



Nourishing your life everyday

ANNUAL REPORT

2020

EMBRACING TOMORROW TODAY.



بجسم الهة الرحمن الرحيم



THE CUSTODIAN OF THE TWO HOLY MOSQUES
KING SALMAN
BIN ABDULAZIZ AL SAUD

“ We live in a very challenging period that requires a comprehensive objective view of developing the mechanisms of the economy based on study and sound foundations”.

”



HRH PRINCE
MOHAMMED BIN SALMAN
BIN ABDULAZIZ AL SAUD

**Crown Prince, Deputy Prime Minister and Vice President
of the Council of Ministers and Minister of Defense**

“ Our ambition is to build a more prosperous country, in which every citizen finds what he wishes.
We are determined to make our country ahead of all other countries ”

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CHAIRMAN LETTER



MR. MAZEN AHMED AL JUBEIR

“We look to the future with determination and optimism”

**Dear shareholders, success partners
Greetings,**

In my name and on behalf of NADEC, I'm pleased to invite you to review the company's 2020 annual report. Under the wise leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and HRH Crown Prince Mohammed Bin Salman Bin Abdulaziz Al Saud, we as a nation have managed to overcome many challenges in a difficult year. We pray to the Almighty for a swift conclusion to the pandemic and continued success for our beloved country.

Despite the severity of the pandemic and its intense impact on supply chains around the world, the Kingdom of Saudi Arabia has maintained robust and durable food and agricultural security. The sufficient supply of high-quality food and agricultural products during the crisis reflects the success of our government in managing the situation. At NADEC, we are proud to have contributed to national food and agricultural security and to have earned consumers' ongoing trust in the quality and availability of our products. We are grateful for that trust and will always endeavor to maintain it.

Following this difficult year, NADEC looks to the future with determination and optimism. We are determined to build on our success and continue to increase market share in Saudi Arabia and regional markets. We will strive to build on our reputation for quality through the introduction of new and innovative products that delight consumers. We are also committed to develop our company through several major internal initiatives, focused on process efficiency and digitization, that we expect to drive increased profitability in the years to come. We hope that these activities will please both our consumers and our shareholders, while benefiting our nation and its citizens.

In closing, I would like to thank our shareholders and our staff for their continued trust and support. On behalf of the Board of Directors, I wish them a successful 2021 and hope that it will be a year of health and prosperity for all.



MR. STEEN HADSBJERG

Dear Shareholders, Greetings,

Observing with the strategic direction of the Kingdom of Saudi Arabia, National Transformation Program (2020), and Vision 2030, we sought to maximize our role in the protection of food security by working on strategic programs that cover all fields in which NADEC is engaged.

Local and international markets witnessed many difficulties and challenges in 2020, and many companies suffered from the impact of COVID-19 and its severe impact on their financial and operational performance. But NADEC focused on the creation of new job opportunities by working on transformation programs, restructuring of the Company's costs to develop its financial performance. We expect these initiatives to ultimately contribute SAR 120 million of annual saving in the years to come.

Flexibility in financial performance and increase in sales:

However the impact of the pandemic on the sector, NADEC managed to sustain financial performance as follows:

Total revenues in 2020 was 2,303.06 M SAR compared to 2,225.26 M SAR in 2019, with 3.5% increase.

Comprehensive income in 2020 was 37.66 M SAR compared to total loss of -5.78 M SAR in 2019.

A year full of Planning and Innovation:

Today, we are keen to establish firm rules that elevate our future aspirations through our strategic programs aimed at improving financial performance and optimizing the use of available opportunities.

Our passion is the constant drive towards successes and facing challenges and obstacles and providing high quality products that satisfy our customers who are our first priority at all times. So, identifying their needs and desires represents a driving force to be always proactive in providing the most innovative products in the market.

VISION

To be the leading food and beverages company in MENA through the provision of high nutritional value products to its customers and achieving consumer satisfaction through the provision of best quality and healthy products.

MESSAGE

NADEC is committed to provide food with high nutritional value and quality that make our customers feel happy and maximize the value of people, community and shareholders.

VALUES

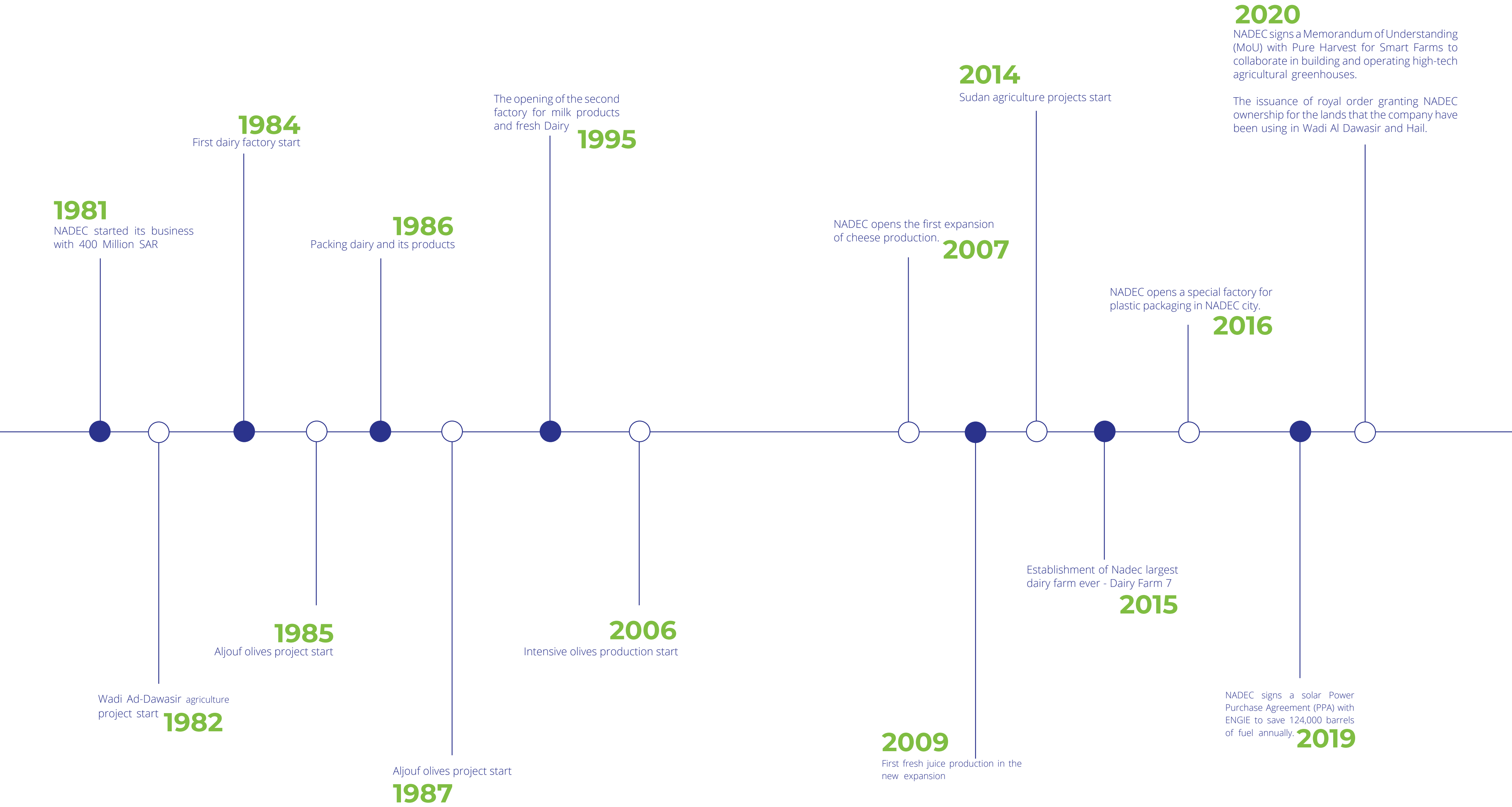
NADEC values are the core basics of its business, the principles that form our institutional culture and govern all our practices, directions and policies through which it seeks to maximize the value for all stakeholders.



NADEC TIME-LINE

NADEC was the first agricultural company to be traded in the Saudi capital market, and one of the first agricultural companies incorporated in the Kingdom of Saudi Arabia in the early 1980s. Since its incorporation, the founders have set a major goal of contributing effectively to achieve food security in the Kingdom.

For 40 years, the Company maintained its leadership in the food processing sector, maintained the growth of its production capacity, and developed its operational and administrative systems. This is reflected in the quality and diversity of our products and increasing market share in the dairy, juice and food sectors.



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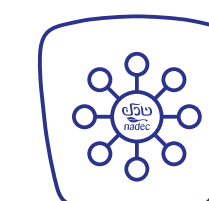
NADEC IN NUMBERS



2020 Sales
2,303.06 MILLION
 (SAR)



Dairy & Juices Production
+1.5 MILLION
 (Liters Per Day)



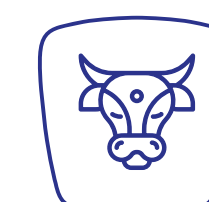
NADEC's Team
+5,900
 (Employees)



NADEC's Fleet
+2,300
 (Including Refrigerated Trucks)



Products Availability
+41,000
 (Stores)



Cows
+89,000
 (Head count)



Quality Laboratories
+18,000
 (Daily Quality Tests)



The world's largest Organic Olive Project in one location
5 MILLION
 (Organic Olive Trees)



NADEC MAP



NADEC’S COMMITMENT:

Nadec has for many years been one of the largest integrated food companies. The company is quickly transforming to adjust to the changes in the markets space and aims at becoming a leader in producing innovative products of highest possible quality in the segment where the Company is operating.

Nadec is proud of our deep roots and long history of commitment and dedication to nourishing lives every day and the Company is dedicated to delivering tasty and nutritious dairy, juice and food products to our consumers in Saudi Arabia and beyond

TRANSFORMING FOR TOMORROW TODAY

The world is witnessing a transformation at an increasing speed into a digital era and consumers are increasing turning towards social medias for inspiration and for updates on new products and food opportunities. Consumers are increasing looking for tailor made products with functional benefits.

Just like the market is changing, Nadec is adapting is way of communicating with our consumers.

Throughout the year Nadec combined smart and creative campaigns into increased consumer awareness, consumer engagements, usage trial rate and most importantly increasing Nadec share of the market (Kantar & Nielsen report 2020)

Nadec is considered one of the fastest-growing brands in Saudi Arabia measured in terms of rate of sales and household penetration (Kantar & Nielsen World panel data 2020)



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MARKET CHALLENGES IN 2020

A CHALLENGING YEAR

2020 was in many ways a challenging year. The impact from the global Covid-19 pandemic was also felt in Saudi Arabia and in Nadeq. As Nadeq is sourcing many of its raw materials from different suppliers around the world, the Company was forced to quickly rethink its supply chain to secure everything from forage for our herds to bottles for our olive oil.

Despite the numerous challenges, the packaged food industry performed better than most other industries.

Why?

Consumer changed during the initial phases of the pandemic with an increased focus on home consumption and increased sales of the family pack sized products.



The Government of the Kingdom of Saudi Arabia's reaction to the crisis was bold, swift and effective. Through strong support and close coordination with the food sector, continuous supplies of food was never at risk and throughout the second half of the year consumer patterns gradually is returning to normal.

DAIRY SEGMENT PERFORMANCE

Overall the fresh dairy and long shelf life dairy segment saw a 5% growth in retail volume and in terms of value.

The yogurt category increased by 6%, driven mainly by plain yogurt due to the lower content of sugar and a healthier image, appealing to increasingly health-conscious consumers.

The cheese category – on of Nadeq key categories – grew by 5% in value and 4% in volume in retails sales compared to the previous year.

Marketing Efforts:

Throughout the year the Company adapted its strategy as consumer behaviour changed.

In general the Company has increased investments in TV commercials and on the social media to reach our consumers. Several campaigns demonstrated this effort.

For the Fresh Milk campaign, the Company focused on moments, and Nadeq increased its focus on the morning occasion and hereby encouraging consumers to consume NADEQ fresh milk as a vital part of their breakfast.

Two campaigns aimed at driving increased consumption of Plain Yoghurt and Laban, with a strong focus on mothers, who were cooking homecooked meals. The Company aimed to highlight our products' predominant role as a meal-accompaniment and a product that is seen as essential during meals on every Saudi household's table.

Greek Yoghurt was increasing favoured by the consumers and a campaign aiming at positioning this product as a nourishing product and the perfect all-day snack for all family members.



NEW FLAVORS RELEASED IN 2020:

In 2020, NADEC released new Fresh Juice flavors (Guava, Pineapple, Orange & Carrot and Kiwi Lime) and this upcoming Ramadan NADEC will release two seasonal No Sugar Added flavors as well (Qamaredeen & Ramadan Cocktail).

In the future, juice we be bolstered by healthier options as consumer concerns about immunity will remain. Therefore, at NADEC we will continue to enhance and improve our current juices to meet our consumer needs.



FRESH JUICE PERFORMANCE:

In late 2019, the Saudi government imposed new regulations on local Juice/drinks producers in the country, to reduce unhealthy sugar consumption in the Saudi market.

As a result, many local Juice manufacturers shifted towards offering sugar-free Juices and brands were racing to take advantage of the situation and win over market share.

NADEC was one of the first brands who switched all their flavors into “No Sugar Added” Juices with 100% fruit content.

The juice category experienced significant decline in sales volumes for the overall category driven by two key factors, Covid-9 related consumption behavior and price sensitivity/reduced purchases as prices rose on the back of sugar taxation.

NADEC was able to maintain their market share, furthermore, NADEC was awarded the Product of the year award for their newly introduced “No Sugar Added” Fresh Juices in the GCC region.

OLIVE OIL PERFORMANCE:

NADEC is the leader in the Organic olive oil segment NADEC’s project in Al-Jouf is home to 4+ million olive trees, enabling NADEC to obtain 90% share of the Organic Olive Oil market, and to win various worldwide awards for 11 years in a row. This year alone, it secured a gold medal in “BIOL” awards, including various certificates like ISO, CERES, and ORGANIC.





FARM MANAGEMENT


DAIRY FARMS

The main goal of Dairy Farms is to produce high quality and cost effective raw milk throughout the year in order to meet the requirements our Consumers.


Various sections and departments such as Farms Management, Nutrition Section, Animal health section, Reproduction Section, and Maintenance Department co-ordinate to achieve the objective of producing healthy raw milk..

- The key points to focus during the year 2020 were as follows:**
- Introduced new feed materials and modifying the feed recipes to secure high.
 - Continued to develop Feeding Center to increase the daily production and capacity of feed mixes to meet the herd requirements of Dairy Farms at Haradh and Calves at Hail.
 - Continued to improve the nutritional contents of the raw milk produced in our farms to meet the high level of local and international standards.
 - Signed an agreement to explore an environment friendly cow milk cooling system with GREEN AIER and King Abdullah City for Atomic and Renewable Energy (KACARE) which will help in reducing water and electricity consumption. The system will operate with solar energy and is expected to commence its operations at the end of the first quarter of 2021.


Significant Achievements during 2020 were as follows:




More than **108,000 milking operations per day**




More than **1,300,000 liters of raw milk per day**




Farms achieved **production growth of 2.5%**




More than **89,000 herds**



More than **1,400 tons of fodder are consumed daily**



More than **130 births per day**



More than **18,000 tests are performed on daily basis for milk, forage, and herd health.**

OLIVE PLANTATION

Our **Al-Jouf** project reached **5 million** olive trees and **2.7 million fruiting trees** by using the intensive cultivation method to optimize the area and reduce the amount of water consumption as well as to ease the harvesting through automation as compared to traditional cultivation methods.

VEGETABLE CROPS (POTATOES & ONIONS):

- **Potatoes:**
NADEC is one of the largest potato producers in the Kingdom and the Gulf, which is distinguished being among best of the industry. Production reached **63,600 tons** in 2020. From 2021, NadeC will shift its focus away from the B2B market towards growing potatoes aiming at the Retail markets
- **Onions:**
The cultivated area of the onion crop is **230 hectares** in the company's two projects, Hail and Wadi Al-Dawasir, where **12,300 tons** of onion was produced.

FRUITS

The fruit crops in **Al-Jouf** reached more than **43,000 trees**, which produces. organic fruits (Peaches, Apricots and Plums).

WHEAT SEEDS

NADEC is a member of the Seed Producers Committee of the Ministry of Environment, Water and Agriculture and is one of the approved seed producers in the Kingdom, due to its capabilities in producing, processing, purifying and packing wheat seeds in our project in Hail. The company has contributed to providing wheat seeds to farmers, as the production of this year reached **21,000 tons**, and was in December 2020 granted a new license from the Government to continue wheat seed production for the coming years.

FORAGES (SUDAN PROJECT)

The total production of **Alfalfa** forage from **NADEC's project in Sudan** reached **18,200 tons**



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TRANSFORMING NADEC FOR THE FUTURE

ORGANIZATIONAL TRANSFORMATION

As part of Nadec transformation journey , a major organisational restructuring was initiated in 2020.The project aim at

- Improve staff development and career opportunities.
- Prepare staff for future expansion
- Increase efficiency

The organisational transformation will continue in 2021 to ensure Nadec is operating efficiently and is prepared for future expansion while offering attractive and market conform salaries and compensation packages

BUSINESS PROCESS IMPROVEMENT & COST LEADERSHIP

NADEC has launched a comprehensive potential program – Project Tuwaiq – to bring a sustained structural improvement to the Company's profitability.

Why

Over the past 5 years, NADEC's core market has fundamentally changed as consumers, trade, competitive and regulatory environments have evolved. This has contributed to increase in cost of doing business for consumer products companies in the Kingdom, consequently putting pressure on companies' bottom line.

As part of the program, a thorough analysis has been conducted, and has identified a large set of opportunities for improvement across the value chain which are now under validation/planning and, partially already under execution. Key areas of optimization identified are:

- | | |
|--------------------------|------------------------------------|
| 01 Procurement | 02 Manufacturing |
| 03 Supply chain | 04 Sales and Distribution |

Given the scale of the program, NADEC has formed a cross-functional team to oversee the delivery of the program made of more than 70 employees, across all the functions.

The cost and performance improvement program will be running for two years with an objective of contribution +120mSR in profit improvements and +80mSR in working capital improvements.2021 impact is budgeted at +40mSR in profit improvement.

ENTERPRISE RESOURCE PLANNING (ERP)

NEXT is one of the major transformation projects bringing up NADEC continuously. This project is the third pillar in Nadec internal strategic transformation.

NEXT (NADEC Excellence by Transformation) is the implementation of the latest version of SAP4/HANA system which will smoothly manage business processes and resources in NADEC and held integrated environment for the future. It will be a single source of information, one system, best practice, and automation business processes, which shall contribute to profits and raise the operational efficiency.

NEXT implementation project was launched in December 2020 and is targeted Go-Live of first batch business critical processes by 31st December 2021/1st January 2022.

DIGITALIZATION & AUTOMATION

The fourth pillar in Nadec internal transformation strategy was to initiate the development of a Digitalization and Automation strategy. Though this strategy is still under development and majority of projects will unfold from 2021 and onwards a number of initiatives were launched in 2020.

The ultimate objective of this project is to transform NADEC Operations from a pre-dominantly manual and human dependent model to a System based Digitalized design.

The key deliverables of this Project include:

- **Introduce process automation were beneficial**
- **Introduce IoT and AI solutions to improve farm management, tracking of vehicles and sales performance**
- **Introduce AI supported route optimization in distribution and warehouse optimization**

ORGANIZATIONAL DEVELOPMENT & WOMEN EMPOWERMENT

NADEC improved upon its Organization capability by re-aligning the operating functions to deliver greater working synergy and better alignment to overall organization strategy. Transformation of the way we do business, both from a technological perspective and from capability perspective have been addressed and continues to be a key focus area for NADEC into 2021. A right people in the right roles have been achieved through an assessment conducted with a globally renowned consultancy firm to ensure capable people in the Leadership Team to drive the business. Developing our people is a key focus area and we delivered 1018 man-days of training and focus is being placed on developing the Leadership further.

Nationalization has been a key focus area for us in 2020, along with focus on right talent in the right role to deliver the strategy of NADEC. We continue to nationalize at all levels and for the junior managerial roles we are hiring and developing local talent through direct hires and through the "Tamheer" program of HRDF by providing employable skills. In 2020, we launched a program "Tamkeen" for developing fresh Saudi talent in Sales supervisory roles and another program "EYE" (Enhancing Youth Expertise), a program for developing and certifying specific technical skills in Saudi youth. Development and improvement of overall NADEC employee capability has been at the forefront and we delivered the training calendar and ensured that in a tough year capability development is kept in focus and delivered in a safe environment.

Focus on women employment continues to be a force of NADEC Talent management, in alignment to the Kingdom's vision 2030. In 2020, we hired 50% more Saudi women employees than 2019 in various roles.

Our focus is to build a performance driven culture, where capability and opportunity meet to build a promising personal and organizational future. We conducted the first Employee Engagement Survey across NADEC, as we strive to work continuously towards an engaged & productive workforce. The feedback from our employees will help us to improve and better our engagement and thereby the performance of NADEC.



INNOVATION AND R&D

Because our consumers deserve the best, product quality & food safety have been NADEC's promise to consumers since day one. NADEC is committed to providing products with high quality through comprehensive measurements at every supply, manufacturing, operations, and distribution point. Our constant pursuit for internal improvement is signified by our success in obtaining locally and internationally recognized quality & food safety certifications.

NADEC's laboratories are equipped with state-of-the-art technologies used in food processing. NADEC's Quality Department conducts more than 13,000 tests daily to ensure the quality and safety of its products. The examinations include physical, chemical, sensory, and microbiocidal tests performed at all levels. 2020 was a challenging year, however NADEC has swiftly reacted by adopting new ways to maintain daily operations whilst ensuring best quality control and procedures in place. Research & Development are fundamental aspects in NADEC. We have implemented structural change in the way we manage innovations, in order to anticipate changing consumer needs , and ensure efficient and prompt launch of new products across all categories.

Science is at the heart of everything we do. We continuously use world class research and development technologies to offer innovations that meet changing consumer needs incessantly raise the efficiency bar of our R&D activities through close cooperation with government and private entities to ensure continued improvement in our all sectors. NADEC was among the first to reformulate all cheese ranges to comply with new salt level regulations implemented by the SFDA, matching the global standards, and aiming at providing optimal nutrition for customers.

R&D was not only focusing on the known products/categories but centering on research points that might benefit the agricultural industries, through partnering with reputed universities and research institutes locally and globally.

Now and going forward, we are determined to consistently develop consumer consumer-centric innovations with speed-to-market to differentiate our products whilst providing best values to our consumers.

NADEC has a considerable responsibility towards the sustainable use of water resources. This responsibility is clearly demonstrated in our proper water stewardship practices and programs applied at every agriculture, manufacturing, and distribution site within NADEC.

The Covid-19 pandemic drives NADEC increasingly to continue offering innovative products that provide heathy and nutritious values and help in enhancing immune systems of our consumers. In 2020, we have successfully launched seven additional juice flavors with no added sugar to help consumers enjoy tasty fruit content whilst maintaining healthy and balanced diet .



GLOBAL GAP
Best agricultural practices



ORGANIC MILK
Organic Milk



BIOL
Best quality Olive Oil



KANTAR
One of the fastest growing companies



IPSOS
Top 10 most caring during Covid-19 pandemic



NIELSEN
Fastest growing dairy company



AIB
AIB Consolidates Standards for Food Safety



POYA
Best tasting fruit juice



FSSC
FSSC version 5 (Dairy Factory)



ISO 9001
(Head Office and Dairy Factory)



ISO 22000
(Olive Oil)



SALES, DISTRIBUTION AND ECOMMERCE

NADEC ROUTE TO MARKET

Nadec Sales and Distribution department key responsibility is to ensure that the Company's products is available in shops and stores.

The emergence of the E-Commerce channels during the earlier phases of the Covid-19 pandemic shaped in many way the development in the market space throughout 2020.

Increased demand for long shelf life products and family size packs was reflected in the buying patterns by shoppers and consumers.

In general Nadec saw increased sales in the Retail channels whereas the Food Services channel witnessed a decline in sales due to the effort required to curb the spread of Covid-19. As the situation gradually normalized later during the year, the sales in Food Service channel was gradually restored though to a lower level.

A general trend throughout the year was a general and welcome shift towards more structured retail stores in the form of supermarkets and hypermarkets. Nadec welcomes this development and see this as an opportunity to increase sales of value added products.

Though E-commerce was already on the rise the pandemic accelerated the trend in the market and became a new norm in Global Shopper Paradigm and changed the way we see the consumers journey within the stores to be another online paradox. Nadec witnessed a swift shift in buying and spending trends in the Food services segment towards an increasing number of online stores.

The emergence of "Dark Stores" became the new norm for reaching consumers and the model was quickly replicated and adopted based on international learnings to have stand-alone marketplaces to be self-sufficient and able to deal directly with suppliers to reduce cost-to-serve and maintain margins and to increase consumer satisfaction and trust through fast home delivery.

In general margins came under pressure throughout the year and Nadec departments, including sales, storage and transportation quickly had to adapt to new ways of working and improving business processes to meet consumers requirements.

Nadec is in particularly proud about the swift reaction to the pandemic by the corporate taskforce which in close cooperation and through strong support from relevant Government health authorities secured that a constant supply of dairy and other food products was continuously available throughout the year, observing necessary health and safety measures to prevent further spread to the consumers.

Key highlights

- Nadec delivered Sr. 166.4 million more gross sales versus last year which meant a strong 6.8% growth against year, delivering more revenue for Nadec.
- Net price per liter of sold product increased by 9.6%.
- Cheese, Butter and Creams categories grew by sr. 82 million equal to an increase of 22.5%.





PROCUREMENT AND SUPPLY CHAIN

2020

witnessed the restructuring of the supply chain sector as one of the most important enablers of NADEC's huge daily operations, including resource management, as part of The Company's sector restructuring plan to maximize harmony and efficiency. This step was important in 2020 to support NADEC's continued contribution to maintaining food security during the pandemic and responding to local and Gulf market demand for its basic products. The supply chain sector has succeeded in maintaining a safe and daily flow of products to Saudi and Gulf markets, meeting consumer needs and changing demand without increasing costs despite the impacts of the pandemic on suppliers and shipping operations.

The restructuring of the supply chain sector has also led to the creation of a strategy for developing supply chain operations and their efficiency based on the size reached by the supply chains and the possibility of increasing the utilization, and the quality of their services by relying on the Saudi element in the organization, and the latest technology applications. The first results of this significant update began with a decrease in the total cost of supply chains by 3% despite the increase in oil prices and the cost of non-Saudi labor, as well as an increase in the efficiency of their resources by 6% despite the consequences of the pandemic. The supply chain has also succeeded in achieving 55% dependency on local partners as an alternative to import raw materials despite the negative impact of foreign feed prices and some raw materials as part of the Management plans to increase local content and reduce dependency on imported materials without compromising the quality of raw materials. The supply chain sector will continue to implement the objectives of the development strategy as one of the most important capabilities of The Company to achieve the upcoming profit and expansion goals.



SUSTAINABILITY AND ESG

Business plays a critical role not only in economic growth, but also in social development. We understand that our business is an expression of our values, therefore NADEC is committed to improve its environment for the benefit of a long-term social and economic development. NADEC is working on their sustainability strategy, to signify commitment to The Company's sustainability agenda, and to increase accountability towards the goals that NADEC set.

Portfolio		Strategic objective	
	SUSTAINABLE ENERGY	<div><div>1</div>Reduce our dependency on fossile fuel</div> <div><div>2</div>Enable Renewable Energy & Energy Efficiency Plan</div>	
	ENVIRONMENT	<div><div>1</div>Implement plans to reduce food waste</div> <div><div>2</div>Reduce impact on the environment from our farming activities</div>	
	SAFETY	<div><div>1</div>Reduce physical loss of or damage to human and property</div> <div><div>2</div>Establish safety system</div>	
	WATER TREATEMENT & CONSUMPTION	<div><div>1</div>Reducing water consumption</div> <div><div>2</div>Establish wastewater treatment for NADEC</div>	
	WASTE MANAGEMENT	<div><div>1</div>Ensure handling of all waste resource</div> <div><div>2</div>Establish a culture for reusing and recycling</div>	



CORPORATE COMMUNICATION & CSR

Compliance Department

The company seeks to ensure full compliance with all government legislation regulating business through the compliance management that is primary responsible for ensuring the Company's compliance with all laws, regulations, policies and instructions issued by the relevant regulatory authorities, by monitoring compliance with all government legislation and regulations that govern the business.

Corporate Social Responsibility

At NADEC, we believe in the importance of spreading the culture of social partnership and the extent of its reflection on commercial performance by contributing to educational, health and environmental initiatives and other numerous contributions that come from our commitment to the local community to create sustainable initiatives that will preserve The Company's success and the well-being of its strategic partners alike, the most important of which are:

- › Contributing to the afforestation initiative (to make it green) by providing 100,000 endangered trees under the supervision of the Ministry of Environment, Water and Agriculture.
- › Creating strategic partnerships with many local charities by providing food products to the beneficiaries of the Anti-Smoking Charitable Association (Naqaa), the Autism Families Association and other associations in various regions.
- › Supporting health initiatives to raise awareness among the citizen by hosting seminars, awareness campaigns and blood donation campaigns with many bodies accredited by the Ministry of Health.
- › Sponsorship and participation in international events and days in cooperation with strategic partners, most notably the World Diabetes Day event with the King Abdulaziz City for Science and Technology and the World Earth Day event by participating in an accompanying exhibition under the supervision of the Ministry of Environment, Water and Agriculture

Investors Relationships

NADEC is committed to implement the disclosure policies and procedures in accordance with the related laws, regulations, and instructions, and enhance the communication channels with all local and foreign investors. It also keen to participate in the periodic local and international conferences and meetings through the Investor Relations Department during 2020. NADEC also applies the principle of transparency and fairness in providing information in a timely manner, for the purpose of helping investors to make effective investment decisions based on accurate information provided by the Company, whereby investors are provided with comprehensive information related to Company's performance and activities through the annual report of its Board of Directors, as well as continuously updating them about any important development that may occur and have an impact on its balance sheet and its business in a manner that does not affect its competitive position.

Corporate Communication

In fact, Corporate Communication at NADEC has its prominent role throughout several fields amidst the existing situation of Covid19, as following:

Consumer awareness toward food products' availability in markets through field coverage, and collaboration with social media influencers towards awareness-raising campaigns about NADEC products and their availability in local markets under the fallout of the Corona pandemic.

Presence and representation of NADEC in several seminars and relevant exhibitions.

The announcement of multiple prizes for food safety and quality integrity, as well as other areas, throughout social media, and local newspapers.



FINANCIAL PERFORMANCE

The Company achieved net profit of SAR 35.65 million when compared to net loss of SAR 7.30 in the previous year is due to:

Grant Income (other income & expenses):

During the current year, the Company received a letter from Ministry of Environment, Water and Agriculture granting the ownership for the revived area of land in Hail, Wadi Al Dawasir and Al Jouf. Net gain of SAR 111.81 million was recognized in the statement of profit and loss under Other income and expenses (net) on account of differential land received as compared to the land already accounted in books.

Loss on derivative financial instruments:

During the previous year, the Company recognized loss amounted to SAR 42.94 million on Callable Inverse Floater (CIF) contracts and USD/SAR cross currency swap contract which were cancelled subsequently. There is no such item during the current year.

Revenue:

The Company's revenue for the current year increased by 3.50% compared to previous year is mainly on account of increase in the sales of dairy and food processing sector by 2.84% and increase in sale of agricultural sector by 12.97%.

General and Administrative expenses:

The general and administrative expenses for the current year decreased by 2.45% compared to the last year due to decrease in employee benefit expenses and this decrease is partially offset by the increase in the professional and consultancy fees and information technology expense during the current year.

Impairment losses on trade receivables:

The Impairment losses on trade receivables was decreased by SAR 2.57 million during the current year when compared to last year due to reduction in trade receivable balances.

Finance cost:

Finance cost decreased in the current year compared to the last year by 42.14% due to the decrease in the interest rates and reduction in the loans and borrowings compared to the last year.

Despite the changes in preceding elements that positively impacted the profitability of the Company in the current year, there are other elements which have the negative impact, as follows:

Impairment losses on Property, Plant and Equipment

During the current year, the Company identified the assets relating to Sudan project with net book value of SR 99.40 million which are considered impaired. Accordingly, impairment loss of SAR 99.40 million recognized in the Statement of Profit and Loss as compared to land development cost of SAR 79.98 million written off last year.

Cost of sales:

Cost of sales percentage on revenue was increased during the current year by 6.44% compared last year is mainly on account of the increase in the material cost due to cancelation of government subsidy on animal feed and increase in provision for slow moving goods.

Selling and Marketing expenses:

Selling and marketing expenses increased in the current year compared to the last year by 1.39% due to the increase in spending on marketing activities and promotional expenses.

Zakat expenses:

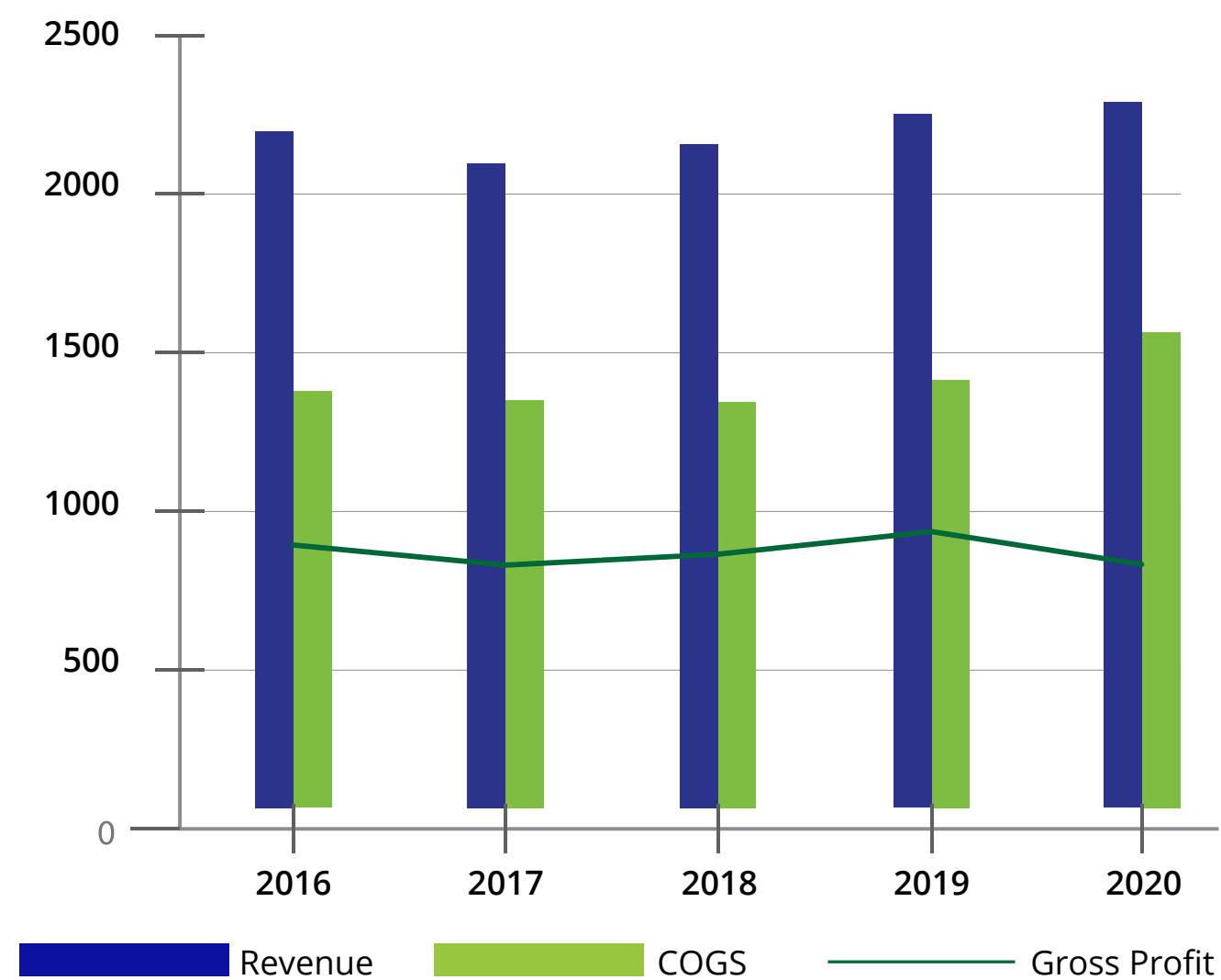
Zakat estimated expenses increased in the current year compared to the last year by SAR 0.8 million.

Statement of Financial Position as at 31 December 2020

figures are in (Millions) SAR	2020	2019	2018	2017	2016
Current Assets	2,775.0	2,837.3	2,870.0	3,022.7	3,003.9
Property, Plant and Equipment	1,963.1	2,084.4	2,142.2	2,313.7	2,276.1
Other Non-Current Assets	811.9	752.9	727.8	709.0	727.8
Equity Investment at FVOCI	7.6	6.4	8.2	4.3	10.3
Biological Assets	625.5	552.6	514.3	482.4	451.3
Capital Work in Progress	112.2	112.5	197.2	212.8	260.3
Intangible Assets	8.0	11.7	8.0	9.6	5.9
Right of Use Assets	58.6	69.7	-	-	-
Current Assets	1,100.6	1,106.7	1,092.5	1,071.4	1,035.8
Cash and Bank Balances	68.7	62.0	35.2	40.7	59.4
Trade Receivables, Prepayments and Other Receivables	442.5	435.1	435.1	341.3	356.9
Biological Assets - Available for Sale	561.7	570.0	580.1	654.7	583.0
Derivative Financial Instrument	-	0.5	-	-	-
Biological Assets	27.7	39.1	42.1	34.7	36.5
Total Assets	3,875.6	3,944.0	3,962.5	4,094.1	4,039.7
Shareholders' Equity	1,478.3	1,440.5	1,446.3	1,425.3	1,418.2
Share Capital	1,016.4	847.0	847.0	847.0	847.0
Reserves and Retained Earnings	461.9	593.5	599.3	578.3	571.2
Statutory Reserve	184.2	180.7	180.7	180.5	176.5
Retained Earnings and Others Reserves	277.7	412.8	418.6	397.8	394.7
Non-Current Liabilities	1,082.2	1,260.3	830.1	1,256.5	1,283.0
Murabaha Loans and Borrowings	881.0	1,046.3	658.5	1,073.9	1,102.5
Lease Liabilities	30.0	42.0	-	-	-
Deferred Income	5.6	6.2	6.7	15.7	-
Employee Benefits Obligation	165.6	165.8	164.8	166.9	180.5
Current Liabilities	1,315.1	1,243.2	1,686.2	1,412.3	1,338.5
Trade and Other Payables	606.1	556.7	442.4	404.9	575.9
Dividend Payables	33.1	33.4	33.6	33.8	33.9
Lease Liabilities	32.8	34.6	-	-	-
Murabaha Loans and Borrowings (short-term loans & Current Portion of long-term loans)	609.8	589.8	1,175.9	942.0	688.4
Provision for Zakat	33.3	28.7	34.3	31.6	40.3
Total Liabilities	2,397.3	2,503.5	2,516.3	2,668.8	2,621.5
Total Shareholders' Equity and Liabilities	3,875.6	3,944.0	3,962.5	4,094.1	4,039.7

Statement of Profit or Loss for the year ended 31 December 2020.

figures are in (Millions) SAR	2020	2019	2018	2017	2016
Revenue	2,303.1	2,225.3	2,096.0	2,032.5	2,176.5
Cost of Sales	(1,577.2)	(1,380.7)	(1,320.9)	(1,301.4)	(1,338.6)
Gross Profit	725.8	844.6	775.1	731.1	837.9
Selling and Marketing Expenses	(545.4)	(537.9)	(525.6)	(548.3)	(549.5)
General and Administrative Expenses	(112.0)	(114.8)	(119.0)	(100.2)	(115.4)
Impairment Losses on Trade Receivables	(4.3)	(6.9)	(6.7)	(0.5)	-
Other Income, net	119.9	10.9	1.2	15.5	(5.6)
Impairment losses on Property, Plant and Equipment	(99.4)	-	(52.7)	-	-
Land development cost written off	-	(80.0)	-	-	-
Operating Profit	84.6	115.9	72.3	97.6	167.5
Finance cost	(43.6)	(75.4)	(67.6)	(59.9)	(67.4)
Net gain/ (loss) on Derivative Financial Instruments	0.4	(42.9)	-	-	-
Profit/ (Loss) before Zakat	41.4	(2.4)	4.7	37.7	100.1
Zakat	(5.7)	(4.9)	(2.9)	2.2	(5.8)
Profit/ (Loss) for the year	35.7	(7.3)	1.7	39.9	94.2



The movement of cash flows

figures are in (Millions) SAR	2020	2019	2018	2017	2016
Net Cash from Operating Activities	443.3	551.2	435.7	170.0	522.6
Net Cash Used in Investing Activities	(216.9)	(235.6)	(191.9)	(353.7)	(496.9)
Net Cash Used in Financing Activities	(219.7)	(288.8)	(249.3)	165.0	(67.5)

Key Performance Indicators

Indicator	2020	2019	2018	2017	2016
Return on revenue	1.5%	-0.3%	0.1%	2.0%	4.3%
Return on equity	2.4%	-0.5%	0.1%	2.8%	6.6%
Loan-to-equity ratio	100.8%	113.6%	126.8%	141.4%	126.3%
Revenue growth rate	3.5%	6.2%	3.1%	-6.6%	-2.6%
The ratio of operating profit to revenue	3.7%	5.2%	3.4%	4.8%	7.7%
Number of shares (million)	101.6	101.6	84.7	84.7	84.7
Earnings per share (SAR)*	0.35	(0.07)	0.02	0.47	1.11

*Certain comparative figures have been reclassified to conform to the current year presentation.

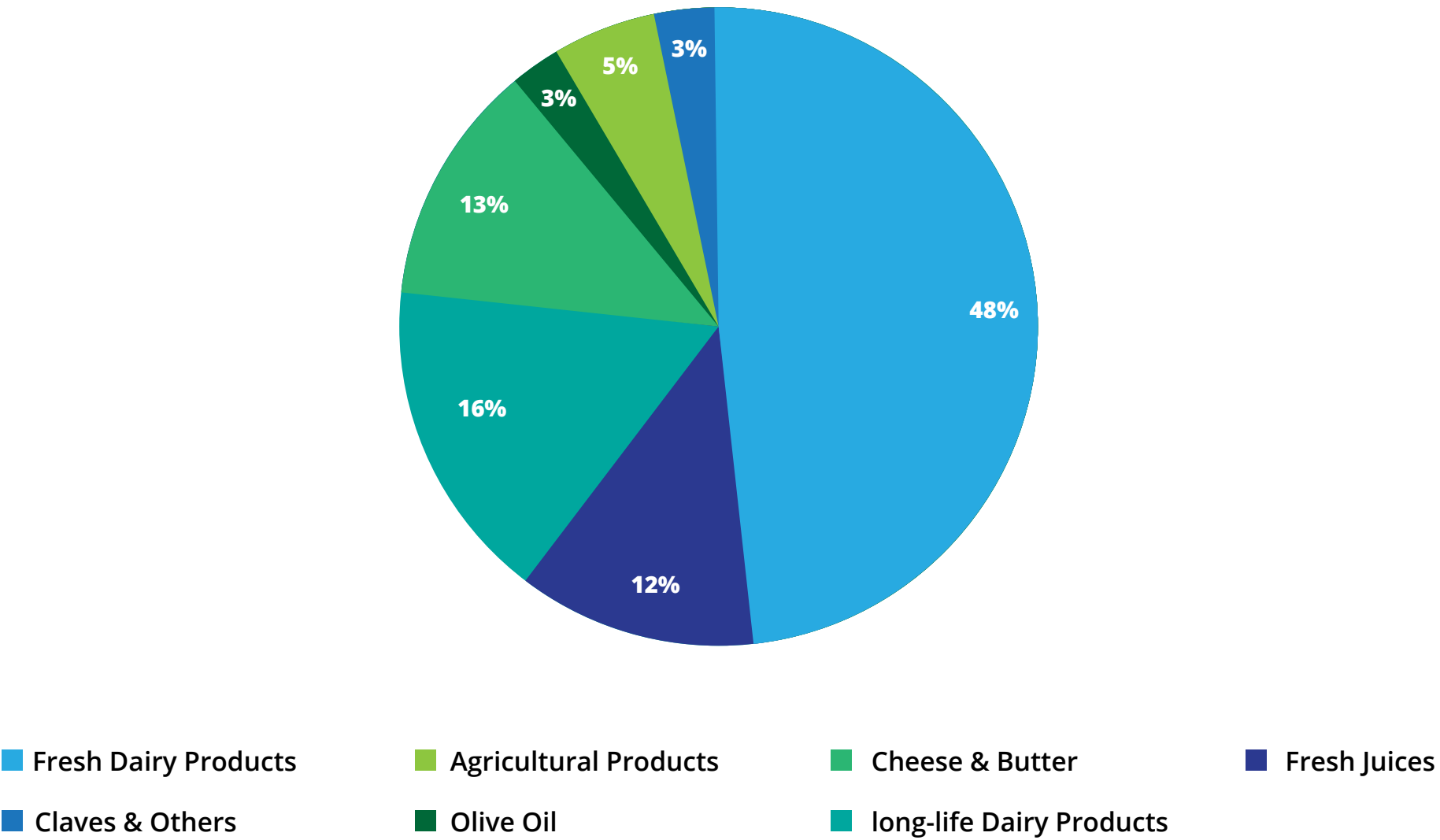
Revenue growth by sector

figures are in (Millions) SAR	2020	2019	Change %	% of revenue 2020	% of revenue 2019
Dairy and food	2,140.9	2,081.7	2.84%	92.96%	93.55%
Agricultural	162.2	143.6	12.97%	7.04%	6.45%
Total Revenue	2,303.1	2,225.3	3.50%	%100.00	100.0%

NADEC operates in two main business segments: Manufacturing of Dairy and Foods and Production of Agricultural Products, total NADEC revenues increased during the current year 2020 by 3.50% compared to the previous year. Revenue of dairy and food processing segment increased by 2.84% and revenue of agricultural segment increased by 12.97%.

Item revenue analysis

figures are in (Millions) SAR	2020	2019	Change %
Fresh dairy products	1109.9	1056.3	5.07%
Fresh juices	279.1	299.2	-6.72%
Long life dairy products	375.9	411.3	%8.61-
Cheese and butter	288.2	237.1	%21.55
Olive Oil	66.2	58.6	%13.01
*Agricultural products	113.4	98.6	%1.97
Calves and others	70.4	63.7	%10.45
Total revenue	2303.1	2225.3	% 3.50





FRESH DAIRY PRODUCTS

Fresh dairy products are the main products affecting business results, which include fresh milk, yogurt, laban and fresh cream, which grew by 5.07% compared to last year.



LONG LIFE DAIRY PRODUCTS

Long life dairy products one of the most important categories that help in the growth of the company's revenues and are characterized by the large size of the market and the availability of great selling opportunities, and relative to the conditions that have passed in the markets this year. The revenues of this category decreased by 8.61% compared to the previous year 2019.



OLIVE OIL

Olive oil revenues are one of the company's important strategies that is growing significantly, and this category continues to support the growth of the company in general with a growth rate of 13.01%. The olive oil produced in the name of NADec is 100% organic oil and has won several international awards for its value and quality.



CALVES AND OTHERS

The revenues of this category include the revenues of calves, dates, raw milk, and some other products. This category recorded a remarkable increase for this year 2020 by 10.45% compared to the previous year 2019 due to the increase in calves' revenues this year.



FRESH JUICES

NADEC has a wide varieties of and distinct range of fresh juices that satisfy the consumer's desires in terms of quality the revenues of this category decreased by 6.72% compared to 2019.



CHEESE AND BUTTER

The revenue growth of this product category has continued to differentiate the product and its added value to the consumer. Where the cheese and butter markets witnessed strong competition during the year 2020, in spite of that, NadeC was able to increase the revenues of this category by 21.55%.



AGRICULTURAL PRODUCTS

The revenues of the agricultural sector products, which are represented in the Forages, vegetable, and fruit products, for this year 2020, increased by 14.43% compared to the last year 2019.

Geographical distribution of revenue

figures are in (Millions) SAR	2020	on total %	2019	on total %	Change %
Saudi Arabia	2,049.7	89.00%	1,946.5	87.47%	5.30%
Other countries	253.4	11.00%	278.8	12.53%	-9.10%
Total revenue	2,303.1	100.00%	2,225.3	100.00%	3.50%

The company's revenues in the Kingdom of Saudi Arabia increased by 5.30%, while the revenues of export to other countries decreased by 9.10% due to the economic during the year 2020 due to the Covid-19 pandemic.

Operating expenses

figures are in (Millions) SAR	2020	of sales %	2019	of sales %	Change %
Cost of Sales	1,577.2	68.5%	1,380.7	62.0%	14.2%
Selling and distribution expenses	545.4	23.7%	537.9	24.2%	1.4%
Decrease losses in trade receivables	4.3	0.2%	6.9	0.3%	-37.4%
General and administrative expenses	112.0	4.9%	114.8	5.2%	-2.4%
Other Income, Net	-119.9	-5.2%	-10.9	-0.5%	999.3%
Impairment losses on property, plant and equipment	99.4	2.6%	-	-	100%
Land development cost written off	-	-	80.0	3.6%	-100%
Total operating expenses	2,218.4	96.3%	2,109.4	94.8%	5.2%

Total operating expenses for this year increased by 5.2% compared to last year due to the increase in the cost of revenues compared to the year 2019 by 14.2% due to the cancellation of government Subsidies for feed and also the increase in marketing expenses by 1.4% due to the increase in sales volume for this year compared to the year 2019. Also, the item of expenses and other (income) and the decrease of Impairment Losses on Trade Receivables had a clear effect in mitigating the impact of the increase in the cost of revenues for this year and Impairment losses on property and equipment that were recognized during the year 2020 which amounted to 99.4 million Saudi riyals.

Classification of operational costs

figures are in (Millions) SAR	2020	of sales %	2019	of sales %	Change %
Direct production costs	1,057.7	45.9%	898.0	40.4%	17.8%
Employees costs	466.5	20.3%	495.0	22.2%	-5.8%
Operating expenses	259.3	9.6%	208.6	9.4%	5.9%
Marketing expenses	159.4	6.9%	147.6	6.6%	8.0%
Administrative expenses	103.2	4.5%	93.9	4.2%	9.9%
Depreciation of property and right-of-use assets	292.2	12.7%	277.2	12.5%	5.4%
Other Income, Net	-119.9	-5.2%	-10.9	-0.5%	999.3%
Total operating expenses	2,218.4	%94.7	2,109.4	94.8%	5.2%

Operating profit

figures are in (Millions) SAR	2020	of sales %	2019	of sales %	Change %
Revenues	2,303.1	100.0%	2,225.3	100.0%	3.5%
Operational costs	-				
Cost of revenue	1,577.2	68.5%	1,380.7	62.0%	14.2%
Selling and marketing expenses	545.4	23.7%	537.9	24.2%	1.4%
Impairment losses in trade receivables	4.3	0.2%	6.9	0.3%	-37.5%
General and administrative expenses	112.0	4.9%	114.8	5.2%	-2.4%
Other Income, Net	-119.9	-5.2%	-10.9	-0.5%	999.3%
Impairment losses on property, plant and equipment	99.4	4.3%	-	-	100%
Land development cost written off	-	-	80.0	3.6%	-100%
Total operating expenses	2,218.4	96.3%	2,109.4	94.8%	3.3%
Operating profit	84.6	3.7%	115.9	5.2%	27.0%

The operating profit for the current year has decreased compared to last year by 27.0% due to the increase in the cost of revenue by 14.2% compared to the previous year 2019, and the increase in Impairment losses in the of property and equipment for this year by 100% due to the revaluation of the assets of the Sudan project, the cost of revenue for this year has also increased. By 14.2% due to the increase in the cost of direct materials for production, the decrease in the Impairment losses in trade receivables by 37.5% compared to the previous year 2019 and the increase in Other operating expenses (revenue) (net) due to the grant profit had a clear effect in mitigating the impact of the increase in the cost of revenue and the Impairment losses in the of property and equipment this year 2020.

Working capital development

Figures are in (Millions) SAR	2020	2019	2018	2017	2016
Assets Current	1100.6	1106.7	1092.5	1071.4	1035.8
Current liabilities	1315.1	1243.1	1686.2	1412.3	1338.5
Working capital	(214.5)	(136.4)	(593.7)	(340.8)	(302.7)

The deficit in the working capital of the company during the year 2020 reached 214.5 million riyals, because of the increase in current portion of long term loans and increase trade payable and the company is working to reduce the loans as well as converting part of its short-term loans into medium and long-term loans.

Details of loan movements from local banks with murabaha contracts (deferred sale) and the balance as of December 31, 2020

Figures are in (Millions) SAR	Opening Balance 2020				Closing Balance 2020					
	Credit limits	Principal of the loan	Interests due.	Opening Balance	Additions during the year 2020	Payments during the year 2020	Principal of the loan	Interests due.	Closing Balance	Duration of the loan
NCB	9.1	9.1	-	9.1	-	9.1	-	-	-	-
Al Rajhi Bank	103.3	103.3	0.4	103.7	-	70.0	33.3	0.1	33.4	to 27 months3
Awal bank	48.3	48.3	0.1	48.4	-	48.4	-	-	-	-
Saudi British Bank	350.0	350.0	3.0	353.0	166.0	-	516.0	2.1	518.1	3 months 62 months
Saudi Invest-ment Bank	140.3	140.3	1.2	141.5	-	62.4	77.9	0.4	78.3	3 months
Alanma Bank	235.0	235.0	1.7	236.7	-	121.0	114.0	0.6	114.6	3 to 32 months
Riyad Bank	648.8	648.8	10.0	658.8	45.3	-	694.1	2.7	696.8	3 to 48 months
Arab national Bank	77.0	77.0	0.4	77.4	-	34.0	43.0	0.1	43.1	3 months
Total balance	-	1611.8	16.8	1628.6	211.3	344.9	1478.2	6.1	1,484.3	

All the above table represents all loans granted to the company by local banks in the Kingdom of Saudi Arabia and in accordance with the term sale agreements concluded with the company and those banks, in accordance with Islamic law. And according to payment schedules that have been previously agreed upon with those banks and according to the loan term shown in the above table.

Statement of outstanding loans from local banks and their maturity dates

Statement	2020	2019	Change%
Less than one year	499.0	588.8	-15.2%
From one year to two years	513.0	567.2	-9.5%
From two to five years	439.0	439.3	-0.1%
More than five years	33.3	33.3	0.0%
Total balance	1,484.3	1,628.6	-8.9%

Movement of Agricultural Development Fund loans

Figures are in (Millions) SAR	2020	2019	Change%
Opening Balance	7.4	8.4	-11.9%
Additions during the year	-	-	
Payments during the year 2020	-1	-1	0.0%
Total balance	6.4	7.4	-13.5%

The above loans were granted to Company according to economic studies provided by Company to these government funds, and The Company has fully paid the dues of the Industrial Development Fund, and the existing balance to government agencies represents the value of the remaining balance of the Agricultural Development Fund, which was granted to Company to establish an olive and sesame mill in Company's project in Al-Jouf city in exchange for the mortgage of The Company's land in Riyadh (Al-Soli) and its assets.

Government Payment 2020

A statement	(Million SAR)	Due Balance (Million SAR)	Brief description	Reasons
Visas, passports, labor office and municipal fees	43.0	-	Visas, employment office fees, residency renewal, and municipal fees	
Value added tax.	117.6	13.2	The value-added tax paid during the year 2020.	VAT in December 2020, to be paid in January 2021.
Zakat and withholding tax	1.5	33.4	Zakat paid for previous years and withholding tax during the year 2020.	Zakat provision (note 32).
Social insurances	26	1.7	Amounts of insurances paid during the year 2020.	December 2020 Social insurance, to be paid in January 2021.
Customs fees	26.5	-	Customs duties paid during the year 2020	Customs declaration
Total	214.6	48.30		



CORPORATE GOVERNANCE

Governance

NADEC applies an approved governance system that is in line with the Corporate Governance Regulations issued by Saudi Capital Market Authority (CMA) which includes the criteria, frames and standards regulating the Company's management to guarantee the commitment to the practices through which the rights of shareholders and stakeholders are observed. The Company applies all provisions set out in the corporate governance regulations adopted by CMA, except the following provisions:

No. of article/paragraph	Text of article/paragraph	Non applicability reasons
41	Evaluation: unless applied in full, except in relation to the executive management, as the Company has the required mechanisms to evaluate its performance annually.	Guiding article
70	Composition of risk management committee	Guiding article
71	Mandates of risk management committee	Guiding article
72	Meetings of risk management committee	Guiding article
87	Social responsibility	Guiding article
93, para. (B) of item (4)	Disclosure of rewards: five key executives who receive rewards from the Company, provided that the CEO and CFO shall be among them.	Guiding article
95	Composition of Corporate Governance Committee	Guiding article

Some unimplemented paragraphs in the regulations are for guidance only, and will be implemented, in full or in part, in the future, or whenever enforced by CMA or the Ministry of Commerce and Investment, Regarding the tasks and functions of the Risk Management Committee, the General Assembly of shareholders approved adding Risk Management Committee tasks and functions to the work list of the Audit Committee.

Composition of the Board of Directors (BoDs):

Election of the BoDs:
The BODs were elected for a tenure of three months on the day of Ordinary General Assembly meeting, which was held on 11 April 2018. The following schedules show the names of the Board/Committees Members and their roles, titles and membership in other joint-stock companies. Names of the BoDs, committees, executive management members, and their current and previous jobs and qualifications:

A) Board of Directors:

Name	Position	Existing job	Previous job	Qualifications and Experiences
Mr. Mazen Ahmed Aljubeir (Representative of Public Investment Fund (IPIF))	Chairman of Board of Directors Chairman of Investment Committee	Managing Director from Jawaris Co.	EVP of Amwal Alkhaleej Investment Co. Consultant with Mackenzie and Partners in Washington DC.	Bachelor degree in economics from Harvard University Master degree in Business Administration from Harvard University Holds a track record in financing start-ups that have great development potential
Eng. Ibrahim Mohammed Aboabat	Vice Chairman Member in Nomination and Remuneration Committee Member in Executive Committee	Managing Director Al Watania Agriculture Co. Assistant of the General Secretary for charity in Suliman Alrajhi Endowment	Al Watania Agriculture Co.	Bachelor degree in civil engineering from King Saud University High diploma in agricultural engineering in Delvet, Netherlands Led a number of corporates and business sectors in government entities Member in agricultural and engineering managements and committees.
Mr. Raid Abdullah Ismail	Member in BoDs Chairman of Nomination and Remuneration Committee Member in Executive Committee	Director of investments department in local companies in PIF Member in Acwa Power BoDs Member in Executive Committee, The Remuneration & Nomination Committee, and listing Committee Chairman of Saudi Company for GDC Middle East Chairman TAHAKOM Investments Co. Member in the BoDs of ELM for Information Security.	GM of MAWARID Food Co. Independent member in Credit Swiss Saudi Co. CEO of Tadawi Health Care Co. GM of First Food Service Co. GM of Olayan Food Co. CFO of Olayan Food Group Senior Manager for International Investment Banking Consultations. International Partner and member in House of Retail L.L.C.	Bachelor degree in financial administration from George Mayson University, USA. Master degree in Business Administration from London Business Administration University (LBS) Having a wide experience in banking investments, especially in relation to capital markets Having a wide experience in the management of companies, restructuring and performance development. Example for change management, building organizational structures and health and effective work environment.

Name	Position	Existing job	Previous job	Qualifications and Experiences
Mr. Alaa Abdullah Alhashem	Member in BoDs Chairman of Audit Committee Member in Investment Committee	Member in the audit committee in Salama Insurance Company Board member in Charity Organization for Down Syndrome Board member in The Saudi Technology Development and Investment Company – TAQNIA Member in the Advisory Council in Raed Ventures Member in the BoDs of Kanaf Charity Organization Member in the BoDs of IKEA FORWARD in IKEA Member in the BoDs of Claseera Co. Member in the BoDs of Emirates NBD Member in the BoDs of Saudi Algerian Investment Co. Chairman of the advisory council and representative of Roland Berger Consultations Co.	Chairman of the Investment Portfolio in Malaz Capital Co. Founder and CEO of Mubadara Co. Chairman of Business Development in Deloitte & Touch in Saudi Arabia CEO and member in the BoDs of Gulf Real Estate for utilizing the funds in Arab Banking Corporation. Senior relations manager and chairman of the banking services in NCB Director of Corporate banking relationship and credit analyst in Banque Saudi Fransi (BSF) Member in the steering committee in Ahmad Hamad Al Gosaibi & Brothers	Bachelor degree in accounting from King Fahd University of Petroleum & Minerals (KFUPM) Master Degree in Business Administration from Lancaster University, UK Approved Financial Planner for Individuals from SAMA. Legal Director and Associate in British Directors Institute. Hold leadership positions in many companies. Having a wide experience in financial and administrative consultations. Having a wide experience in constructing and managing investment companies Having a wide experience in family companies in relation to the development of their works, solving heirs problems Having a wide experience in implementing governance system.
Dr. Solaiman Abdulaziz Altwaijri	Member in the BoDs Chairman of the Executive Committee Member in Awards and Nominations Committee	CEO in Saudi Arabian Amiantit Member in the BoDs and member in the Audit Committee in Takween Advanced Industries (Takween) Member in the BoDs and executive Committee of Wala Cooperative Insurance Company Member in the Audit Committee of SEC Member in the BoD and Chairman of Audit Committee of Chemical Development Co. Member in the BoD and Chairman of the Audit Committee of Mulkia Investment Company and affiliated presses. Member in public BoDs of Institute of Management Accountants – USA. Chairman of the BoDs of International Water Distribution Co. (Tawzea) Member in the BoDs of Lametic Morocco Co. Member in the BoDs and CEO of Bond Strand LTD Co. Member in the BoDs and CEO of Amicon Saudi Co. LTD. Chairman of BWT German Co. Member in the BoDs of Amiantit Qatar for Pipes Co. Member in the BoDs of Sara Brust Qatar Member in the BoDs of Amiron Egyptian Co. Member in the BoDs of Egyptian Amiantit for Fiberglass Member in the BoDs of Amiblo-Austria Deputy of the Chairman of Sobor Boro Industrial LTD. Co. Turkey Deputy of the Chairman of Sobor Boro Gab LTD. Co. Turkey.	Managing Director of Amiantit Saudi Co. General Director in Alothman Company for Agricultural and Plant Production (Nada) Director of shared services in Zegoul Company for Advanced Communications Technology General Secretary in the University Higher Education Fund Member in the Audit Committee in the Education Fund Member in the Internal Audit Committee in Saudi Organization for Certified Public Accountants (SOCPA) Member int the audit committee in Riyadh Bank Member in the accounting standards committee in SOCPA. Member in the executive committee in Zegoul Company for Advanced Communications Technology Chairman of the accounting section in King Fahd University of Petroleum and Minerals.	Bachelor degree in industrial management from King Fahad University for Petroleum and Minerals Bachelor degree in accounting from Elinos Erina Champion in USA. Obtained PhD degree in accounting from Kes Western Reserve University – USA Prince Mohammed Bin Fahad Award for Scientific Achievement on 1989. Held many positions and memberships in prominent international and local companies. Having a wide experience in financial sciences and accounting.

Name	Position	Existing job	Previous job	Qualifications and Experiences
Dr. Suliman Abdullah Alsakran	Member in the Board of Directors Member of the Executive Committee Member of the Investment Committee	Member of the audit committee in Takween Advanced Industries (Takween) Member of the Audit Committee, Saudi Arabian Amiantit Company Member of the Comprehensive Internal Audit Committee at King Fahd University of Petroleum & Minerals Member of the Investment Committee of the Human Resources Fund (Hadafe) Member of the Audit Committee of Fawaz Al Hokair Company Member of the Board of Trustees of the Endowment of the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz Member of the Board of Trustees of Al Yamamah University Member of the BoDs of the Fund to Support Research and Educational Programs at King Fahd University of Petroleum & Minerals	Member of the BoDs of Chemical Development Company Member of the BoDs and Chairman of the Audit Committee of Al Khozama Company Member of the BoDs and Chairman of the Audit Committee of the Karnaf Company Member of the Audit Committee of SEC Member of the Audit Committee of Riyadh Bank Member of the Audit Committee of a Tadawul company Member of the Audit Committee of Salama Insurance Company Member of the Investment Committee of the Takaful Corporation Member of the Board of Directors of anb Funds Member of the Audit Committee of TAQA Head of the Department of Financial Sciences and Economics at King Fahd University of Petroleum & Minerals Lecturer at the College of Industrial Management, King Fahd University of Petroleum & Minerals Associate Professor in the Department of Financial Sciences and Economics at King Fahd University of Petroleum & Minerals Teaching Assistant at the College of Industrial Management at King Fahd University of Petroleum & Minerals	Bachelor's degree in Industrial Management from King Fahd University of Petroleum & Minerals. Master's degree in industrial management from. Ph.D. in economics and statistics from the University of Houston, USA. Expert in financial sciences, investments and corporate finance. Has experience in consulting work. He has held roles, positions and memberships in a number of bodies, companies and associations. Presented a lot of research in finance and economy.
Mr. Abdullatif Abdullah Alrajhi	Board Member	Chairman of Al-Rajhi Holding Group in Al-Khobar	Regional Director of Al-Rajhi Bank in the Eastern Province Director of Credit Cards Center at Al-Rajhi Bank (Visa and MasterCard)	Master Degree in Business Administration from the American University in Beirut

Name	Position	Existing job	Previous job	Qualifications and Experiences
Mr. Abdulrahman Abdullah Alsakran	Audit Committee Member	- Assistant of the Minister of Finance for Institutional Services Member in the BoDs of Amana Company for Cooperative Insurance	CEO of Alhabib Holding Co. CEO of the financial management in Alseif Commercial Investment LTD Co. CEO of the Financial Management in Glass Co. CEO of Mohammed Abdulaziz and Sons Holding Company Took many different positions in the financial management and strategic planning and performance at STC Chairman of the BoDs of Globe Med Saudi Co. Chartered Accountant of Algaraied Law Firm Member of Dr/Suliman Alhabib Medical Group Member of the BoDs of Jubail Energy Co. Member of the BoDs of Modern Constructions Co. Member of the BoDs of International Gas Co. Member of the BoDs of Alhassan Ghazi Ibrahim Shaker Member of the BoDs of Volkswagen Saudi Co. Member of the BoDs of Etihad Atheeb Telecom Co. Member of the BoDs of National Power Co. Member of the BoDs of RDB Alsaif Co. Member of the BoDs of Asala Holding Co. Member of the BoDs of Gheras Alakhlaq Private Schools Member of the BoDs of Qwaiem for Real Estate Development	Bachelor degree in Accounting Sciences from King Fahd University of Petroleum and Minerals. Received a fellowship from the Saudi Organization for Certified Public Accountants (SOCPA) Fellowship of the American Institute of Certified Public Accountants (SOCPA) He has extensive experience in investment, finance and corporate governance. Has experience in developing strategic and commercial plans for companies. Expert in evaluating investment and acquisition opportunities. Expert in public accounting, manufacturing, communications, energy, insurance and investments.
Mr. Abdullah Sayel Alenazi	Member of the Audit Committee	Head of Internal Audit at STC Group. Member of the Audit Committee of the Saudi Investment Bank Member of the Audit Committee of Seera Holding Group	General Manager of Network and Information Systems Audit at Saudi Telecom Company Director General of the Investment Review and Operations at Saudi Telecom Company	Bachelor degree in information systems Executive master degree in Business Administration Fellowship of Certified Internal Auditor Fellowship of a Certified Fraud Detection Expert Fellowship of Certified Information Systems Auditor Risk Management Assurance Fellowship Extensive experience in the field of internal audit, risk management and internal control, as well as in fraud control, detection and IT risks.

B) Members from outside the BoDs:

Name of the Member	Capacity	Executive	Non-Executive	Independent
Mr. Mazen Ahmed Aljubeir	Chairman	-	√	-
Eng. Ibrahim Mohammed Abu Abat	Vice Chairman	-	√	-
Mr. Raid Abdullah Ismail	Member	-	-	√
Mr. Alaa Abdullah Alhashem	Member	-	-	√
Dr. Solaiman Abdulaziz Altwaijri	Member	-	√	-
Dr. Suliman Abdullah Alsakran	Member	-	-	√
Mr. Abdulatif Abdullah Alrajhi	Member	-	√	-

C) Executive Management:

Name	Qualifications	Previous Roles	Current Role	Experiences
Mr. Steen Hadsbjerg	Master Degree in Strategy & Management Master Degree in Business Administration	Several roles as CEO and Vice President in FMCG Companies	Chief Executive Officer – NADEC	More than 36 years’ experience
Mr. Mansour Abdullah Al-Madi	Master Degree in Management Bachelor of Science	General Manager - Purchasing	Vice President – Supply Chain	More than 38 years’ experience
Mr. Ashraf Abu Shaqra	Bachelor in Mechanical & Production Engineering	General Manager-Industrial Operations	Vice President - Operations	More than 21 years’ experience
Eng. Emad Bakr Abdullah Saleh	Bachelor in Animal Production	General Manager - Dairy Farms	Acting Vice President – Farm Management	More than 30 years’ experience
Dr. Amr Essam Kandil	PHD in formulation Master's degree in clinical ph. and international policy Bachelor of pharma Sciences	General Manager - Quality, Research & Development	Vice President -Research & Development ,Quality and Innovation	More than 22 years’ experience
Mr. Hamad Abdulaziz Al Sawaji	Professional Certifications in Quality and Key Account Management	Sr.Manager, Head of Sales & Operations	Vice President- Sales & Distribution	More than 22 years’ experience
Mr. Nasser Abdulaziz Al Ghanem	Bachelor in Marketing	General Manager - Marketing	Vice President-Marketing	More than 15 years’ experience
Mr. Sultan Thawab Matar Al Mutairi	Master in Industrial - Organizational Psychology Bachelor in Business Administration	Acting General Manager -Human Resources	Vice President-Human Resource	More than 16 years’ experience
Mr. Abdullah Aldehimi	Intermediate University degree of Administration Bachelor of Business Administration	Secretary of the board of Directors Assistant Manger Shareholders Dept	Director – Corporate Communication &Affairs & Secretary of the Board of Directors	More than 13 years’ Experience
Mr. Georgios Asimakopoulos	Master of Business Administration in Finance Bachelor in Business Administration	Senior Director - Commercial Finance	Acting Vice President-Finance	More than 25 years’ Experience
Mr. Muhammad Shabbir	Bachelor in Commerce	Senior Internal Audit Manager	Acting Director – Internal Audit	More than 12 years’ Experience

The Companies inside and outside Saudi Arabia:

Member Name	Membership Type	Current Companies		Inside/ outside Saudi Arabia	Legal Entity	Previous Companies		Inside/ outside Saudi Arabia	Legal Entity
		Member	Key Executive			Member	Key Executive		
Mr. Mazen Ahmed Aljubeir PIF Rep.	Non-Executive	Seera Group Holding		Inside KSA	Listed	Medical care		Inside KSA	Listed
		Riyadh Airports		Inside KSA	Not listed	Al Sagr Insurance		Inside KSA	Listed
		Public Pension Agency		Inside KSA	Governmental entity	Maadaniyah		Inside KSA	Listed
		Diyar Alkhuzamah Real Estate Development		Inside KSA	Not listed	Saudi Med		Inside KSA	Not listed
						Capital Bank		Outside KSA	Listed Joint Stock Co.
		Aptec Saudi Co.		Inside KSA	Not listed	Northern Trust Arabian Co.		Inside KSA	Not listed
		Maxs Berhard (Malaysia)		Outside KSA	Listed	Bawan Co.		Inside KSA	Listed
		Mohmmed Ibrahim Alsubaie and Sons		Inside KSA	Not listed	Kareem Netrox (British Virgin Islands)		Outside KSA	Not listed
		Alraidah Investments Co.		Inside KSA	Not listed	LAFANA Holding Co.		Inside KSA	Not listed
		Fund of Funds Co.		Inside KSA	Not listed				
		SABIC Investment and the Development of Local Content Co.		Inside KSA	Not listed				
		Almehbaj Shami Co.		Inside KSA	Not listed				
		Al Aujan Trading Co.		Inside KSA	Not listed				
	Non Executive	Suliman Alrjhi International Co.		Inside KSA	Not listed				
		Alrajhi Co. for Real Estate Development LTD (Sudan)		Inside KSA	Not listed				
Eng. Ibrahim Mohammed Abu Abat		Atbara Cement LTD Co. (Sudan)		Inside KSA	Not listed				
		Waad Altaqa Holding Co. (Morocco)		Inside KSA	Not listed				
		Saudi Association for Organic Agriculture (SOFA)		Inside KSA	Not listed				
		National Company for the production of agricultural seeds and services		Inside KSA	Not listed				
		Suliman Alrajhi Holding Endowments		Inside KSA	Not listed				
Mr. Raid Abdullah Ismail	Independent	PIF		Inside KSA	Government	Dar Retail LTD Co.		Inside KSA	Not listed
		Alam Co. for Information Security				Credit Swiss Saudi Co.		Inside KSA	Not listed
		Acwa Power Co.							

Member Name	Membership Type	Current Companies		Inside/ outside Saudi Arabia	Legal Entity	Previous Companies		Inside/ outside Saudi Arabia	Legal Entity
		Member	Key Executive			Member	Key Executive		
Mr. Alaa Abdullah Alhashim	Independent	Charity Organization for Dawn Syndrome		Inside KSA	NPO	CEO of Gulf Development Co.		Inside KSA	Not listed
		Saudi Company for Development and Technical Investment		Inside KSA	Not listed	Chairman of the Investment Portfolio in Malaz Financial Co.		Inside KSA	Not listed
		Advisory Council in Raed Ventures		Inside KSA	Not listed	Chairman of Business Development in Deloute & Touch in Saudi Arabia		Inside KSA	Not listed
		Kanaf Charity Organization		Inside KSA	NPO	Founder and CEO of Mobadra Co.		Inside KSA	Not listed
		Accelerator program in IKEA		Inside KSA	Not listed	VP for funds operation in Arabian Banking Est.		Outside KSA	Listed
		Claseera Co.		Inside KSA	Not listed	Senior relations manager and chairman of the banking services in NCB		Inside KSA	Listed
		Emirates NBD		Inside KSA	Listed Co. outside KSA	Director of Corporate banking relationship and credit analyst in SAAB		Inside KSA	Listed
		Saudi Algerian Investment Co.		Inside KSA	Not listed				
		Advisory Council and representative of Roland Burger Consultations Co.		Inside KSA	Not listed				
		Saudi Co. for Preparing and Maintaining Aircrafts		Inside KSA	Listed				

Member Name	Membership Type	Current Companies		Inside/ outside Saudi Arabia	Legal Entity	Previous Companies		Inside/ outside Saudi Arabia	Legal Entity
		Member	Key Executive			Member	Key Executive		
Dr. Solaiman Abdulaziz Altwajri	Non Executive	Saudi Amiantit Co.		Inside KSA	Listed	Saudi Amiantit Co.		Inside KSA	Listed
		Takween Advanced Industries (Takween)		Inside KSA	Listed	Alothman Company for Agricultural and Plant Production (Nada)		Inside KSA	Not listed
		Wala'a Cooperative Insurance Company		Inside KSA	Listed	Zegoul Company for Advanced Communications Technology		Inside KSA	Not listed
		Chemical development Co.		Inside KSA	Not listed	General Secretary in the University Higher Education Fund		Inside KSA	Not listed
		Ownership Investment Company, and affiliated presses.		Inside KSA	Not listed	King Fahad University of Petroleum and Minerals		Inside KSA	Not listed
		Administrative Accounting Institute – USA.		Outside KSA	Not listed				
		International Water Distribution Co. (Tawzea)		Inside KSA	Not listed				
		Member in the BoDs of Lametic Morocco Co.		Outside KSA	Not listed				
		Bond Strand LTD Co.		Inside KSA	Not listed				
		Amicon Saudi Co. LTD.		Inside KSA	Not listed				
		BWT German Co.		Outside KSA	Not listed				
		Amiantit Qatar for Pipes Co.		Outside KSA	Not listed				
		Sara Brust Qatar		Outside KSA	Not listed				
		Amiron Egyptian Co.		Outside KSA	Not listed				
		Egyptian Amiantit for Fiberglass		Outside KSA	Not listed				
		Amiblo- Austria		Outside KSA	Not listed				
		Sobor Boro Industrial LTD. Co. Turkey		Outside KSA	Not listed				
		Sobor Boro Gab LTD. Co. Turkey		Outside KSA	Not listed				

Member Name	Membership Type	Current Companies		Inside/ outside Saudi Arabia	Legal Entity	Previous Companies		Inside/ outside Saudi Arabia	Legal Entity
		Member	Key Executive			Member	Key Executive		
	Independent		Member of the Board of Trustees of the Endowment of the Two Holy Mosques, King Abdullah bin Abdulaziz	Inside KSA	N/A	- Member of the Board of Directors of anb Funds		Inside KSA	Listed
			Member of the Board of Trustees of Al Yamamah University	Inside KSA	N/A	Chemical Development Co.		Inside KSA	Not listed
Dr. Suliman Abdullah Alsakran			Member of the BoDs of the Fund to Support Research and Educational Programs at King Fahd University of Petroleum & Minerals	Inside KSA	N/A	Member in Alkhuzami BoDs		Inside KSA	Not listed
						Member in Kernaf BoDs			.Dr
						Head of the Department of Financial Sciences and Economics at King Fahd University of Petroleum & Minerals		Inside KSA	N/A
						Associate Professor in the Department of Financial Sciences and Economics at King Fahd University of Petroleum & Minerals		Inside KSA	N/A
						Assistant Professor in the Department of Finance and Economics at King Fahd University of Petroleum & Minerals		Inside KSA	N/A
						Chairman of Saudi Committee for Banking and Financial Sciences		Inside KSA	N/A
						Lecturer in the Department of Finance and Economics at King Fahd University of Petroleum & Minerals		Inside KSA	N/A

Member Name	Membership Type	Current Companies		Inside/ outside Saudi Arabia	Legal Entity	Previous Companies		Inside/ outside Saudi Arabia	Legal Entity
		Member	Key Executive			Member	Key Executive		
Mr. Abdullatif Abdullah Alrajhi	Non-Executive					Teaching Assistant at the College of Industrial Management at King Fahd University of Petroleum & Minerals		Inside KSA	N/A
		Alrajji Holding Group		Inside KSA	Not listed	Director of Eastern Province For Alrajhi Bank		Inside KSA	Listed
		Ouda Bank – Syria		Outside KSA	Not listed	Director of Credit Center in Alrajhi Bank		Inside KSA	Listed
		Abdullah Abdulaziz Alrajhi Charity Org.		Inside KSA	N/A				
		Saudi Food Bank (Taam)		Inside KSA	Not listed				
		Saving Food Association		Outside KSA	N/A				

Meeting of the Board of Directors and Members Rewards:

The BoDs have met during 2020 three times in person, and 6 minutes of meetings (MoMs) were adopted by Circulation.

Physically attended meetings:

Name	Type of Membership	First Meeting	Second Meeting	Third Meeting
		24/03/2020	07/04/2020	08/06/2020
Mr. Mazen Ahmed Aljubeir	Chairman	Attended	Attended	Attended
Mr. Ibrahim Mohammed Abu Abat	Vice Chairman	Attended	Attended	Attended
Mr. Raid Abdullah Ismail	Member	Attended	Attended	Attended
Mr. Alaa Abdullah Alhashem	Member	Attended	Attended	Attended
Dr. Solaiman Abdulaziz Altwaijri	Member	Attended	Attended	Attended
Dr. Suliman Abdullah Alsakran	Member	Attended	Attended	Attended
Mr.Abdullatif Abdullah Alrajhi	Member	Attended	Attended	Attended

Sr.	Name	Capacity	Actual Number of BoDs Decisions by passing / attending		Attendees of the executive committee	Attendees of the audit committee	Attendees of the awards and nominations		Attendees of the investment committee	Total
1	Mr. Mazen Ahmed Aljubeir	Non Executive	3	6	-	-	-	-	2	7
2	Eng. Ibrahim Mohammed Abu Abat	Non Executive	3	6	4	-	6	1	-	16
3	Mr. Raid Abdullah Ismail	Independent	3	6	4	-	6	1	-	16
4	Mr. Alaa Abdullah Alhashem	Independent	3	6		8	-	-	2	15
5	Dr. Solaiman Abdulaziz Altwajjri	Non Executive	3	6	4	-	6	1	-	16
6	Dr. Suliman Abdullah Alsakran	Independent	3	6	4	-	-	-	2	11
7	Mr. Abdullatif Abdullah Alrajhi	Non Executive	3	6	-	-	-	-	-	5
8	Mr. Abdulrahman Abdullah Alsakran	Member from outside the BoDs	-	-	-	8	-	-	-	8
9	Mr. Abdullah Sayel Alenazi	Member from outside the BoDs	-	-	-	8	-	-	-	8
Total			-	-	16	27	18	3	6	70

Description	Executives	Non Executives	Independent	Committee Members	Total
Board Attendance Allowance	-	36,000	27,000	-	63,000
BoDs Rewards	-	1,000,000	750,000	-	1,750,000
Committees Attendance Allowance	-	80,000	54,000	48,000	206,000
Committee Rewards	-	500,000	650,000	300,000	1,450,000
Total	-	1,616,000	1,505,000	348,000	3,469,000

Rewards Policy:

Awards and Nominations Committee shall recommend the BoDs with the awards of the members of the BoDs and its Committees, and senior executives in the Company in accordance with the approved criteria as follow:

- The Company considers that the awards are in line with the Company's Strategy, objectives, and size, nature and level of risks.
- Awards are determined based on the professional level, tasks and responsibilities delegated to members, and their academic qualifications, practical experiences, skills and level of performance.
- Awards shall be reasonably sufficient to attract the efficient and experienced members and encouraging them to stay without exaggeration.
- Awards shall be suspended or recovered if its found that they were disbursed based on inaccurate information submitted by the members of the BoDs or Executive Management to prevent the employment situation being exploited for undue rewards.
- The award shall be commensurate with the activity of The Company and the skill needed to manage it, taking into account the sector in which the company operates, its size, and the experience of board members and executive management.
- The Award shall be fair and commensurate with the specializations, works and responsibilities undertaken by the members of the Board of Directors and the executive management, in addition to the goals set by the Board of Directors to be achieved during the fiscal year.
- Board members award may be fixed amount, attendance allowance, in-kind benefits, or a certain percentage of net profits. Two or more benefits can be combined.
- Awards shall be provided for the purpose of urging members of the board of directors, its committees and the executive management to develop the company in the long term, taking into account the linking of the variable part of the remuneration with performance in the long term.
- The Company takes into account the practices of other companies and what is prevalent in the labor market in determining remuneration, while avoiding the unjustified increase in bonuses and compensation that may result from that.
- It is permissible to regulate the award of shares in The Company to members of the Board of Directors and the Executive Management, whether it is a new issue or shares purchased by The Company.
- Awards are prepared in coordination with the Awards and Nominations Committee regarding new appointments.

Awards of Board of Directors Members:

In general, the awards of the members of the Board of Directors is subject to the approval of the General Assembly of shareholders, taking into account the following:

- The remuneration of the members of The Company's board of directors consists of a certain amount, an attendance allowance, an expenses allowance, in kind benefits, or a percentage of profits. It is permissible to combine two or more of these benefits, provided that it does not exceed the limit set forth in the Companies Regulations. The BoDs determines the remuneration of its members annually based on the recommendation of the Awards and Nominations Committee, taking into account the provisions contained in this regard in the company's articles of association or any other regulations issued by the competent authorities.
- The remuneration of independent members of the BoDs shall not be a percentage of the profits generated by the Company or be based directly or indirectly on the profitability of the company.
- A member shall be entitled to an attendance allowance for the BoDs or its Committee meetings, (3000) SAR, in addition to his travel, residence, tickets and transportation allowance from outside the city of the company's headquarters.
- The report submitted by the BoDs to the General Assembly shall include a comprehensive statement of all remuneration, expense allowance and other benefits that board members received during the fiscal year. It should also include a statement of what the council members have paid as workers or administrators, or what they have received for technical or administrative work or consultations as well as a statement of the number of meetings attended by each member from the date of the last meeting of the General Assembly.
- With a recommendation issued by the Awards Committee, the BoDs determines additional rewards in kind or cash as it deems appropriate, so that the total remuneration and financial or in-kind benefits and rewards that a member gets does not exceed an amount of (500,000) SAR annually, in accordance with the controls set by the competent authority.

- A member of the Board of Directors may obtain a remuneration for its membership in the Audit Committee or for any executive, technical, administrative or advisory work or positions (under a professional license) in addition to the remuneration for membership of the Board and its committees.

Awards of the Members of the BoDs Committees:

- The BoDs shall fix and approve the membership remuneration of its committees - with the exception of the Audit Committee - attendance allowances and other benefits based on the recommendation of the Awards and Nominations Committee.
- When forming the membership of the BoDs committees, the number of committees that a board member can occupy is taken into consideration, so that the total remuneration a member receives for its membership in the board and committees does not exceed the maximum limit stipulated in the Companies Regulations.
- The membership remuneration of the BoDs committees shall consist of an annual award (a lump sum), attendance allowances and other benefits. The work list of each committee includes the remuneration of its members.
- According to the Law, remuneration for membership of an audit committee shall be approved by the shareholders in the General Assembly upon BoDs recommendation.

Remuneration of the Executive Management

The Awards and Nominations Committee shall periodically reviews the remuneration, program and incentive plans of the Senior Executives and recommend them to the BoDs. Remuneration for the executive management includes the following:

- Basic salary (paid monthly).
- Allowances, which include, but are not limited to: a housing allowance, a transportation allowance, a telephone allowance, and an education allowance for children.
- Medical insurance benefits for them and their families.
- Short-term incentive plans related to the performance of the individual and the company, and long-term incentive plans such as stock options and others.
- Other benefits that include, for example: annual leave, travel tickets, travel allowance, and end of service bonus.

The relationship between the bonuses awarded and the applicable awards policy:

Upon the recommendation of the Awards and Nominations Committee, the relationship between the bonuses granted and the awards policy that was approved by the Shareholders General Assembly on 2017/12/10 is examined, and the committee did not discover any material deviations from the remuneration policy.

BoDs Awards:

Awards and benefits of the Committee Members:

The benefits of the Committee Members during 2020 was:

	Fixed Benefits						Variable benefits						End of Service Bonus	Total	Expenses Allowance
	Fixed amount	Attendance Allowance	Total Attendance Allowance	In-King Benefits	Rewards for technical, administrative and consulting work	Benefits of the Chairman of the Board, the Managing Director or the Secretary, if he is a member	Total	% from profits	Periodic awards	Short-term incentive plans	Long-term incentive plans	Granted shares	Total		

First: Independent Members

SAR															
1. Mr. Raid Abdullah Ismail	250,000	9,000	30,000	-	-	-		-	-	-	-	-	-	289,000	-
2. Mr. Alaa Abdullah Alhashem	250,000	9,000	30,000	-	-	-		-	-	-	-	-	-	289,000	-
3. Dr. Suliman Abdullah Alsakran	250,000	9,000	18,000	-	-	-		-	-	-	-	-	-	277,000	-

Second: Non-Executive Members

SAR															
1. Mr. Mazen Ahmed Aljubeir	250,000	9,000	6,000	-	-	-		-	-	-	-	-	-	265,000	-
2. Eng. Ibrahim Mohammed Abu Abat	250,000	9,000	30,000	-	-	-		-	-	-	-	-	-	289,000	-
3. Dr. Solaiman Abdulaziz Altwajjri	250,000	9,000	44,000	-	-	-		-	-	-	-	-	-	303,000	-
4. Mr. Abdullatif Abdullah Alrajhi	250,000	9,000	-	-	-	-		-	-	-	-	-	-	259,000	-
Total	1,750,000	63,000	158,000	-	-	-		-	-	-	-	-	-	1,971,000	-

	Fixed Awards	Attendance Allowance	Total
Audit Committee Members			
Mr. Alaa Abdullah Alhashem	150,000	24,000	174,000
Mr. Abdulrahman Abdullah Alsakran	150,000	24,000	174,000
Mr. Abdullah Sayel Alenazi	150,000	24,000	174,000
Awards and Nominations Committee Members			
Mr. Raid Abdullah Ismail	100,000	18,000	118,000
Eng. Ibrahim Mohammed Abu Abat	100,000	18,000	118,000
Dr. Solaiman Abdulaziz Altwajiri	100,000	25,000	125,000
Executive Committee Members			
Dr. Solaiman Abdulaziz Altwajiri	100,000	19,000	119,000
Eng. Ibrahim Mohammed Abu Abat	100,000	12,000	112,000
Dr. Suliman Abdullah Alsakran	100,000	12,000	112,000
Mr. Raid Abdullah Ismail	100,000	12,000	112,000
Investment Committee Members			
Mr. Mazen Ahmed Aljubeir	100,000	6,000	106,000
Mr. Alaa Abdullah Alhashem	100,000	6,000	106,000
Dr. Suliman Abdullah Alsakran	100,000	6,000	106,000

Senior executives’ compensation of NADEC for 2020:

Compensation and benefits paid to 5 senior executives including the CEO and CFO of the Company during 2020 were:

	Position	Total
Fixed Benefits	Salaries	5,693,856
	Allowances	2,688,027
	In kind benefits	0
	Total	8,381,883
Variable Benefits	Periodic rewards	0
	Profits	0
	Shor term Incentive Plan	1,714,768
	Long term Incentive Plan	0
	Granted shares (insert the value)	0
	Total	1,714,768
	End of Service	7,118,058
	Total Executive rewards, if any	0
	Total	17,214,709

Clarification: The Company has complied with the disclosure of the components of the senior executives’ remuneration on aggregate in line with the requirements of subparagraph (b) of paragraph (4) of Article 93 of the Corporate Governance Regulations issued by CMA, but to protect the interests of the Company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed senior executives’ remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.

The interest of the Directors and Senior Executives in the Company's shares

A- The interest of the Directors and their spouses and minor children in the Company's shares

The following table shows the interest of the members of the board of directors and their spouses and minor children in the shares of the Company and any changes in the properties that occurred during the year:

Stakeholder Name	Number of shares “at the beginning of the year”	Debt instruments	Number of shares “at the end of the year”	Debt instruments	Net change	Change percentage
Mr. Mazen Ahmed Aljubeir	1,210	-	1,210	-	-	-
Dr. Solaiman Abdulaziz Altwajiri	1,000	-	1,000	-	-	-
Mr. Abdullatif Abdullah Alrajhi	74,926	-	0	-	74,926	- 100 %

B- The Senior Executives and their spouses and minor children in the Company's shares

Stakeholder Name	Number of shares “at the beginning of the year”	Debt instruments	Number of shares “at the end of the year”	Debt instruments	Net change	Change percentage
N/A	-	-	-	-	-	-

BoDs Committees

The Company has four Committees, namely the “Audit Committee”, the “Remuneration and Nominations Committee”, the “Executive Committee” and the “Investment Committee”. The following are the names of its members and their specializations:

A- Members of The Audit Committee:

- Mr. Alaa Abdullah Alhashem
- Mr. Abdulrahman Abdullah Alsakran
- Mr. Abdullah Sayel Alenazi

The Audit Committee Duties:

- Verifying the independence of the internal auditors and supervising the internal audit department in the Company; in order to verify its effectiveness in carrying out the works and assigned tasks.
- Recommending the Board of Directors to appoint and dismiss statutory external auditors and determine their fees. When recommending appointment, it is taken into account to ensure their independence.
- Studying the external auditors notes on the financial statements and following up on what has been done about them.
- Reviewing the results of the supervisory authorities' report and verifying that the Company has taken the necessary actions in this regard.
- Studying the internal control system and draw up a written report on its opinion and recommendations regarding it.
- Examining the nomination applications for the position of the chief internal audit in the Company and the remunerations, allowances and other benefits allocated to him.
- Following up on the work of external auditors, and approving any work outside the scope of the auditing work they are assigned to while performing the audit work.
- Verifying the Company's compliance with the relevant laws, regulations, policies and instructions.
- Examining the internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- Review audit plan submitted by the external auditor and expressing his observations on it.
- Studying the interim and annual financial statements before submitting them to the Board of Directors and expressing opinion and recommendation in this regard.
- Studying the accounting policies used and giving opinion and recommendation to the Board of Directors in this regard.

Name	Membership nature	The first meeting 01/02/2020	The second meeting 24/3/2020	The third meeting 30/4/2020	The fourth meeting 8/5/2020	The fifth meeting 6/8/2020	The sixth meeting 5/9/2020	The seventh meeting 24/10/2020	The eighth meeting 27/11/2020	The ninth meeting 32/12/2020
Mr. Alaa Abdullah Alhashem	Committee Chairman Member of the Board of Directors - Independent	√	√	√	√	√	√	√	√	√
Mr. Abdulrahman Abdullah Alsakran	Member of the Board of Directors - Independent	√	√	√	√	√	√	√	√	√
Mr. Abdullah Sayel Alenazi	Member of the Board of Directors - Independent	√	√	√	√	√	√	√	√	√

B- Nomination and Remuneration Committee:

Members of the Nomination and Remuneration Committee:

- Mr. Raid Abdullah Ismail (Chairman)
- Mr. Ibrahim Muhammad Abu Abat (Member)
- Dr. Suliman Abdulaziz Altwijri (Member)

Functions of the Nomination and Remuneration Committee:

The functions of the Nomination and Remuneration Committee include the following:

- Preparing a clear policy for the remunerations of the members of the Board of Directors and the committees emanating from the Executive

- Board of Directors, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosure and verification of their implementation.
- Recommending to the Board of Directors the nomination for membership of the Board for policies and re-nomination in accordance with the approved criteria, taking into account not to nominate any person previously convicted of a crime involving breach of trust.
 - Annual review of the necessary needs of skills or appropriate expertise for board membership and executive management functions.
 - Establishing job descriptions for executive members, non-executive members, independent members and senior executives.
 - Carrying out the fulfillment of the tasks referred to it by the Board of Directors related to its work.
 - Clarifying the relationship between the remunerations awarded and the applicable remuneration policy, and indicate any material deviation from this policy.
 - Recommending to the Board of Directors the remuneration of the members of the Board of Directors and the committees emanating from it and the senior executives of the Company in accordance with the approved policy.
 - Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.
 - Reviewing the structure of the Board of Directors and executive management and making recommendations regarding possible changes.
 - Setting up special procedures in case the position of a member of the board of directors or a senior executive becomes vacant.
 - Studying and reviewing the succession plans for the Company in general, the Board, the CEO and senior executives.
 - Periodically reviewing the remuneration policy and evaluating its effectiveness in achieving the desired goals.
 - Proposing clear policies and standards for membership in the Board of Directors and executive management.
 - Determining the time that the member should allocate to the work of the board of directors.
 - Annually verifying the independence of the independent members, and the absence of any conflict of interest if the member occupies the board of directors of another Company.
 - Determining the strengths and weaknesses of the board of directors, and proposing solutions that are consistent with the Company's interest.
 - Providing an appropriate level of training and familiarization to new board members about the Company's tasks and achievements, in order to enable them to perform their work with the required efficiency.

Name	Membership nature	The first meeting 02/01/2020	The second meeting 06/02/2020	The third meeting 16/04/2020	The third meeting 27/06/2020	The third meeting 24/09/2020	The third meeting 22/12/2020
Mr. Raid Abdullah Ismail	Chairman	√	√	√	√	√	√
Eng. Ibrahim Muhammad Abu Abat	Member of Committee	√	√	√	√	√	√
Dr. Solaiman Abdulaziz Altwaijri	Member of Committee	√	√	√	√	√	√

C- The Executive Committee:

Members of the Executive Committee:

- Dr. Solaiman Abdulaziz Altwaijri (Chairman)
- Eng. Ibrahim Muhammad Abu Abat (Member)
- Dr. Suliman Abdullah Alsakran (Member)
- Mr. Raid Abdullah Ismail (Member)

The Functions of the Executive Committee:

The functions of the Executive Committee include the following:

- Studying the systems, regulations, policies and executive programs and making the necessary amendments or additions to them.
- Supervising the preparation of economic and advisory studies.
- Studying plans related to the Company's current activities and its financial and competitive position, and following up and evaluating these plans.
- Following up on the implementation of the decisions issued by the Board of Directors and the Executive Committee.
- Reviewing the objectives of the annual budget before submitting it to the Board of Directors for approval and following up on their implementation.
- Following up the implementation of the Company's integrated information systems programs.
- Studying all business and topics that could affect the Company's image.
- Following up on the Company's financial position and its operational and marketing policy.
- Executing any tasks or responsibilities specified by the Board of Directors.
- Recommending to the Board of Directors regarding the distribution of profits.
- Studying the funding situation and managing the financial needs of the Company.
- Studying new projects and investments and submitting recommendations regarding them to the Board of Directors.
- Submitting reports to the Board of Directors on the work accomplished by the committee and the decisions and recommendations it has taken.

Name	Membership nature	The first meeting 26/02/2020	The second meeting 26/04/2020	The third meeting 08/07/2020	The third meeting 15/12/2020
Dr. Solaiman Abdulaziz Altwaijri	Chairman	√	√	√	√
Eng. Ibrahim Muhammad Abu Abat	Member	√	√	√	√
Dr. Suliman Abdullah Alsakran	Member	√	√	√	√
Mr. Raid Abdullah Ismail	Member	√	√	√	√

D- Investment Committee:

Members of the Investment Committee:

- Mr. Mazen Ahmed Al Jubeir (Chairman)
- Mr. Alaa Abdullah Alhashem (Member)
- Suliman Abdullah Alsakran (Member)

The Functions of Investment Committee:

The functions of Investment Committee include the following:

- Reviewing and approving the general investment policy of the Company, which includes (investment philosophy and strategy ... etc.).
- Monitoring the implementation of the financial results and the integration of the Company's investments in addition to all investment transactions such as acquisitions, entering into joint venture companies and liquidation activities.
- Reviewing and approving NADEC's investment plan.
- Reviewing any other reports issued by the Company related to the responsibilities of the committee.
- Evaluating the performance of the Investment Committee and its members periodically and regularly.
- Reviewing and arranging the investment offers and opportunities according to priority evaluation according to specific investment criteria, and approving new investments to be made, with a maximum of 50 million SAR. For any investments greater than this value, the Investments Committee shall submit its recommendations to the Company's board of directors.
- Submitting periodic reports to the Board of Directors on the investment committee's activities and related issues and recommendations.
- Reviewing and evaluating the adequacy of the charter annually, and requesting Board approval of any proposed changes, and ensuring appropriate disclosure of those changes.
- Reviewing and approving acquisitions and investments proposals in accordance with the overall corporate strategy.
- Reviewing and recommending any strategic alliances that NADEC may make.
- Reviewing the Company's policy on financial derivatives as well as all hedging transactions to provide a framework for the use of derivative and hedging transactions by the Company, and monitoring these transactions and investment risks that the Company may be exposed to.
- Ensuring annually that all responsibilities described in the committee's functions have been fully implemented.

Name	Membership nature	The first meeting 11/05/2020	The second meeting 03/09/2020
Mr. Mazen Ahmed Al Jubeir	Chairman	√	√
Mr. Alaa Abdullah Alhashem	Member	√	√
Dr. Suliman Abdullah Alsakran	Member	√	√

The Company's policy in distributing dividend

The annual net profits of the Company are distributed after deducting all general expenses and other costs, including the Zakat imposed by Sharia, as follows:

- Setting aside (10%) of the net profits to form the statutory reserve for the Company, and the Ordinary General Assembly may stop this deduction when the said reserve reaches (30%) of the paid capital.
- The Ordinary General Assembly - based on the proposal of the Board of Directors - may set aside a certain percentage of the net profits to form a contractual reserve to be allocated for the purposes decided by the Assembly.
- The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders. The aforementioned Assembly may also deduct amounts from the net profits to establish social institutions for the Company's employees or to assist those that exist from these institutions.
- After that, a percentage representing (5%) of the paid-up capital of the Company shall be distributed to the shareholders.
- Subject to the provisions stipulated in Article (21) of the Articles of Association, and Article (76) of the Companies Law, after the aforementioned, a percentage of (10%) of the remaining shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.
- The Company may distribute semi-annual and quarterly profits to the regulations issued by the competent authorities.

Dealing with the Relevant Parties

Each of the Chairman of the Board of Directors (Mazen Ahmad Al-Jubeir) and the Vice Chairman (Ibrahim Muhammad Abu Abat) and a member of the Board (Sulaiman Abdulaziz Al-Tuwijri) have relations with the Company (buying and selling) as they are members of the Boards of Directors of the companies with which they deal, and these contracts did not undergo any change during the year 2020 AD and took place with periods that the other members and the director preceded their membership, and they are shown in note No. (34) in the financial statements, with the financial note submitting declarations that there are no business or contracts with the Company in which they have an interest.

Company	Transaction/ Contracting Nature	Transaction/ Contracting Amount	Transaction/ Contracting Period	Transaction/Contracting Conditions	Relationship/ Name Nature
Seera Holding Group (Al Tayyar Group for travel previously)	Providing travel services to the Company	2,944,109	One year	According to the customary contract terms	Chairman Mazen Ahmad Al-Jubeir
Takween Advanced Industries Company	Selling plastic materials to the Company's	27,546,635	One year	According to the customary contract terms	BoD Member Sulaiman Abdulaziz Al-Tuwijri

Al-Watania Agriculture Company	Selling olive oil to the Company	One year	According to the customary contract terms	BoD Member Ibrahim Muhammad Abu Abat
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Statutory Payments

A. Statutory Payments:

During the year 2020, the following amounts were paid:

Statement of reasons	Brief description of it	The due unpaid until the end of the annual financial period (millioan SAR)	Paid (million SAR)	Statement
	Visas, employment office fees, residency renewal, and municipal fees		43.0	Visas, passports, labor office and municipal fees
The due is a value-added tax in December 2020, to be paid in January 2021	Value-added tax (VAT) paid during the year 2020	13.2	117.6	VAT
The due is Zakat provision (Financial Statement, Note No. 32).	Zakat paid for the year 2019 and withholding tax during the year 2020	33.4	1.5	Zakat and Withholding Tax
The due is the December 2020 insurance, to be paid in January 2021	Insurances sums paid during the year 2020	1.7	26	Social Insurance
Customs statement -2020	Paid customs duties paid during the year 2020		26.5	Customs duties
		48.30	214.6	

B- Penalties and fines:

The Capital Market Authority or any other supervisory and regulatory authority did not impose any penalties or fines during 2020

- Opinion of the Audit Committee on internal control

The Committee expressed its opinion on the internal control in the Company based on the periodic reports submitted thereto by the Company's management, and through its supervisory role to follow up the works and reports of the internal audit department, which verify the effectiveness of the Company's internal control systems and procedures, as well as the evaluation of the control system by the external auditor. Through its periodic review, accordingly, it was not clear to the Committee any fundamental deficiencies in the Company's internal control system, which require it to draw the attention of the general assembly regarding them.

- Recommendations of the Audit Committee that there is a conflict between it and the decisions of the Board of Directors

There are no recommendations of the Audit Committee that conflict with the decisions of the Board of Directors, or the Board's refusal to take in their regard.

- Actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders' proposals, and their comments on the Company and its performance

The Chairman of the Board of Directors, in the first meeting of the BoDs, informs its members - especially non-executives - of the shareholders' notes and suggestions regarding the Company and its performance, if any.

- The Important Events

1	17/02/2020	Resignation and appointment of the CEO	It announced that the Company's BoDs decided on 02/16/2020 to accept the resignation of the CEO, Eng. Abdulaziz bin Muhammad Al-Babtin, from his position as of 31/03/2020. The Board of Directors also approved, based on the recommendation of the Remuneration and Nominations Committee, to appoint Mr. Steen Hudsberg as the CEO of the Company, starting from 01/03/2020.
2	07/04/2020	Directing the Board of Directors to study the expansion of the Company in a number of food activities and emphasizing the continuity of its contribution to achieving food security by providing its food products	The Board directed the Company's management to conduct a comprehensive and urgent study to assess the expansion of the Company by entering into a number of major food activities that would take advantage of opportunities in the food market and participate in supporting and strengthening supply chains in the Kingdom.
3	14/04/2020	The Company announced an invitation to its shareholders to attend the extraordinary general assembly meeting that included increasing the Company's capital (the first meeting)	The Company's BoDs invited the honorable shareholders to attend the extraordinary general assembly meeting of the Company on Tuesday 12 Ramadan 1441 corresponding to May 05, 2020, through modern technical means using the trading system, based on the Circular of the Capital Market Authority (CMA) Board stipulating that the assemblies of listed joint stock ccompanies be held by means Remote modern technology and suspending its contract in presence until further notice.

4	30/04/2020	The Company announced to its shareholders the date of the start of the electronic voting on the agenda items of the extraordinary general assembly meeting (the first meeting)	The announcement included the start of electronic voting on the agenda items of the extraordinary general assembly meeting, at exactly nine thirty in the evening (9:30 PM) on Tuesday, May 5, 2020, through modern technology only.
5	06/05/2020	The Company announced the results of the extraordinary general assembly meeting, which included approval to increase the Company's capital (the first meeting)	The Company's management announced the results of the extraordinary general assembly (the first meeting) on Tuesday 12 Ramadan 1441, corresponding to May 5, 2020
6	07/06/2020	The Company announced that the sums returned from the sale of fractions of shares resulting from the increase in the Company's capital increase were deposited into the accounts of the eligible shareholders	The sums returning from the sale of fractional shares resulting from the Company's capital increase have been deposited in the accounts of eligible shareholders based on the approval of the extraordinary general assembly held on May 05, 2020.
7	24/06/2020	The Company announced the latest developments that the Council of Ministers approved a number of measures in the territories handed over thereto	The Company received a letter from the Ministry of Environment, Water and Agriculture on Tuesday 02/ Dhu al-Qi'dah/1441 corresponding to June 23, 2020 indicating the issuance of the Royal Decree No. 58378 dated 28/Shawwal/1441 approving the ownership of NADEC Company of living spaces from the lands delivered to it In Wadi Al-Dawasir, Hail and Al-Jouf
8	25/08/2020	The Company announced the financial impact of the decision to completely remove the subsidy on feed inputs, with the exception of green fodder inputs	The Company's management made clear about the impact of completely removing subsidies on feed inputs, with the exception of non-green fodder
9	03/11/2020	The Company announced the latest developments regarding the conclusion of an agreement for a 30-megawatt solar energy project for the Company's project in Haradh	The Company's management explained to its esteemed shareholders that it is still in the stage of implementing the construction works of the project and according to the Company's estimates, this phase will be completed and the commercial operation of the project will start on March 31, 2021.
10	04/11/2020	The Company announced the signing of a memorandum of understanding with Pure Harvest for Smart Farms to cooperate in building and operating high-tech agricultural greenhouses.	The Company's management signed a memorandum of understanding for cooperation in building and operating approximately 6 hectares (60,000 square meters) as a first phase of high-tech greenhouses inside NADEC city in Haradh for the purpose of producing and supplying high-quality fresh vegetables and fruits to the Saudi market.

- General Assemblies

Name	Attendance Record First assembly meeting 14/04/2020
1. Mr. Mazen Ahmed Aljubeir	Present
2. Eng. Ibrahim Mohammed Abu Abat	Present
3. Mr. Raid Abdullah Ismail	Present
4. Mr. Alaa Abdullah Alhashim	Present
5. Dr. Solaiman Abdulaziz Altwaijri	Present
6. Dr. Sulaiman Abdullah Alsakran	Present
7. Mr. Abdullatif Abdullah Alrajhi	Present

- The Register of Shareholders

Number of shareholder registry requests	Request date	Request reasons
1	27/2/2020	Corporate procedures
2	10/3/2020	Corporate procedures
3	26/4/2020	Corporate procedures
4	4/5/2020	General Assembly
5	8/6/2020	Corporate procedures
6	28/6/2020	Corporate procedures
7	15/9/2020	Corporate procedures
8	7/12/2020	Corporate procedures
9	13/12/2020	Corporate procedures
10	22/12/2020	Corporate procedures

- Future plans

One of the most important future plans and projects that NADEC is interested in, and is working hard to achieve is investing in alternatives

to energy sources in its projects, such as generating solar energy, due to the growth and development of this promising technology, and the Company is working to complete the necessary studies for these alternative sources to be able to reflect its promising plans on the ground, NADEC is studying investing in high technology greenhouses to produce vegetables and fruits.

- Risks

No doubt that all productive and commercial works are surrounded by many risks that vary in terms of their quality and extent of impact. The Board approved risk assessment based on the results of the internal audit in 2017, and the Board considered in its decision that the Audit Committee and the Audit Department will continue to assume the most important part of the assessment and supervision process on risks. The approved study scope included the risk register and the three-year audit plan record based on the risks for the two sectors of the Company. An update of the risk assessment process was made during 2020 for all departments and activities subject to review. The Company follows a set of policies and procedures to completely or partially reduce some of these risks, and among the most important risks to the activities that the Company engages in are the following:

A- General Regulatory and Economic Risks

They are the decisions issued by the official authorities in the state; such as stopping the cultivation of green fodder, which affects the Company in securing the needs of its cow farms of feed, and to limit the impact of that, the Company began to implement part of its plans to reclaim agricultural lands outside, and during this year it completed its first (experimental) phase of its project in the Republic of Sudan, which contributes to Securing part of the feed for the herd of cows. Also among these risks is the raising of subsidy prices on energy products, which constituted an increase in the burdens of production inputs, which contributes to the fluctuation of the profitability of the products.

B- Production and Operational Risks

They are related to accidents or obstacles that may affect the Company's activities that affect production and operation, and the Company follows a set of strict policies and procedures to monitor and control production and operation processes to ensure the quality of its products and to avoid sudden accidents or reduce their negative impact, including insurance coverage on assets and stopping production for emergency reasons. Among the risks that fall under this title is what may occur in terms of large increases in the cost of products or the issuance of decisions by the official internal or external authorities that restrict or affect the security of production materials and requirements, whether in quantities or prices, which may negatively affect the Company's business and its results.

C- The Risks of Epidemics

They are related to the epidemic diseases that the cattle herd in the Company may be exposed to at all times, and the Company has strict procedures in this regard to protect the herd if it is by moving to the herd from outside or its growing internally. It is worth noting that the NADEC project is unique in an independent area that is not adjacent to other livestock projects, which constitutes the most important prevention and protection for its cattle herd.

D- Climate Risks and Agricultural Diseases

These risks are represented by the climatic conditions and agricultural epidemics that affect crops. The ability to cope with climatic conditions may be limited, but with regard to epidemics, the measures available to the Company to confront them depend on its accumulated experience and what can be provided in terms of prevention and control of these epidemics.

E - Selling and Marketing Risks

These risks arise that may limit the Company's ability to sell, including legislation and decisions from the official internal or external authorities that limit the price increase of some of the Company's products, in addition to the effects of competition, which may lead to fluctuation in the selling prices of products, and negatively affect the Company's results. Among these risks are also the obstacles that may face the marketing of some of the Company's products, whether internal or external, and with regard to the internal obstacles, the Company is keen to study well the market and opportunities for growth and to make the necessary plans before launching any new product.

F- Credit Risks

Credit risk is the risk that a counterpart will not meet its obligations under a financial instrument or business contract; which leads to financial loss. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from financing activities.

G- Trade Receivables

Customer credit risk is managed by each business sector in accordance with the Company's policy, procedures, and control related to the management of business credit risk. The credit quality of the customer is evaluated based on a rating card for each customer based on the customer's history of dealing with the Company and the extent of his commitment to repayment by specifying a grace period and a credit limit for each customer. The Company calculates a provision for impairment on the basis of its estimates of incurred losses in respect of the trade receivables. The main components of this provision are a loss component expected from specific customers, as well as a combined loss component that is estimated for a group of similar customers in respect of losses that may be incurred but not yet identified. The collective loss allowance is determined based on historical data of collection statistics for similar customers. The Management believes that there is no additional provision for required credit risk in excess of the normal decline in receivables.

H- Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due in normal and difficult circumstances, without incurring unacceptable losses or risking the Company's reputation. The liquidity risks may result from the inability to sell the financial asset quickly and close to its fair value. A large part of the Company's funds are invested in cash and cash equivalents, and are readily available to cover the expected operating expenses, including servicing financial liabilities.

• Challenges:

During the course of its progress on making its business successful in the year 2020, NADEC faced several challenges, perhaps the most prominent of these challenges are the high risks of the market, such as the risks of price changes within it, which undoubtedly affects the Company's income, or the value of its holdings of financial instruments.

The Company has been able to bypass all risks, offer professional practical solutions to it, and dealt with it efficiently, by activating the role of proactive plans in which NADEC anticipates some changes that will occur in the future, and this is what enabled NADEC to activate crisis management and enable it to work to support the Company in overcoming obstacles, monitoring market risk exposure within acceptable limits, while optimizing return.

The profit rate is another aspect of the Company's challenge; this is due to the fluctuation of the fair value or future cash flows of financial instruments, due to changes in market interest rates, market risks and the continuous change in bank interest rates that affect the Company, given the loans that were purchased to finance working capital requirements and capital expenditures.

NADEC's practice is to manage the cost of bank interest, by improving available cash liquidity and reducing borrowing through regular review of bank interest rates, in order to ensure that the impact of risks is mitigated and resolved. The Company closely monitors exchange rate fluctuations based on its experience, thereby bypassing the risks of fluctuation in the value of financial instruments due to changes in foreign exchange rates. NADEC deals mainly in the SAR and the US dollar, given that the SAR is actually linked to the US dollar, and there are no other important financial instruments in the foreign currency, thus reducing foreign currency risk.

Among the influencing challenges that NADEC was able to deal with efficiently is the ability to continue adhering to quality requirements. Also, NADEC faced a challenge represented in the scarcity of some raw materials through which the Company could produce all its products, and NADEC dealt with this challenge through its expertise in creating other opportunities and relying on alternative solutions that do not violate the quality standards with which it operates.

In addition to the Company's compliance with the strategic decision to stop growing green fodder; the impact of that decision was reduced when NADEC began implementing part of its plans to reclaim agricultural lands outside, which would contribute to securing part of the fodder for the cattle herd.

Raising the subsidy prices on energy products, which constituted an increase in the burdens of production inputs, is one of the most prominent risks faced by the Company, due to the fluctuation in the profitability of the products. NADEC has begun to develop a mechanism to mitigate the impact of this increase, such as reducing costs and conducting the systematic studies necessary to take advantage of alternative energy sources.

• Aspirations:

NADEC was and still looks forward every day to be striving to continuously develop its products, to be the leading Company in the food and beverage industries in the Middle East and North Africa, and all this is done according to the vision and mission it has approved for itself, and the solidarity of all its employees, who are the arms and the pillars of its success.

The Company seeks to achieve this through many elements and steps, which are as follows:

- Offer high-quality, healthy and nutritious products, which contributes to achieving the highest levels of consumer satisfaction.
- Strive to find appropriate alternatives and move to the stage of self-sufficiency, and to continue the process of reducing costs in a manner that does not affect quality.
- Grow the production in the qualitative projects established by NADEC, such as the Haradh Project, the NADEC Energy Project, and the Organic Olive Project.
- Work on building a strategy to take advantage of organic waste to establish biogas plants (methane) in the future, and to realize the concept of green NADEC.
- Develop technical capabilities and laboratories to keep pace with international standards.
- Acquire larger market shares.
- For NADEC to be the most important Company for the consumer to fuel his/her life.
- For NADEC to be the basic element for the consumer to secure healthy, nutritious and delicious food that meets the needs of the consumer and the market.
- For NADEC to rely on the scientific aspects of its products and work.
- Look for accuracy and quality in all stages of operation.
- Achieve flexibility in quickly adapting to market variables with professional and robust solutions.
- Improve continuously and work permanently to enhance business efficiency.
- Spread the culture of motivating individuals to grow and develop.
- Provide a positive, harmonious work environment, based on mutual understanding, support for coordination between individuals and various departments within the work environment, and further activate the role of training within the Company.

- Declarations of the Board of Directors

- That the account records have been prepared correctly.
- The internal control system in the Company has been prepared on a sound basis and is being implemented effectively.
- There is no doubt about the ability of the Company to continue its activity.

- Recommendation of the Board of Directors

The Board of Directors recommends the general assembly of shareholders to do the following:

- Approve what was stated in the report of the Board of Directors for the financial year ending 12/31/2020.
- Approve the financial statements as on 12/31/2020.
- Approve the auditor's report for the fiscal year ending 12/31/2020.
- Approve absolving the members of the Board of Directors from liability for the fiscal year ending on 31/12/2020.

- Conclusion

In conclusion of this report, the Board of Directors of NADEC assures all the shareholders of the Company that it will continue to strive to achieve what they aspire to, to perpetuate goodness, security and safety in our country, under the leadership of the Custodian of the Two Holy Mosques, and His Highness the Crown Prince.



INTERNAL AUDIT DEPARTMENT

INTRODUCTION

NADEC’s Board of Directors’ are committed to the Company’s Internal Audit Department as one of the necessary mechanisms to control, improve and monitor performance at the Company level as a whole, in order to develop the Company’s business practices, governance and oversight, where internal audit department is considered as the Company’s “Third Line”, meaning that the role of internal audit department does not abandon the responsibilities of senior management of the various departments in relation to their duties, since they represent the Company’s “First and Second Line” pertaining to the matter of reducing risks and establishing adequate controls.

NADEC’s Internal Audit Department reports functionally to the Audit Committee of the Board of Directors, and administratively to the Chief Executive Officer (CEO). The Internal Audit Department is committed to the international Professional Practice Framework (IPPF) issued by the Institute of Internal Audit (IIA) for internal audit activities, which includes International Standards for the Professional Practice of Internal Auditing, as well as the Core Principles of Internal Audit, Internal Audit Definition, Implementation and Supplemental Guidance.

NADEC’s internal audit department applies risk-based audit approach, with an aim to focus on areas and activities that may pose a greater risk to NADEC’s performance, if any.

Based on the above, NADEC’s Internal Audit Department provides objective, independent and risk-based assurance and advice to stakeholders. The following is a summary of the most important activities and achievements of NADEC’s internal audit department during the year 2020:

FIRST

Main Internal Audit Activities

The Internal Audit Department carried out several engagements in accordance with the agreed schedule and changes required during the year, as approved by the Audit Committee to evaluate independently and objectively the adequacy and effectiveness of Internal Control systems. These audits contributed to strengthening controls, reducing risks, and achieving the desired objectives as follows:

- Completed the approved Operational Audit plan for 2020 which included major processes/ functions/departments. During the audits, the processes and activities classified as high risk at the time of risk assessment process were reviewed, to verify the efficiency and effectiveness of internal control implemented in these operations and activities and to reduce the risks faced by NADEC.
- The Internal Audit Department met with NADEC’s External Auditor several times during 2020, in accordance with the Internal Audit Standard No. 2050 - Coordination and Reliance, during which different points of view were discussed and internal audit reports were presented.
- The Internal Audit Department continued to conduct follow-up with the management for all the outstanding findings issued in the internal audit reports for the year 2020 and before, in order to ensure the implementation of agreed corrective measures in a timely manner.
- Developed the Internal Audit Operational Plan for the year 2021 and updated the Strategic Plan for the years 2020 to 2022 by assessing the risks of all departments and activities within NADEC. During the update process, input from key stakeholders such as the Audit Committee and Senior Management were obtained and reflected in the operational and strategic audit plan.
- To perform the audit activities effectively and efficiently, developing and attracting the Internal audit team members with required competence and qualifications. The internal audit resources are managed in accordance with the Internal Audit Competency framework issued by the Institute of Internal Auditors.
- Members of the internal audit department attended more than 20 specialized courses and seminars in the field of internal audit during 2020, which resulted in average of approximately 60 training hours for each member of the department.
- The internal audit department is successfully utilizing the TeamMate Plus audit management system and continuing to be the paperless department.

SECOND

Information Systems and Technology Audits

- NADEC’s Internal audit department is co-sourcing with one of the leading global consulting firms in the field of Information systems and technology audit “EY”, which implemented the Information Systems and Technology Operational Audit Plan for the year 2020.
- The Internal Audit Department has built a comprehensive operational IT audit plan for the year 2021 and updated the strategic IT audit plan which includes the review of SAP Project NEXT, one of the major transformation projects.

THIRD

Quarterly and Annual Financial Statements and Reports

The internal audit department pays great attention to the quarterly and annual financial statements and reports of the Company by allocating sufficient number of hours within its operational plan. In this context, the Internal Audit Department reviewed the Company’s quarterly and annual financial statements to ensure their integrity, fair presentation and transparency before submitting it to the Audit Committee for their review.

FOURTH

Governance Activities

The Internal Audit Department carried out some assurance and advisory engagements related to the governance system, which in turn led to strengthening of the corporate governance and compliance function for NADEC as follows:

- Reviewed the bylaws, whether affiliated with the Board of Directors or the committees emerging from it, such as the Executive Committee Charter, Remuneration and Nomination Committee Charter, Investment Committee Charter, and the Audit Committee Charter.
- Reviewed NADEC Corporate Governance Manual.
- Reviewed the updated Authority Matrix.
- Reviewed the whistle-blowing policy.
- Reviewed the remuneration policy for members of the Board of Directors.

RISK MANAGEMENT



The 'Risk Management Division' at NADEC has completed its 1st year in operation.

During these 12 months, the Risk Policy has been developed, and further ratified by executive management in Q1 2020. A contemporary Risk Management Framework has been designed, validated, and is currently being introduced into action; whereby pursued strategic initiatives undergo sensitivity and scenario analysis to challenge their value-creation prospects, and hence offer the necessary clarity during strategic decision-making.

An extensive initiative for risk identification has been conducted during Q2 and Q3, in collaboration with, and across, all Business lines. This exercise has highlighted the strategic risk profile; ranging from macro and business drivers and business drivers, to operational drivers, that can challenge NADEC's current revenue streams.

The Risk Division is to continue focusing on fine-tuning and on staging-in the risk framework techniques, as NADEC's risk management grows in maturity, and as NADEC Business ambitious endeavors evolve during 2021.

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