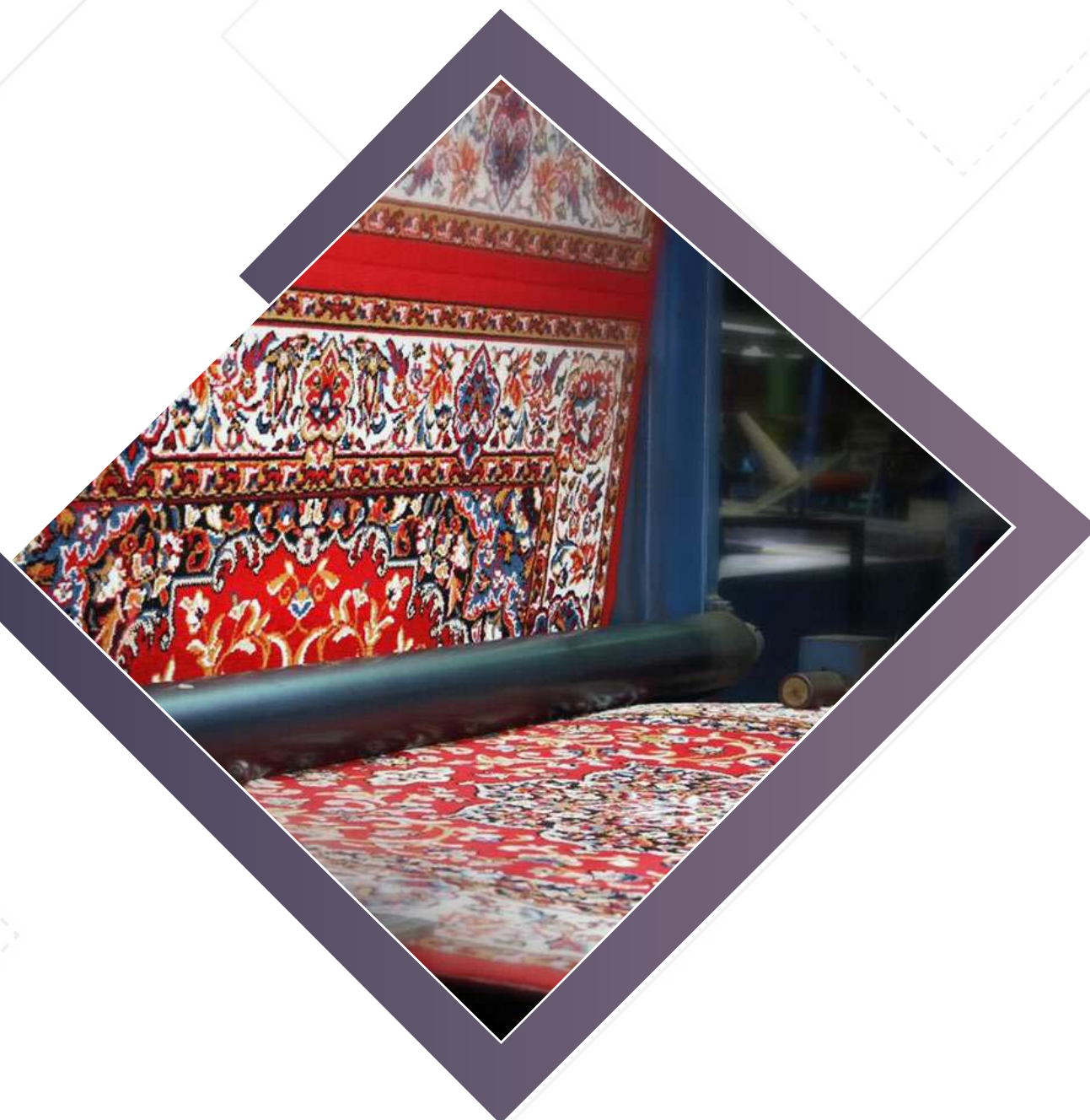




شبكة
العلوم
والتكنولوجيا
في
البحر
المتوسط

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Chairman's Statement



In the name of Allah , the Most Merciful , the Most Compassionate
Praise & thanks are due to Allah Alone
Peace & Blessings Be upon our prophet Mohammed

The Board of Directors is really pleased to present to our valued shareholders of Naseej International Trading Company the Board's annual report of 2021.

2021 saw the beginning of the gradual relaxation and easing of Covid-19 restriction measures. Business organizations have been facing difficult challenges of managing the enormous repercussions of the covid -19 pandemic. Therefore, Post -covid 19 recovery strategies are carried out to restore normal business operations and to remedy the damage incurred since the outbreak of the pandemic.

Thanks to Allah and the support of the Company's shareholders , the capital has been successfully increased in Q3 of 2021. The impact of such increase will be gradually and positively reflected on the performance of the Company in the first quarter of 2022.

The term of the previous Board ended last year. The current session of the new Board started this year. the new Board has given assurances to the Company's shareholders to move forward by taking all necessary steps that ensures continuous improvements of the Company's performance. More importantly , these steps will eventually help convert the Company's losses into profits that will be gradually and steadily improving. The Board emphasizes compliance with the highest requirements for transparency and disclosure to the company's shareholders and updating them with the latest developments , development and improvement plans carried out by the Board.

Finally, the Board would like to extend thanks to the company's shareholders for their continued support. We are embarking together on a new year with disciplined optimism and a firm resolve for continued improvement.

Chairman
Dr. Wael Saad Abdulaziz Alrashid



Vision & Mission

Our Vision

We are committed to maintaining our reputation as a pioneering leader in the Carpets & Rugs manufacturing industry and wish to take our success to a global level, and the latter can be achieved by expanding our network through the local and international distribution of our products.

Our Mission

We strive to constantly deliver optimum quality products and services which are surely to meet the perceived standards of customer satisfaction, all of which comes in parallel with our values towards our employees and shareholders.

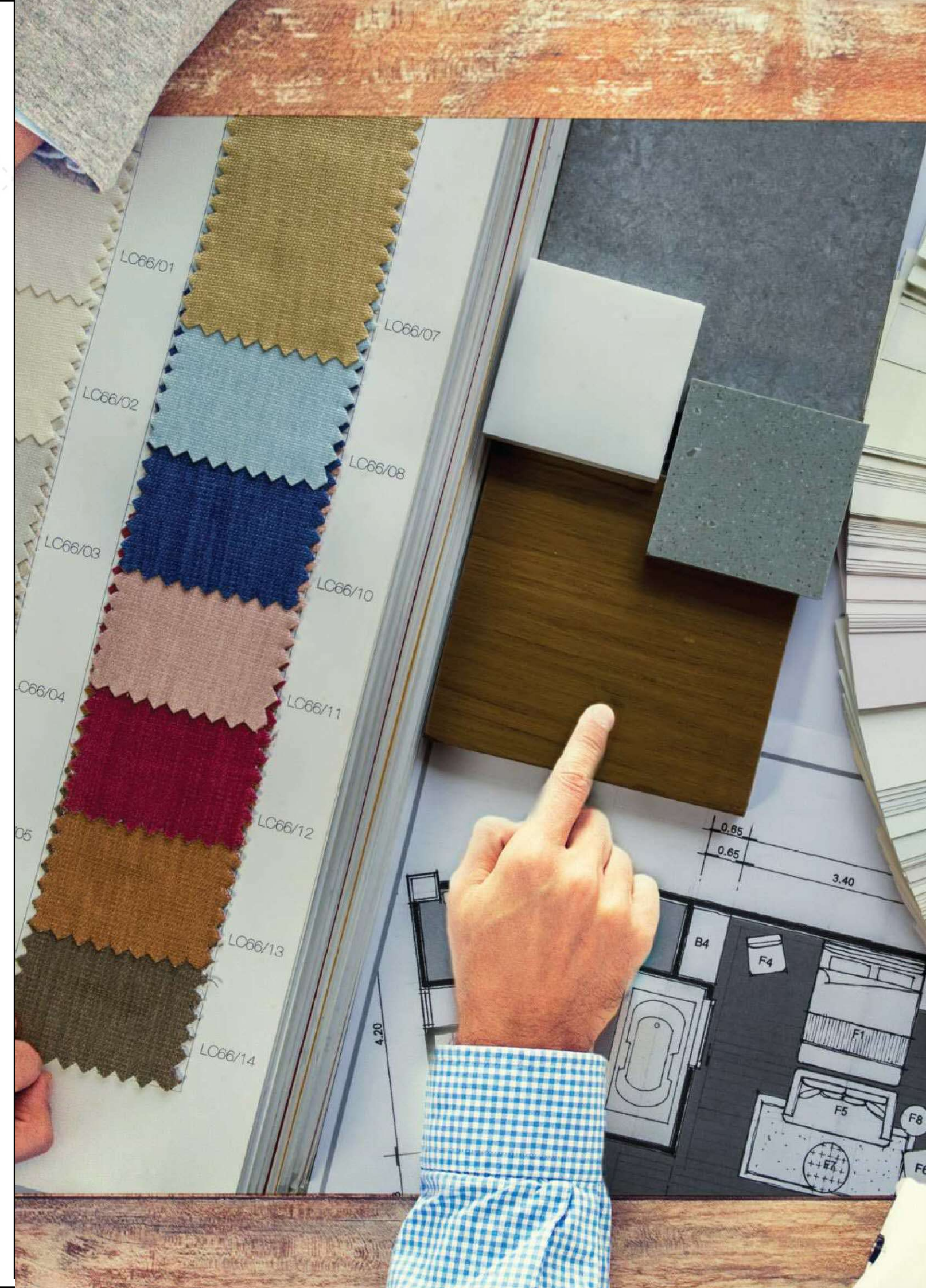
Our Strategy

- Focusing on manufacturing profitable and high-quality carpets and products. Beyond that, our strategy strongly supports and promote the Company's business activities such importing and selling carpets of to cater for all tastes, and increase market share by:
- Promoting productive capacity of manufacturing rugs
- Turning the yarn manufacturing plant into an independent and profit generating facility.
- Commercial expansion in floorings solutions to meet the increased demand in local market.



CHAPTER ONE:

BOARD OF DIRECTORS, COMMITTEES &
SENIOR EXECUTIVES



First: Members of Current Board of Directors (16-7-2021 - 15-7-2024)



Dr. Wael Saad Abdulaziz Alrashid
(Board Director – independent)*

Qualifications: PhD in change management – information systems

Current Position: Family Business Consultant – Board member / Alitco

Previous position: served as a CEO of multiple companies operating in industry, trade and services Deputy president of United Wire Factories Company, CEO of Al Sorayai Group

Experiences: over 27 years of experience including 16 years as CEO of various companies in industry, trade and services, project leaderships, memberships of Boards of closed and joint stock companies, consultant to various family businesses.



Mr. Nasser Saleh Nasser Alsorayai
Non - Executive Member

Qualifications: Master of Finance

Current Position: CEO at Raidah Investment Company(RIC)

Previous Position: Banking Services Relationship Manager -Riyad Bank

Experience: experience in financial management . He held several management positions as general manager and member of the board of directors in joint stock companies and several banks.



Eng. Abdullah Yahia Ali Fitaihi
Executive Member

Qualifications: BS Industrial Engineering / MBA

Current Position: Executive Director of Supply Chain, Supply, Planning, Procurement and Logistics Operations at Naseej International

Previous Position: Executive Director of Strategic Planning and Project Management at The Saudi Public Transport Company - SAPTCO

Experience: More than 20 years of experience in the supply chain, support services, process development and transformation consultant ,Logistics operations and many other leadership positions

First: Members of Current Board of Directors (16-7-2021 - 15-7-2024)



Dr. Ahmed Sirag Abdulrahman Khogeer
Deputy chairman of the Board – independent member

Qualifications: PhD, chemical engineering – Master of Business Administration (MBA) - Diploma in international financing

Current position: Chair – American Institute of Chemical Engineers (AIChE) – AIChE Fuels & petrochemicals Division

-Board member , engineering college - KAU

Previous position: Saudi Aramco – KAUST founding member & senior officials

Experience: 30 years (Saudi Aramco) . he served in the departments of refineries, facilities planning, R&D, and management of giga projects -an advisor to senior management and a founding member of King Abdullah University of Science and Technology (KAUST), and has held leadership positions at the American Institute of Chemical Engineers (AIChE)



Mr. Rasheed Sulaiman Alrasheed
Independent Member

Qualifications: B.S. Accounting

Current position: CFO, Saudi -Arabia BNY Mellon

Previous position: CFO and Risk manager / Ashmore Saudi Arabia

Experience: He served as chief financial officer (CFO) at several banks and financial institutions - Risk Manager, - Head of the financial reporting unit, and membership in the boards of directors of a number of listed and closed joint stock companies.



Mr. Abdulrahman Ibrahim Alhadlq
Independent Member

Qualifications: MBA

Current position: CEO of Sadr Logistics

Previous position: CEO at Shaalan Sons Co

Experience: He held many leadership positions, including CEO at Shaalan Sons Co, Sadr Logistics Company, and a member of the board of directors for several companies.



Eng. Mansour Bin Saleh Al Hamad Al Kharboush
(Former Deputy Chairman – Independent Director)*

Qualifications: a master's degree in electrical engineering

Current position: Management Consultant to CEO, NWC

Previous position: Engineer at Kimia and SABIC, CEO of Al-Rajhi Holding Group

Experience: Experience in O &M, packaging, shipping, procurements, computer and control systems , safety and total quality systems, strategic Business until management, business development project management , resource planning, real estate development, medical supplies and long experience at membership and chairmanship of boards, committees and corporate restructuring.

• **BOARD MEMBERS SERVED IN THE PREVIOUS BOARD AND THEIR MEMBERSHIPS RENEWED**

Board Members of the previous Board whose term expired on 15/07/2021



Saleh Bin Naser Bin Abdul Aziz Al Sorayai
(Board member – Non-Executive Chairman)

Qualifications: BA, Accounting

Current position: chairman of the Board SNASCO Holding

Previous Position: former director General of Finance Department, Al-Sorayai +Company, CEO and managing director, Al-Sorayai Group.

Experiences: experience at financial management, building accounting systems, corporate restructuring, new company incorporation and procedures, managing and converting limited liability family -owned businesses into joint stock companies and memberships on various boards and committees.



Mr./ Abdul Karim Bin Ibrahim Al Nafie
(Former Independent Director)

Qualifications: BSBA in Accounting

Current Position: Retired

Previous position: former Director of SIDF - CEO of Saudi Ceramic Co.

Experiences: experience in various leading positions as Director General of SIDF, CEO of Saudi Ceramic Co., memberships on Boards and committees of closed and joint stock companies.



Abdullah Aldubaikhi
Board Member – independent

Qualifications: MBA - Bachelor of Electrical Engineering

Current position: CEO at National Shipping Company (Bahri)

Previous position: CEO at The Saudi Agricultural and Livestock Investment Company (SALIC)

Experience: More than twenty years of experience as CEO of multiple companies in industry, investment, technology and communications services, founder of the Arab Internet Association, and membership on the boards of directors of a number of closed and listed joint stock companies

Board Members of the previous Board whose term expired on 15/07/2021



Eng. Essam Abdullatif Abdulbari Al Mojalid
(independent director)

Qualifications: BSc in industrial engineering

Current Position: Deputy chairman of Al Harthi Group

Previous position: manufacturing process manager, CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group, Deputy chairman of Deputy chairman of Al Harthi Group

Experiences: experience in project and business development , held leading positions including packaging manager , production senior manager , assistant to sales manager , manufacturing director manager , CEO of SAVOLA Group, CEO of Switz Group, director



Mr. Hamdan Ali Hamdan Matar
(Independent Director)

Qualifications: Bachelor of Administrative science, accounting

Current Position: CFO of Healthcare Development Holding Company (HDH)

Previous position: auditing manager at Aldar Audit Bureau, CEO of Sara Holding Company

Experiences: experience in corporate auditing, financial management, business development, investment, acquisition shares in existing companies, setting new companies, held leading positions in companies he served and acted as director member on boards and committees thereof.

Second: Committee's Members

Audit Committee's members of the previous session expired on 15/07/2021					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Hamdan Ali Hamdan Matar	CFO of Healthcare Development Holding Co.	Audit manager at Aldar Audit Bureau, CEO at Sara Company	BSc of administrative science -accounting	11 years' experience (Aldar Audit Bureau-Grant Thornton) 10 years (SARA Holding Company) 9 years' experience (Healthcare Development Holding Company)
2	Eng./Mansour Bin Saleh Al Hamad Al Kharboush	Management consultant to CEO of NWC	CEO of Al Rajhi Holding Group – leading positions at SABIC and kemya	Masters of science in electrical engineering	16 years in (Al Jubail petrochemical company, 12 years in (SABIC). 5 years as CEO of (Al Rajhi Holding Company)
3	Eng./Essam Abdullatif Abdulbari Al Mojalid	Deputy chairman of Alharthi Group	CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group,	BSc in industrial engineering	12 years in (SAVOLA Group), 3 years (Switz Group), 11 years (Alessa Group), 5 years (Al Harthi Group).
Audit Committee's member of the current session started as of 16/07/2021					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Eng./Mansour Bin Saleh Al Hamad Al Kharboush-resigned on 01/12/2021	Management consultant to CEO of NWC	CEO of Al Rajhi Holding Group – leading positions at SABIC and kemya	Masters of science in electrical engineering	16 years in (Al Jubail petrochemical company, 12 years in (SABIC). 5 years as CEO of (Al Rajhi Holding Company) audit member (Kayan Company)
2	Khaled Abdulaziz Sulaiman Al Hoshan	Head Of Internal Audit-National Laboratory	Head Of Internal Audit-Safari Group	Master of Business Administration (MBA) and Applied finance	19 years of diversified experience in internal auditing and compliance in GOSI , IIA and SIIA membership
3	Abdullah Salem Al-Hayqi	ROSHN Real Estate-PIF- Auditing	SEDCO Holding – auditing and corporate governance	Master of Professional Accounting	29 years of experience in accounting , auditing for US Geological Mission , PWC, SEDCO Holding , ROSHN Real Estate- PIF
4	Rashid Sulaiman Al-Rasheed , appointed as of 01/12/2021	CFO, Saudi -Arabia BNY Mellon	CFO and Risk manager / Ashmore Saudi Arabia	B.S. Accounting	3 years (Deutsche Bank- Deutsche Securities Saudi Arabia (DSSA) 3 years (Ashmore Saudi Arabia) One year (BNY Mellon)

Remuneration & Nomination Committee members of the previous session expired on 15/07/2021					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Mr. Abdulkarim Ibrahim Al-Nafie	Retired	SIDF director General, managing Director at Saudi Ceramic Co.	BSc in Administration & Accounting	Served 25 years at SIDF, 15 years at Saudi Ceramic Co.
2	Dr/ Wael Al-rashid	Family business consultant – director at Alitco.	CEO at various companies in industry, trade and services, Deputy Chairman of United Wire Factories Company, CEO of Al Sorayai Group	PhD in change management – information systems	Served 2 years at (Al Sorayai Group), 2 years at (United Wire Factories Company), 2 years at (Aldrees Industrial & Trading Company (ALITCO), 4 years at (Saudi Bio-acids Company) and 15 years at multiple companies in industry and trade).
3	Nidal Khuza Club	CEO - Souks Training and Assessment Co	CEO - Saudi Kitchen Line Co	BSc in system management & marketing	Served 14 years at (Souks Training and Assessment Co), 3 years at (Saudi Kitchen Line Co, five years at Resorts and Real Estate Co. (Resorts Holding) and 3 years at (Express Camels for Logistic services)
Remuneration & Nomination Committee started as of 16/07/2021					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Rashid Sulaiman Al-Rasheed , appointed as of 01/12/2021	CFO, Saudi -Arabia BNY Mellon	CFO and Risk manager / Ashmore Saudi Arabia	B.S. Accounting	3 years (Deutsche Bank- Deutsche Securities Saudi Arabia (DSSA) 3 years (Ashmore Saudi Arabia) One year (BNY Mellon)
2	Saleh Bin Naser Bin Abdul Aziz Al Sorayai	CEO at Al Raidah Investment Company (RIC)	Banking Relationship Manager at Riyadh Bank	Master of finance	5 years (SANSKO Holding) 6 years (Riyadh Bank) 3 years (Raidah Investment Company) (RIC)
3	Nidal Khuza Club	CEO-Souks Training and Assessment Co	CEO - Saudi Kitchen Line Co	BSc in system management & marketing	Served 14 years at (Souks Training and Assessment Co), 3 years at (Saudi Kitchen Line Co, five years at Resorts and Real Estate Co. (Resorts Holding) and 3 years at (Express Camels for Logistic services)
Executive Committee of previous session expired on 15/07/2021					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Mr. Abdulkarim Ibrahim Al-Nafie	Retired	SIDF director General, managing Director at Saudi Ceramic Co.	B.Sc. in Administration & Accounting	Served 25 years at SIDF, 15 years at Saudi Ceramic Co.
	Eng./Essam Abdullatif Abdulbari Al Mojalid (former committee member)	Deputy chairman of Al Harthi Group	packaging manager, production senior manager, assistant to sales manager, manufacturing director manager, CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group, Deputy chairman of Al Harthi Group	BSc in industrial engineering	Served 12 years at SAVOLA Group, 3 years at (Switz Group) , 11 years at (Alessa Group) and 5 years at (Alharthi Group)
	Mohammed Hamed Ali Al Kolaiby	CEO- Ebdada Watan Company	Consultant , general supervisor , senior CEO – Deputy chairman of (Savola Foods)	B.Sc. in industrial engineering	2 years in (United Sugar Company) , 8 years in (Savola Foods) and 5 years as a consultant and general supervisor.

Second: Committees' members

Executive Committee of current session started as of 16/07/2021					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Ahmed Khogeer	Chair – American Institute of Chemical Engineers (AICHE) – AICHE Fuels & petrochemicals Division -board member , engineering college - KAU	Saudi Aramco – KAUST founding member & senior officials	PhD , chemical engineering – Master of Business Administration (MBA)	30 years (Saudi Aramco) 17 years (American Institute of Chemical Engineers) (AICHE) Member of Saud Building Code Board member , engineering college - KAU
2	Dr. Wael Saad Abdulaziz Al-rashid) appointed as of 10 January 2021 at previous Board and his term renewed	Family Business Consultant – Board member / Alitco	CEO of multiple companies operating in industry, trade and services Deputy president of United Wire Factories Company, CEO of Al Sorayai Group	PhD in change management – information systems	2 years - Al-Sorayai Trading and Industrial Group 2 years -United Wire Factories 2 years- (Altico) 4 years - Saudi Bio-Acids Co. 15 years – multiple industrial and trade companies
3	Saleh Bin Naser Bin Abdul Aziz Al Sorayai	CEO at Al Raidah Investment Company (RIC)	Banking Relationship Manager at Riyadh Bank	Master of finance	5 years (SANSKO Holding) 6 years (Riyadh Bank) 3 years (Raidah Investment Company) (RIC)

2- Companies inside or outside KSA in which Al-Sorayai Board member is a member of their previous or current board or a manager.

Member Name	Names of Companies in which a Board member is a member of their current Board or a manager	Inside / outside the Kingdom	Legal entity (listed joint stock/ non listed joint stock/ limited liability...)	Names of Companies in which a Board member is a member of their previous Board or a manager	Inside/ outside the Kingdom	Legal entity (listed joint stock/ non listed joint stock/ limited liability/...)
Saleh Nasser Abdulaziz Al-Sorayai	- Farabi company - Saudi Carbonate Co. Ltd. - Sanasco Group - Mattex Fabrics	- Inside - Inside - Inside - Inside	- Non listed joint stock - Limited liability - Limited liability - Unlisted Joint stock	- Abdullah & Nasser Al-Sorayai co - Samara Factory – Belgium - Mecca International-Market - Shamiya	- Inside - Outside - Inside - Inside	- Limited liability - Limited liability - Limited liability - Limited liability
Mansour Bin Saleh Al Hamad Al Kharboush	Tatweer Educational Transportation services Company (TTC)	- Inside	- Limited liability - Listed joint -Listed joint -Closed joint	- Jubail Petrochemical Co. - SABIC -Rajhi Holding -Kayan	-Inside -Inside -Inside -inside	Limited liability - listed joint stock - closed joint stock - listed joint stock
Wael Alrashid	Aldrees Industrial & Trading Company (ALITCO)	- Inside	- Closed Joint	- Saudi Bio-acids Company - United Wire Factories Company (ASLAK)	-inside -inside	- listed joint - listed joint

Essam Abdullatif Abdulbari Al Mojalid	7 H holding company	- Inside	- Limited liability	- Savola Group (manager) - Switz Group - Alessa Group	- Inside - Inside - Inside	- Listed joint
Hamdan Ali Hamdan Matar	- Sudair Pharmaceutical Company - Authorized Policy Insurance Brokers Company - Care For Planning	- Inside - Inside - Inside	- Limited liability - Limited liability - Limited liability	-----	-----	-----
Abdulkarim Ibrahim Al-Nafie	- Saudi Ceramic Co. - Ceramic pipe, - Natural Gas Distribution Company - United Cement Company - Astra Industries Group	- Inside - Inside - Inside - Inside - Inside	- Listed Joint stock - Closed joint - Closed joint - Closed joint - Listed joint	SIDF Saudi Ceramic Co.	-inside -inside	- listed joint
Ahmed Khogeer	-----	-----	-----	-----	-----	-----
Abdullah Aldubaikhi	- Abdullah AlOthaim Markets - Alessa Group - Mulkia Investment - Matarat - Bahri	- Inside - Inside - Inside - Inside - Inside	- Listed joint -Holding -closed joint -Holding -public Joint	- The Saudi Agricultural and Livestock Investment Company (SALIC) - Afwaf Investment Holding - Awal IT Services - Aldoulage Technology Company	- Inside - Inside - Inside - Inside	- Limited Holding - Holding - Limited Holding - Limited Liability
Naser Bin Saleh Al Sorayai	-Adeem Capital - World of Restaurants Company - Al Raidah Investment Company (RIC)	-inside -inside -inside	- closed joint stock -limited liability -public joint stock	Tourism Enterprises Company	- inside	- Listed joint stock
Rashid Suleiman Al-Rasheed	- Tourism Enterprises Company - Abdullah Abdulaziz AlRajhi	- Inside - Inside	- Listed joint stock - Closed joint stock	-----	-----	-----
Abdullah Yahya Fitaihi	insightful solutions company	- Inside	- Limited liability	Alnahdi Transportation Company	- Inside	- Closed joint stock
Abdulrahman Ibrahim Al-Hadlaq	-DS Rent -Code property -sadr logistics services	- inside - inside - inside	- closed joint stock - closed joint stock - listed joint stock	Shalaan Sons Co	- Inside	- Closed joint stock

3- Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, Independent Director.

Name	Membership classification (Executive – Non -executive – Independent)
Current Board 16/7/2021 – 15/7/2024	
Ahmed Siraj Khogeer (vice chariman)	Board member – independent
Eng./Mansour Bin Saleh Al Hamad Al Kharboush*	Board member- independent
Abdullah Aldubaikhi*	Board member- independent
Rashid Suleiman Al-Rasheed	Board member- independent
Naser Bin Saleh Al Sorayai	Board member- non executive
Abdullah Yahya Fitaihi	Board member- non executive
Abdulrahman Ibrahim Al-Hadlaq*	Board member- independent
Previous Board whose membership expired dated 15/07/2021	
Saleh Bin Naser Bin Abdul Aziz Al Sorayai	Board member – non-executive
Eng./Essam Abdullatif Abdulbari Al Mojalid	Board member- independent
Mr. Abdulkarim Ibrahim Al-Nafie	Board member- independent
Hamdan Ali Hamdan Matar	Board member- independent

• On 30/11/2021, the Board of Directors approved the resignation rendered by Abdullah Aldubaikhi (Board member). On 01/12/2021 , the Board of Directors approved the resignation of Eng./Mansour Bin Saleh Al Hamad Al Kharboush (Board member). On 02/12/2021 , Abdulrahman Ibrahim Al-Hadlaq was appointed as Board member.

- Executive Committee Team

S	Name	Current position	Previous position	Qualifications	Experiences
1	Monther Bin Moham-med Bin Abdullah Al Sorayai	CEO	Manufacturing Director	Bachelor of Business Administration and Economics	Experience of 26 years in project management , procurements , manufacturing and manufacturing facility management
2	Yasser Osama Al Sebaei	Former CEO	executive vice president for projects affairs at Savola Foods Co	bachelor of science in chemical engineering (petrochemicals major)	Experience of 20 in food processing , manufacturing affairs and quality
3	Syed Nadimuddin Ahmad	General manager of finance department	Financial manager	fellow of chartered accountants	Experience over 27 years in financial management and planning
4	Abdullah Yahya Fatihi	Manager General / supply Chain	General manager of supply Chain / AL REEF SUGAR REFINERY CO	B.Sc. in in industrial engineering and MA in business Adminis-tration	Experience over 20 years in Supply Chain and processes
5	Wissam Mohamed Sarmani	General Manager / marketing and sales	General Manager of business Development / Lazurde for Jewelry Co	B.Sc. in informatics engineering (systems and networking)	Experience 13 years in mar-keting , sales , business and product development
6	Hassan Mahmoud Alkhudair	Former HR and admin-istrative affairs manager	HR manager at Extra	BSc in HR manage-ment	16 -year experience in HR management in international and local companies

4- Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholders' suggestions and remarks

The Board of Directors pays due attention the shareholders' proposals and comments expressed, recorded and answered during GA meetings, about the Company and its performance. Shareholders' Relations constitute the link between the Board and the shareholders' proposals and comments. Furthermore, Call Centre receives their proposals and comments to be duly examined by the Board secretary and Shareholders' Relations and regularly inform the Board of the significant proposals. The Board also receives and interacts with. shareholders' suggestions via e-mail. The Board keeps the Board members, especial-ly non -executive, informed of the shareholders' inputs and comments expressed during Board meetings, if any.

5- A statement of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them

s	Name	GA (second meeting) dated 6/05/2021	GA (third meeting) dated 4/11/2021
1	Saleh Bin Naser Bin Abdul Aziz Al Sorayai	Attended	His term expired on 15/7/2021
2	Wael Alrashid	Attended	Attended
3	Mansour Bin Saleh Al Hamad Al Kharboush		
4	Mr. Abdulkarim Ibrahim Al-Nafie	Attended	His term expired on 15/07/2021
5	Eng./Essam Abdullatif Abdulbari Al Mojalid	Attended	His term expired on 15/07/2021
6	Hamdan Ali Hamdan Matar	Attended	His term expired on 15/07/2021
7	Ahmed Siraj Khogeer	His term started on 16/07/2021	attended
8	Abdullah Aldubaikhi	His term started on 16/07/2021	attended
9	Rashid Suleiman Al-Rasheed	His term started on 16/07/2021	attended
10	Naser Bin Saleh Al Sorayai	His term started on 16/07/2021	attended
11	Abdullah Yahya Fitaihi	His term started on 16/07/2021	attended
12	Abdulrahman Ibrahim Al-Hadlaq	Appointed as of 02/12/2021	

6- The number of the Company's requests of shareholders registry, dates and reasons thereof.

Numbers of Company's request of shareholders' records	Request date	Request reason
1	27/01/2021	A procedure taken by the upate shareholders' registry
2	20/04/2021	To communicate with shareholders for the purpose of GA and voting
3	06/05/2021	Procedure of ordinary GA meeting
4	04/08/2021	A procedure taken for capital increase
5	05/10/2021	To communicate with shareholders for the purpose of GA and voting
6	10/10/2021	To communicate with shareholders for the purpose of GA and voting
7	12/10/2021	(Procedures of extraordinary GA meeting (first meeting
8	04/11/2021	(Procedures of extraordinary GA meeting (3rd meeting
9	08/11/2021	Procedure taken for capital increase
10	28/11/2021	Procedure taken for capital increase
11	31/12/2021	Procedure for annual board report

7- the means used by the Board to assess its performance, performance of its committees and members, and the external body which conducted the assessment and its relation with the Company

To date, no external body has been engaged by the Company to evaluate the performance of its Board of Directors, committees and individual directors. The Nominations and Remuneration Committee is tasked with determining strengths and weaknesses of Board of Directors and suggesting ways of addressing them in alignment with the Company's interest and strategy.

8- Board Meetings

During 2021, the Board held nine (5) meetings in which different topic and items on the Board agenda were discussed and deliberated within the general powers vested in the Board. The Board shall approve financial statements at ordinary GA meetings . If the Board meeting does not coincide with the issuance of the financial statements, they are approved by circulation. During 2021, the Board has taken number of resolutions by circulation via modern technology means as part of its effort to support precautionary measures taken by competent health authorities in Kingdom of Saudi Arabia to curb the spread of Covid 19. To support the continued efforts made by the competent authorities by taking precautionary and preventive measures to curb the spread of Covid-19, the board meetings are held in person or virtually via modern technology as follows:

S	Name	First meeting 24 March	2nd meeting 15 June	3rd meeting 17 July	4th meeting 19 August	5th meeting 13 December	Total sessions
1	Saleh Bin Naser Bin Abdul Aziz Al Sorayai	✓	✓	His term expired as of 15/7/2021 as a member of the previous Board.			2
2	Eng./Essam Abdullatif Abdulbari Al Mojalid	✓	✓	His term expired as of 15/7/2021 as a member of the previous Board.			2
3	Mr. Abdulkarim Ibrahim Al-Nafie	✓	✓	His term expired as of 15/7/2021 as a member of the previous Board.			2
4	Hamdan Ali Hamdan Matar	✓	✓	His term expired as of 15/7/2021 as a member of the previous Board.			2
5	Waiel Alrashid	✓	✓	✓	✓	✓	5
6	Mansour Bin Saleh Al Hamad Al Kharboush	✓	✓	✓	✓		4
7	Ahmed Siraj Khogeer	His membership started on 16/07/2021		✓	✓	✓	3
8	Abdullah Aldubaikhi	His membership started on 16/07/2021		✓	✓		2
9	Rashid Suleiman Al-Rasheed	His membership started on 16/07/2021		✓	✓	✓	3
10	Naser Bin Saleh Al Sorayai	His membership started on 16/07/2021		✓	✓	✓	3
11	Abdullah Yahya Fitaihi	His membership started on 16/07/2021		✓	✓	✓	3
12	Abdulrahman Ibrahim Al-Hadlaq	Appointed as of 02/12/2021				✓	1

- The last meeting of the General Assembly was November 4, 2021 AD

9- A brief description of Board Committees' competencies , duties , their chairmen, members, number of their respective meetings, dates of those meetings and members' attendance details of each meeting.

Nomination & Remuneration Committee (NRC): The composition of the Committee in the previous session until 15/07/2021 was as follows:

Name	Capacity
Mr. Abdulkarim Ibrahim Al-Nafie	Chairman
Dr/ Waiel Alrashid	Member
Nidal Khuza Club	Member

The composition of NRC in the current session as of 15/07/2021 is as follows:

Name	Capacity
Rashid Suleiman Al-Rasheed	Chairman
Naser Bin Saleh Al Sorayai	Member
Nidal Khuza Club	Member

The following table shows the meetings held by Nominations and Remuneration Committee in 2020

S	Name	1st meeting 10th January	2nd meeting 13th January	3rd meeting 18th March	4th meeting 22nd May	5th meeting 2nd December	Total sessions
1	Mr. Abdulkarim Ibrahim Al-Nafie	Attended	Attended	Attended	Attended	-	4
2	Dr/ Waiel Alrashid	Attended	Attended	Attended	Attended	--	4
3	Nidal Khuza Club	Attended	Attended	Attended	Attended	Attended	5
4	Rashid Suleiman Al-Rasheed	Current Board as of 16/07/2021				1	
5	Naser Bin Saleh Al Sorayai	Current Board as of 16/07/2021				1	

Competencies and duties of the Committee

As for Remunerations, the Committee is responsible for:

- Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.
- Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- Providing recommendations to the Board in respect of the remunerations of its members, the committee members and Senior Executive, in accordance with the approved policy.

As for Nominations, the committee is responsible for:

- suggesting clear policies and standards for membership of the Board and the Executive Management;
- providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- determining the amount of time that the member shall allocate to the activities of the Board;
- annually reviewing the skills and expertise required of the Board members and the Executive Management;
- reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- Reviewing periodically governance charter and providing recommendations and proposals to Board regarding changes that may be made to such charter in alignment with organizing regulations, rules purpose and nature of the Company's activities

B- Audit Committee

The formation of the Audit Committee (AC) of the previous session until 15/07/2021 was as follows:

Name	Capacity
Hamdan Ali Hamdan Matar	Chairman
Eng./Mansour Bin Saleh Al Hamad Al Kharboush	Member
Eng./Essam Abdullatif Abdulbari Al Mojalid	Member

The formation of the Audit Committee (AC) of the current session as of 16/07/2021 is as follows:

Name	Capacity
Mansour Bin Saleh Al Hamad Al Kharboush*	Former AC Chairman
Rashid Suleiman Al-Rasheed*	Member
Khaled Abdulaziz Sulaiman Al Hoshan	Member
abdullah salem al-hayqi	Member

On 1st December, 2021 the Board accepted the resignation of Mr. Mansour Bin Saleh Al Hamad Al Kharboush ,AC chariman and the appointment of Mr. Rashid Suleiman Al-Rasheed (independent Board member) as AC chariman.

This table shows Audit Committee's meetings in 2021:

S	Name	1st meeting 13th January	2nd meeting 23rd March	3rd meeting 4th May	4th meeting 18th August	5th meeting 10th Nov.	Total sessions attended
1	Hamdan Ali Hamdan Matar	Attended	Attended	Attended	His term expired on 15/07/2021		3
2	Eng./Essam Abdullatif Abdulbari Al Mojalid	Attended	Attended	Attended	His term expired on 15/07/2021		3
3	Eng./Mansour Bin Saleh Al Hamad Al Kharboush	Attended	Attended	Attended	Attended	Attended	5
4	Khaled Abdulaziz Sulaiman Al Hoshan	His membership started as of 16/07/2021			Attended	Attended	2
5	abdullah salem al-hayqi	His membership started as of 16/07/2021			Attended	Attended	2
6	Rashid Suleiman Al-Rash- eed	His membership started as of 16/07/2021					2

Audit Committee's Competencies and Duties

1. analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
2. monitoring and overseeing (within its functions and powers) the effectiveness governance mechanisms and control which govern the relation between the Company and subsidiaries in a manner that does not conflict with the functions and authority of any other committee that oversees the implementation of the company's governance mechanisms.
3. Reviewing and reassessing, from time to time, the adequacy the functions, rules and controls of the Committee's Charter and providing recommendations in respect with any proposed changes to the Board for consideration and recommendation to the shareholders' General Assembly, and
4. monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems, particularly the following:

Internal Audit

1. overseeing and monitoring Internal Audit Department, its activities, ensuring its effectiveness in alignment with applicable laws, rules and professional norms.
2. Reviewing the Internal Audit 's organizational structure proposed by the Company and recommends the Board to approve
3. Recommends the Board to appoint, dismiss and determine the fees of the Internal Audit manager
4. Reviewing the Company's internal audit, financial systems and risk management, preparing written reports provided that the reports contain its recommendations and opinion on adequacy of these systems and other activities performed within its mandate in the light of the laws, rules and professional norms. These recommendations shall be presented to General Assembly. The Board shall make available sufficient copies of the audit committees' report at the Company's head office at least ten days prior to General Assembly's meeting , to enable shareholders to get a copy thereof. The report shall be read at the General

Assembly pursuant to Article (104) of Companies' Law.

5. monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities.

Company's Risk Management

1. reviewing Risk Management's policies and framework in consistent with the Company's objectives, providing recommendation thereon to the Board for approval and providing recommendation to the Board regarding the issues related to Risk Management.
2. Advise the Board to set the risk apptite that the company may expose and tolerate and how to make sure that it doesn't exceed this level.
3. verifying the important risk factors exposed to the Company's business units and activities and the Management's responsiveness to handle them in proper manner.
4. overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein; and

Financial Reports

1. Analysing the Company's quarterly and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
2. providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
3. analysing any important or non-familiar issues contained in the financial reports and accounts; accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or auditor;
4. analysing the Company's annual budget and providing the board with its feedback if any
5. examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
6. examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

External Auditor

1. providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2. verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
3. reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
4. reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith; and
5. investigating the Management's statement presented by external auditor upon the completion of the annual auditing, following up the implementation of the corrective measures regarding the notes and remarks contained therein by the Management.

Ensuring Compliance

1. reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
2. ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
3. reviewing the contracts and proposed Related Party transactions, possible conflict of interest cases and providing its recommendations to the Board in connection therewith; and
4. reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

C- Executive Committee .

The composition of the Executive Committee in the previous session until 15/07/2021

Name	Capacity
Mr. Abdulkarim Ibrahim Al-Nafie	Chairman
Essam Abdullatif Abdulbari Al Mojalid	Member
Mohammed Hamed Ali Al Kolaiby*	Member
Dr/ Wael Saad Alrashid*	Member

On 3/01/2021 the Board accepted the resignation of Board member / Mohammed Hamed Ali Al Kolaiby due personal circumstances and the appointment of Dr Wael Alrashid as of 10/01/2021

The composition of the current Executive Committee as of 16/07/2021

Name	Capacity
Ahmed Siraj Khogeer	Chairman
Dr/ Waiel Alrashid	Member
Naser Bin Saleh Al Sorayai	

On 21 March 2021 the Board decided to accept the resignation of Mr. Mark Henry Verlaine as CEO and appoint him as an advisor to the Company's CEO and (and the Executive Committee) until the end of his term (or the expiration date of the board term on 15/07/2021)

The table below shows the Executive Committee's meetings in 2021:

S	Name	1st 11 Jan	2nd 11 Feb	4th 11 Mar	5th 12 Apr	6th 10 May	7th 15 June	8th 2 Sept	9th 15 Sept	10th 5 Oct	11th 16 Nov	Total
I	Hamdan Ali Hamdan Matar	Attended	Attended	Attended	Attended	Attended	Attended	His term ended on 15/07/2021				7
I'	Essam Abdullatif Abdulbari Al Mojalid	Attended	Attended	Attended	Attended	Attended	Attended	His term ended on 15/07/2021				7
I''	Dr/ Waiel Alrashid	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	11
ε	Ahmed Siraj Khogeer	His membership stated as of 16/07/2021							Attended	Attended	Attended	4
o	Naser Bin Saleh Al Sorayai	His membership stated as of 16/07/2021							Attended	Attended	Attended	4

Executive Committee's Compentencies and Duties:

- Following up and executing the Company's projects and presenting the necessary recommendations to the Board;
- Setting the Company's strategic goals and key plans and ensuring its implementation with the necessary quality and reasonable cost.
- Following up, updating and revising, from time to time, the Company's long, medium and short-term strategic plans;
- Following up the implementation of the Company's financial, administrative and supervisory policies and regulations and proposing modifications to the Board.
- Reviewing the Company's HR policies, RACI chart, organizational structure, when necessary;
- Supporting the Executive Management with decisions and facilities from the Board.
- Following up and co-ordinating with Executive Management regarding KPI's approved by the Board and ensuring its implementation in coordination with relevant bodies according to plans and time schedules;
- Follow-up the implementation of the Company's budget estimates compared to the actual one with analysis of any deviation and presenting recommendations in connection therewith to the Board.
- Considering and reviewing the Executive Management 's initiatives and recommending them to the Board.
- Follow -up the implementation of the recommendations of the Board, internal and external auditor if necessary, and other tasks assigned by the Board.

10- Results of the annual review of effectiveness of internal control procedures of the Company and the opinion of the audit committee with respect to adequacy of Company's internal control system.

The Internal Audit Department conducts auditing based on the prepared risk management plan, approved and continuously monitored by the Audit Committee. Auditing is mainly designed to evaluate internal control procedures. The Audit conducted by the Internal Audit Department and external auditors on the effectiveness and adequacy of the company's internal control system has not shown a fundamental or remarkable weakness therein. The Audit Committee consistently examines periodic reports on the assessment and development of internal control systems. the Audit Committee believes that the internal control system is effective and reasonably suitable for the Company. The contract and functions of the existing internal auditor expired on 30 June 2021. Accordingly, a new internal auditor will be appointed or continue with outsourcing the internal Audit function

11- Remuneration of the Board members and Executive Management as per standards and controls

the members of the Board and committees are entitled to remunerations based on a policy, standards and controls adopted by the General Assembly on 28December 2017. The remuneration of The Board members may consist of a specified sum; an attendance fee; or a combination of two or more of those benefits.

- The Remuneration Policy entails that the it should be fair and proportionate to the Board or committee's member's activities carried out and responsibilities borne by the board or committees' members; be consistent the nature of the company's business and its size as well as the skills and experience required. It should be a means to attract Board members with the relevant expertise and qualifications to enhance the company's ability to achieve its objectives. They shall be determined based on the RNC's recommendations.
- The Company's Remuneration Committee may establish other detailed standards and policies based on the amount of remuneration and eligibility of board members.
- The remunerations of board members are not necessarily required to be equal, but it may vary according to the criteria described in this article or any other criteria on which Board members' remuneration can be determined, in all cases the total remuneration received by the board member does not exceed in-kind or in cash (500,000 Saudi Riyals).
- The remuneration of independent members shall not be linked to the Company's profitability. This is in order that their remunerations wouldn't be affected by the performance of the Company or any other factors which could impact their independence and impartiality.
- The members of the Board are entitled to specific sum of (150.000) one hundred thousand and fifty.
- The Chairman of the Remuneration and Nominations Committee is entitled to a fixed amount of 60,000 riyals. Each member of the Remuneration and Nominations Committee is entitled to a fixed amount of 40,000 riyals, as an annual bonus.
- The chairman of the Audit Committee is entitled to a fixed amount of (100,000 riyals) 100,000 riyals. Each member of the Audit Committee is entitled to a fixed amount of (60,000 riyals) as an annual bonus.
- The Chairman of the Executive Committee is entitled to a fixed amount of 100,000 riyals. Each member of the Executive Committee is entitled to a fixed amount of (60,000 riyals) as an annual bonus.
- Session attendance allowance is (2500) SR for the Board or its committees' meetings.
- The remuneration of the chairman of the Board is (100,000) SR in addition to bonuses received by the Board members.

The company is entitled to claim compensation from Board Member for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event of:

- Committing an act of dishonesty, forgery, or violating the laws and regulations of the Kingdom of Saudi Arabia;
- Failure to carry out responsibilities and duties resulting in damage to the interests of the company;
- Termination of membership by a decision of the General Assembly – for being absent from three consecutive meetings within one year without a legitimate excuse acceptable to the Board.
- Members shall not be entitled to any bonuses for the period following the last meeting attended, and must return all bonuses received for that period.
- If the Audit Committee or the CMA finds that the remuneration paid to any Board member is based on incorrect or misleading information presented to the General Assembly or included in the Annual Report of the Board of Directors.

the relationship between the remunerations granted and the applicable remuneration policy, highlighting any significant deviation from such policy.

The Remuneration and Nominations Committee examines the relationship between the remunerations granted and the applicable remuneration policy, and also examines deviations from the policy, and the Committee did not find any fundamental deviation from the policy. The remunerations have been divided based on the policy adopted by the previous and current Board.

S	Member name /class	Position	Fixed Remunerations (SR)							Variable Remuneration					Grand Total	Expenses Allowances
			Specific amount	Allowance for attending committee sessions	Total allowances for attending committee session	In kind benefits	A statement of the Board workers or managers or administrative and consultancy	Remuneration of the Board secretary, if they are committee	Total	Profit share	Short-term incentive plans	Long-term incentive plans	Equity (values to be entered)	Total		
Non- Executive Members																
1	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Former chairman	Member	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Naser Bin Saleh Al Sorayai	Member	69.453	7.500	12.500	-	-	-	89.452	-	-	-	-	-	-	89.452
1	Waiel Alrashid Board chairman	Member	150.000	125.00	35000	-	-	46301	243801	-	-	-	-	-	-	243801
2	Ahmed Siraj Khogeer Deputy chairman	Member	69452	7500	10.000	-	-	-	86952	-	-	-	-	-	-	86952
3	Mansour Bin Saleh Al Hamad Al Kharboush	Member	137260	10.000	12500	-	-	-	159760	-	-	-	-	-	-	159760
4	Abdullah Aldubaikhi	Member	56712	5000	-	-	-	-	61712	-	-	-	-	-	-	61712
5	Rashid Sulaiman Al-Rasheed	Member	69452	7500	2500	-	-	-	79452	-	-	-	-	-	-	79452
6	Abdulrahman Ibrahim Al-Hadlaq	Member	12329	2500	-	-	-	-	14829	-	-	-	-	-	-	14829
7	Hamdan Ali Hamdan Matar	Member	80548	5000	7500	-	-	-	93048	-	-	-	-	-	-	93048
8	Abdulkarim Ibrahim Al-Nafie	Member	80548	5000	25000	-	-	-	110548	-	-	-	-	-	-	110548
9	Essam Abdullatif Abdulbari Al Mojalid	Member	80548	5000	17500	-	-	-	103048	-	-	-	-	-	-	103048
	Abdullah Yahya Fatihi	Member	69452	7500	-	-	817.201	-	894153	-	-	-	-	-	-	894153
Total			875753	75000	122500		817201	46301	1.936.755							1.936.755

• **Remuneration of Committees' member**

Audit Committee's member					
S	Committee / Member Name	Position	Fixed remuneration (in SAR) (except allowances of attending sessions)	Allowances for attending sessions (2.500 per session)	Total
1	Hamdan Ali Hamdan Matar	Former Chairman	53.699	7.500	61.199
2	Mansour Bin Saleh Al Hamad Al Kharboush (AC member and chairman)	Former Chairman	70.027	12.500	82.527
3	Rashid Sulaiman Al-Rasheed	Chairman	8.493	-	8.493
4	Essam Abdullatif Abdulbari Al Mojalid	Former Member	32.219	7.500	39.719
5	Khaled Abdulaziz Sulaiman Al Hoshan	Member	27.781	5.000	32.781
6	abdullah salem al-hayqi	Member	27.781	5.000	32.781
Total			220.000	37.500	257.500

Remuneration & Nomination Committee's members					
S	Committee / Member Name	Position	Fixed remuneration (except attending sessions)	Allowances for attending sessions (2.500 per session)	Total
1	Mr. Abdulkarim Ibrahim Al-Nafie	Former Chairman	32.219	10.000	42.219
2	Rashid Suleiman Al-Rasheed	Former Chairman	27.781	2.500	30.281
3	Dr/ Wael Alrashid	Member	21.479	10.000	31.479
4	Naser Bin Saleh Al Sorayai	Member	18.521	2.500	21.021
5	Nidal Khuza Club)	Member	40.000	12.500	52.500
Total			140.000	37.500	177.500

Executive Committee's members					
S	Committee / Member Name	Position	Fixed remuneration (except allowances for attending sessions)	Allowances for attending sessions (2.500 per session)	Total
1	Abdulkarim Ibrahim Al-Nafie	Former Chairman	53.699	15.000	68.699
2	Ahmed Siraj Khogeer	Former Member	46.301	10.000	56.301
3	Dr/ Wael Alrashid	Member	58.356	25.000	83.356
4	Naser Bin Saleh Al Sorayai	Member	27.781	10.000	37.781
5	Essam Abdullatif Abdulbari Al Mojalid	Member	32.219	10.000	42.219
Total			218.356	70.000	288.356

• According to the remuneration policy, the meeting of the Board coincided with the 7th meeting of the Executive Committee on 15-6-2021, an attendance allowance was paid

• **Remunerations of Senior Executives**

- 1- Based on the recommendation of the Remuneration and Nominations Committee, the Board specifies Senior Executives' remuneration according to the following principles:
- 2- Remuneration and compensation shall be commensurate with the company's strategic objectives and be a motivating factor for Senior Executives to meet these objectives and enhance the company's ability to grow and sustain its business.
- 3- Be commensurate with the nature of the company's business and size as well as with the required skills and experience.
- 4- Enable the company to attract senior executives with skills and qualifications necessary to enable the company to meet its objectives.
- 5- Taking into account the practices of other companies in determining remuneration. and
- 6- Remunerations shall be determined based on the level of employment, tasks, responsibilities, skills, performance scientific qualifications and practical experience.

• **Remunerations of Senior Executives**

S	Member name /class	Fixed Remunerations (SR)				Variable Remuneration						End of service	Total remuneration The Board, if any	Grand total
		Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentives	Equity grants	Total			
1	CEO	702.533	209.133	119.772	1.031.438	----	----	----	----	----	----	49.182	----	1.080.620
2	CFO	547.200	172.800	95.068	815.068	----	----	----	----	----	----	30.780	----	845.848
3	Marketing & Sales GM	473.525	153.380	49.660	677.565	----	----	----	----	----	----	26.646	----	704.211
4	Supply chain GM	476.640	155.160	158.590	790.390	----	----	----	----	----	----	26.811	76.952	894.153
5	HR and BD manager	634.720	207.780	115.768	958.268	----	----	----	----	----	----	17.029	----	975.297
Total		2.834.618	899.253	538.858	4.272.729	----	----	----	----	----	----	150.448	76.952	4.500.129

12- Rights and interests of Board members and Senior Executives on the shares of the Company

The percentage of ownership of Board members and Senior Executives including the shares of their relatives in the company and any change on such interest or rights during the fiscal year 2020, knowing that they have in interest in debt instrument.

A description of any interest, contractual securities or rights issue of Board members on shares or debt instruments of the Company							
Board members' names	Position	Beginning of the year 1 January 2021		End of the year 31 December 2021		Net change	Change ration
		Number of shares	Debt instrument	Number of shares	Debt instrument		
Saleh Bin Naser Bin Abdul Aziz Al Sorayai	Board Chairman (former)	17.296	0	N/A	N/A	17.296	%100
Waiel Alrashid	Board chairman (currently)	0	N/A	34	N/A	34	%100
Mansour Bin Saleh Al Hamad Al Kharboush)	deputy chairman (former)	60	N/A	60	N/A	0	%0
Ahmed Siraj Kho-geer	Dupty chairman (currently)	0	N/A	171	N/A	171	%100
Naser Bin Saleh Al Sorayai	Board Member	0	N/A		N/A		%0
Abdullah Aldu-baikhi	Board Member	0	N/A		N/A		%0
Abdullah Yahya Fatihi	Board Member	0	N/A		N/A		%0
Rashid Sulaiman Al-Rasheed	Board Member	0	N/A	10	N/A	10	%100
Abdulrahman Ibrahim Al-Hadlaq	Board Member	0	N/A	0	N/A	0	%0
Essam Abdullatif Abdulbari Al Mojalid	Board Member	0	N/A	0	N/A	0	%0
Hamdan Ali Hamdan Matar	Board member	0	N/A	0	N/A	0	%0
Mr. Abdulkarim Ibrahim Al-Nafie	Member	0	N/A		N/A		%0

A description of any interest, contractual securities or rights issue of Senior Executives and their relatives on shares or debt instruments of the Company

Senior Executives and their relatives' names that have interest	Beginning of the year 1 January 2021		End of the year 31 December 2021		Net change	Change ration
	Number of shares	Debt instrument	Number of shares	Debt instrument		
No interest for senior executives	--	--	--	--	--	--

13- Social contributions

In line with the Kingdom's vision 2030, during the year 2021 Naseej International Trading Company was keen to participate in the Job Fair held at the Technical College in Jeddah in attracting newly graduated competencies in various disciplines and contributing to finding job opportunities for them with training, development and upskilling , and providing cooperative training for university students in various departments. the Company, in cooperation with the government's Tamheer Program, has trained many saudi job seekers , ensuring integrated training and preparing them for the labor market.





CHAPTER TWO:

DISCLOSURE REQUIREMENTS - GOVERNANCE



14- Board's Declaration:

- Records of accounts have been properly prepared.
- Internal control system is built on sound basis and is effectively implemented.
- There are no significant doubts concerning the Company's ability to continue carrying out its activity.
- There are no sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority during 2021 except stated herein.
- During the fiscal year ended on 31December 2021; there is no interest in a class of voting shares held by persons (other than the company's directors, Senior Executives, their spouses and minors) who have notified the Company of their holdings along with any change to such rights during the last fiscal year.
- The Company has no preference or differential voting right (DVR) shares.
- There are no convertible debt instruments, contractual securities, right issue or similar rights issued or granted by the Company during the fiscal year ended on 31/12/2021
- There is no company affiliated to Naseej International Trading Co. has issued shares or debt instruments.
- There are no investments made or any reserves set up for the benefit of the employees of the Company during 2021 except end- of -service benefits disclosed in financial statements.
- The Audit Committee recommended contracting with an external professional auditor to review business cycles and verify the control environment during 2021, and the existing internal auditor ended its contract and duties on June 30, 2021 and accordingly ,an internal auditor will be appointed or outsourcing of internal auditing.
- There are no treasury shares maintained by the Company.
- There is no Audit Committee's recommendation on the need for appointing an internal auditor for the Company.
- There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, rights issue or similar rights issued or granted by the Company, during 2021.
- No redemption, purchase or cancellation by the Company of any redeemable debt instruments
- During 2021, there have been no arrangements or agreements under which a Director or a Senior Executive of the Company has waived any dividends.
- No arrangements or agreements under which a Director has waived any remunerations for the fiscal year 2021. With exception of Saleh Bin Naser Bin Abdul Aziz Al Sorayai, former Board Chairman, no other Senior Executive waived any of their salary or compensations.
- The Company has no Employee Stock option Plans or any scheme for granting Company shares or a percentage of the Company.
- the external auditor's report did not contain any reservations on the annual financial statements.
- the Board has not made any recommendations on replacing the external auditor / Elayouty – accounting, audit for business, before the end of the term for which it is appointed since the approval of the Ordinary General Assembl
- there are no Audit Committee's recommendations that are in conflict with the Board's resolutions or those which the Board disregarded, relating to appointment, dismissal, performance assessment or determining the remuneration of an external audit.

Investment Limits

There are no investment limits on the company's shares as per the amended Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and Instructions for the Foreign Strategic Investors Ownership in Listed Companies based on company's bylaw and the issued instructions by the related regulators and supervisory authorities.

15- Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof

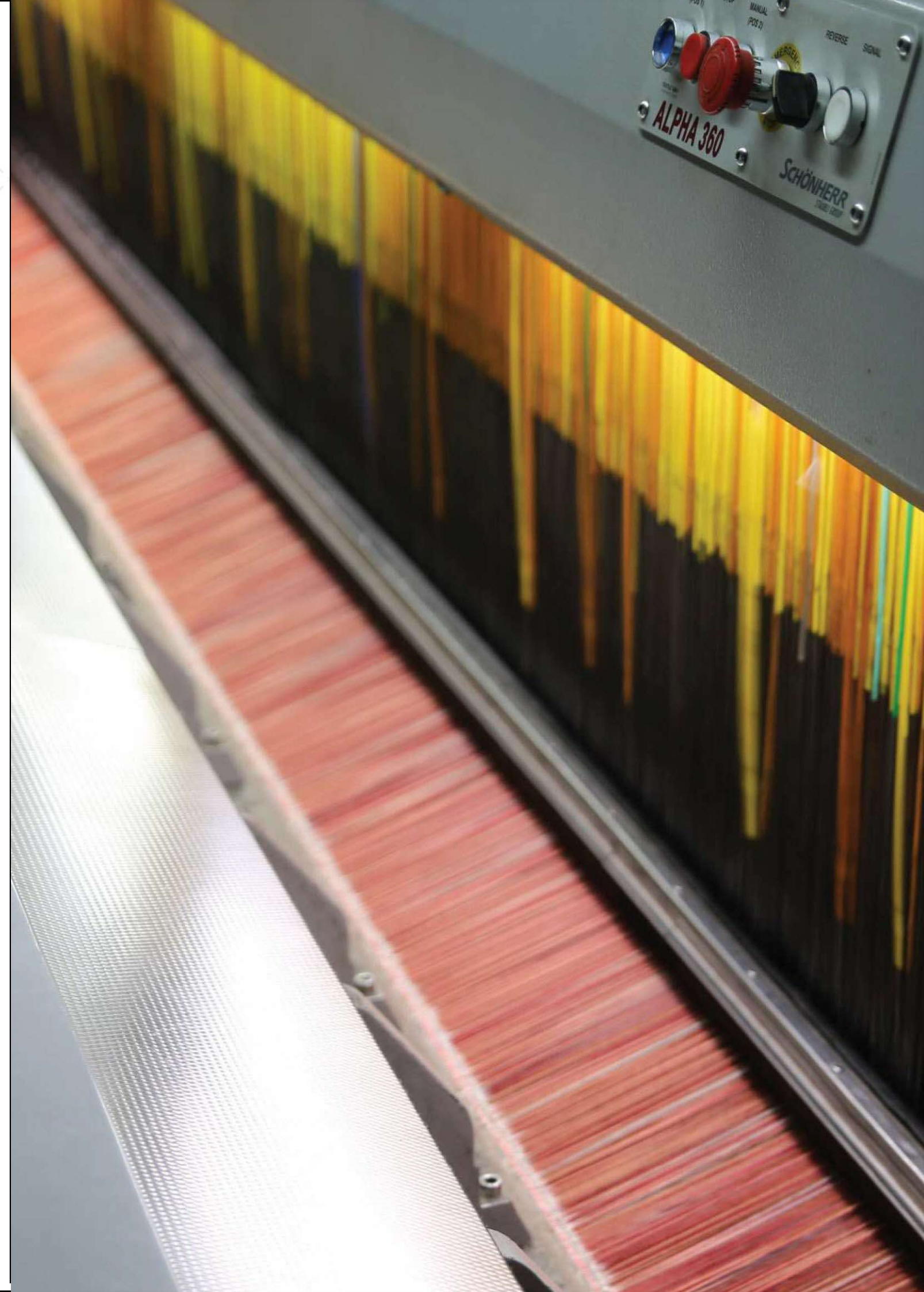
The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

Article /para-graph NO	Article /Paragraph text	Reason for non-implementa-tion
Article (39) Training	2) developing the necessary mechanisms for Board members and the Executive Management to continuously enrol in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	As a guiding article, it has not been fully but partially implemented by enrolling Executive Management in training programmes and courses. If it is mandatory, it will be fully implemented.
Article (41) Assessment	a)The Board shall develop, based on the proposal of the Nomination Committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	As a guiding article, it has not been fully but partially implemented. No external Party has been engaged for assessment. Remuneration and Nomination Committee assesses and follows up the Board's performance on regular basis. If it is mandatory, it will be fully implemented.
Articles (70)-(71)-(72) Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	neeb ton sah ti ,elcitra gnidiug a sA semoceb ti nehW .detnemelpmi yb detnemelpmi ylluf eb lliw ti ,yrotadnam si" lortnoc ksir" yltnerucc .ynapmoC eht tiduA eht fo ecnerefer fo smret eht nihtiw .eettimmoC
Article (85) Employee Incentives	1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions; 2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and 3) establishing social organisations for the benefit of the Company's employees.	As a guiding article, it has not been implemented. it will be implemented when it becomes mandatory.
Article (87) Social Responsibility	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	As a guiding article, it has not been implemented. it will be implemented when it becomes mandatory
Article (88) Social Initiative	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company	As a guiding article, it has not been implemented. it will be implemented when it becomes mandatory
Article (89) Policies and Procedure of Disclosure	3) the Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods	etisbew s'ynapmoC eht – elcitra gnidiug .desolcsid eb ot noitamrofni lla sedulcni ylsuounitnoc si etisbew s'ynapmoC ehT .detadpu
Article (95): Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	It is a guiding article. it will be implemented and adhered by when mandatory. Currently, Corporate Governance Committee is under the competencies of Remuneration and Nomination Committee



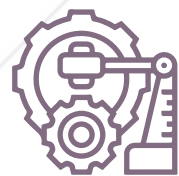
CHAPTER THREE:

ACTIVITY, PLANNING & PERFORMANCE



16- Incorporation and Activity

Naseej International Trading Co. is one of the leading companies in manufacturing and selling carpets, rugs and yarns in the Middle East. It was established in 1953. It became a Saudi closed joint stock company in 2007. It incorporated and became publicly listed; joint stock listed on Tadawul (Saudi Stock Exchange) on 23 February 2010. With the headquarter located in Jeddah, the Company operates and covers local and global markets, The Company's activities are divided into three main activities:



Industrial



Commercial



Investment

Industrial Activity:

Manufacturing carpets and rugs by the Carpet Factory is one of the Company's core businesses and the fastest growing sectors. It has two operating licenses for carpet and rug mills. Jeddah Industrial Yarn Factory professionally produces industrial yarns and threads.

Carpet Factory:

On 30/07/1405 H, The Carpet Factory was founded in Jeddah, the fourth Industrial Zone. It excels in the local Manufacturing of carpets in the Saudi Arabia and internationally exports its unique products to various countries around the globe. It professionally produces high- quality, low -priced carpet that perfectly fit offices and mosques. The Company's products are sold locally and exported to various countries around the world.

Rug Factory

Located in Jeddah – Industrial Zone, 4th Stage, the Rug Factory manufactures and produces all market requirements, whether in residential units, hospitals, hotels, offices.

The factory produces high-quality carpets with special specifications including wool, acrylic and silk carpets, as well as high-quality heat-resistant rugs to meet all domestic and international market demands.

Jeddah Industrial Yarn Factory:

Built on 23/01/1417H, Jeddah Industrial Yarn Factory professionally produces industrial yarns and threads from polypropylene which are essential elements in the Manufacturing of carpets and rugs. It has made a name for itself in the list of top suppliers for carpet and rug manufactures. It exports part of its production to the global markets.

Commercial Activity:

The domestic commercial activity is engaged in the wholesale and retail of the Company's products: carpet and rugs. The Company operates through its carpet and rugs manufacturing units, branches , showrooms , stores and distribution centres across Arab and African countries.

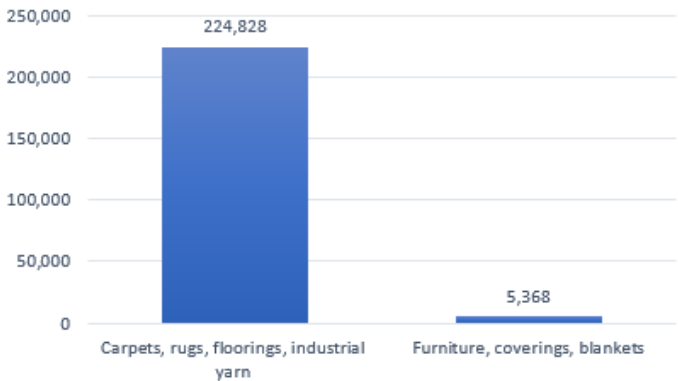
Investment Activity:

The company may establish individual companies (limited liability or closed joint stock) provided that the capital is not less than (5) million riyals. It may own shares in other existing companies or merge with them. It has also the right to participate with third parties in the establishment of joint stock companies or limited liability, after fulfilling the requirements of the regulations and instructions in this regard. The Company owns 25% of Arabian Calcium Carbonate Company's shares.

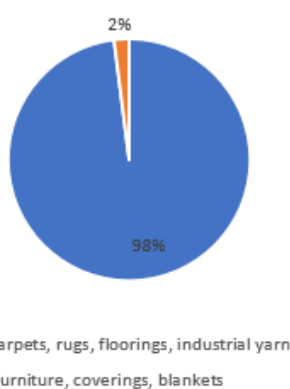
The table below shows the activity and percentage of the total activities of the Company (in thousands of Riyals) as follows:

S	Activity Name	Activity revenues	Percentage
I	Carpets, rugs, floorings, industrial yarn	224,828	98%
r	Furniture, coverings, blankets	5,368	2%
Total		230,196	100%

Activity revenues



Percentage



Main activities of affiliate companies:

the business of Naseej International's affiliated comp is the maintenance service for factories and service provider of furniture, rugs, carpets and all types of floors. They are engaged In wholesale , carpets and floors. The affiliated companies generated no revenues/ profits during 2021 AD as their production came to stop.

17- the Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and future expectations.

First - the most significant Announcements and Events:

5 January 2021	Announcing the completion of sale of fractional shares following the decrease of the company's capital based on the approval of the extraordinary general assembly that was held on December 20, 2020 The proceeds of shares fractions sale , arising out of the Company's capital decrease were deposited in the bank accounts associated with the eligible shareholders.
24 January	Announcing the opening of nomination for membership of the Board of Directors for the next session starting from July 16, 2021 and for a period of three years.
01 April 2021	the Board of Directors accepted by circulation the resignation of Mr. Marc Henry Verlaine from his position as CEO of the Company and the appointment of Eng. Yasir Osama Ahmed Al Sebaei as CEO
From 08April 2021 to 09 May 2021	Inviting the Company's shareholders to attend the Ordinary General Assembly meeting (the first meeting) to vote on the annual assembly items (the Board of Directors' report – the auditor's report – the financial statements – the appointment of the company's auditor – discharging the Board – business transactions and contracts) – announcing the start of e- voting – GA approved the Agenda items .
25 July 2021	Naseej International Trading Company announces the Board of Director's decision regarding the appointment of the Chairman and Vice-Chairman of the Board of Directors, formation of the Board committees, appointment the Company's representatives before the Capital Market Authority and Tadawul and appoint the Secretary of the Board. With reference to the Ordinary General Assembly meeting held on 24 Ramadan 1442 AH corresponding to 6 May 2021 AD, in which the members of the Board of Directors of the Naseej International Trading Company were elected for the next term, which started on 16 July 2021 for three years and ends on 15 July 2024.
From 19 september 2021 to 07November 2021	<p>Naseej International Company invited shareholders to attend extraordinary General Assembly meeting including increase the company's capital by offering the rights issue shares (First meeting) – publishing Rights Issue Prospectus- voting on GA meeting agenda (first meeting – Announcing the Non convenience of its Extraordinary General Assembly's Meeting that included the company's capital Increase (First Meeting and the 2nd Meeting one hour after the first)- inviting its shareholders to attend the Extraordinary General Assembly meeting for Capital Increase (Third Meeting) by means of modern technology- announces the Commencement date of the electronic voting on the Agenda of its Extraordinary General Assembly meeting that includes the company's capital Increase- announcing the results of the extraordinary General Assembly meeting included Approving the Board of Directors recommendation to increase the company's capital by offering the rights issue shares as follows:</p> <ul style="list-style-type: none">• The capital before the increase is (61,632,010) Saudi riyals, the capital after the increase is (211,632,010) Saudi riyals. The total amount of the increase is (150,000,000) Saudi riyals- Capital Change Percentage: 243.38 %. The number of shares before the increase is (6,163,201) ordinary shares, the number of shares after the increase is (21,163,201) ordinary shares. Percent increase per share: 2.434 rights per share. The reason for increasing the capital: Raising the company's solvency, strategic expansion, and improve financial performance, borrowing rates and costs incurred from.- Capital increase method: Offering and listing of rights shares for (15,000,000) ordinary shares. Offering value and nominal value per share: 10 Saudi riyals. Approving amending Article (7) of the Company's Articles of Association related to capital. Approving amending Article (8) of the Company's Articles of Association related to subscription to shares.• The capital before the increase is (61,632,010) Saudi riyals, the capital after the increase is (211,632,010) Saudi riyals. The total amount of the increase is (150,000,000) Saudi riyals- Capital Change Percentage: 243.38 %. The number of shares before the increase is (6,163,201) ordinary shares, the number of shares after the increase is (21,163,201) ordinary shares. Percent increase per share: 2.434 rights per share. The reason for increasing the capital: Raising the company's solvency, strategic expansion, and improve financial performance, borrowing rates and costs incurred from.- Capital increase method: Offering and listing of rights shares for (15,000,000) ordinary shares. Offering value and nominal value per share: 10 Saudi riyals. Approving amending Article (7) of the Company's Articles of Association related to capital. Approving amending Article (8) of the Company's Articles of Association related to subscription to shares.

From 08 November 2021 to 05 December 2021	announcing the specification of the period for rights issue trading and new shares subscription. Announcing the specification of the period for rights issue trading and new shares subscription (reminder) .Announcing The Start Of The Right Issues Trading And New Shares Subscription Period (Reminder). Announcing the Last Day for Right Issues Trading and New Shares Subscription (Reminder). Announces the Results of Right Issues Trading and New Shares Subscription, and the details of Selling Unsubscribed Shares. Announcing the Results of the Rump Offering and Final Allocation of Rights Issue Shares. Announcing the Distribution of Compensation to Right Issues Owners who did not Use their Rights to Subscribe to New Shares
21 November 2021	announcing that its board of directors accepted by circulation the resignation of Eng. Yasir Osama Ahmed Al Sebaei from his position as CEO of the company based on a mutual agreement with the board of director's and to act as a company advisor until his contract is complete January 23, 2022.
01 December 2021	Announcing that its board of directors accepted by circulation the resignation of Eng. Abdullah Ali Abdullah Aldubai-khi Board Member (independent Member) from the Board of Directors, due to his private circumstances. announcing that its board of directors accepted by circulation the resignation of Eng. Mansour Saleh Al Hamad Al Kharbush Board Member (independent Member) from the Board of Directors, due to his personal circumstances. The Board of Directors accepted by circulation the resignation of the Chairman of the Audit Committee, Eng. Mansour Saleh Al Hamad Al Kharbush, from his membership in the Audit Committee, and the appointment of a member of the Board of Directors (independent member) Mr. Rashid Suleiman Al-Rasheed as Chairman of the Audit Committee, to replace the resigned member
02 December 2021	Based on the recommendation of the Nominations and Remunerations Committee, the Board of Directors approved by circulation the appointment of Mr. Abdul Rahman bin Ibrahim Al-Hadlaq (independent member) as a member of the Board of Directors in the vacant position as a substitute for the resigned member, Eng. Abdullah Al-Dubaikhi.
09 December 2021	Announcing the Decrease of the Company's Accumulated Losses to 19.4 % of the Capita

Announcement of Financial Results:

28 March 2021	Financial results for fiscal year ended on 31December 2020.
09 May 2021	Initial financial results for the period ended on 31 March 2021.
19 August 2021	Initial financial results for the period ended on 30 June 2021
10 November 2021	Initial financial results for the period ended on 30 September 2021.

Second: The Company's plans, decisions, halting operations and future expectations:

In line with the restructuring plan and current challenges, the Company's Board of Directors has taken a number of actions and decisions as follows:

the Board of Directors recommended and secured the approval of General Assembly regarding the increase of the company's capital by offering the rights issue shares as follows:

The capital before the increase is (61,632,010) Saudi riyals, the capital after the increase is (211,632,010) Saudi riyals. The total amount of the increase is (150,000,000) Saudi riyals- Capital Change Percentage: 243.38 %. The number of shares before the increase is (6,163,201) ordinary shares, the number of shares after the increase is (21,163,201) ordinary shares. Percent increase per share: 2.434 rights per share. The reason for increasing the capital: Raising the company's solvency, strategic expansion, and improve financial performance, borrowing rates and costs incurred from.- Capital increase method: Offering and listing of rights shares for (15,000,000) ordinary shares. Offering value and nominal value per share: 10 Saudi riyals. The company aims through increasing its capital by offering rights shares to finance working capital for the purchase of raw materials and finished products, settling future loans with commercial banks, implementing a production efficiency control system, adding a production line for carpet wallpaper and rug production line with digital printing, and starting the unified operational footprint project And the central distribution center project.

The Board of Directors is interested in preparing future plans for the expansion of the company's operations and focusing on, outputs, follow-up and monitoring and follow-up KPI's of all departments. It has developed plans focusing on increasing production capacity which will be positively reflected on sales performance and meet the Company's targets

The company continues to take care and hedge against the volatility Which occurs based on market variables and the changes that accompanied the emergence of the Corona Virus (Covid 19) pandemic and its negative impact on capital expenditures, and future expectations according to the increase in spending on renovation and reconstruction of existing buildings and modernization. This is one of the main factors driving market demand . The residential construction sector leads to an increased demand for carpets and rugs.

Third: The Company's Strengths and Competitive advantages:

The Company excels in high quality products manufactured in its local factories, namely rugs.

Strengths and competitive advantages are detailed as follows:

- 1- Today's cutting-edge technologies are used in manufacturing yarn for producing the best quality of carpets and rugs;
- 2- Applying the highest and best international standards in choosing raw materials; and
- 3- The Company prides itself of having expanding local and international network of distributors to meet the growing local and global demand.

18- Risk Management

Risks constitute an integral part of any commercial and industrial activity. They are managed by the Company through identifying them, determine their scope, assessing the likelihood of their occurrence, containing them as much as possible or mitigating the impact when they occur. The Company addresses risks inherent in its strategy to accomplish the desired goals. It has developed and implemented a policy and approved framework for risk management. This approach increases risk awareness at all management levels, ensures appropriate risk management in place, makes business units more effective and transparent, thus allowing for the risk comparison and aggregation and the opportunity to engage in a collective course in their management.

The Company's main activities are manufacturing carpets and rugs which may be affected by the following risks:



Competitive Risk: The Company operates and sells its products in a very competitive markets driven by supply and demand. Additionally, there are other competitive products such Vinyl, parquet and ceramics. Thereby all these factors combined put the Company at risk. The Company's different sales units seek to deal with and manage these risks within the resources and capabilities they have, as well as, their impact they would have on the Company's performance and results.



Economic Risks: global economic situation: global economic meltdown, recession, and political turmoil in parts of the world may, in turn, reduce demand for products and result in lower selling prices domestically and globally.



Technology Risks: As the Company relies heavily on technological advancement, using computerized asset management systems, and cutting -edge technologies into running and monitoring its activities and financial records, it keeps modernizing its processes to adopt with various emerging technologies. therefore, efficient and satisfactory performance requires and is closely linked to constant developments of production systems. Through sound planning and proactive and precautionary measures, the Company has been consistently able to manage technology risks to mitigate their impact on business continuity.



Risks associated to key raw materials and changes in price: Naseej International's products (carpets , rugs or yarn) depend on processed raw material. In the event of insufficiency or unavailability of raw materials required for manufacturing or any disruption or suspension of supply chain resulting from total or partial economic reasons, natural disasters in manner that may affect on the Company's performance. to avoid these risky scenarios, the Company adopts systemic approach to mitigate these risks by providing raw material sufficient to operate its production lines at the minimum levels for periods of time in future.



Export Risks: As the Company's revenues from export markets bear the brunt of gluts on global markets which largely accommodate the Company's products. these revenues are susceptible to any changes in political situations or export ban.



Risks of unforeseen incident: The company's factories and plants are made of several production lines and machines. in the event of any malfunction, failure or sudden interruption in the operation of these lines or machines, this would have a negative impact on the company's production for the duration of the defect, malfunction or interruption. For Certain, this will adversely affect the company's performance. earnings outlook and results throughout the period of production interruption, whether for technical reasons (such as interruption of electricity, power or water supplies) or exposure to any accident or emergency, or any natural disaster. That will have a fundamental negative impact on the entire process.



Risk of inadequate Financial Resources: The Company may not be able to provide financial resources needed for full capacity utilization for producing new products that improve profitability. the lack and inadequate financial resource might have negative impact on the Company's financial performance and results of its operations.



Risks of inflation and slow inventory turnover: The inflation and slow inventory turnover may force the Company to sell part if its products at reduced prices affecting targeted profit margins, which negatively affects a company's financial performance.



Commission Rate Risk: Commission rate risk arises from the possibility of fluctuating commission rates which may affect the future profitability or fair values of financial instruments. the Company is exposed to the risks of commission rates on its commission-paid liabilities, specifically the amounts due to banks and the Saudi Industrial Development Fund, and the management works to reduce the risk of commission prices on the company by monitoring changes in the commission prices of the currencies related to the liabilities on which the company pays commission.



Risks of Differences Between Zakat and Failure to Apply for VAT Registration: Like other entities and establishments incorporated, operating and subject to Zakat in Saudi Arabia, the Company is obliged to file tax returns Within 30 days of each month following the closing month within and zakat returns within 120 days as of the end of fiscal year for the purpose of renewing Zakat certificate. Since the Company's zakat assessment are not yet final to date, there is a risk that the company will be obliged to pay more than it has been estimated and allocated to the General Authority of Zakat which will, in turn, adversely affect the company's profitability and results.



Risks related to the impact of the Corona pandemic (Covid19): The Corona virus (COVID19) swept the world at the end of 2019. The Kingdom of Saudi Arabia has been proactive in taking several precautionary measures to prevent the spread of the virus. Partial or whole closure of the Company's showroom was part of these measures taken by the government. The company's business was negatively affected. on 05/31/2020 the company announced the latest developments in this regard as its business was affected by precautionary measures taken by the government. More strict precautionary measures might be taken if necessary which will have negative impact on business continuity. This will negatively affect the company's business, results of operations, financial position and future prospects



Credit Risks: Refers to the risk that the counterparty fails to meet its contractual obligations, resulting in a financial loss to the company. Credit risk arises on liquid assets, non-current financial assets, derivatives assets, commercial and other assets. The company aims to reduce the risk of financial credit by implementing relevant risk management policies as the credit limits are determined based on the size of each customer and the risk of default. The methodology applied to determine the credit limit, takes into account third parties, credit ratings, risk ratios and the possibility of default when conducting a commercial and technical assessment of that party to determine its credit limit. These limits are regularly monitored and adhered to, taking into account the evolution of the above information. As a result of this continuous monitoring, changes are made within the credit limits. The Company avoids the concentration of credit risks on its current assets by distributing them over various customers and sectors. As the Company's has a larger and wider geographical base of clients, it is not exposed fundamental credit risks on trade receivables. Nevertheless, the company has an accounting policy consistent with international financial reporting standards (IFRS) to be an allowance for doubtful accounts.



Liquidity Risks: Means the company's inability to provide funding necessary to meet the company's financial obligations related to its financial instruments. Liquidity risk arises from inability to sell a financial asset quickly at an amount close to its fair value, and poor collection from customers. Liquidity risk is managed by constantly monitoring them to ensure that there is sufficient liquidity to meet the company's future obligations.



Foreign Exchange Risks: The company is exposed to foreign exchange risks from transactions and translation. These risks are managed as part of systematic hedging policy according to the specific business needs through the application of swap agreements with banks.



Fair Value Risks: fair value is the value by which an asset is exchanged by paying an obligation between interested parties and is done under the same terms of dealing with other parties. In the view of the fact that financial statements are prepared on historical cost basis, it can produce differences between book value and fair value estimates. For other financial assets and liabilities, management considers that the fair value of other financial instruments is not fundamentally different from their book value.



Capital Risks: The Company's objectives when managing capital are: To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. So that it can continue to safeguard the optimal capital structure to reduce capital cost. In order to maintain or modify the capital structure, the company may obtain/repay the financing from/ to the various financial institutions.



Risks of litigation and lawsuits: In the course of conducting its business, the Company may expose to litigation and lawsuits in matters related its operations. The Company is not immune against any dispute arising in course of dealing with other parties, such as suppliers, distributors and others which may involve lawsuits and legal actions be brought against the Company before competent judicial authorities. As a result, the Company may be liable to legal claims and actions filed by government agencies and investigative bodies.

The Company always strives to develop and improve its policy for management of various risks (Risk Identification, Risk Assessment, Risk Management, Risk Review) and key actions to apply them appropriately. The Company also seeks to ensure their consistency with its objectives, monitor its risk appetite and tolerance with special focus on the most significant risks affecting and cross-cutting with Company's various activities and sectors. It constantly measures and assess how flexible and resilient the management plan is to respond and address risks contained in Risk Register. these risks are viewed in the light of the Company's risk appetite with systematic monitor to ensure the appropriate application of the risk management framework in various business units.

Human Resources Department:

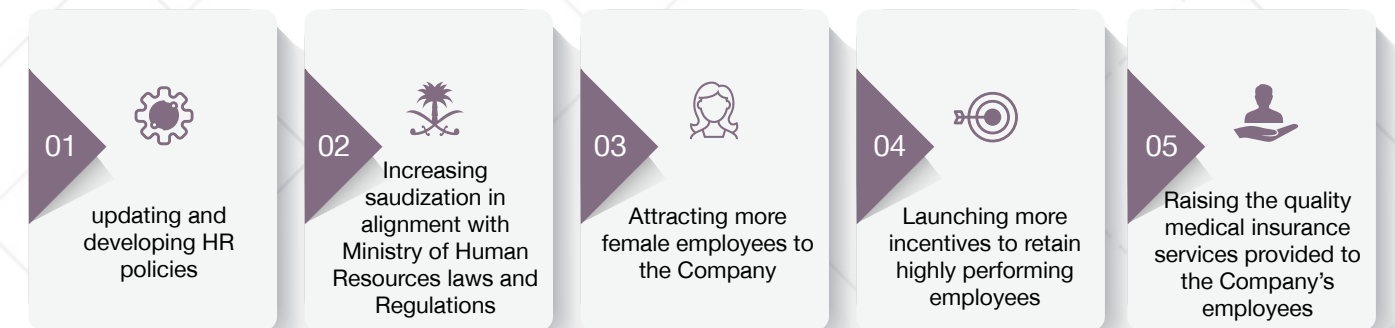
HR and Business Development Department is mainly built on human capabilities which are the most valuable asset Naseej International Trading Company owns.

Key Functions of HR&BD Department:

Human Resources and Business Development department performs many tasks and activities necessary to create good and enabling working environment that helps employees to perform their duties in the best way possible to reach best results through the following :

- recruitment, training, coaching, development and performance evaluation
- fostering creativity , innovation , professional development and staff motivation.
- Strengthening staff relations, inter-departmental coordination .
- ensuring compliance with Labour laws , government labour policies including Saudization and increasing Saudization percentage.
- Drafting and updating policies and procedures to cope with job market requirements and employees' rights
- planning to overcome challenges and crises and achieving operational and strategic objectives that aligns with the Company's strategic objectives.

HR & Business Development Management's Achievements in 2021:



Marketing Management:

The Marketing Department develops sales plans based on market requirements, consumers desire, and brand building. This includes creating advertising campaigns. Among other tasks, it is assigned with special marketing channels such as the Company's website and social media accounts and channels. In addition to creating and disseminating marketing content on these various channels, it works hand in hand with other departments to ensure alignment of its decisions with marketing objectives and defined marketing strategy.

Customer Relations (CRM)

The Customer Relationship Management (CRM) interacts and engages with existing customers in an effort to understand their needs and have their feedback on the Company's products . The main objective of (CRM) is to support strong, productive and loyal customer relationships. The relationship with the customer is an essential aspect of any department. CRM keeps an eye on the Company's competitors . it creates and innovates new ideas with the aim of meeting the customers' needs and expectations. The department also attracts new potential customers and enlarges the customer base by increasing new opportunities for the company.

The Company's Website

The website provides customers with the advantage of easy searching and ordering products. The website is designed to attract the attention of many customers to expand the customer base. It also promotes the Company's products to increase sales volumes . The website keeps updating the investor relations section in accordance with the instructions and guidelines. It updates and keeps shareholders informed of the latest developments.

Environment, Health and Safety (EHS) Department:

Occupational health and safety policy is based on our firm belief that the well-being of employees and other stakeholders and the environmental impact of our products are major priorities. Our employees and environment are the main assets. The health and safety of our workers are grand responsibilities , giving our clients and customers equal priority to our employees. The health, safety and environment policy of Naseej Company is to provide products and services in a safe manner in compliance with the standards.

Naseej is committed to providing the necessary resources and administrative structure for the implementation and continuous development of health, safety and environment management systems and programs. Naseej complies with all relevant laws, regulations and other requirements . it adopts pollution -free environment , zero injuries in the workplace . we educate and empower our partners and stakeholders regarding health, safety and environment issues.

Our Policy:

1. Create accident -free working environment by complying with all relevant health and safety laws, regulations and codes of practice.
2. Ensure that health and safety an integral part of our operational systems at different levels.
3. Ensure that health, safety and the environment are part and parcel of planning and work activities, and involve our staff and volunteers in decision-making processes through regular communication, consultation and training.
4. Provide an ongoing program of education and training to ensure that our employees and volunteers work in the safest manner possible.
5. Identify all potential risks in the workplace through proper risk identification and analysis Upon receiving a hazard warning related to each employer's jobs
6. Ensure control and prevention of all potential accidents, and provide effective injury management and rehabilitation to all staff and volunteers.
7. Conduct proper planning for fire prevention and emergency plan.
8. Comply with all legal requirements and regulations related to health, safety and the environment.
9. Access to resources to ensure overall environmental integrity.
10. Apply a technology that is harmless to health and is environmentally friendly.
11. Ensure environmentally safe products by studying the life cycle of the products with an appropriate disposal plan.
12. Ensure that waste is properly sorted out and disposed of without harming the environment

Health and safety measures to Counter Covid -19:

- Temperature check and verify health status on Tawakkalna App for employees, visitors and clients to ensure safe working environment.
- Provide health and appropriate protective equipment for safety.
- Strictly follow preventive procedures in workplace and remain in constant state of alert.
- Provide healthy work environment by maintaining physical distance and reducing gatherings
- Sterilize workplace on regular basis to curb the spread of the infection.
- Follow and apply precautionary measures at the workers' accommodation to curb the spread of the infection.

IT Department:

Naseej international Trading Company capitalizes on information technology (IT) to generate the maximum benefits from data and latest technology and use them effectively to improve workplace, increase performance efficiency and raise the quality of services rendered to its customers and employees in all fields. The Company has, therefore, paid special attention to several systems as follows:

Manufacturing Execution System (MES) & Buidling Management System (BMS)

Naseej International has introduced and implemented Manufacturing Execution System (MES) in rug and carpet facilities . MES works in real time to enable tracking, documenting and controlling multiple elements of production lifecycle. it gives insight into how best to improve Company -wide manufacturing operations. Production efficiency has increased by 3 to 10%. It has improved production planning and scheduling. It has eliminated paperwork. MES helps achieve that goal by tracking and gathering accurate, real-time data about the complete production lifecycle.

HR -Service Program

A service that enables the company's employees to apply automatically for vacations of all types, access to their personal information and other requests that pass through a series of approvals from the relevant departments.

Robotic Process Automation (RPA)

Naseej International Trading Company is considering relevance and viability of Robotic Process Automation (RPA) in terms of cost – saving. The total cost of RPA compared to the cost of conventional production methods is relatively low. The typical benefits of RPA include increased speed, accuracy and scalability of production whereby the Company can have a competitive advantage.

Power Business Intelligence (Power BI)

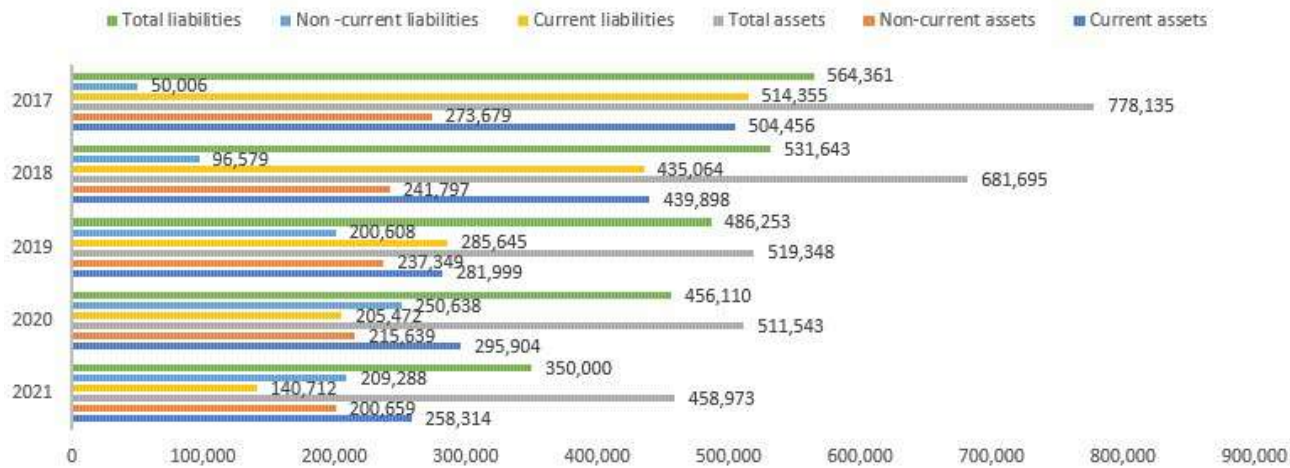
Power BI is one of the most successful business intelligences. It is designed to provide interactive, analytical and creative interfaces that enable users (senior management) to monitor businesses and analyse results.



19- Company's assets, liabilities and results of the last five fiscal years

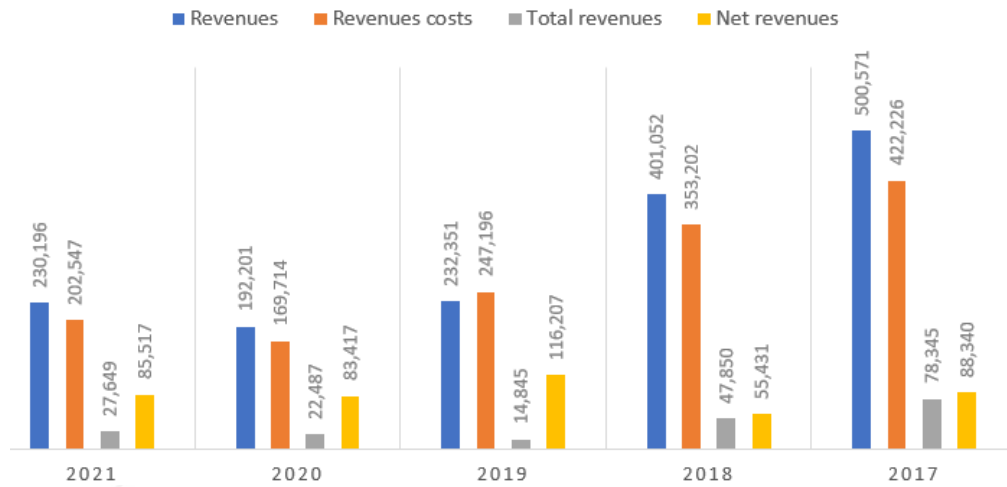
The following table and graph show the Company's assets, liabilities and results of the last five fiscal years:

Assets and liabilities of the last five fiscal years (expressed in thousands Saudi Riyals)						
Year	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
2021	258,314	200,659	458,973	140,712	209,288	350,000
2020	295,904	215,639	511,543	205,472	250,638	456,110
2019	281,999	237,349	519,348	285,645	200,608	486,253
2018	439,898	241,797	681,695	435,064	96,579	531,643
2017	504,456	273,679	778,135	514,355	50,006	564,361



The following table and graph show the Company's business results of the last five fiscal years:

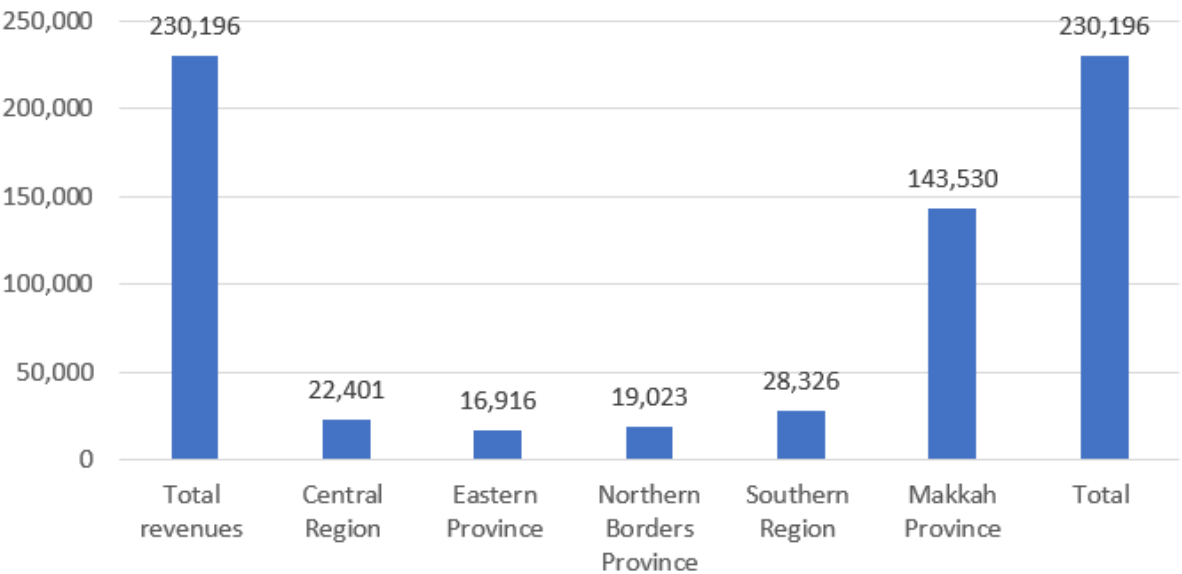
The Company's business results of the last five fiscal years (expressed in thousands Saudi Riyals)				
Year	Revenues	Revenues costs	Total revenues	Net revenues
2021	230,196	(202,547)	27,649	(85,517)
2020	192,201	(169,714)	22,487	(83,417)
2019	232,351	(247,196)	(14,845)	(116,207)
2018	401,052	(353,202)	47,850	(55,431)
2017	500,571	(422,226)	78,345	(88,340)



20- Geographical Analysis of Revenues of The Company and Its Affiliates

A) Geographical analysis of revenues of the Company

Geographical analysis of revenues of the Company (expressed in thousands Saudi Riyals)							
Year	Total revenues	Central Region	Eastern Province	Northern Borders Province	Southern Region	Makkah Province	Total
2021	230,196	22,401	16,916	19,023	28,326	143,530	230,196



B) Geographical Analysis of the revenues of the affiliated companies in 2021 and affiliated companies out of business

21- Description of material differences in the operational results compared to the previous year's results or any expectations announced by the Company. (expressed in thousands Saudi Riyals)

Description	2021	2020	Changes (+) (-)	Change rate
Sales /revenues	230,196	192,201	37,995	19.8%
Sales/revenues cost	(202,547)	(169,714)	(32,833)	19.3%
Total profit	27,649	22,487	5,162	23.0%
Other operational revenues	(101,672)	(102,160)	488	(0.5%)
Other operational expenses	543	19,916	(19,373)	(97.3%)
Operational profits (loss)	(73,480)	(59,757)	(13,723)	23.0%
Other expenses and financial burdens	(9,700)	(21,215)	11,515	(54.3%)
(loss) before zakat	(83,180)	(80,972)	(2,208)	2.7%
Discount: zakat and income tax	(2,337)	(2,445)	108	(4.4%)
Year's net loss after zakat	(85,517)	(83,417)	(2,100)	2.5%

The reason for the increase in net losses during this year compared to the previous year is due to the significant increase in the prices of raw materials due to shortage of raw material supply to our factories, and creating allocations to obsolete inventory . The company was able to partially compensate for losses incurred by increasing sales and improving of cost of sales. It showed a 23% increase in gross profits and a reduction in operating expenses compared to the previous year.

22 - Description of any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants

Financial statements have been prepared according to International Financial Reporting Standards (IFRS) approved in Saudi Arabia and other standards and interpretation adopted by the Saudi Organization for Certified Public Accountants (SOCPA).

23- Affiliate Companies: list of names of companies affiliate to Naseej International Trading Co.

Affiliate name	Main scope of business	Country of incorporation	Country of operation	Capital	Company's ownership percentage
The Home Styles (Limited liability)	Retailer in carpets, rugs, floorings, furniture, blankets, curtains and accessories	United Arab Emirates (UAE) -Dubai	Saudi Arabia – Jeddah	1000 (one hundred thousand) SR	100%
Millennium Weavers Holdings Co., Ltd. - USA	Distributing and selling carpets, rugs and other flooring products	USA- Dalton	USA- Dalton	1000 (one hundred thousand) SR	100%
Al Sorayai Operation & Maintenance Company Ltd	O&M services for factories and public and private companies	Saudi Arabia -Jeddah	Saudi Arabia -Jeddah	1000 (one hundred thousand) SR	100%
Al Sorayai Co. for Projects Ltd	Public and private projects services (carpet and rug floorings)	Saudi Arabia -Jeddah	Saudi Arabia -Jeddah	1000 (one hundred thousand) SR	100%

• Affiliate companies’ business activities are suspended due to restructuring.

24- Dividends Distribution Policy

- Ten percent (10%) of the net profits shall be retained to form a statutory reserve. The Ordinary General Assembly may discontinue such retention if the reserve reaches 30% of the paid capita;
- The Ordinary General Assembly may, based on a proposal by the Board, retain five (5%) percent of the net profits to form an additional reserve to be allocated for a certain purpose(s).;
- The Ordinary General Assembly may resolve to retain other reserves to the extent that serves the Company’s interest or ensures, as far as possible, consistent distribution of dividends to shareholders. The Assembly may also deduct from the net profits amounts to establish social institutions for the Company’s employees or to assist existing institutions.;
- A rate of (5%) from the remainder from the Company’s paid-up capital will be distributed to the shareholders;
- Subject to the provisions of Article twenty six (26) of this Law and Article 76 of the Companies Law, 10 per cent of the remainder shall be allocated as remuneration the Board of Directors, provided that the remuneration is commensurate with the number of meetings attended by the Member;
- A shareholder will be entitled to their share of dividends in accordance with the resolution adopted by the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution; Dividends shall be distributed to the shareholders registered in the Shareholders Register at the end of the maturity day; and
- Naseej 's shareholders have not received their dividends for the fiscal year 2021.

25 - Loans and Total Indebtedness of The Company

The following are the details of the total loans with total repayments and related information during the fiscal year 2021 AD: (Amounts in thousands of riyals)

s	Creditor's Name	Amount of Principal debt	Loan term	Amounts paid in repayments of debt during 2021	Total indebtedness of the Company and its affiliates
1	Riydh Bank	130,775	9 years	20,000	110,775
2	National Commercial Bank (NCB)	39,923	1:4 years	12,121	27,802
3	Al-Rajhi Bank	53,866	4 years	866	53,000
4	SABB	21,785	3 years	10,581	11,204
5	SIDF	28,357	5 years	5,915	22,442
6	Minstry of Finance	36,443	4 years	13,787	22,656

26- Outstanding Statutory Payments

The following is the details of the statutory payments during the fiscal year 2021 (amounts expressed in thousand Saudi Riyals)

Description	2021 (expressed in thousand Saudi Riyals)		Notes
	Paid amount	Outstanding amount until the end of the annual financial period	
Zakat, Tax, and Customs Authority (ZATCA)	6,212	3009	Zakat
	9,489	0	VAT
GOSI	2,690	174	
Visa and passports' fees	469	17.6	Social insurance cost for employees
Labour Office's fees	3,246	188	Costs of residence permits renewal and Exit -Re-entry visas
Customs' fees	903	114	-----

27- Sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future

Sanction/ Penalty/ Precautionary Procedure / Preventive Measure	Reasons for violation	Imposing Authority	Measures undertaken to remedy and avoid such non-compliance in the future
10.000 SR	Violations of GOSI Regulations	GOSI	Compliant and Termination Reason has been modified
50.000 SR	Violations of Labour Office Regulations	Labour Office	Measures haven been taken to remedy the violations

28- Transactions between the Company and related parties (expressed in Saudi Riyals)

Related Party	Board member / senior executives or any related person	Relationship type	Term / appointment date	Transaction type
Mattex Fabrics	Saleh Al Sorayai (former) Chairman of BoD	Direct	From 1 jan. 2021 to 15 July 2021	Supply of raw materials (inner and outer carpet lining) under approved purchase orders and at the prevailing market price orders and at the prevailing market price.
	Naser Al Sorayai Board member	Indirect	From 16 July 2021 to 31 December 2021	
	Monther Al Sorayai CEO	Indirect -future **	21 November 2021	
Al-Sorayai Industrial Investment Group ASIIG	Saleh Al Sorayai (former)Chairman of BoD	Indirect	From 1 jan. 2021 to 15July 2021	Supply of raw materials to factories: glue - paperboard - chemicals - and finished goods (furniture -, foam, mattress topper (labaddah)) according to approved purchase orders and at the prevailing market price
	Naser Al Sorayai Board member	Indirect	From 16 July 2021 to 31 December 2021	
Al Hikmmah International Co-Real Estate Development	Saleh Al Sorayai (former) Chairman of BoD	Indirect	From 1 jan. 2021 to 15July 2021	Lease contracts for showrooms, warehouses and offices at the prevailing market price
	Naser Al Sorayai Board member	Indirect	From 16 July 2021 to 31 December 2021	

29- Interests in Contract Businesses

During the fiscal year 2021, the Company has transactions with related parties . the transaction prices are at the prevailing market prices. They are renewed annually by General Assembly (amounts in thousand Saudi riyals)

Related Party	Party – Company Relation type	Transaction Type	Term	Period	Total Value
Mattex Fabrics	Indirect - Saleh Al Sorayai (former) Chairman of BoD	Supply of raw materials (inner and outer carpet lining) under approved purchase orders and at the prevailing market price orders and at the prevailing market price	Continuous supplies under approved purchase orders at the prevailing market price	From 1 jan. 2021 to 15July 2021	8,207
	Indirect - Naser Al Sorayai - Board member			From 16 July 2021 to 31 December 2021	4,945
Al-Sorayai Industrial Investment Group [ASIIG	Indirect - Saleh Al Sorayai (former)Chairman of BoD	Supply of raw materials to factories: glue - paperboard - chemicals - and finished goods (furniture -, foam, mattress topper (labaddah)) according to approved purchase orders and at the prevailing market price	Continuous supplies under approved purchase orders at the prevailing market price	From 1 jan. 2021 to 15July 2021	504
	Indirect - Naser Al Sorayai- Board member			From 16 July 2021 to 31 December 2021	524
Al Hikmmah International Co-Real Estate Development	Indirect - Saleh Al Sorayai (former)Chairman of BoD	Lease contracts for showrooms, warehouses and offices at the prevailing market price	Annual contracts renewed atomically	From 1 jan. 2021 to 15July 2021	1,035
	Indirect - Naser Al Sorayai- Board member			From 16 July 2021 to 31 December 2021	297
Total					15,512

In conclusion , the Board of Directors of Naseej International Trading Company is truly pleased to extend deep thanks and gratitude to the Capital Market Authority (CMA) , the Saudi Stock Exchange (Tadawul) , Ministry of Commerce and other relevant Government agencies for their cooperation. It would also like to extend thanks and appreciation to valued shareholders for their trust. Our thanks also go to members of the Executive Management and the Company's employees for their unlimited support , efforts , dedication and devotion

Board of Directors
Naseej international Trading Company



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