based on these guiding regulations issued by the Capital Market Authority. The company has updated the Corporate Governance Regulations according to the guidelines and instructions issued by the Capital Market Authority, and it was approved by the Twenty-Eighth General Assembly held on December 30, 2018 AD. The company also updated the policies emanating from the governance regulation, which are:

- Audit Committee's Working Charter
- List of nominations and awards committee work
- Policies, standards and procedures for board membership
- Corporate Governance Guide
- Disclosure Policy
- Conflict of interest policy and rules
- A policy governing the relationship with all stakeholders and the rules of professional conduct

The company has also updated the policies emanating from the Corporate Governance Regulations in 2021 AD, which were approved in the General Assembly on 17/11/1442 AH corresponding to 06/27/2021, and they are: * Policy for reporting violations of practices * Profit distribution policy * Remuneration policy for members of the Board of Directors and its committees and executive management * Executive Committee work regulations. In accordance with the governance regulations and policies emanating from it, the company has dealt with a number of effective management issues. In the same context, Company has reviewed and amended the committees' tasks to comply with the provisions of the governance regulation that the Authority recently declared mandatory. Company fulfilled and implemented the provisions of the Corporate Governance Regulations issued by the Capital Market Authority. It should be noted that this report does not contain some of the explanations stipulated in Article Forty-Three of the Registration and Listing Rules and those prescribed under the Company's Corporate Governance Regulations. In this context, the Board of Directors confirms that the lack of such clarifications is due to the non-applicability of their cases to the company during the year 2021. The company is keen to update its governance regulation and all the committees' policies emanating from the board of directors periodically or whenever needed in accordance with the requirements of the Capital Market Authority and the relevant regulations.

43. Conflict of Interest

The Board of Directors shall confirm that no conflict of interest exists, directly or indirectly, for any member of the Board of Directors, the Executive Chairman, the Executive Vice-Presidents, the Finance Director of Company or any person associated with any of them in the contracts entered into by Company during 2021.

44. Sanctions and Penalties

During the year 2021 AD, The company was fined 200,000 Saudi riyals by the Royal Commission in Jubail for a violation of non-compliance with the precautionary measures to treat contaminated water issued by the company..

45. Employee Share Program

NAMA purchased its shares at SR 10 million in 2009 through a local financial institution ("Custodian") under a custody arrangement and these shares are held by the custodian. Due to the capital reduction undertaken by NAMA in 2017, the number of shares held under the Employee Share Program ("ESP") got reduced to 165,406 shares with a value of SR 2.91 million as on 31 December 2020. There is no share transferred to employee in 2021 and 2020. However, during 2021, NAMA management has sold the remaining treasury shares due to the end of program for total value SAR 5.9 million.

46. Company's Social Contributions

Company participated with an amount of 100 thousand riyals as a social contribution during the year 2021 AD to the society of Jubail industrial city (Tawasol) and Jubail Orphan Association (Aytam)

47. Auditor

The Ordinary General Assembly, which held on 27 June 2021, approved the appointment of the External Auditor, Mr. Al-Kharashi & Co., as auditors and legal accountants on the recommendation of the Audit Committee to audit the Company's financial statements for the second, third quarters and annual results of 2021 and the first quarter of 2022 and determine their fees. The Board of Directors did not recommend changing the auditor before the end of the period for which they were appointed.

48. Auditor's report and reservations

Opinion

We have audited the consolidated financial statements of Nama Chemicals Company (a Saudi Joint Stock Company) ("the Company or NAMA") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for chartered and professional accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter listed below, our description on how our audit have addressed this matter is set below:

Key audit matter	How the matter was addressed in our audit
<p>1) Borrowings – Compliance with loans covenants</p> <p>The Group has loans as of December 31, 2021 amounting to SR 516 million (2020: SR 740.2 million) out of which SR 53.15 million is payable within 1 year (2020: SR 706.8 million). These loans are subject to compliance with certain loans covenants, which includes maintenance of certain financial ratios and other conditions.</p> <p>We considered borrowings of the Group as a key audit matter due to the requirements to comply with above mentioned covenants and the significance of the balances reflected in the consolidated statement of financial position.</p> <p>Refer to note 1 and 16 to the consolidated financial statements for the status of Group's borrowing with regards to compliance with covenants.</p>	<p>We have performed the following procedures for assessing the Group's compliance with loans covenants:</p> <ul style="list-style-type: none"> • Obtained loan agreements and understood the key terms and condition of loan including loan covenants, • Checked the accuracy of the current and non-current maturity of loans as presented in these consolidated financial statements in accordance with loans terms and conditions, • Obtained and agreed borrowing confirmation to the balances appearing in the consolidated statement of financial position, • Assessed the compliance with loan covenants, • Reviewed the adequacy of the related disclosures as presented in the accompanying consolidated financial statements, and • Reviewed correspondence with the lending banks and SIDF.
<p>2) Impairment of property, plant, and equipment</p> <p>Operating fixed assets amounted to SR 670.47 million (2020: SR 718.39 million) which represents 58% (2020: 56%) of the total assets of the Group as of December 31, 2021.</p> <p>Management has performed a review of its estimate of the test of impairment review of operating fixed assets as of year end to assess whether there is any indication of potential impairment. This review prepared by using valuation methods to determine the expected recoverable amounts of its assets. Such methods include assumptions related to future sales volume, prices, operating assets, growth rates, terminal value, and other related assumptions.</p> <p>We considered this as a key audit matter due to significant judgements and key assumptions involved in the impairment assessment process.</p> <p>Refer note 3 to the consolidated financial statements for the accounting policy related to impairment of non-current assets.</p>	<p>We have performed the following procedures for assessing the impairment of operating fixed assets:</p> <ul style="list-style-type: none"> • Evaluated key assumptions used by the management, • Reviewed the valuation report for the reasonableness of the valuation methodology of operating fixed assets analysis prepared by the management. As part of our review, we assessed the reasonableness of key management assumptions in respect of estimated future cash flows, growth and discount rates and assessed the sensitivity analysis on key assumptions, • Compared key assumptions against historical trends and business plans as applicable. Additionally, we reviewed and assessed the future business plans both from internal and external perspectives, and compared forecast to historical trends, • Checked the accuracy and completeness of the information produced by management, that was used as the basis of impairment assessment, and • Considered the adequacy of the group's disclosures as presented in the accompanying consolidated financial statements in accordance with applicable accounting standards.

Key audit matter

How the matter was addressed in our audit

3) Revenue recognition

The Group has recognized revenue of Saudi Riyals 554.27 million (2020: SR 439.24 million) during the year ended December 31, 2021. The revenue earned is recognized at point in time when control over goods is transferred to the customer generally on delivery of goods to the customers. Accordingly, this requires management to establish the fact that control over goods is transferred at the time of dispatch in accordance with IFRS 15. The terms that define when control is transferred to the customer as well as high volume and value of transactions give rise to the risk that revenue is not recognized in the correct time and period.

Accordingly due to the significant risk associated with revenue recognition in accordance with terms of IFRS 15 'Revenue from contracts with customers' it was considered as a key audit matter

Our audit procedures to assess the recognition of revenue included the following:

- Assessed Group's revenue recognition policy and its compliance in terms of IFRS 15.
- Assessed the design and implementation of internal controls related to revenue recognition.
- Performed sample tests of individual sales transactions and traced to sales invoices, sales orders, and other related documents. Further, in respect of the samples tested we checked that the revenue has been recognized as per contractual terms.
- Performed revenue analysis to establish any unusual trends.
- Selected sample of transactions performed pre and post year end agreeing the period of revenue recognition validating the delivery notes and customer acknowledgement on delivery.

Other information

Management is responsible for the other information. The other information comprises the information included in the Group's annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, and we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's By-laws and applicable requirements of company's regulations, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit in accordance with ISAs, as endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

49. Transactions with related parties:

There is no business or contract in which the company is a party, and in it or in which there is an interest for a member of the company's board of directors, its senior executives, or any person related to any of them.

50. Acknowledgment

The Board of Directors acknowledges:

- 1- That the Financial Statements were prepared correctly.
- 2- The internal control system was prepared on a sound basis and was implemented effectively.
- 3- That there is no doubt about the ability of the company to continue its activity.

In conclusion, the Board of Directors is pleased to extend its thanks to the shareholders for their response and concern, and on their behalf extends thanks and appreciation to the authorities, ministries and government agencies for supporting the company's progress under the auspices of the government of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, may Allah preserve him.

Nama Chemicals Company



NAMA CHEMICALS

Saudi Joint Stock Company

Paid up Capital SR 235, 200,000

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ص.ب ١١٩١٩ - مدينة الجبيل الصناعية ٣١٩٦١

المملكة العربية السعودية

هاتف: ٣٤٧٨٨٨٨ (١٣) ٩٦٦+

فاكس: ٣٤٧٨٦٦٦ (١٣) ٩٦٦+

نماء للكيمائيات

شركة مساهمة سعودية

رأس المال المدفوع ٢٣٥,٢٠٠,٠٠٠ ريال سعودي

س.ت ٢٠٥٥٠٠٧٤٢٠

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