



**2022**

An ambitious vision for sustainable growth

ANNUAL REPORT 2022



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ





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

GOD BLESS



MY PRIMARY GOAL IS TO BE AN EXEMPLARY AND LEADING NATION  
IN ALL ASPECTS, AND I WILL WORK WITH YOU IN ACHIEVING THIS  
ENDEAVOUR.



HRH PRINCE  
**MOHAMMED BIN SALMAN BIN ABDULAZIZ AL SAUD**

CROWN PRINCE, DEPUTY PRIME MINISTER AND PRESIDENT  
OF THE COUNCIL OF MINISTERS AND MINISTER OF DEFENSE

GOD BLESS



WE ARE CONFIDENT ABOUT THE KINGDOM'S FUTURE.  
WITH ALL THE BLESSINGS ALLAH HAS BESTOWED ON OUR NATION, WE  
CANNOT HELP BUT BE OPTIMISTIC ABOUT THE DECADES AHEAD.  
WE PONDER WHAT LIES OVER THE HORIZON RATHER THAN WORRYING  
ABOUT WHAT COULD BE LOST.

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Chairman Letter

CEO Letter







## Chairman Letter

**ABDULAZIZ BIN SALEH AL-REBDI**  
CHAIRMAN



## DEAR SHAREHOLDERS, AND VALUED PARTNERS

On behalf of myself and on behalf of my fellow members of the Board of Directors, I am pleased to put in your hands our annual report for the year 2022G, through which we shed light on the facts and figures that reflect the performance and achievements of the company during the past year.

With the gradual recovery and improvement of the performance of local and global markets and the start of recovery in the performance of global Supply Chain in general, and in line with the directives of our wise leadership represented by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, may Allah protect him, and his faithful Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, may Allah protect him, "NADEC" has shown great readiness for the return of the wheel of giving and production, and the performance of its growing role in enhancing food and agricultural security in the Kingdom and the region, thanks to prior strategic planning, which ensures the maintenance of its general performance in order to preserve the interests of shareholders and partners at all times. , thanks to God.

NADEC has shown remarkable development in all its business segments, which was reflected in strengthening our presence in the markets, preserving our market share, setting out to increase our support for building an advanced operational digital technical infrastructure, and developing all work programs in accordance with advanced international best practices, in pursuit of raising production efficiency and strengthening supply and Supply Chain, in a way that ensures that all our products, with their diversity and high quality, reach all markets in line with the reputation and status of "NADEC" among all segments of society, in a way that achieves more benefits and profitable returns for our shareholders and partners alike.

While the company's management continues to follow its strategy to maintain its operational excellence, within an attractive professional work environment, through which it attracts the best national competencies and experiences, and supports them with more development and training programs to motivate them for giving and enable them to develop their capabilities, and mobilize their energies to carry out all their roles with more enthusiasm, towards executing the company's strategic objectives efficiently and proficiently.

Finally, I am pleased to extend my deepest thanks and gratitude to all our shareholders for their precious trust that we cherish, and to all members of the Board of Directors whose great support and continuous guidance had a great impact on our success, and thanks to all our employees for their great role in the good implementation of the company's business strategies at all levels.

May the Almighty bless you all



## CEO Letter

**SOLAIMAN BIN ABDULAZIZ AL-TWAIJRI**

CEO



## HONORABLE SHAREHOLDERS

During the year 2022, “NADEC” succeeded in increasingly developing its performance in all areas of work and achieving the required productivity, in a way that enhances its leading position in the local and regional food and agricultural products markets, thanks to our implementation of successful business strategies that are flexible, transparent and realistic, which enabled us to maintaining a developed and successful operational and production environment in accordance with all quality, efficiency and growth standards.

The most important characteristic of our work performance is our great ability to manage available resources and maximize their impact by creating innovative opportunities that are compatible with our work methodology towards achieving our strategic goals and supporting them by applying the best global operational practices in this field. This guarantees us a strategic balance between operational efficiency and the ability to produce, ensuring the development of our leading presence in the markets of the Kingdom and the region with complete success.

Nadec continued to achieve more successes that add to its journey, as reflected in the following facts and figures:

Total revenues in 2022 amounted to (2,694) million Saudi Riyals, compared to (2,273) in 2021G, an increase of (18.5%).

Total comprehensive income in 2022 amounted to (99.33) million Saudi riyals, compared to (-285) million Saudi riyals in 2021G, with a net profit of (95.4) million Saudi Riyals.

As you have always accustomed from us, “NADEC” continues to develop its business strategies in a manner that guarantees the development of its production lines and provides its customers with more distinguished food and agricultural products. This is embodied in the launch of its new strategy for the next five years, through which it aims to enhance its growing presence in its main activities at the local and regional levels, to enable the growth of the company’s current business and support its growing financial strength, in a way that guarantees an increase in benefits and profits for all shareholders and partners, to meets their aspirations.

Here we must point out the great impact achieved by the company’s ambitious leadership in enabling the digital transformation process in the company, applying the state-of-the-art software and supporting it with advanced equipment and tools, in an effort to establish an integrated infrastructure that guarantees us the implementation of all our operational and production programs, and enables us to boost our market share.

We have always succeeded in developing the mental image of the company and its products among all segments of our customers and consumers, thanks to performing a set of studies and research for the purpose of achieving the company’s goals, and the status of the growing requirements of food and agricultural products markets in the Kingdom in particular and in the world in general. Our constant passion is for development and always providing the best.

Finally, I would like to extend my deep thanks to our shareholders and partners for their constant support, and to the members of the Board of Directors for their continuous support to us, and to all our employees and workforce for their great role in achieving what we always aspire and look forward to.





# Executive Summary

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## Executive Summary

**Sales**  
**2.69 billion**

Saudi riyals

**Dairy and juice production**  
**+1.4 million**

liters per day

**Total herd cows**  
**+92,000**

head count

**Quality laboratories**  
**+13,000**

quality tests daily

**Nadec Team**  
**+5000**

male and female  
employees

**Products Availability**  
**+35,000**

outlets

**The world largest organic  
oil project in one Locatio**  
**5 million**

organic olive trees

**Nadec Fleet**  
**+2,300 vehicles**

including refrigerated trucks



# Certificates and Awards





## Company Overview

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## Company Overview

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The success journey of “Nadec” extends back more than forty years, during which it accomplished many great achievements that enabled it to establish its brand as one of the most prominent companies active in agricultural and animal production and food processing in the Kingdom and the region. With its registration as a public company listed on the Saudi Stock Exchange “Tadawul” in 1993G, the performance of “NADEC” has developed significantly, according to an advanced business strategy that strengthened its position and leading presence in the sectors of agricultural products and food processing.

Nadec’s agricultural products include crops, fruits, honey, olive oil and vegetables. The list of produced foodstuffs includes butter and cheese, in addition to other dairy products, juices and dates. The company also operates in dairy farms, agricultural production, dairy and food products manufacturing, honey production and dates processing. The company owns (4) agricultural projects in the Kingdom of Saudi Arabia, which are Wadi Al-Dawasir, Haradh, Hail and Al-Jouf.

“NADEC” is distinguished by its distinguished operating environment, thanks to its continuous development of its technical infrastructure, investing in the latest global digital technology, its constant study of the development of markets and the growth of its requirements, and the search for the best methodologies and work policies that guarantee through it the development of its products that meet the desires and requirements of its partners and customers, according to the highest levels of quality and efficiency applied globally in this field.

While “NADEC” implements an ambitious strategy to invest in its human capital, one of its vital assets, by attracting the best competencies, talents, and academic and technical qualifications from young Saudi men and women, supporting and empowering them through developmental programs and courses, and working to preserve them in a competitive, attractive and motivating work environment, that create a comprehensive professional corporate culture, which is reflected in the enthusiasm shown by all its employees to achieve all directions of senior management, in pursuit of all the strategic objectives of the company.

Within the framework of the company’s development directions, NADEC launched its ambitious strategy for the next five years, through which it works to introduce new activities, expand the geographical footprint, enhance innovation capabilities and product development, invest in infrastructure, in addition to bringing modern technologies in the world of food and beverage industry. Those are coupled with a focus on efficiency, cost management, achieving sustainable high quality, adopting clean and green energy, and strengthening the capital structure in light of the strategy and financing needs. It aims to make its products the preferred choice through its leadership in the dairy, juice, food and agricultural products markets in the Kingdom of Saudi Arabia, the Gulf countries, Africa, and the Middle East, as well as boosting the strength of the main operating sectors and developing food revenues.

## Vision

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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

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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

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The values of NADEC are the pillars of our business, and they are the principles that make up our corporate culture, and by which all our practices, directions and policies run, through which we seek to create value for everyone who deals with “NADEC”.



Nurturing



Accountability



Drive



Excellence



Collaboration

## Our geographical presence

Aiming to achieve the highest percentage of customer satisfaction on a permanent basis, "NADEC" is working to enhance its pioneering presence through a network of branches and points of sale spread throughout the Kingdom, GCC states, Middle East and North Africa, in order to always be closest to all its customers, and reach them with its various products, according to the highest international quality standards. In



addition to its constant communication with them through its accounts on social media platforms and the customer service center, which seek to listen to their requests and desires and transfer them to the management, so that work can be taken into account when developing its products and services.



**Milestones in  
success journey**

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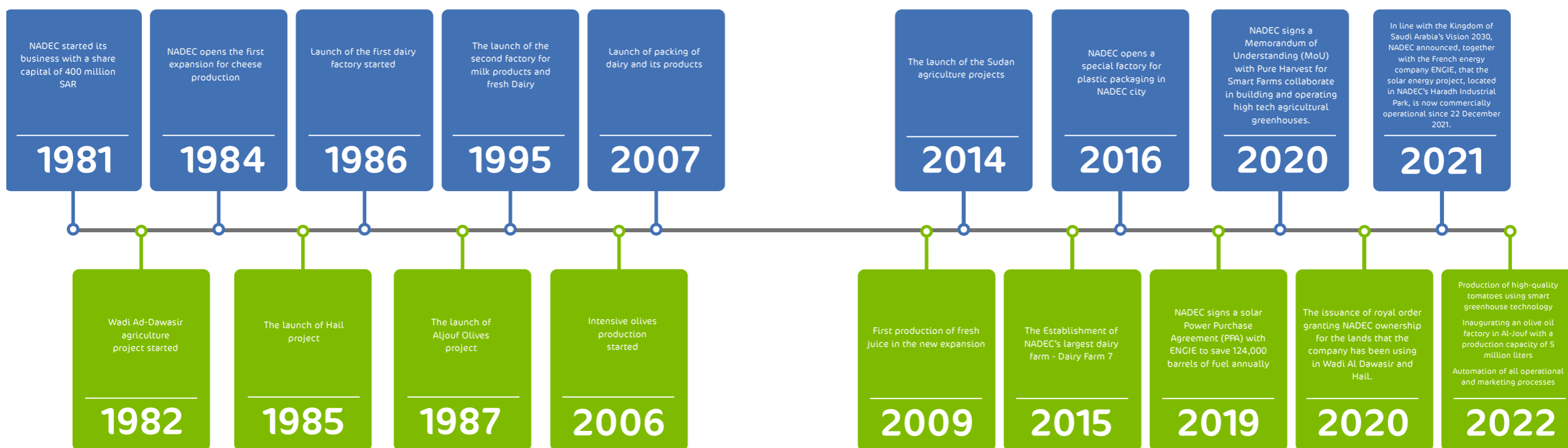




## Milestones in success journey

NADEC” added a wide range of qualitative achievements through which it succeeded in establishing its brand as one of the most prominent companies active in the field of agricultural and animal production in the GCC states and the Middle East. The company continues to strengthen its leading position and presence by developing

and diversifying its products according to the highest levels of quality and efficiency applied globally in this field, in a way that increases its market share, which ensures that it achieves more benefits.





## MARKET OVERVIEW

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## Marketing performance

The year 2022 marked another milestone to be added to the success record of “NADEC”, during its journey of transformation towards enhancing the value of its brand offerings targeting all consumer segments; through its constant endeavor to provide high quality products that reflect its leading presence in the region’s markets. In line with our vision to be a company that produces integrated food solutions, we continued to focus on providing unique solutions that meet the desires and needs of all consumer segments in the region’s markets.

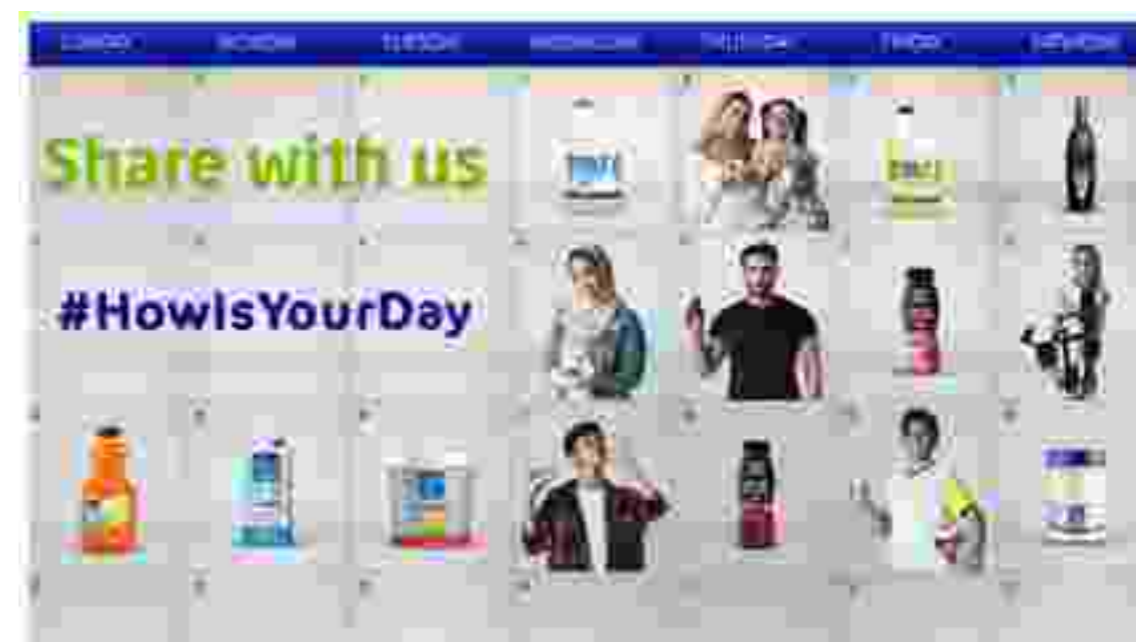
In 2022, “NADEC” took a bold step towards diversifying its products, in addition to its famous dairy and juice production lines, by launching a product of unique value and quality of “tomatoes” bearing its distinguished trademark and adding a brand to its wonderful series of dairy products, “Go Life”, and promoting it through a digital advertising strategy through various digital communication channels, in an effort to reach all consumers and enhance the mental image of our brand and innovative products.

We are happy to communicate with our consumers and customers around the clock, seven days a week and throughout the year, through various communication channels.



## Integrated digital environment

NADEC is aware of the status of digital communication and its amazing development in the world and in the Kingdom in particular, where young Saudi men and women are among the most active users of the global Internet and the most prominent global and local digital applications, especially in light of the digital transformation process that our wise government is applying to contribute to achieving the goals of the Kingdom’s Vision 2030, with a complete transformation to a comprehensive digital government. Based on this reality, and in line with its sustainable development strategy, “NADEC” continues to support all its operational and communication environments with the latest international digital technology and applications, supported by a team of distinguished competencies and experienced engineers in this field, in order to further promote its prestigious brand, through its quality products, the high level and well-studied diversity of all segments of its target customers, regardless of their diversity. While providing all means of support and empowerment to the corporate communication and marketing team and motivating it to implement all communication strategies in the local and regional markets and develop them in a sustainable manner.





## Digital coverage for sustainable communication

“Nadec” develops its means of communication with its target audience in all markets in which it operates, in a sustainable manner, using the most widespread communication channels to reach all consumers and interested parties in the appropriate form timely. Here are the most important ones:

1. Media and advertising media owned by “NADEC”
2. The company’s accounts on the various available social networking sites.
3. Paid media and advertising communication, such as promotion through widespread social media, activating content development paths according to a well-studied policy, and marketing strategies through the most widespread digital search engines.
4. Strategic partnerships:
  - Activate integrated digital marketing with clients.
  - Strategic partnerships with other major media platforms for consumer experience (gyms, Academy of Culinary Excellence, etc.).
5. E-commerce: strategic partnerships with reputable e-commerce platforms.
6. “NADEC” website on the Internet.
7. “NADEC” page on the Saudi Stock Exchange “Tadawul” website.



## KEY SUCCESS STORIES IN 2022

### LAUNCHING THE FIRST HYDROPONIC PRODUCTION TOMATO IN THE KINGDOM

Nadec succeeded in launching its first tomato product through commercial cooperation with “Pure Harvest” company, a leading agricultural company with its high technologies in the region. Today, Nadec has become a leader in hydroponics solutions in the Kingdom of Saudi Arabia. This technology has enabled it to become a major player in providing fresh tomato products of high quality, ranging from ‘cluster tomatoes’ to a more specialized variety of snacks such as ‘tomato candy’, with plans to launch new varieties of vegetables in the coming years. These efforts have laid a strong foundation for NADEC to continue achieving its vision of steady growth to become an integrated food solutions company.

### INCREASE OF OUR MARKET SHARE IN CORE PRODUCTS

#### CHEESES

Nadec has developed its cheese production, which has achieved exceptional growth. It was as a result of our efforts in building the brand in a sound manner through digital marketing / focusing on creating successful varieties for consumers. “NADEC” cheese was awarded the Best Taste Award by the “International Taste Institute”.

Nadec’s market share for this year also increased by 3% compared to last year’s data, through its focus on providing the best value for Nadec’s cheeses in all its varieties and shapes.



## JUICES

“Nadec” juice products are among the most important pillars of success in its journey in 2022G, with a positive recovery in its market shares in this field. This is due to the application of a successful marketing strategy in the short and long term. It witnessed an improvement in profits by (3%) during the period (March-November 2022), with an increase in average sales volume by (+17%) in the past six months, while it increased by (+25%), during the first six of the year.

## OLIVE

NADEC continues to maintain its leading position in the organic olive oil sector, with significant gains in market share in 2022. In its journey towards providing a rich experience to consumers, “NADEC” continued to excel, by winning many international awards for 13 years in a row.

This year alone, “NADEC” won the best quality certificate from the “International Taste Institute” and many awards and certificates such as (BIOL ISO, CERES and ORGANIC).

NADEC’s market share has increased by 2% compared to last year, in the total olive oil sales in the retail market, with an expansion plan in specialized stores to increase penetration. In addition, NADEC launched its new olive oil production plant, which has doubled its production capacity previously.

Our future aspirations and priorities are to continue to enhance and support the core business, by providing innovative “NADEC” solutions, improving the basic specifications that suit consumer needs with a package of distinctive offers, and moving forward in enhancing the presence of the “brand” on the proper communication channels, to enhance leadership of its presence in the minds of all consumer segments as well as target customers.

## Sales Distribution and E-commerce

NADEC applies its successful strategy in all sales operations, in order to achieve its targets according to numbers and facts that reflect its performance according to geographical distribution, sector and its various product categories. With the sustainability of monitoring all levels of upper and lower performance, in order to raise profit margins, by focusing on methodologies that achieve the highest profit returns.

The year 2022G witnessed instability in sales levels in the markets, especially with regard to sales of various product items, while new items and products entered other consumer channels. Free offers for the food sector have also witnessed a significant development, targeting end-consumer satisfaction in both the stand-alone and mixed retail sales markets.

The company faced several challenges that it succeeded in turning them into success opportunities through restructuring work methods and increasing operational efficiency in various departments and divisions, including sales, logistical support, warehousing, transportation and the strategy team. This led to the establishment of new standards of excellence and success in the sales and distribution performance of the company, in addition to achieving a set of distinguished historical achievements.

## Highlights of performance for the year 2022

- The efficiency of the company’s sales and marketing operations has increased significantly, through the completion of many strategic projects in the markets of the western and eastern regions and the United Arab Emirates. This led to a decrease in sales and distribution costs by approximately (4%), which proves the validity of the path and approach adopted by “NADEC”, to be highly efficient in the markets of the Kingdom of Saudi Arabia and the GCC states.
- The company achieved historical profits in the field of modern trade (hypermarkets and supermarkets), which came to culminate the success of the company’s relentless development efforts and efficient planning in the field of mixed products; To achieve, for the first time in the company’s history, high profits in the UAE markets, as a result of restructuring the strategy of reaching and serving customers and consumers.

By analyzing training needs and means that are compatible with the nature of the training program, in addition to ensuring a balance between the entity’s needs and the employee’s desires for future organizational development.



## Innovation, Research and Development

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## Overview

The Research and Development Department at NADEC confirmed that 2022 is the year of stabilizing product prices due to challenges and high competitiveness in the market. This is done by applying procedures to save production costs and maintain current levels, avoiding any significant increases in material prices while ensuring product quality commensurate with consumer needs.

- In this context, projects to improve new and existing packaging materials were implemented this year, including qualifying new suppliers, and adjusting packaging materials to reduce the significant increase in material prices.
- “NADEC” obtained the (FSSCQ) certificate, which makes it the first company active in the consumer goods production sector in the Kingdom of Saudi Arabia, accredited by this program that combines all of the following:
  - Food Safety Management System (FSSC 22000)
  - Quality Management System (ISO 9001)

The quality department in “NADEC” is also committed to following up all work procedures at all levels of the company, to ensure compliance with all quality standards, starting with the dairy farm and ending with the distribution of its products to all its customers.

## Innovation, Research and Development

### SUSTAINABLE QUALITY INNOVATIONS

“NADEC” continues to develop its approach to research and innovation and directly activate its outputs, in line with its general strategy to play its leading role by contributing to supporting the efforts of our wise government towards achieving the goals of the Kingdom’s Vision 2030, represented by the dedication of sustainable food security, and the dissemination of the concept of quality in all aspects of life in Saudi society. “NADEC” invests in the latest technologies and means to support its research center to develop production methodologies according to the desires and requirements of consumer segments, especially the youth segment (under the age of 35), who represent the highest percentage among the segments of the population in the Kingdom of Saudi Arabia, while maintaining the highest levels of quality, according to the policy of selling competition. To achieve this goal, the company is working on making structural changes to ensure that its new innovations are activated and applied on its farms to reach consumers directly, in addition to its sustainable application of internationally approved regulatory quality standards.

The quality management team at NadeC has conducted more than (13,500) daily tests, in its modern laboratories and advanced research center, to ensure that the highest standards of quality and safety are applied to all its products. Such tests vary to include physical, chemical, sensory and microbial tests, and continue to enable its teams to apply the latest standards of quality and occupational safety, at a large scale.



## COMPLETED PROJECTS

- The company's plants, and its headquarters and Al-Jouf factory have obtained (ISO 22000) certificates and the Saudi (GAP) certificate.
- SASO certification has been renewed.
- "NADEC" focused on launching and implementing various improvement projects, such as improving the delivery of promotional products launched by the company, while ensuring that product quality is maintained at a good level.
- "NADEC" obtained the best rating from the Food and Drug Authority (A+) at a rate of (97.86%) for the year 2022.
- Launching the operation of the quality unit in (SAP) for (NCR).
- Full review of the Department of Agriculture (SOP).
- Successful implementation of the genome project (supported by the Ministry of Agriculture).
- Launching and implementing a disease surveillance project in agricultural and animal production environments.
- Launch of Greek Yogurt (GO LIFE).
- Launching a high-protein milk product (GO LIFE).
- Success of various product development projects to improve profit and loss and mitigate the effects of material unavailability.
- Implementation of (10) projects related to improving packaging materials.

## "NADEC" Quality Certificates in





## Farm Management

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## Cow Farms

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NADEC” has maintained raw milk production throughout the year, from its model farms with the highest levels of quality and efficiency, and at well-thought-out costs, to meet the needs of our customers, according to an advanced operational strategy that ensures daily delivery of healthy raw milk, to advanced food processing units that operate according to an integrated technical and operational structure (technical management of farms, nutrition, animal health, reproduction, and maintenance). The cow farm production lines also witnessed an organizational restructuring, which led to changes in the organizational structure of the dairy farm.

### THE MOST PROMINENT ACHIEVEMENTS OF DAIRY PRODUCTION IN 2022G

#### Increasing productivity

1. (4.4%) increased milk production.
2. Efficiency in increasing the number of herd.

#### Reproduction improvements

1. An increase in the number of births by (6%).
2. An increase in the number of pregnancies: cows (3%).
3. Reducing the breeding age of cows from 13 to 12 months.

#### Agricultural crops

Dedicating its growing role in contributing to the achievement of food security in the Kingdom, NADEC continues to expand the cultivation of strategic crops such as wheat, or by providing certified high-quality wheat seeds, selling them to farmers, and strengthening its position as one of the members of the National Seed Producers Committee in the Kingdom.

#### Olive Plantation

The total number of olive trees in our project in Al-Jouf has reached 5 million olive trees using the intensive and organic cultivation method, which aims to exploit the area unit and reduce the amount of water, as well as the ease of mechanical harvesting compared to traditional cultivation.

#### Genotyping (genome)

Under the auspices of the Ministry of Environment, Water and Agriculture, we at NADEC included genotyping as an essential step to determine the breed of cows, which comes in line with the continuous development of the methods of genetic improvement and evaluation of animals in terms of production and fertility. With this, we aim to increase the productive efficiency of the breeds that carry those genes responsible for milk production and disease-resistant genes, which allows the company to improve the herd of cows to be more efficient and highly productive.

### ACHIEVEMENTS DURING THE YEAR 2022G

“NADEC” has accomplished a set of qualitative achievements in the field of developing its performance in agricultural crops, the most important of which are:

1. Completion of planting the last phase of the olive expansion.
2. Opening a new olive oil plant at the Nadec project in Al-Jouf, with a production capacity of (5) million liters and a storage capacity of (3) million liters annually.
3. Expansion of wheat cultivation to 10,000 hectares.
4. Continuing to represent the company in the Seed and Seed Producers

### LONG TERM PROJECTS

“NADEC” continues to apply an advanced methodology in the implementation of long-term projects, through which it works to maintain the quality of its products in a sustainable manner. Nadec is working now in this context to find crops suitable for the work of the agricultural cycle with the wheat crop of good profitability such as soybeans - potatoes - Egyptian alfalfa.



## Strategic Transformation

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## Brilliant strategic development

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“NADEC” is investing its leading position and growing presence as the most prominent producer and supplier of food products in the Middle East and North Africa, based on its established track record of successes and distinguished achievements throughout its giving career that extends for more than forty years; to be a major catalyst for its renewed launch every year towards achieving more distinguished successes in all markets through which it operates.

While it continues vigorously to achieve its strategic goal of devoting its prestigious brand, to become a leader in high-quality and diversified food products in the region, by adding new markets and locations to its portfolio, to raising efficiency of its operating environment in a sustainable manner, following advanced operational practices and digital technology, through which it seeks to implement innovative solutions that enhance the value of its consumer offerings on a large scale, in addition to its commitment to enable the concept of innovation with its distinguished footprint in the markets, which brings it more benefits and returns, that guarantee the increase of its market share in a sustainable manner.

Nadec is also working to invest in the future, by strengthening its digital infrastructure, and developing means of communication with all segments of its customers and partners in a sustainable manner, in a way that ensures the dedication and improvement of the mental image of its brand permanently.

This is in harmony with its ambitious development strategy, through which it works to focus on developing the brand's presence and enhancing it with the latest digital communication and communication technology, in a manner that ensures the closeness and quality of our products to all segments of our target audience, among all age groups with focusing on children who will form a new generation of mothers and fathers in the near future.

## Strategic transformation

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NADEC is keen to implement its ambitious vision by investing in the future, to devote a sustainable development strategy that covers all administrative, technical and operational work environments, and to apply the latest practices in the operation of project management in all its specializations. Nadec is also committed to implementing an advanced strategy, through which it works to develop its human capital, one of its most important vital assets, in line with its constant endeavor to develop the work environment to be more professional, motivating, and competitive, through which it attracts the best national competencies and experiences, retains them and supports them with a wide range of development programs and training, to enable them perform their tasks efficiently, in addition to developing work procedures and their governance in an integrated manner.

### HR automation

In line with the company's direction towards digitization and the development of work procedures, NADEC launched the SAP SuccessFactors program at the beginning of January 2022, as an important step in the digital transformation of human resources from its strategic and operational sides, by providing easy automated services to employees and advanced practices in human resources.

### Leadership development programme

This programme aims to achieve the optimal development of the leadership cadres in NADEC, and to accelerate the pace of professional development work for future leaders. It also helps in raising the level of the company's general performance, and its ability to adapt to change, in order to refine the leadership's

### Implementation of the training plan

By analyzing training needs and means that are compatible with the nature of the training program, in addition to ensuring a balance between the entity's needs and the employee's desires for future organizational development.

### E-Learning platform activation

In cooperation with the LinkedIn educational platform to develop the competencies of employees and motivate them to self-learning to ensure the continuity of the learning path.

### Enhancing youth experiences

To enhance the experiences of NADEC employees, by providing professional certificates to help them keep up to date on recent changes in the field of work and acquire this knowledge to develop their performance.

### Sales interface development

This program was launched by measuring the level of their professional competencies with problem-solving techniques and leadership skills, such as competency-based interviews and group discussions, in addition to analytical assessments to overcome the challenges they face in their field of work and set development plans to improve performance and productivity.





## Supply Chain

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## Supply Chain

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- Despite the gradual recovery from the repercussions of the Corona pandemic and the Russian-Ukrainian war on Supply Chain, the year 2022 witnessed instability in the purchasing chains, which we were able to overcome due to the diversity of our suppliers around the world, which helped us absorb shocks in the purchasing chains and recover from them more quickly.
- Commodity prices continued to rise in addition to the increasing of cost of freight rates throughout the year.
- The cost effect of freight rates and the rise in basic commodity prices have accelerated the process of approaching and localizing imported commodities to offset the higher prices and mitigate supply risks.
- The year 2022 witnessed the continuation of the transformation journey in procurement, which includes the implementation of the SAP and Ariba systems for electronic auctions, in addition to the restructuring of the department to enhance our capabilities in the field of supply and become the best in our class.

### The main challenges

The year 2022 was a year full of challenges. We mention the following, the most prominent of which are:

- The slow movement of Supply Chain, which led to an increase in the prices of most components that go into the manufacture of products, and this in turn affected, to a large extent, revenues, profits and losses.
- Unavailability of some production components due to lack of global supply.



## Governance, Risk and Compliance

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## Governance, Risk and Compliance

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The integration of governance, risk and compliance activities in accordance with legislation and regulations in addition to the best practices applied, is an endeavor by the company to achieve the highest standards of integrity by activating the role of governance, risk and compliance through constant awareness of the risks surrounding the company and the need to adhere to regulations and prevent duplication of roles of departments and their governance, and improve efficiency operations to ensure business continuity.

### Governance management

Governance regulation in NadeC is based on the requirements of the Companies Law issued by the Ministry of Commerce and Corporate Governance Regulations issued by the Capital Market Authority, in line with best practices applied inside and outside the Kingdom. The governance department also applies all work regulations of the Board of Directors and its committees, and policies concerned with the assessment, nomination and remuneration of members of the Board of Directors and its committees and other related policies; in order to achieve the role of effective governance in the company's Board and its committees and all departments of the company.

### Risk Management

Our risk management system is based on the implementation of controls recognized by the (ISO 31000) certification, along with the "Enterprise Risk Management Framework" issued by (COSO), where risk management works to reduce the occurrence of damage at all specialized strategic and operational levels, in an effort to transform "NADEC" into a smart company in risk management through awareness of the risks that the company is going through and the realization of all the company's employees of the risks that surround their departments and work and take the necessary action in this regard before the damage occurs, according to the mechanism adopted and approved by the Board of Directors and the Executive Management.

The company has taken several initiatives to strengthen the system and improve the maturity of institutional risks, including strengthening the risk management capabilities of the entire company, as the management seeks to constantly review the changes it is going through; To enable the company to better withstand the potential challenges and opportunities that may arise in the future. We will discuss them as follows:

### Rapid development of technology

Due to the rapid technological change, developments in artificial intelligence and machine learning, and the penetration of technology, the way business is done is expected to change dramatically in the coming years. We are constantly discovering the need for new ideas to stay one step ahead of our competition.

### Cyber security

Cybersecurity is expected to become critical as data breaches and malicious attacks become more prevalent due to the increased reliance on digital technologies for operations, data storage, and communications. We take this into consideration and use the latest digital security measures in accordance with the essential Cyber Security Controls (ECC) issued by the National Cyber Security Authority (NCA) in an effort to promote a culture of cyber security awareness throughout the company.

### Food security

Food security is an increasingly pressing issue worldwide due to factors such as climate change, increasing population growth, and unsustainable agricultural practices. NADEC is at the forefront of implementing solutions to ensure the long-term availability of food by investing in sustainable food production, innovative green technologies and working with local farms. NADEC wants to play its part by becoming one of the leading organizations that mainly provide food security in the Kingdom and the GCC countries on a large scale.

### Supply Chain Integrity

The demand for sustainable and secure global Supply Chain is increasing as natural disasters and geopolitical events have affected global Supply Chain in recent years. Companies also need to focus more on transparency and accountability to protect their interests. NADEC recognizes the impact of disruptions on Supply Chain and proactively prepares to meet these challenges by developing processes to ensure supply chain integrity, such as: advanced planning and control systems, risk mitigation, contingency plans, and innovative technologies.

# Governance, Risk and Compliance

## Compliance management

NADEC is always committed to applying the highest standards of compliance and corporate work ethics, in the context of building and strengthening NADEC compliance management system, through which we ensure keeping up with the latest compliance requirements and best practices applied globally in this field.

We are also working to integrate the concept of compliance into all our operations and various work procedures in the company, and continue to improve compliance programs in an integrated manner that ensures the management of expected future risks, efficiently, with quality and safety. While we are working on applying a comprehensive methodology to build an institutional culture based on an integrated content of the values of transparency, trust and open communication, along with ensuring to keep up with the latest compliance requirements as well as the latest international practices for its implementation.

## Environment and sustainability

In today's world, protecting the environment and ensuring sustainable development are very important. With ever-increasing population and increasing resource consumption, environmental degradation becomes inevitable unless concerted efforts are made to reduce the negative impact on the planet. We are committed to a sustainable future by implementing sustainable practice throughout our supply chain, from start to finish.

The concept of sustainability represents a clear direction for NADEC's strategy in all its activities and businesses. We work to design and build our work environment to be an ideal place for giving and working that is socially and commercially responsible, environmentally sustainable, just and safe. While its responsibilities go beyond contractual performance and legislative compliance, the company maintains a sustainable business in the interest of its customers, partners, employees and the local communities in which we operate, by enshrining a culture of health, safety and clean environment management, in all its businesses, Supply Chain and partners.

In line with the Kingdom's goals of net zero emissions, decarbonization of the economy, and the transition towards a more sustainable future; "NADEC" has

initiated an ambitious strategy in the field of investment in the future, through its project to develop a solar photovoltaic park, the first of its kind in the Kingdom, as part of a 25-year energy purchase agreement with the French company (ENGIE), with a capacity amounting to (30) megawatts, in addition to possessing the latest technology. The solar photovoltaic park features 75,000 photovoltaic modules with single access tracker, filament reflectors, and fully automated cleaning system, which helps to enhance the company's production capacity and reduce cost. This project will contribute to reducing carbon emissions by 53 million kilograms in the year.

NADEC also recognizes the importance of environmental, social and governance factors for companies around the world today, as they have become decisive factors in the investment decision-making process. Global sustainability challenges and new risk factors mean that companies must re-evaluate their business, and that investors must re-evaluate their investment approaches.

Below we summarize the initiatives launched by "NADEC" in this context, and the strategic objectives it is working to achieve from each of these initiatives: Below we summarize the initiatives launched by "NADEC" in this context, and the strategic objectives it is working to achieve from each of these initiatives:

#	Initiative	Strategic Objectives
1	Sustainable energy	Reducing dependence on fuel consumption
		Activating renewable energy and energy efficiency plan
2	Environment	Implement plans to reduce food waste
		Reducing the environmental impact of agricultural activities
3	Safety	Reducing material losses or damage to people and property
		Create a secure system
4	Water treatment and consumption	Reduce water consumption
		Establishment of waste-water treatment for Nadec Company
5	Waste Management	Ensure that all sources of waste are treated



## Corporate Communication and Corporate Social Responsibility

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## Corporate Communication and Corporate Social Responsibility



Based on the importance of the role of institutional communication in enhancing communication with our employees and partners, our goal is to continuously improve and develop creative ways to communicate through various media platforms and channels. This is done to achieve the goals and ambitions of “NADEC” that are derived from its vision, which is in line with Saudi Vision 2030 in creating an exceptional communication environment to reflect the identity of NADEC in a modern and different way.

### Achievements

#### Media and Publishing

Media Activity	Number
Nadec accounts on social media platforms	followers (1,050,598)

### Exhibitions and Conferences

1. Agricultural Guidance Caravan Exhibition sponsored by the Ministry of Environment, Water and Agriculture.
2. Saudi Agricultural Exhibition 22.
3. The First Agricultural and International Al-Jouf Forum “in the city of Sakaka”.
4. The First Dairy Exhibition “Al-Kharj City”



### Corporate Social Responsibility

At NADEC, we believe that social responsibility is essential in reflecting the values of our commitment to our society. Throughout the company’s history, we have been keen to instill these values and work accordingly in all our internal and external activities, believing in the importance of our role towards our society through participation, care, and various other activities. This also comes in line with one of Saudi Vision 2030’s strategic goals: “Enhancing Corporate Social Responsibility”.

NADEC is committed to launching effective initiatives as part of its continuous efforts to involve its community and customers in many occasions that contribute to supporting them in line with its ethical values, as it is keen to instill these values and we work accordingly in all of our activities internally and externally, believing in the importance of our role towards society through participation, care, etc., and in fulfillment of one of the objectives of the Kingdom’s Vision 2030 “to enhance companies’ fulfillment of their social responsibility.”

#	Initiative	Location
1	Support the National Center for Palms and Dates with (500) food products	Al Hofuf
2	Support the Innovation Forum with 400 food products	Riyadh
3	Support with 6000 food products at Al-Kharj Festival	Kharj
4	Support with 650 food products for the Onaizah International Dates Forum	Al-Qassim
5	Support with 80 food products for Abdullah bin Rawaha Mosque	Riyadh
6	Support with 400 food products for Suleiman Al-Rajhi Mosque	Riyadh
7	Support with 250 food products for Lubaba bint Al-Harith School	Riyadh
8	Support with 150 food products for Saad bin Obada School	Riyadh
9	Support with 540 food products for the Saudi Diabetes Association	Riyadh
10	Support with 2160 food products, for the Children of Taibah Summer Forum for people with disabilities	Medina
11	.Support with 245 food products for school 134	Riyadh
12	Participation in the National Day celebrations and support with 24,000 food products	Riyadh, Jeddah, Eastern Region
13	Support with 14 food products for the National Development Association	Riyadh
14	Support with 350 food products for Al-Minbar School	Riyadh
15	Support with 180 food products for Manarat Al Sharq School	Dammam
16	Support with 600 food products for School 287	Riyadh
17	Support with 100 food products for Al Shams School	Riyadh
18	Support with 200 food products for the Knowledge Champions Center for People with Disabilities	Riyadh
19	Support with 250 food products for Islamic education schools	Riyadh
20	Support with 1080 food products for the Center for the Study of Human Research	Riyadh
21	Support with 250 food products for the Rawd Association	Riyadh

#	Initiative	Location
22	Support with 250 food products for the Rawd Association	Riyadh
23	Support with 800 food products in the "Cat Walk" event	Riyadh
24	Support with 250 food products for Al Rayyan College	Riyadh
25	Support with 3350 food products for the Wafaa Charity Association	Riyadh
26	Support with 510 food products for school 175	Riyadh
27	Support with 540 food products for school 64	Riyadh
28	Support with 500 food products for King Khalid Hospital	Riyadh
29	Support with 1305 food products for the Saudi Gymnastics Federation in the girls' gymnastics championship	Riyadh
30	Support with 550 food products for the first secondary school	Al-Madinah
31	Support with 360 food products for the Fifth Intermediate School	Al-Madinah
32	Support with 400 food products for King Saud University	Riyadh
33	Support with 510 food products for Al-Anwar schools	Dammam
34	Support with 250 food products for Oloom Alertiqaa School	Riyadh
35	Support with 400 food products for the National Development Association	Riyadh
36	Support with 609 food products for Alabnaa Kindergarten	Riyadh
37	Support with 160 food products for the Women's Development Association	Al-Qassim
38	Support with 1680 food products for the Rawafed Summer Forum	Riyadh
39	Sponsorship of the "R7" running club event	Riyadh
40	Sponsoring Prince Sultan Military Medical City's campaign "Awareness of "Mental Health	Riyadh
41	Sponsorship of King Faisal Specialist Hospital's "World Cup Matches" event	Riyadh
42	Winter clothing initiative	Riyadh



## Financial performance overview

Despite the slow return of markets following the gradual recovery from the negative effects of the Corona pandemic, as supply and Supply Chain did not fully recover, resulting in an increase in the costs of raw materials and services at the global and local levels, we, praise God, achieved good financial performance, thanks to Our strategy, which relies on the constant search for alternatives and suitable options, to obtain the best available resources.

The results of "NADEC" for fiscal year 2022 demonstrate our brand's resiliency and strength. Revenues increased by 19% in 2022 to SAR 2,694 million, up from SAR 2,272 million in 2021. Primarily driven by strength in our business and growth supported by higher household demand and pricing.

Although the effects of inflation on the costs of raw materials and animal feed considerably impacted the gross profit. Yet, effective and dynamic strategic planning largely compensated for it.

In contrast to the loss of 285 million Saudi riyals in 2021, which was caused by one-time schemes in property, plant, and equipment, the net income for the year 2022 was 95 million Saudi riyals.

While the gross profit was affected significantly due to inflationary pressures on the prices of raw materials and animal feed. However, this was partially offset by dynamic strategic planning and efficiency.

The net income for the year 2022 amounted to 95 million Saudi riyals, which is much better compared to the loss in 2021 of 285 million Saudi riyals, which was affected by one-off schemes in property, plant, and equipment.

### Revenue (in SAR million)



### Gross Profit (in SAR million)



## CASH FLOW OVERVIEW

As opposed to 82 million Saudi riyals in 2021, our cash and bank balances totaled 113 million Saudi riyals. Despite the rise in interest rates, the shifting nature of the global economy, and the vagaries in the Saudi market. By maximizing our operating cycle, we have been able to effectively manage our cash and bank balances to fund our operating requirements internally and make scheduled interest and profit payments on our loans.





## Financial performance

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## Financial performance

Reasons of the company's improving net profit amounting to (95.49) million Saudi riyals for the current year, compared to a net loss amounting to (285.03) million Saudi riyals for the previous year.

### Revenues

The company's revenues for the current year witnessed a significant increase by (18.57%) compared to last year, mainly due to the increase in sales of dairy and food industries by (19.08%) and the agricultural sector by (7.76%).

### Cost of Sales Cost

The ratio of cost of sales to revenue decreased during the current year by (2.24%) compared to last year, mainly due to the decrease in the provision for slow / non-moving inventory, as it reached during the past year (46.89) million Saudi riyals compared to (17.38) million Saudi riyals during the current year

### General and Administrative Expenses

General and administrative expenses decreased for the current year by (6.12%) compared to last year as a result of the decrease in professional and consulting fees. This decrease was partially offset by an increase in information technology expenses and employee benefits expenses.

### Provision for Advance Payments and other Receivables

During the past year, the provision for subsidy and advance payments amounted to (64.95) million Saudi riyals, compared to (7.1) million Saudi riyals for the current year.

### Other Net Revenues (Expenses)

The decrease in other expenses is mainly due to lower loss from camel sales due to lower disposal of cows and reduced losses on foreign currency transaction balances.

### Write-off/impairment losses on property, plant and equipment

During the past year, the management made a physical verification of the fixed assets with external consultants, and as a result of the physical verification, the management wrote off property, machinery, equipment and capital work in progress with a value of (83.67) million Saudi riyals, compared to write-off / impairment losses amounting to (10) million Saudi riyals during the current year.

### Zakat expenditures

During the past year, a provision of (33.99) million Saudi riyals was made based on the assessment received from the Zakat, Tax and Customs Authority for previous years, and there are no such provisions in the current year.

### Statement of Financial Position as at 31 December 2022

Value SAR Million	2022	2021	2020	2019	2018
Non-current assets	2,706.8	2,744.5	2,775.0	2,837.3	2,870.0
Current Assets	1,114.7	1,145.2	1,100.6	1,106.7	1,092.5
Total assets	3,821.5	3,889.7	3,875.6	3,944.0	3,962.5
Non-current liabilities	1,089.5	1,363.9	1,082.2	1,260.3	830.1
Current liabilities	1,436.9	1,330.0	1,315.1	1,243.2	1,686.2
Total liabilities	2,526.4	2,693.9	2,397.3	2,503.5	2,516.3
Shareholders' equity	1,295.1	1,195.8	1,478.3	1,440.5	1,446.3
Total shareholders' equity and liabilities	3,821.5	3,889.7	3,875.6	3,944.0	3,962.5

### Profit/loss statement for the year ended on December 31, 2022

Value SAR Million	2022	2021	2020	2019	2018
Revenues *	2,694.2	2,272.3	2,303.1	2,225.3	2,096.0
Sales cost *	(1,885.9)	(1,641.5)	(1,577.2)	(1,380.7)	(1,320.9)
Total profit	808.3	630.8	725.8	844.6	775.1
Operating profit/(loss).	147.0	(213.3)	84.6	115.9	72.3
Profit / (loss) for the year	95.50	(285.0)	35.7	(7.3)	1.7

\* Certain comparative figures have been restated to conform to the current year's presentation

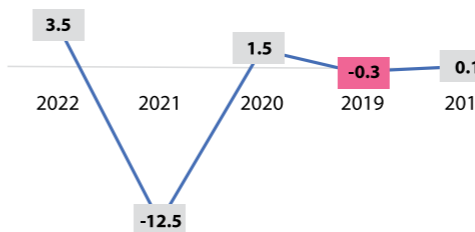
### Cash Flows Movement as of December 31, 2022

Value SAR Million	2022	2021	2020	2019	2018
Net cash flows from operating activities	451.8	255.6	443.3	551.2	435.7
Net cash flows used in investing activities	(243.0)	(324.8)	(216.9)	(235.6)	(191.9)
Net cash flows used in financing activities	(177.5)	82.4	(219.7)	(288.8)	(249.3)

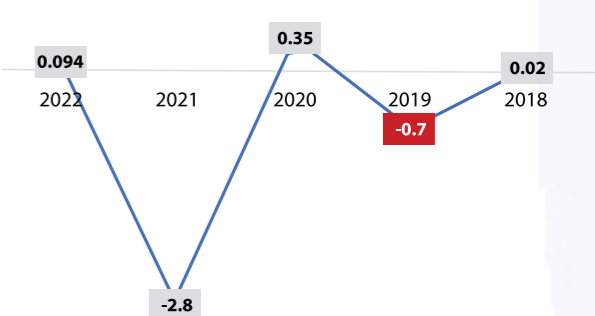
### Key performance indicators as of December 31, 2022

Indicator	2022	2021	2020	2019	2018
Return on revenue	3.5%	-12.5%	1.5%	0.3-%	0.1%
Return on equity	7.4%	-23.8%	2.4%	0.5-%	0.1%
Loan-to-shareholders equity ratio	117.8%	136.9%	100.8%	113.6%	126.8%
Revenue growth rate	18.6%	-1.3%	3.5%	6.2%	3.1%
Operating profit to sales ratio	5.5%	-9.4%	3.7%	5.2%	3.4%
Shares (in millions) *	101.6	101.6	101.6	101.6	84.7
Earnings / (loss) per share (SAR)*	0.94	(2.81)	0.35	(0.07)	0.02

### Earnings per share



### Return on revenue



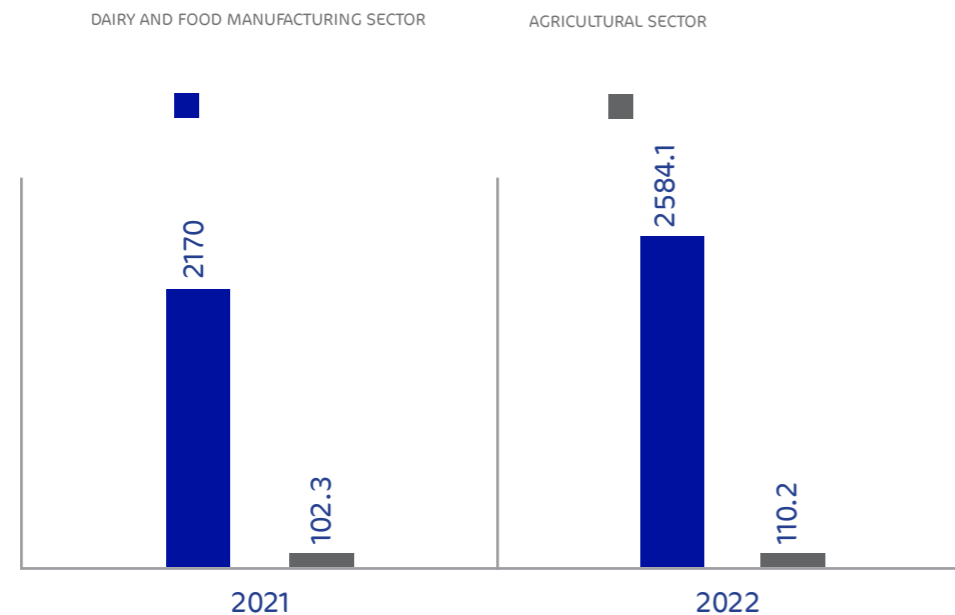
### Revenue growth by sector as of December 31, 2022

Value SAR Million	2022	2021	Growth	Revenues Ratio 2022	Revenues Ratio 2021
Dairy and food manufacturing sector	2,584.1	2,170.0	19.1%	95.9%	95.9%
Agricultural sector	110.1	102.3	7.7%	4.1%	4.1%
Total revenue	2,694.2	2,272.3	18.6%	100.00%	100.00%

In its business, Nadeq relies on two main business sectors: dairy and food processing sector, and the agricultural sector. The company's revenues increased for the current year by (18.6%) compared to last year, mainly due to the increase in sales of dairy and food processing by (19.1%) and the agricultural sector by (7.7%).

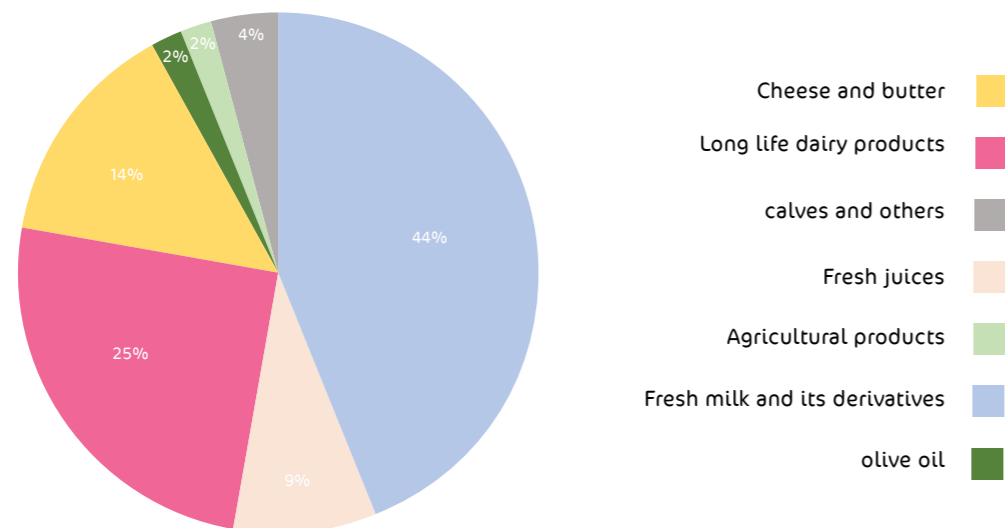
### Analysis of revenue items

Value SAR Million	2022	2021	Change %
Fresh milk and its derivatives	1175.4	1117.4	5.2%
Fresh juices	237.2	238.4	-0.5%
Long life dairy products	674.0	389.2	73.2%
Cheese and butter	376.8	286.8	31.4%
olive oil	60.4	55.9	8.1%
Agricultural products	56.7	50.3	12.7%
calves and others *	113.8	134.3	-15.3%
Total revenue	2694.3	2272.3	18.6%



\* COMPARATIVE FIGURES HAVE BEEN RESTATED TO CONFORM TO THE CURRENT YEAR'S PRESENTATION

### Revenue growth by sector as of December 31, 2022



### Fresh milk and its derivatives

Fresh dairy products and their derivatives are the main products that influence business results, which include fresh milk, yogurt, labneh, and fresh cream. The revenues of this category increased by 5.2% compared to last year.

### Long-life dairy products

Long-life dairy products are considered one of the most important categories that help in the growth of the Company's revenues, as they are characterized by their large market share and the possibility of selling them significantly. The revenues of this category increased by 73.2% compared to the previous year 2021.

### Olive oil

Olive oil revenues are among the company's important strategies that are growing significantly, and this category continues to support the company's overall growth with a growth rate of 8.1%. The olive oil produced under the Nadek name is 100% organic and has won numerous international awards for its value and quality.

### Fresh juices

NADEC has a wide variety of fresh juices that satisfy the consumer's desires in terms of quality. The revenues of this category decreased slightly in 2022 compared to 2021 by 0.5%.

### Cheese and butter

The revenue growth of this category of products continued to differentiate in terms of the product and its added value to the consumer. The cheese and butter markets witnessed strong competition during the year 2022. Despite this, Nadek was able to increase the revenues of this category by 31.4%.

### Agricultural products

Revenues from agricultural products, which are grains, vegetables and fruits, increased for this year 2022 by 12.7% compared to last year 2021.

### Calves and other

Revenues of this category include the revenues of calves, dates, raw milk and some other products. This category recorded a noticeable decrease for the year 2022 by 15.3% compared to the previous year 2021 due to the decrease in sales of raw milk for this year.



## Geographical distribution of revenue

Value SAR Million	2022	On Total %	2021	On Total %	Change %
Kingdom Saudi Arabia	2,399.7	89.1%	2,040.5	89.8%	17.6%
Other countries	294.5	10.9%	231.8	10.2%	27.0%
<b>Total revenue</b>	<b>2,694.2</b>	<b>100.0%</b>	<b>2,272.3</b>	<b>100.0%</b>	<b>18.6%</b>

The company's revenues within the Kingdom of Saudi Arabia for this year increased by 17.6%, as well as export revenues to other countries by 27.0%, compared to last year 2021.

## Operating expenses

Value SAR Million	2022	of sales %	2021	of sales %	Change %
Cost of Revenue	1,885.9	70.0%	1,641.5	72.2%	14.9%
Selling and distribution expenses	488.2	18.1%	483.9	21.3%	0.9%
Impairment losses on trade receivables	4.5	0.2%	5.3	0.2%	-15.1%
Provision for other receivables and prepayments	7.1	0.3%	64.9	0.0%	-89.1%
General and administrative expenses	139.0	5.3%	148.0	6.5%	-6.1%
Other operating expenses (revenues).	12.5	0.4%	58.4	2.6%	-78.6%
Write-off/impairment losses on property and equipment	9.4	0.3%	81.7	3.6%	-88.5%
Write-off/losses of impairment in the value of work-in-progress	0.6	0.0%	1.9	0.1%	-68.4%
<b>Total operating expenses</b>	<b>2,547.2</b>	<b>94.6%</b>	<b>2,485.6</b>	<b>109.4%</b>	<b>2.5%</b>

Total operating expenses for this year increased by 2.5% compared to last year as a result of the increase in the cost of revenues by 14.9% compared to 2021 due to the increase in the cost of materials, as well as the increase in selling and marketing expenses by 0.9% due to the increase in sales volume for this year compared to 2021. As shown in the table above, some cost items recorded a decrease compared to the previous year, such as general and administrative expenses, other operating expenses (income), impairment losses on other receivables, advance payments and other expenses, and losses for impairment of property, plant and equipment and capital work-in-progress. The decrease in these items had a clear impact in mitigating the impact of the increase in cost of revenue and selling and marketing expenses.

## Classification of operational costs

Value SAR Million	2022	of sales %	2021	of sales %	Change %
Direct production costs	1,449.0	53.8%	1,180.2	51.9%	22.8%
Staff costs	462.4	17.2%	434.9	19.1%	6.3%
operating expenses	132.0	4.9%	275.2	12.1%	-52.0%
Marketing expenses	125.8	4.7%	122.1	5.4%	3.0%
Administrative expenses	127.7	4.7%	144.9	6.4%	-11.9%
Depreciation of property right-of-use asset, and amortization	237.8	8.8%	269.9	11.9%	-11.9%
Other expenses and (Revenues).	12.5	0.5%	58.4	2.6%	-78.6%
<b>Total operating expenses</b>	<b>2,547.2</b>	<b>94.5%</b>	<b>2,485.6</b>	<b>109.4%</b>	<b>2.5%</b>

## Operating Profit

Value SAR Million	2022	of sales %	2021	of sales %	Change %
Revenues	2,694.2	100.0%	2,272.3	100.0%	18.6%
<b>Operational costs</b>					
Sales cost	1,885.9	70.0%	1,641.5	72.2%	14.9%
Selling and marketing expenses	488.2	18.1%	483.9	21.3%	0.9%
Impairment losses on trade receivables	11.6	0.4%	70.2	3.1%	-83.5%
General and administrative expenses	139.0	5.2%	148.0	6.5%	-6.1%
Other operating expenses (income) (net)	12.5	0.5%	58.4	2.6%	-78.6%
Impairment losses on property, plant and equipment and capital work-in-progress	10.0	0.4%	83.6	3.7%	-88.0%
<b>Total operating expenses</b>	<b>2,547.2</b>	<b>94.5%</b>	<b>2,485.6</b>	<b>96.5%</b>	<b>2.5%</b>
<b>Operating profit (loss)</b>	<b>147.0</b>	<b>5.5%</b>	<b>-213.3</b>	<b>-9.4%</b>	<b>168.9%</b>

Despite the increase in the cost of sales and selling and marketing expenses by 14.9% and 0.9%, respectively, for this year compared to last year 2021, the operating profit for the current year increased compared to last year by 168.9 as a result of the increase in revenues for this year by 18.6% and the decrease in most other cost items compared to last year 2021 (see table above).

### Working Capital Development

Value SAR Million	2022	2021	2020	2019	
Outstanding Assets	1114.7	1145.2	1100.6	1106.7	1092.5
Outstanding liabilities	1436.9	1330.0	1315.1	1243.1	1686.2
Working capital	(322.2)	(184.8)	(214.5)	(136.4)	(593.7)

The deficit in the company's working capital during the year 2022 amounted to 322.2 million Saudi riyals, due to the increase in the current part of long-term loans and the increase in trade and other payables. The company is working to reduce 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, 2021.

Value SAR Million	Credit limits	Principal of the loan	Interests due	Opening Balance	Additions during the year 2022	Payments during the year 2022	Principal of the loan	Interests due	Closing Balance	Duration of the loan
Saudi National Bank	100.0	0.0	0.0	0.0	50.0		50.0	0.2	50.2	3 months
Al Rajhi Bank	463.3	239.3	0.4	239.7	877.0	874.3	242.0	2.8	244.8	3 to 66 months
British Saudi Bank	875.0	594.0	1.2	595.2	1,956.1	2,126.0	423.8	3.2	427.0	3 to 46 months
Riyad Bank	962.0	781.1	2.0	783.1	2,970.0	3,063.4	687.3	5.3	692.6	3 to 66 months
Arab National Bank	100.0	13.0	0.0	13.0	52.0	52.0	13.0	0.1	13.1	3 months
<b>Total balance</b>		<b>1,627.4</b>	<b>3.6</b>	<b>1,631.0</b>	<b>5,905.1</b>	<b>6,115.7</b>	<b>1,416.1</b>	<b>11.6</b>	<b>1,427.7</b>	

The above loans represent all the loans granted to the Company by local banks in the Kingdom of Saudi Arabia under the forward sale agreements concluded between the Company and those banks following Islamic Sharia and repayment schedules previously agreed upon according to the loan term shown in the above table.

### Statement of outstanding loans from local banks and their maturity dates

Value SAR Million	2022	2021	Change%
Less than one year	587.7	485.0	21.2
From one to two years	284.1	477.7	(40.5)
From two to five years	525.8	608.4	(13.6)
More than five years	30.1	60.0	(49.8)
<b>Total balance</b>	<b>1427.7</b>	<b>1,631.1</b>	<b>(12.5)</b>

### Movement of Agricultural Development Fund loans

Statement	2022	2021	Change%
Opening balance	5.5	6.5	(15.4%)
Additions during the year	93.3	-	100.0%
Payments during the year	(1)	(1)	0.0%
<b>Total balance</b>	<b>97.7</b>	<b>5.5</b>	<b>1676.4%</b>

During the year, the company was granted a short-term loan of SAR 93.3 million for a period of one year. This loan is secured by inventory owned by the company. The balance of these loans from the Agricultural Development Fund, as of December 31, 2022, amounted to 97.7 million Saudi riyals (Note 2-27 of the annual financial statements for the year 2022).

## Government payments for the year 2021

statement	(Million SAR)	Due Balance (Million SAR)	Brief description	Reasons
Visas, passports, employment office, and municipal fees	46.9		Visas, labor office fees, residency renewal, and municipal fees during the year 2022.	
Value-added tax	222.4	11.5	Value-added tax paid during the year 2022.	The due amount is a value-added tax in December 2021, to be paid in January 2022.
Zakat and withholding tax	1.5	77.2	Zakat paid for previous years and withholding tax during the year 2022.	The receivable is zakat provision / financial statements - Note (No. 31).
Social insurance	19.5	1.7	Social insurance amounts paid during the year 2022.	The receivable is December 2021 social insurance, to be paid in January 2022.
Customs fees	13		Customs duties paid during the year 2022	
<b>Total</b>	<b>303.3</b>	<b>90.4</b>		



## Corporate Governance

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## Composition of the Board of Directors

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The company is managed by a Board of seven members, who meet the necessary criteria to effectively manage the company's business. They are elected by the Ordinary General Assembly for a period not exceeding three (3) years subject to renewal. The Board of Directors also appoints a Chairman and a Deputy Chairman from among its members, and the Ordinary General Assembly determines the remuneration and allowances of the members of the Board of Directors in accordance with the Companies Law and the rules and instructions issued by the competent authority, whether these remunerations are a specific salary, an allowance for attending meetings, or a percentage of the profits. It is also permissible to combine between two or more of these benefits.

### Evaluation of the Board of Directors' performance

The Board of Directors conducts the assessment for its performance and the performance of its committees by defining the work rules and controls concerned with evaluating the performance of the Board and its committees in order to follow up and develop the performance of the Board and its committees in carrying out their tasks to the best of their abilities, in light of the regulations stipulated in the Companies Law, the company's bylaws and other laws and regulations, and related regulations, in addition to the principles and sound practices of corporate governance.

## Composition of the Board of Directors

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### Termination of membership of Directors

During the year 2022, the membership of a number of members ended by submitting their resignation, as follows:

- Dr. Solaiman bin Abdulaziz Al-Twajri resigned as the Managing Director on 28/02/2022 and was appointed CEO of the company as of 01/03/2022.
- Mr. Omar Hamad Al-Madhi resigned from the membership of the company's board of directors as of 04/10/2022.
- Mr. Saleh Hassan Al-Afaeq resigned from the membership of the company's board of directors as of 04/10/2022.

### Appointments of members of the Board of Directors

During the year 2022, a number of members were appointed to fill the vacant Board membership positions, as follows:

- Mr. Abdulaziz Alrugaib was appointed as a Board member as of 05/04/2022, and was appointed to the affiliated committees as of 06/10/2022.
- Mr. Ahmed Saud Shahini was appointed as a Board member as of 05/10/2022, and was appointed to the affiliated committees as of the date of 06/10/2022.
- Mr. Ibrahim Mohammed Al-Amer was appointed as a Board member as of 05/10/2022, and was appointed to the affiliated committees as of 06/10/2022.

### Biographies of the members of the Board of Directors

Mr. Abdulaziz bin Saleh AL-Rebdi  
Chairman of the Board of Directors  
Representative of the Public Investment Fund



#### Membership type

Chairman of the Board (non-executive member)

#### Appointment date (current term)

The beginning of the current Board term: April 11, 2021

Appointment date: April 11, 2021

#### Membership of Committee

Chairman of the Executive Committee

#### Professional experience and skills (current)

- Founder and CEO of Abdulaziz bin Saleh AL-Rabadi Office for Financial Consultations.
- Chairman of the Board of Directors Naseej Telecom and Information Technology Company.
- Member of the Board of Directors of Obeikan Glass Company.
- Member of the Board of Directors of the Saudi Recycling Investment Company (SIRC).
- Member of the Board of Directors of the Saline Water Conversion Corporation.
- Member of the Board of Directors of the Social Development Bank.

#### Professional experience and skills (previous)

- Member of the Board of Directors of Saudi Investment and Agricultural Production (SALIC).
- Managing Director - National Agricultural Development Company (NADEC).
- Member of the Board of Directors of Abdullah Al-Othaim Markets.
- Member of the Board of Directors of Abdul Mohsen Al Hokair Group for Tourism and Development.
- Member of the Board of Directors of Al Hammadi Company for Development and Investment.
- Member of the Board of Directors of Saudi United Cooperative Insurance Company "Wala'a".
- Member of the Board of Directors of Obeikan Industrial Group.
- General Manager - Lazurde Group for Industrial Investment.
- Project Manager - Saudi Industrial Development Fund.
- Projects Analyst - Saudi Industrial Development Fund.

#### Academic qualifications

Bachelor's degree in industrial management, King Fahd University of Petroleum and Minerals.

### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Obeikan Glass Company	Inside the kingdom	Listed company	Abdullah Al Othaim Markets	Inside the kingdom	Listed company
Saudi Investment Recycling Company	Inside the kingdom	Unlisted company	Abdul Mohsen Al Hokair Group for Tourism and Development	Inside the kingdom	Listed company
Naseej Telecom and Information Technology Company	Inside the kingdom	Listed company	Saudi Investment and Agricultural Production (SALIC)	Inside the kingdom	Unlisted company
Saline Water Conversion Corporation	Inside the kingdom	Saudi government institution	Al Hammadi Company for Development & Investment	Inside the kingdom	Listed company
Social Development Bank	Inside the kingdom	Financial institution	Saudi United Cooperative Insurance Company "Wala'a"	Inside the kingdom	Unlisted company
-	-	-	Obeikan Industrial Group	Inside the kingdom	Unlisted company

Mr. Abdullatif bin Abdullah AL-Rajhi  
Deputy Chairman



#### Membership type

Deputy Chairman (non-executive member)

#### Appointment date (current term)

Beginning of the current Board term: April 11, 2021  
Appointment date: April 11, 2021

#### Membership of Committee

Member of the Nominations and Remunerations Committee

#### Professional experience and skills (current)

- Chairman of the Board of Directors of Al-Rajhi Holding Group.
- Chairman of the Board of Directors of Al-Rajhi Financial Solutions Company.
- Member of the Board of Directors of Abdullah Abdulaziz AlRajhi & Sons Holding Co.
- Member of the Board of Directors of Bank Audi Syria.
- Member of the Board of Directors of Tallam Charity.
- Founder and Chairman of the Board of Directors of Ezoah Charity.
- Member of the Board of Directors in the Abdullah Al-Rajhi Charitable Foundation.
- Member of the Board of Directors of Hefz Alnema Charity.
- Chairman of the Board of Directors of Bahrain Food Bank
- Founder and Chairman's of the Board of Directors deputy Oman Food Bank
- Founder and Chairman of the Saudi Food Bank (Etaam).

#### Professional experience and skills (previous)

- Credit Center Manager - Al Rajhi Bank.
- Regional Manager for the Eastern Region - Al Rajhi Bank.

#### Academic Qualifications

He holds a master's degree in Business Administration from the American University - Beirut

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Al Rajhi Financial Solutions	Inside the kingdom	Unlisted company	-	-	-
Al Rajhi Holding Group	Inside the kingdom	Unlisted company	-	-	-
Abdullah Abdulaziz AlRajhi & Sons Holding Co	Inside the kingdom	Unlisted company	-	-	-
Abdullah Al-Rajhi Charitable Foundation	Inside the kingdom	Charitable Association	-	-	-
Bank Audi Syria	Outside the kingdom	Listed foreign company	-	-	-
Tallam Charity	Inside the kingdom	Charitable Association	-	-	-
Hefz Alnema Charity	Inside the kingdom	Charitable Association	-	-	-
Oman Food Bank	Outside the kingdom	A foreign charitable organization	-	-	-
Bahrain Food Bank	Outside the kingdom	A foreign charitable organization	-	-	-
Ezoah Charity	Inside the kingdom	charitable organization	-	-	-



Dr. Solaiman bin Abdulaziz Al-Twajri  
Chief Executive Officer  
National Agricultural Development Company (NADEC)



#### Membership type

Board Member (Executive)

#### Appointment date (current term)

The beginning of the current Board term: April 11, 2021

Appointment date: April 11, 2021

Membership expiration: February 28, 2022

#### Membership of Committee

Member of the Executive Committee

#### Professional experience and skills (current)

- Member of the Board of Directors and Chairman of the Audit Committee in Takween Advanced Industries.
- Member of the Audit Committee of the Saudi Electricity Company.
- Member of the Board of Directors, Executive Committee and Audit Committee of Wala Insurance Company.
- Member of the Board of Directors of General Management Accounting in America.
- Member of the Board of Directors of the International Water Distribution Company.
- Member of the Board of Directors of the Global Infrastructure Management and Operation Company Limited.

#### Professional experience and skills (previous)

- Chief Executive Officer of Saudi Arabian Amiantit Company.
- Chairman of the audit committee in the Chemical Development Company.
- Managing Director of Saudi Arabian Amiantit Company.
- General Manager of Al-Othman Agricultural Production and Processing Company (Nada).
- Director of Shared Services at Zajoul Advanced Communications Technology Company.
- Secretary General of the University Higher Education Fund.
- Head of the Accounting Department at King Fahd University of Petroleum and Minerals.
- Member of the Board of Directors of Amiantit Rubber Industry Limited.
- Member of the Board of Directors of Amiantit fiberglass Company Ltd.
- Member of the Board of Directors of Ameron Saudi Arabia Limited.
- Member of the Board of Directors of Bond Strand Limited.
- Member of the Board of Directors of the Saudi Arabian Company for Ductile Iron Pipes Industry Ltd.
- Member of the Board of Directors of the Saudi Arabian Company for Concrete Products (SACOP).
- Member of the Board of Directors of the Factory of Fiberglass Pipes and Ductile Iron Pipes Ltd.
- Member of the audit committee of the Higher Education Fund.

- Member of the Internal Audit Committee of the Saudi Organization for Certified Public Accountants.
- Member of the Audit Committee at Riyadh Bank.
- Member of the Accounting Standards Committee of the Saudi Organization for Certified Public Accountants.
- Member of the Executive Committee of Zajoul Advanced Communications Technology Company.

#### Academic Qualifications

He holds a Ph.D. in Accounting from Case Western Reserve University, Cleveland, Ohio, USA. A Master's degree in Accounting from the University of Illinois, Urbana-Champaign, Illinois, USA. A Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals. Recipient of the Prince Muhammad Bin Fahd Prize for Scientific Excellence in 1998. He holds many positions and memberships in prestigious international and local companies, in addition to being an expert in financial and accounting.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Takween Advanced Industries Company	Inside the kingdom	Listed company	Saudi Arabian Amiantit Company	Inside the kingdom	Listed company
Wala Insurance Company	Inside the kingdom	Listed company	-	-	-
International Water Distribution Company	Inside the kingdom	Listed company	-	-	-
Global Infrastructure Management and Operation Company Limited	Inside the kingdom	Unlisted company	-	-	-
Amiantit Rubber Industry Co., Ltd.	Inside the kingdom	Unlisted company	-	-	-
Amiantit Fiberglass Manufacturing Co., Ltd.	Inside the kingdom	Unlisted company	-	-	-
Saudi Arabian Amiron Company Ltd.	Inside the kingdom	Unlisted company	-	-	-
Bond Strand Co., Ltd.	Inside the kingdom	Unlisted company	-	-	-
Saudi Arabian Ductile Iron Pipe Manufacturing Co. Ltd.	Inside the kingdom	Unlisted company	-	-	-
Saudi Arabian Concrete Products Company SACOP	Inside the kingdom	Unlisted company	-	-	-
Fiberglass Pipes And Ductile Iron Pipes Factory Company	Inside the kingdom	Unlisted company	-	-	-

Note: His membership in the Board of Directors ended on 28/02/2022.



Mr. Omar bin Hamad Al-Madhi  
Member of the Board of Directors



#### Membership type

Board Member (Independent)

#### Appointment date (current term)

The beginning of the current Board term: April 11, 2021

Appointment date: April 11, 2021

Membership expiration: October 4, 2022

#### Committee membership

Member of the Audit Committee

Member of the Executive Committee

#### Professional experience and skills (current)

- Director of the Direct Investments Department in the Middle East and North Africa at the Public Investment Fund.
- Senior Executive Officer and member of the Board of Directors of Abdulateef Jameel Investment Company.
- Member of the Board of Directors and the Executive Committee of the Saudi Fisheries Company.
- Member of the Board of Directors of the third Shuqaiq Water Company.
- Member of the Board of Directors of the Saudi Federation of Sports for All.
- Member of the Board of Directors of Awwad Capital.
- Executive member of Jameel Investment Holding Company.
- Member of the Board of Directors of the Four Principles Company.
- Partner and Chairman of the Board of Directors of Iliad Partners.
- Co-Founder and Chairman of the Board of Directors of Awwad Capital - UAE.
- Member of the Board of Directors and member of the Executive Committee of ACWA Power.
- Member of the Board of Directors and member of The Saudi Arabian Industrial Investments Company (Dussur)
- Member of the Board of Directors and a member of the Nominations and Rewards Committee in Jada Company.
- Member of the Board of Directors and a member of the Nominations and Rewards Committee at Riyadh Bank.
- Member of the Board of Directors and member of the Executive Committee of the Regional Voluntary Carbon Market Company.
- Member of the Board of Directors of Al Seif Engineers and Contractors Company.
- Member of the Board of Directors of the National Company for Investment in the automotive and transportation sector.

#### Professional experience and skills (previous)

- Senior Executive Director - Volkswagen Saudi Arabia Group.
- Assistant Undersecretary - The General Authority for Investment.
- Adviser to His Excellency the Minister of Labor.
- Consultant in the consulting office McKinsey & Company.
- Operations Engineer - Saudi Aramco Jubail Refinery Company (SASREF).
- Research Engineer - Saudi Aramco.

#### Academic Qualifications

He holds an Executive Program Diploma in International Leadership from Harvard University - Kennedy School, a Master's degree in Business Administration from the Massachusetts Institute of Technology, and a Bachelor's degree in Chemical Engineering from the University of Pennsylvania.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Saudi Fisheries Company - representative of the Public Investment Fund	Inside the kingdom	Listed company	-	-	-
Abdullatif Jameel Investment Company	Inside the kingdom	Unlisted company	-	-	-
Shuqaiq 3   Saudi Water Partnership Company	Inside the kingdom	Unlisted company	-	-	-
Saudi Sports for All Federation	Inside the kingdom	Unlisted company	-	-	-
Jameel Investment Holding Company	Inside the kingdom	Unlisted company	-	-	-
Four Principles Company	Inside the kingdom	Unlisted company	-	-	-
Iliad Partners Co	Outside the kingdom	Unlisted company	-	-	-
Awwad Capital Company	Outside the kingdom	Unlisted company	-	-	-
ACWA Power	Inside the kingdom	Unlisted company	-	-	-
Dussur - The Saudi Industrial Investments Company	Inside the kingdom	Unlisted company	-	-	-
JADA Company	Inside the kingdom	Unlisted company	-	-	-
Riyadh Bank	Inside the kingdom	Listed company	-	-	-
The Regional Voluntary Carbon Market Company	Inside the kingdom	Unlisted company	-	-	-
Al Seif Engineers and Contractors Company	Inside the kingdom	Unlisted company	-	-	-
National Company for Investment in the automotive and transportation sector	Inside the kingdom	Unlisted company	-	-	-

Note: His membership ended on 04/10/2022.

Mr. Saleh bin Hassan Al-Afaeq  
Member of the Board of Directors



#### Membership type

Board Member (Non-Executive)

#### Appointment date (current term)

The beginning of the current Board Term: April 11, 2021

Appointment date: April 11, 2021

Membership expiration: October 4, 2022

#### Committee membership

Head of the Audit Committee

Member of the Nominations and Remuneration Committee

#### Professional experience and skills (current)

- Founder and Chairman of the Board of Directors of Al-Kifah Academy.
- Member of the Board of Directors, member of the Nominations and Remuneration Committee, and member of the Audit Committee of Takween Advanced Industries.
- Partner and member of the Board of Directors of Al-Kifah Holding Company and its subsidiaries.
- Member of the Board of Directors of the First Finance Company.
- Member of the Board of Directors of Noor Capital, an investment bank licensed by the Central Bank of the UAE.

#### Professional experience and skills (previous)

- Chairman of the Board of Directors - Al-Ahsa Co. for Tourism & Entertainment (Ahsana).
- Deputy Chairman of the Board of Directors and Member of the Executive Committee - Arbah Financial Company.
- Chairman of the Board of Directors - The National Center for Palms and Dates.
- Member of the Board of Directors - Saudi Authority for Industrial Cities and "Technology Zones" Modon.
- CEO - Kifah Holding Company.
- Deputy Chairman of the Board of Directors - Community Service Committee - Al-Ahsa.
- Member of the Board of Directors and Member of the Investment Committee - Ibdar Bank.

#### Academic Qualifications

He holds a master's degree in human resource development from Seattle Pacific University, USA, and a bachelor's degree in administrative sciences from King Faisal University.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Takween Advanced Industries Company	Inside the kingdom	Listed company	-	-	-
AlKifah Holding Company	Inside the kingdom	Unlisted company	-	-	-
Tamweel Aloula	Inside the kingdom	Unlisted company	-	-	-
Noor Capital "an investment bank licensed by the Central Bank of the Emirates"	Outside the kingdom	Unlisted company	-	-	-

Note: His membership ended on 04/10/2022.

Mr. Bader bin Abdulrahman Al-Sayari  
Member of the Board of Directors  
Representative of Solaiman Al-Rajhi Holding Company



#### Membership type

Board Member (Non-Executive)

#### Appointment date (current term)

The beginning of the current Board Term: April 11, 2021  
Appointment date: April 11, 2021

#### Committee membership

Member of Executive Committee

#### Professional experience and skills (current)

- Chief Investment Officer of Sulaiman Al-Rajhi Holding Company.
- Member of the Board of Directors of GIB Capital.
- Member of the Board of Directors and a member of the Executive Committee of the Advanced Educational Company.
- Member of the Board of Directors of the National Poultry Company - Egypt.
- Member of the Board of Directors of Aleef Company.
- Member of the Investment Committee of the Real Estate Development Fund.
- Member of the Board of Directors of the National Aquaculture Group (Naqua).
- Member of the Rewards and Nominations Committee of the National Aquaculture Group (Naqua).

#### Professional experience and skills (previous)

- Chief Executive Officer of Venture Capital Saudi Arabia.
- Chief Investment Officer of Al Faisaliah Holding Group.
- Chief Executive Officer of MEFIC Capital.

#### Academic Qualifications

Bachelor's degree in Accounting - King Saud University.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
GIB Capital Company	Inside the kingdom	Unlisted company	-	-	-
Advanced Education Company	Inside the kingdom	Unlisted company	-	-	-
National Poultry Company - Egypt	outside the kingdom	Unlisted company	-	-	-
National Aquaculture Group (NAQUA)	Inside the kingdom	Unlisted company	-	-	-



Mr. Amr bin Abdulaziz Al-Jalal  
Member of the Board of Directors



#### Membership type

Board Member (Independent)

#### Appointment date (current term)

The beginning of the current Board Term: April 11, 2021  
Appointment date: April 11, 2021

#### Committee membership

Chairman of the Remuneration and Nominations Committee  
Member of the Executive Committee (His membership ended on 06/10/2022)

#### Professional experience and skills (current)

- Managing Director and CEO of Namara Investment Company - Dr. Sulaiman Al Habib Investment Company.
- Director of the business stability company limited.
- Director of Al-Hamra Front Investment Company.
- Director of Qimam Exchange for Investment
- Director of Al-Manar Interface Investment Company.
- Director of the Habib Alliance for Investment.
- Director of Saqi Investment Company.

#### Professional experience and skills (previous)

- Head of Private Equity Investments and Investment Banking at Jadwa Investment Company.
- Senior Vice President of Investment Banking at Saudi Fransi Capital.
- Director of the Registration and Listing Unit - Industry and Services Sector - Capital Market Authority.
- Registration and Listing Officer - Corporate Finance Section - Capital Market Authority.
- Banking Credit Officer in the Commercial Banking Services Department of Samba Financial Group.
- Member of the Board of Directors of Jada Company.
- Member of the Nominations and Rewards Committee of Jada Company.

#### Academic Qualifications

He holds a Master's degree in Business Administration from Rice University, Houston, USA and a Bachelor's degree in Information Systems Management from King Fahd University of Petroleum and Minerals.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Abdul Mohsen Al Hokair Group for Tourism and Development	Inside the kingdom	Listed company	Jada Company	Inside the kingdom	Unlisted company
Electricity and Water Utilities Company in Jubail and Yanbu (Marafiq)	Inside the kingdom	Unlisted company	-	-	-
Saudi Egyptian Industrial Investment Company	Outside the kingdom	Unlisted company	-	-	-
Hamat Holding Company	Inside the kingdom	Listed company	-	-	-
October Pharma Company	Outside the kingdom	Listed company			
Venture Capital and Private Equity Association	Inside the kingdom	professional association			
Mirak Financial Corporation	Inside the kingdom	Unlisted company			



Mr. Abdulaziz Mohammad Alrugaib  
Member of the Board of Directors

#### Membership type

Board Member (Independent)

#### Appointment date (current term)

The beginning of the current Board Term: April 11, 2021  
Appointment date: April 5, 2022

#### Committee membership

Member of the Executive Committee

#### Professional experience and skills (current)

- General Manager of Imtiaz Arabia Company.
- Member of the Board of Directors of Hamad Mohammed Alrugaib & Sons Trading Company.
- Member of the Board of Directors of the Future Fun Trading Company.
- Member of the Board of Directors of AL-Reema Real Estate Development Company.
- Member of the Board of Directors of Herfy Food Services Company.
- Member of the Board of Directors of the sports franchise.

#### Professional experience and skills (previous)

- Petroleum Engineer - Saudi Aramco.
- Consultant - Bain & Company.

#### Academic Qualifications

He holds a master's degree in chemical engineering from Cornell University in the United States of America, and a bachelor's degree in petroleum engineering from the University of Kansas in the United States of America.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Hamad Mohammed Alrugaib & Sons Trading Company	Inside the kingdom	closed joint stock	-	-	-
Future Fun Trading Company	Inside the kingdom	closed joint stock	-	-	-
AL-Reema Real Estate Development Company	Outside the kingdom	closed joint stock	-	-	-
Herfy Food Services Company	Inside the kingdom	Listed company	-	-	-
Sports franchise	Outside the kingdom	closed joint stock	-	-	-

Clarification: His membership in the Board of Directors began on 04/05/2022, and the affiliated committees on 06/10/2022.



Ahmad bin Saud Shahini  
Member of the Board of Directors

#### Membership type

Board Member (Non-Executive)

#### Appointment date (current term)

The beginning of the current Board Term: April 11, 2021  
Appointment date: October 5, 2022

#### Committee membership

Chairman of the audit committee  
Member of the Executive Committee

#### Professional experience and skills (current)

- Advisor to the CEO of the Saudi Agricultural and Livestock Investment company (SALIC).
- Member of the Board of Directors of the Khair Inorganic Chemical Industries Company (InoChem).
- Member of the Board of Directors of Shahini Holding Group.
- Member of the Board of Directors of the Health Spring Company for Medical Services.

#### Professional experience and skills (previous)

- Executive Director of Business Development - Shahini Holding Group.
- General Manager - Shahini Distribution Company.

#### Academic Qualifications

He holds a master's degree in business administration from IMD Business School in Switzerland, and a bachelor's degree in industrial management from King Fahd University of Petroleum and Minerals in Dhahran.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Khair Inorganic Chemical Industries Company (InoChem)	Inside the kingdom	closed joint stock	-	-	-
Shahini Holding Group	Inside the kingdom	Limited liability	-	-	-
Health Spring Company for Medical Services	Inside the kingdom	Listed Company	-	-	-

Clarification: His membership in the Board of Directors began on 05/10/2022, and the affiliated committees on 06/10/2022.



Mr. Ibrahim bin Mohammed Al-Amer  
Member of the Board of Directors



#### Membership type

Board Member (Independent)

#### Appointment date (current term)

The beginning of the current Board Term: April 11, 2021  
Appointment date: October 5, 2022

#### Committee membership

Member of the Audit Committee  
Member of the Rewards and Nominations Committee

#### Professional experience and skills (current)

- Advisor to the CEO of the Saudi Mining Services Company.
- Founder and CEO - HR-TRUST Office for Management Consulting.
- Member of the Compensation and Nominations Committee at Al Yusr Leasing and Finance Company.
- Member of the Compensation and Nominations Committee of the Saudi Mining Services Company.

#### Professional experience and skills (previous)

- Member of the Board of Directors of Ma'aden Waad Al Shamal Company.
- Member of the Board of Directors of the Cooperative Health Insurance Council.
- Senior Executive Vice President of Human Capital at Ma'aden Company.
- Undersecretary for Joint Services at the Ministry of Commerce and Investment.
- Executive Vice President of Human Resources in Dr. Sulaiman Al Habib Medical Group.
- Vice President of Human Resources for Communication Channels Company.

#### Academic Qualifications

He holds the Executives Program from the London Business School, a master's degree in business administration from the University of Hull, UK, and a bachelor's degree in accounting from Imam Muhammad bin Saud University.

#### Membership of the Board of Directors outside NADEC

Current board membership	Inside / Outside the Kingdom	Legal Status	Previous board membership	Inside / Outside the Kingdom	Legal Status
Al Yusr Leasing and Finance Company	Inside the kingdom	Limited Liability	-	-	-
Saudi Mining Services Company	Inside the kingdom	Government	-	-	-

Clarification: His membership in the Board of Directors began on 05/10/2022, and the affiliated committees on 06/10/2022.

#### Board meetings and members attendance record

The Board of Directors held (9) meetings in the year 2022, including (5) physical meetings and (4) meetings taken by passing as shown in the table below, during which no member of the Board authorized another to attend on his behalf during the year 2022.

The Board has allocated sufficient time to carry out its responsibilities towards the company as a board of directors, including preparing for the meetings of the Board and the company's committees, and making sure to attend them.

Following is the record attendance of these meetings for each member of the Board of Directors:

Attendance record of members of the Board of Directors for the year 2022										
No.	Members	First Meeting	Second Meeting	Third Meeting (By Circulating)	Fourth Meeting (By Circulating)	Fifth Meeting	Sixth Meeting (By Circulating)	Seventh Meeting	Eighth Meeting (By Circulating)	Ninth Meeting
		Jan 18th	Feb 25th	April 4th	May 17th	July 5th	September 15th	Oct. 4	October 6	December 5th
1	Abdulaziz Saleh Al-Rebdi	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Abdullatif Abdullah Al-Rajhi	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Bader Abdul Rahman Al-Sayari	✓	✓	✓	✓	X	✓	✓	✓	✓
4	Amr Abdulaziz Aljallal	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Dr. Solaiman Abdulaziz Al-Twajri (1)	✓	✓	Membership expired	Membership expired	Membership expired	Membership expired	Membership expired	Membership expired	Membership expired
6	Omar Hamad Almadhi (2)	✓	✓	✓	✓	✓	✓	Membership expired	Membership expired	Membership expired
7	Saleh Hassan Al-Afaleq (2)	✓	✓	✓	✓	✓	✓	Membership expired	Membership expired	Membership expired
8	Abdulaziz Mohammad Alrugaib (3)	Membership has not started	Membership has not started	Membership has not started	✓	✓	✓	✓	✓	✓
9	Ahmed Saud Shahini(4)	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	✓	✓
10	Ibrahim Mohammed Al-Amer(4)	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	✓	✓

✓ Attended x Did not attend

1) His membership in the Board of Directors expired on 28/02/2022.

2) His membership expired on 04/10/2022.

3) His membership in the Board of Directors began on 05/04/2022, and the affiliated committees on 06/10/2022.

4) His membership in the Board of Directors began on 05/10/2022, and in the affiliated committees on 06/10/2022.

### Actions taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and observations regarding the company and its performance:

The Chairman of the Board of Directors informs its members at the first meeting of the Board - especially non-executives - of the shareholders' suggestions and observations regarding the company and its performance, if any. Investor Relations Department represented in the following:

Main office phone: 0112027777  
Email: IR@NADEC.COM.SA

### The annual general assembly meeting

The company held one meeting of the General Assembly during the past year, and it was on the date of 07/06/2022 AD, as the work regulations of the Board of Directors stipulate that it is the duties of a member of the Board of Directors to attend the meetings of the General Assembly, and this reflects the keenness of the Board of Directors to meet the shareholders and receive their suggestions and observations about the company and its performance.

Name	Meeting date 07/06/2022
Abdulaziz Saleh Al-Rebdi	✓
Abdullatif Abdullah Al-Rajhi	✓
Omar Hamad Almadhi (1)	✓
Saleh bin Hassan Al-Afaleq (1)	✓
Bader Abdul Rahman Al-Sayari	X
Amr Abdulaziz Aljallal	✓
Abdulaziz Mohammad Alrugaib (2)	✓

✓ Attended x Did not attend

(1) His membership expired on 04/10/2022.

(2) His membership in the Board of Directors began on 05/04/2022, and the in the affiliated committees on 06/10/2022.

### Committees of the Board of Directors

The Board of Directors delegates some of its duties through the main committees composed of Board members, with the exception of the Audit Committee, which includes in its composition two members from the Board of Directors, and one member from outside the Board. Following are the experiences and educational qualifications of this member.

Mr. Amr Khaled Kurdi

#### Membership type

Member of the Audit Committee (independent from outside the Board)

#### Appointment date (current session)

April 11, 2021

#### Professional experience and skills (current)

- Chief Financial Officer - Tawuniya Insurance Company
- Member of the Audit, Risk and Compliance Committee - STC
- Member of the Audit Committee - Saudi Electricity Company
- Member of the Board of Directors - Institute of Management Accountants, USA

#### Professional experience and skills (previous)

- Chief Business Officer - Saudi Arab Industrial Investment Company (Dusur)
- Chief Financial Officer - Saudi Arabian Amiantit Company
- Chief Executive Officer of Internal Audit - King Fahd University of Petroleum and Minerals
- Professor of Accounting - King Fahd University of Petroleum and Minerals
- Head of the Audit Committee - Saudi General Electric Company for Advanced Turbines
- Member of the Audit Committee - Savola Group
- Member of the Board of Directors and Chairman of the Audit Committee - International Water Distribution Company Ltd.
- Member of the Audit Committee - King Fahd University of Petroleum and Minerals

#### Qualifications

PhD in Accounting - University of North Texas, USA Master's Degree in Accounting - University of Arizona, USA Bachelor's degree in Accounting - King Fahd University of Petroleum and Minerals Associate Certificate in Management Accounting from the Institute of Management Accountants, USA.



### Committees of the Board of Directors

In accordance with the company's bylaws and Corporate Governance Regulations issued by the Capital Market Authority, the company's committees are formed as follows:

#### Audit Committee

Committee members:

- Saleh Hassan Al-Afaeq (Chairman - his membership expired on 04/10/2022)
- Omar Hamad Al-Madhi (Member - his membership expired on 04/10/2022)
- Amr Khaled Kurdi (Member - independent from outside the Board)
- Ahmed Saud Shahini (Chairman - Membership started on 06/10/2022)
- Ibrahim Mohammed Al-Amer (Member - Membership started on 06/10/2022)

#### Duties and responsibilities of the committee:

- Verify the independence of the internal auditors and supervise the internal audit department in the company, to verify its effectiveness in carrying out the work and tasks assigned to it.
- Reviewing the internal control system and preparing a report containing relevant recommendations.
- Reviewing the internal audit reports and following up the implementation of the corrective measures for the notes contained therein.
- Recommend to the Board of Directors the appointment and dismissal of chartered accountants and determine their fees.
- When recommending appointment, care must be taken to ensure their independence.
- Examining nomination requests for the position of internal audit manager in the company and remuneration Allowances and other benefits allocated to him.
- Follow-up the work of chartered accountants, and approve any work outside the scope of the audit work assigned to them while carrying out audit work.
- Reviewing the audit plan submitted by the chartered accountant and expressing its observations thereon.
- Reviewing the notes of the chartered accountant on the financial statements and following up on what has been done in this regard.
- Reviewing the preliminary and annual financial statements before submitting them to the Board of Directors and expressing an opinion and recommend it.
- Reviewing the accounting policies followed and expressing an opinion and recommendation to the Board of Directors in this regard.
- Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary measures about it.
- Verifying the company's compliance with relevant regulations, regulations, policies and instructions.

### Audit Committee meetings for the year 2022

The number of meetings of the Audit Committee was eight meetings during the year 2022. It should also be noted that the committee consists of three members, taking into account the expiry of membership of some members and the election of new members during the past year, as shown in the table below.

No.	Members' names	Membership capacity	Record of committee meetings								
			1st meeting	2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting	7th meeting	8th meeting	
			11/01/2022	03/01/2022	16/02/200	22/02/2022	19/05/2022	11/08/2022	20/10/200	30/11/2022	
1	Saleh Hassan Abdullah Al-Afaeq (1)	Chairman of the Committee - Non-executive	✓	✓	✓	✓	✓	✓	✓	Membership expired	Membership expired
2	Amr Khaled Kurdi	Member - Independent from outside the Board	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Omar Hamad Almadhi (1)	Member - independent	✓	✓	✓	✓	✓	X	Membership expired	Membership expired	
4	Ahmed Saud Shahini(2)	Chairman of the Committee - Non-executive	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	✓	✓
5	Ibrahim Mohammed Al-Amer(2)	Member - independent	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	Membership has not started	✓	✓

✓ Attended x Did not attend

(1) His membership expired on 10/04/2022.

(2) His membership in the Board of Directors began on 05/10/2022, and in the affiliated committees on 06/10/2022.



## Remuneration and Nomination Committee

### Committee members:

- Amr Abdulaziz Aljallal (Chairman)
- Abdulateef Abdullah Al-Rajhi (Member)
- Saleh Hassan Al-Afaleq (Member - his membership expired on 04/10/2022)
- Ibrahim Mohammed Alamer (Member - his membership started on 06/10/2022)

### Duties and responsibilities of the Committee

- To Draft clear benefits policy for the board members and the sub-committees of the executive management and present it before the BOD in order to officially approve it by the general assembly, taking into consideration performance standards: ensuring and disclosing.
- To justify the granted benefits according to the policy, and declare any significant deviation when needed.
- To continuously review the policy of the benefits and assess its efficiency according to its targets.
- To report to the BOD of any recommendations regarding the benefits of board members, sub-committees, and senior executives within the frame of the approved policy.
- To propose clear policy and criteria of BOD membership and executive management.
- To nominate and re-nominate BOD members according to the policy and standards, taken into consideration that nominees should have no previous conviction for an offence against honor or breach trust.
- To provide description of qualification, training and experience required for BOD membership and executive management positions.
- To assign time that each member of BOD has to allocate for BOD tasks.
- To annually review of BOD membership and executive management needs of skills and caliber.
- To evaluate the executive management structure and provide recommendations if any changes are needed.
- To ensure the impartiality of the independent members in an annual basis, and ensure that there is no conflict of interest in the event that a member is at the same time a member in another company.
- To have job description for the executive, non-executive, and independent members of BOD and senior executives.
- To provide peculiar measures to be taken when any BOD or executive management position is vacant.
- To specify strengths and weaknesses in the BOD, and propose solutions according to the interest of the Company.
- To do all tasks referred to the committee by the BOD.
- To provide adequate training and orientation for new members about the Company's work and achievements enabling them to perform effectively.
- To review succession plans for the Company at large, and for the BOD and executive management.

## Meeting of the Nominations & Remunerations committee in 2022

The Nominations and Remuneration Committee consists of three members. The committee convened two meetings during the year 2022 as shown in the table below:

No.	Members	Membership capacity	Committee meeting record	
			1st meeting	2nd meeting
			08/02/2022	20/09/2022
1	Amr Abdulaziz Aljallal	Chairman of the Committee - independent member	✓	✓
2	Abdulateef Abdullah Al-Rajhi	Member - non-executive	✓	✓
3	Saleh Hassan Al-Afaleq <sup>(1)</sup>	Former member - non-executive	✓	✓
4	Ibrahim Mohammed Alamer <sup>(2)</sup>	Independent member	Membership has not started	Membership has not started

✓ Attended x Did not attend

(1) His membership expired on 04/10/2022.

(2) His membership in the Board of Directors began on 05/10/2022, and in the affiliated committees on 06/10/2022.

## Executive Committee

### Committee members:

- Abdulaziz Saleh Al-Rabdi (Chairman)
- Solaiman Abdulaziz Al-Twajiri (Member)
- Amr Abdulaziz Al-Jalal (Member - his membership expired on 06/10/2022)
- Badr Abdul Rahman Al-Sayari (Member)
- Omar Hamad Al-Madhi (Member - his membership expired on 04/10/2022)
- Abdulaziz Mohammed Alrugaib (Member - his membership started on 06/10/2022)
- Ahmed Saud Shahini (Member - his membership started on 06/10/2022)

### Committee Terms of reference:

- To review policy and bylaws and executive programs and make any required amendments.
- To review the annual budget targets prior to be presented before the BOD for approval, and follow up with it in action.
- To provide recommendation to the BOD in respect to the profit distribution.
- To supervise economic studies and consultation.
- To follow up with all complete information programs of the Company.
- To review the debt position and provide financial resources according to the needs of the Company.
- To review plans in regard to the current practices of the Company and its financial and competitive position, and follow up with these plans.
- Reviewing all business and issues that may affect the company's business.
- To study new projects and investments and report recommendations to the BOD.
- To follow up with the decisions made by the BOD and the executive committee.
- To observe the Company's financial status and its marketing and operational policy.
- To report to the BOD about the committee's performance, decisions, and recommendations.
- To do any tasks referred by the BOD.

## Meeting of the Executive committee in 2022

The Executive Committee consists of three members. The committee convened three meetings during 2022 as shown in the table below:

No.	Members	Membership capacity	Committee meeting record		
			1st meeting 12/01/2022	2nd meeting 17/03/2022	3rd meeting 06/04/2022
1	Abdulaziz Saleh Al-Rabdi	Chairman of the Committee - Non-executive member	✓	✓	✓
2	Solaiman Abdulaziz Al-Twajiri	Member - Executive	✓	✓	✓
3	Amr Abdulaziz Aljallal(1)	Member - independent	✓	✓	✓
4	Bader Abdul Rahman Al-Sayari	Member - non-executive	✓	✓	✓
5	Omar Hamad Almadhi(2)	Member - independent	✓	✓	✓
6	Abdulaziz Mohammad Alrugaib(3)	Member - independent	Membership has not started	Membership has not started	Membership has not started
7	Ahmed Saud Shahini(4)	Member - non-executive	Membership has not started	Membership has not started	Membership has not started

(1) His membership in the Executive Committee expired on 06/10/2022.

(2) His membership expired on 04/10/2022.

(3) His membership in the Board of Directors began on 05/04/2022, and the affiliated committees on 06/10/2022.

(4) His membership in the Board of Directors began on 05/10/2022, and in the affiliated committees on 06/10/2022.

## Meeting of the Executive committee in 2022

No.	Members	Membership Status	Number of Board Meetings		Number of Audit Committee Sessions	Number of sessions of the Nomination and Remuneration Committee	Number of Executive Committee Meetings	Total
			In Attendance	By Circulating				
1	Abdulaziz Saleh Al-Rabdi	Non-Executive	5	4	0	0	3	12
2	Abdullatif Abdullah Al-Rajhi	Non-Executive	5	4	0	2	0	11
3	Bader Abdul Rahman Al-Sayari	Non-Executive	4	4	0	0	3	11
4	Amr Abdulaziz Aljallal (5)	Executive	5	4	0	2	3	14
5	Abdulaziz Mohammad Alrugaib (1)	Executive	3	3	0	0	0	6
6	Ahmed Saud Shahini (4)	Non-Executive	1	1	2	0	0	4
7	Ibrahim Mohammed Al-Amer (4)	Executive	1	1	2	0	0	4
8	AMR KHALED KURDI	Independent	0	0	8	0	0	8
9	Dr. Solaiman Abdulaziz Al-Twajiri (2)	Executive	2	0	0	0	3	5
10	Omar bin Hamad Al-Madhi (3)	Executive	3	3	5	0	3	14
11	Saleh bin Hassan Al-Afaleq (3)	Non-Executive	3	3	6	2	0	14

1) His membership in the Board of Directors began on 05/04/2022, and on the affiliated committees on 06/10/2022.

(2) His membership in the Board of Directors expired on 28/02/2022.

(3) His membership expired on 04/10/2022.

(4) His membership in the Board of Directors began on 05/10/2022, and on the affiliated committees on 06/10/2022.

(5) His membership in the Executive Committee expired on 06/10/2022.

## Executive management

Name	Current position	Previous position	Qualifications	Years of experience
Dr. Solaiman Abdulaziz Al-Twaijri	CEO	Chief Executive Officer of Saudi Arabian Amiantit Company	He holds a Ph.D. in Accounting from Case Western Reserve University, Cleveland, Ohio, USA. A Master's degree in Accounting from the University of Illinois, Urbana-Champaign, Illinois, USA. A Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals. Recipient of the Prince Mohammed Bin Fahd Prize for Scientific Excellence in 1998. He holds many positions and memberships in prestigious international and local companies, in addition to being an expert in financial and accounting.	More than 25 years
Mr. Hamad bin Abdulaziz Al-Sawaji	Executive Vice President of Sales and Distribution	Operations and Sales Manager in Saudi Arabia	Several professional certifications in quality management and key accounts	More than 24 years
Mr. Nasser bin Abdulaziz Al-Ghanim	Executive Vice President of Marketing and Shared Services	Marketing General Manager	Bachelor's degree in Marketing	Over 16 years
Mr. Abdullah bin Ibrahim Al-Dehaimi	Executive Vice President for Governance, Risk, Compliance and Legal	Executive Director of Communication and Institutional Affairs and Secretary of the Board of Directors	Diploma in Management. Bachelor's degree in Business Administration	More than 15 years
Mr. Saad bin Saud Al-Huwaimel	Executive Vice President for Information Technology	Manager of Information Technology Department	Master's degree in computer science. Bachelor's degree in Computer Engineering.	More than 18 years
Mr Marwan bin Mohammed Al-Mubarak	Executive Vice President for Internal Audit	Manager of the Internal Audit Department	Master's degree in accounting Bachelor's degree in Business Administration	More than 11 years
Mr. Jamal Al-Din Malik	Executive Vice President for Operations	General Manager of Product Supply	Bachelor's degree in Electrical Engineering	More than 37 years
Mr. Hassan Khalil Aqrouq	Executive Vice President for Finance	Executive Vice President of Finance	MSc in Finance. Bachelor of Science in Finance and Accounting	More than 18 years

## Remunerations policy

The application of this policy goes to the Board of Directors and its committees, and the executive management of the company, where the Nominations and Remuneration Committee, in coordination with the executive management of the company, follows up on the implementation of this policy, verifies the soundness of the procedures taken, and corrects any deviations that may arise at the time of implementation, and submits to the Board every matter that requires for guidance purpose.

### Accordingly, this policy is concerned with the following:

- Encouraging the members of the Board of Directors, its committees and the executive management to pay remunerations for the purpose of the success of the company and its long-term development.
- This policy must be consistent with the nature of the risks surrounding the company.
- The company's internal rules and regulations must comply with this policy.
- The practices adopted by other companies must be taken into account in determining remunerations, and any unjustified increase in remunerations and compensation should be avoided.
- This policy aims at attracting, retaining and motivating professional competencies and not exaggerating them.
- This policy takes into account the application of rules and regulations for any new appointments, in coordination with the Nominations and Remunerations Committee.
- This policy takes into account the cases of stopping the payment of the remuneration and its recovery if it was found that it was based on information other than that,
- Minutes provided by the concerned persons, in order to prevent the career status from being exploited to obtain undeserved remunerations.
- This policy allows - in accordance with the regulations - to grant the company's shares to members of the Board of Directors, Board committees and executive management, whether it is a new issue or shares purchased by the company.
- This policy aims to enhance the company's culture of disclosure and transparency, in accordance with the relevant regulations.

### Board members remuneration

- The company's bylaws show the mechanism for disbursing the remuneration of the members of the Board of Directors. This remuneration may be a specific amount, an allowance for attending meetings, in-kind benefits, or a certain percentage of the net profits.
- The Nominations and Remunerations Committee annually, when studying the proposed remuneration for the Board and its committees, verifies the annual plans drawn up for the company, the objectives achieved and the efforts made by the members of the Board and its committees during the year.
- If remuneration specified for a member of the Board or one of its committees is based on inaccurate information or wrong results - whatever the reason - the case shall be reported to the Board to take the appropriate decision at its discretion, taking into account the relevant regulations for the purpose of preserving the rights of shareholders in the company.



Name	Fixed Remunerations							Variable Remunerations						End-of-service gratuity	Total	Expense allowance
	Fixed remunerations	Meeting Attendance allowance	Total allowance for attending committee sessions	In-kind benefits	Remunerations for technical, administrative, and consulting works	Remunerations of the Chairman, Managing Director, or secretary if he is a member	Total	A percentage of the profits	Regular Remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
<b>First: independent members</b>																
Omar Hamad Almadhi	189,726	9,000	24,000	0	0	0	222,726	0	0	0	0	0	0	222,726	0	
Amr Abdulaziz Aljallal	250,000	15,000	15,000	0	0	0	280,000	0	0	0	0	0	0	280,000	0	
Abdulaziz Mohammad Alrugaib	206,164	9,000	0	0	0	0	215,164	0	0	0	0	0	0	215,164	0	
Ibrahim Mohammed Alamer	60,274	3,000	0	0	0	0	63,274	0	0	0	0	0	0	63,274	0	
<b>Second: Non-Executive Members</b>																
Abdulaziz Saleh Al-Rebdi	250,000	15,000	9,000	0	0	0	274,000	0	0	0	0	0	0	274,000	0	
Abdullatif Abdullah Al-Rajhi	250,000	15,000	6,000	0	0	0	271,000	0	0	0	0	0	0	271,000	0	
Saleh bin Hassan Al-Afaleq	189,726	9,000	24,000	0	0	0	222,726	0	0	0	0	0	0	222,726	3,500	
Bader Abdul Rahman Al-Sayari	250,000	12,000	9,000	0	0	0	271,000	0	0	0	0	0	0	271,000	0	
Ahmed Saud Shahini	60,274	3,000	6,000	0	0	0	69,274	0	0	0	0	0	0	69,274	0	
<b>Third: Executive Members</b>																
Solaiman Abdulaziz Al-Twaijri	43,836	6,000	9,000	0	0	0	58,836	0	0	0	0	0	0	58,836	0	
<b>Total</b>	<b>1,750,000</b>	<b>96,000</b>	<b>102,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,948,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,948,000</b>	<b>0</b>	

Note: Remunerations for members whose membership has expired and those appointed in their place have been calculated on the basis of the actual membership period during the year 2022 (in months)

Statement	Executive members	Non-executive members	independent members	Committee members	Total
Attendance allowance	6,000	54,000	36,000	-	96,000
Board remuneration	43,836	1,000,000	706,164	-	1,750,000
Allowance for Attendance of committees meeting	9,000	54,000	39,000	24,000	126,000
Remunerations for committees	150,000	661,918	538,082	150,000	1,500,000
<b>Total</b>	<b>208,836</b>	<b>1,769,918</b>	<b>781,702</b>	<b>174,000</b>	<b>3,472,000</b>

## Remunerations of Board committees

The Board of Directors determines and approves the remuneration of the members of its committees (with the exception of the Audit Committee) attendance allowances and other dues based on a recommendation by the Nominations and Remunerations Committee.

Board committee members					
Audit Committee					
#	Name	Fixed remunerations	Total attendance allowance	Total expense allowance	Total
1	Saleh bin Hassan Al-Afaleq	114,247	18,000	3,500	135,747
2	Amr Khaled Kurdi	150,000	24,000	0	174,000
3	Omar Hamad Almadhi	114,247	15,000	0	129,247
4	Ahmed Saud Shahini	35,753	6,000	0	41,753
5	Ibrahim Mohammed Alamer	35,753	6,000	0	41,753
Nominations and Remunerations Committee					
1	Amr Abdulaziz Aljallal	100,000	6,000	0	106,000
2	Saleh bin Hassan Al-Afaleq	76,164	6,000	0	82,164
3	Abdullatif Abdullah Al-Rajhi	100,000	6,000	0	106,000
4	Ibrahim Mohammed Alamer	23,836	0	0	23,836
Executive Committee					
1	Abdulaziz Saleh Al-Rebdi	150,000	9,000	0	159,000
2	Solaiman Abdulaziz Al-Twaijri	150,000	9,000	0	159,000
3	Amr Abdulaziz Aljallal	114,247	9,000	0	123,247
4	Bader Abdul Rahman Al-Sayari	150,000	9,000	0	159,000
5	Omar Hamad Almadhi	114,247	9,000	0	123,247
6	Abdulaziz Mohammad Alrugaib	35,753	0	0	35,753
7	Ahmed Saud Shahini	35,753	0	0	35,753



### Executive management remunerations

- The company's internal policies in this regard must be taken into account when approving the executive management's reward, and achieving the desired goals.
- The remuneration specified for each employee in the executive management may vary according to the results achieved during the year under evaluation.
- The upper ceiling for executive management remuneration may be reviewed on an annual basis and any proposed amendments may be raised to the Board of Directors and then the General Assembly.
- These policies must be in line with the company's strategy and objectives, and in accordance with the executive management evaluation policy in force, taking into account that if the remuneration specified for the executive management is based on inaccurate information or wrong results - whatever the reason for that - then the case is raised to The Board to take the appropriate decision in its direction, taking into account the relevant regulations for the purpose of preserving the rights of shareholders in the company.
- The following are entitlements and rewards (5) from the executive management of the company, including the CEO and Chief Financial Officer, who received the highest rewards for the year 2022.

	Description	Total
Fixed benefits	salary	6,786,121
	Allowances	859,349
	In-kind benefits	0
	Total	7,645,470
variable benefits	Periodic rewards	0
	profits	0
	Short term incentive	0
	Long term incentive	0
	Conferred Shares	0
	Total	0
	Severance Pay	0
	Total executive bonuses, if any	0
	Grand Total	7,645,470

- Clarification: The company has committed itself to disclose the details of executive management remuneration in total, in accordance with the statutory requirements contained in subparagraph (b) of paragraph (4) of Article (93) stipulated in the Corporate Governance Regulations, in order to protect the interest of the company, its shareholders and employees to avoid any harm to the company. The company may result in a competitive result of human capital.

### The relationship between the remunerations awarded and the applicable remunerations policy:

Upon the recommendation of the Remuneration and Nominations Committee, the relationship between the granted remunerations and the remuneration policy that was approved by the General Assembly of the company's shareholders on February 8, 2022 was studied, and the committee did not find any material deviations from the remuneration policy.

### The Benefits of board members and senior executives in the company's shares

The following table shows the interest of the members of the Board of Directors, their spouses and their minor children in the company's shares and any changes that occurred in ownership during the year 2022:

Name (the person subject to the benefit)	Beginning of the year		End of the year		Net Change	Rate of the Change
	Number of Shares	Debt instruments	Number of Shares	Debt instruments		
Saleh bin Hassan AL-Afaleq	1225000	-	-	-	-	-

The following table shows the interest of the executive management, their spouses and their minor children in the company's shares and any changes that occurred in ownership during the year 2022:

Name (the person subject to the benefit)	Beginning of the year		End of the year		Net Change	Rate of the Change
	Number of Shares	Debt instruments	Number of Shares	Debt instruments		
NONE	-	-	-	-	-	-

### Dealings with related parties and competing businesses:

#### First: Dealing with related parties:

NADEC seeks to study any possible cases of conflict of interest among the members of the Board of Directors and the executive management, and since the company deals with related parties and these transactions have taken place in accordance with the approved policies and the applicable laws and regulations, the following are the contracts to which the company is a party, or to which An interest of a member of its board of directors or executive management, or any person related to any of them, or any transaction between the company and other related parties.

Company	The name of the relevant member	Nature of dealing/contracting	Transaction/contract amount	Duration of dealing/contracting	Terms of dealing / contracting
Saudi Plastic Packaging Systems (one of Takween group companies)	Previous Board member, Saleh Hassan AL-Afaleq, his membership ended on 04/10/2022	Purchasing plastics materials	28,217,191	1 Year	According to standard contract terms
Al Sharq Plastic Industries Co. Ltd (one of Takween group companies)	Previous Board member, Saleh Hassan AL-Afaleq, his membership ended on 04/10/2022	Purchasing plastic materials	7,182,593	1 Year	According to standard contract terms
Al-Kifah Holding Company	Previous Board member, Saleh Hassan AL-Afaleq, his membership ended on 04/10/2022	Purchasing packing materials and company packaging	8,933,912	1 Year	According to standard contract terms
Food Security Holding Company	Member of the Board of Directors - representative of Sulaiman bin Abdulaziz AL-Rajhi Holding Company Bader Abdul Rahman Al-Sayari (joint partner)	Income for technical services	5,808,465	1 Year	According to standard contract terms
National Agricultural Holding Company	Member of the Board of Directors - representative of Sulaiman Abdulaziz AL-Rajhi Holding Company Bader Abdul Rahman Al-Sayari	Purchase of olive oil	7,821,290	1 Year	According to standard contract terms

### Second: Competing business:

- NADEC acknowledges the existence of competing businesses for a member of the Board of Directors (Badr bin Abdul Rahman Al-Sayari, representative of Sulaiman bin Abdulaziz AL-Rajhi Holding Company), as he occupies an executive position in AL-Rajhi Holding Company, which in turn competes with the company in the following businesses:

- The agricultural and food production project is similar in some of its activities to what is practiced by (NADEC), and this the project has existed for many years, that is, before he was elected to the Council, and it was voted on with the approval of the Board of Directors of the company, which is recorded in the minutes of the Board meetings, the assembly is required to vote on it within the items on the assembly's agenda.

- Partnership in the Second Milling Company, as it is one of the parties to the alliance through which the Food Security Holding Company was established, which in turn acquired the Second Milling Company, and it was approved by the Board of Directors of the company. Within the items on the agenda of the Assembly.

### Nadec's Announcements on Tadawul's Website:

Nadec announced a number of strategic events and activities that it implemented throughout the year, as they were listed on the official website of the Saudi Stock Exchange (Tadawul).

Below is a summary of each of them, categorized according to the date, type and subject matter of the announcement:

1	27/02/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces the resignation of the Chief Executive Officer, Mr. Stein Hadsberg, who submitted his request for non-renewal of his employment contract on Monday, 11/28/2021, for personal reasons, and the Board of Directors approved this request in its meeting held on 25/02/2022. The request not to renew the contract took effect on 02/28/2022. Thus, the Chairman and members of the Board of Directors and all employees of the company extend their thanks and appreciation to Mr. Steen Hadsberg for his efforts in managing the company in the previous period, wishing him success. The Board of Directors also approved the appointment of Dr. Solaiman Abdulaziz AL-Twaijri as CEO of the company, starting from 01/03/2022.
2	27/02/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces the resignation of a member of the Board of Directors (Managing Director) Dr. Solaiman Abdulaziz AL-Twaijri (executive member), as he submitted his resignation to the Board of Directors on Friday 25/02/2022/G for his membership in the Board of Directors, for reasons relating to independence in the composition of the Board of Directors and his appointment to the position of CEO of the company, and the Board of Directors approved this resignation in its meeting held on 25/02/2022/G. The resignation is considered effective on 28/02/2022/G. Note that the starting membership date of Dr. Solaiman AL-Twaijri's was at the beginning of the current Board term on 11/2021/04/
3	24/03/2022	financial results	The National Agricultural Development Company (NADEC) announces its annual financial results for the year ending on December 31, 2021 (12 months)
4	27/03/2022	financial results	Corrective announcement from the National Agricultural Development Company (NADEC) regarding the announcement of the annual financial results for the year ending on December 31, 2021.
5	03/04/2022	Notice to Shareholders	Addendum announcement from the National Agricultural Development Company (NADEC) regarding the announcement of its annual financial results for the year ending on December 31, 2021
6	05/04/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces that it has received a letter from the Saudi Agricultural Investment and Livestock Production Company (SALIC) "A substantial shareholder, who owns more than (5%) of the company's capital" on 10/09/1443H corresponding to 11/04/2022G regarding SALIC completing a special deal to purchase shares in Nadec Company with a total of 12,664,309 shares, representing about 12.46% of the company's total shares of 101,640,000 shares.

7	12/04/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces that it has received a letter from the Saudi Agricultural Investment and Livestock Production Company (SALIC) "A substantial shareholder, who owns more than (5%) of the company's capital" on 10/09/1443H corresponding to 11/04/2022G regarding SALIC completing a special deal to purchase shares in Nadeq Company with a total of 12,664,309 shares, representing about 12.46% of the company's total shares of 101,640,000 shares.
8	17/05/2022	Invitation to the annual meeting of the Ordinary General Assembly	The National Agricultural Development Company (NADEC) invites its shareholders to attend the thirty-fifth Ordinary General Assembly meeting (first meeting) through modern technology
9	22/05/2022	financial results	The National Agricultural Development Company (NADEC) announces the interim financial results for the period ending on March 31, 2022 (three months).
10	29/05/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces the latest developments regarding the Council of Ministers' approval of a number of procedures regarding lands handed over to it
11	02/06/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces the start date of electronic voting on the items of the thirty-fifth Ordinary General Assembly meeting (first meeting)
12	08/06/2022	Results of the Ordinary General Assembly Meeting	The National Agricultural Development Company (NADEC) announces the results of the thirty-fifth Ordinary General Assembly meeting (first meeting)
13	14/08/2022	financial results	The National Agricultural Development Company (NADEC) announces the interim financial results for the period ending on June 30, 2022 (six months)
14	26/09/2022	Signing a memorandum of understanding	The National Agricultural Development Company (NADEC) announces the signing of a Memorandum of Understanding with Leha Agricultural Production Company (a limited liability company - specialized in potato cultivation and marketing)
15	05/10/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces the resignation and appointment of members of the Board of Directors
16	09/10/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces appointments to the membership of a number of committees affiliated to the Board of Directors and the Audit Committee
17	09/10/2022	Notice to Shareholders	Addendum announcement from the National Agricultural Development Company regarding the announcement of appointments in the membership of a number of committees affiliated to the Board of Directors and the Audit Committee
18	23/10/2022	financial results	The National Agricultural Development Company (NADEC) announces the interim financial results for the period ending on September 30, 2022G (nine months).
19	06/12/2022	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces the launch of its strategic plan

### Major investments and events:

The Board of Directors approved the strategy until the year 2027, which was announced on 06/12/2022, as it aims to strengthen the company's leading position in its main activities at the local and regional levels.

The expansion plan is scheduled to be implemented in several phases within 5 years. The expansion plan also focuses on different locations within the Kingdom with the aim of supporting food security. These investments represent the fruits of the continuous support provided by the Custodian of the Two Holy Mosques and His Highness the honorable Crown Prince to the private sector, and also reflect part of the private sector's participation in supporting the development of the national economy, in addition to confirming the growing role of Nadeq Company and its contribution to achieving the goals of the Kingdom's Vision 2030 at all levels, especially in terms of food security in the Kingdom. The table below summarizes the most important investments and events as follows:

### Shareholder Information - Investor Relations:

#### Investor Relations Department:

The company is committed to implementing the disclosure policies and procedures in accordance with the relevant rules, regulations and instructions. The National Agricultural Development Company (NADEC) is working to strengthen communication channels with all local and foreign investors, and it has also been keen to participate in local and international conferences and periodic meetings, through the Investor Relations Department during the year 2022, where the company is keen to adhere to the principle of transparency and fairness in providing information in a timely manner, for the purpose of helping investors to make investment decisions based on accurate information provided by the company, as investors are provided with comprehensive information related to the company's performance and activities through the annual report of its board of directors As well as keeping them informed on an ongoing basis of any significant development that may occur and have an impact on its financial position and business in a way that does not affect its competitive position.



### Shareholders' equity:

In order to enhance its relationship with its shareholders, all its investors and stakeholders, and to preserve their rights, and their belief in the importance of corporate governance that aims to protect the rights of shareholders and enhance internal control by activating the role of the Board of Directors and its committees, and adhering to the principle of disclosure and transparency. During the year 2022, Nādec continued its commitment to the corporate governance regulations issued by the Capital Market Authority and other relevant regulations. Accordingly, NADEC discloses - in addition to its performance and financial results previously discussed in this report - information of interest to the company's shareholders, the public of investors and stakeholders, and what is required by the relevant regulations and good international practices practiced by NADEC in the field of governance and transparency, as follows:

#### First: Shareholders' rights and the mechanism of communication with them:

Based on its keenness, interest and care for the rights of its shareholders and in light of the applicable regulations, NADEC has included shareholders' rights in the articles of association and corporate governance regulations of NADEC, which can be viewed through the NADEC website.

#### Second: Enabling shareholders and investors to obtain information:

NADEC publishes financial reports, announcements, and substantial decisions through the financial market (Tadawul) website, daily newspapers, and the annual report of its board of directors. There is also a special department in NADEC to follow up on shareholders' affairs and respond to their inquiries.

#### Third: Procedures for informing the board members of the shareholders' suggestions and observations about the company and its performance:

The company informs the board members of the shareholders' proposals and their observations regarding the company and its performance through the following procedures:

1. Presenting the shareholders' proposals and observations (if any) to the members of the Board in the nearest meeting of the Board or any other effective means of communication that achieves the purpose on an ongoing basis.
2. Organizing continuous meetings with investors (IR Programs) and informing the Board of the substantial proposals they put forward.
3. Board members attending shareholders' assemblies meetings, whereby shareholders present their suggestions and opinions to the Board during the assembly meeting, and the Board of Directors responds to them during the meeting.

In addition, the Chairman of the Board discusses some topics and suggestions related to the shareholders and the company's performance without the presence of any of the executives (when the need arises).

#### Fourth: Applications to Shareholders Register:

The company's shareholder register has been requested through the Securities Depository Center (Edaa) five (5) times during the year 2022. Following are the dates and reasons of the request:

Number Register's application	Date of application	Reasons for the request
1	02/06/2022	General Assembly
2	11/09/2022	Other
3	14/11/2022	Earnings file
4	28/12/2022	Company procedures
5	28/12/2022	Company procedures

#### Company's dividend policy

The Board of Directors shall recommend the announcement and payment of any profits after their approval by the General Assembly of shareholders, and any recommendation for the distribution of profits to shareholders is linked to several factors, including the amount of the company's current profits and expected profits, in addition to cash flows, market data and economic factors, taking into consideration the restrictions contained in the company's bylaws, Companies Law, and Corporate Governance Regulations, whereby the company's net profits are distributed as follows:

- 1) 10% of the net profits shall be set aside to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this provisioning when the aforementioned reserve reaches (30%) of the paid-up capital.
- 2) The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a certain percentage of the net profits to form a consensual reserve to be allocated for a specific purpose or purposes.
- 3) The Ordinary General Assembly may decide to form other reserves, in a way that achieves the interest of the company or guarantees the distribution of fixed profits as much as possible to the shareholders, and the aforementioned assembly may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist the existing ones of such institutions.
- 4) From the remainder, a payment shall be distributed to the shareholders at a rate representing (5%) of the company's paid-up capital.
- 5) Subject to the provisions stipulated in Article (twenty-one) of the Bylaws and Article (seventy-sixth) of the Companies Law, 10% of the remainder shall be allocated after the foregoing to remunerate the Board of Directors, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- 6) The company may distribute semi-annual and quarterly profits in accordance with the regulations issued by the competent authorities.



### Disclosure and transparency

NADEC seeks to provide accurate and updated information periodically to all relevant parties by disclosing all material matters accurately and in a timely manner, including the company's financial position, performance and governance in addition to reporting the rules related to information disclosure, methods of classifying information and the timing of its disclosure. This is in light of the regulations stipulated in the Companies Law, the company's articles of association and the Corporate Governance Regulations issued by the Capital Market Authority, and other relevant laws and regulations, in addition to the rational principles and practices of corporate governance.

Below we will include - for example but not limited to - the information that the company discloses as needed:

- Members of the Board of Directors.
- Membership in Board committees.
- Board of Directors report.
- Annual reports and financial statements.
- Related party transactions
- Review of the main activities.
- Auditors' report.

In specific cases, NADEC cannot publish periodic information, which are as follows:

- In cases where disclosure leads or may harm the commercial interests of NADEC, its business partners or other third parties, and in cases where the public interest of disclosure does not outweigh those of non-disclosure.
- When this information is provided to NADEC in a framework of confidentiality, so that its disclosure may lead to filing a lawsuit for breach of confidentiality.
- Personal information about NADEC employees and members of the Board of Directors and its committees when the disclosure of this data leads to a breach of the principles of personal data protection.
- If the disclosure will lead or is likely to harm the procedures of investigation, prevention or detection of a crime, or the achievement of justice.
- When such information enjoys legal immunity.

### Contact NADEC

Interested parties and related parties can communicate with the Investor Relations Department via the following e-mail address: [IR@nadec.com.sa](mailto:IR@nadec.com.sa)  
Tel: 0112027830

### Subsidiaries

The number of subsidiaries and other entities in which the National Agricultural Development Company (NADEC) invests is 3 companies, as follows:

No.	Name of the subsidiary	Activity the main	Company Headquarters	Year of incorporation	Capital (SAR)	NADEC shareholding percentage	Company's total revenues during the year 2022
1	National Company for Seed Production (Seeds)	seeds	Saudi Arabia Riyadh	1406	29,515,200	13.99%	14,646,408
2	United Dairy Farms Company	Veterinary drug store	Saudi Arabia Riyadh	1408	7,250,000.00	8.26%	The financial statements have not been not issued when the report was printed.
3	Food Security Holding Company	Packing and grinding (wheat, groats, semolina, bulgur, fodder)	Saudi Arabia Riyadh	1442	513,150,060	10%	The financial statements have not been not issued when the report was printed.

### Regulatory payments

During the year 2022, the following amounts were paid:

Statement	Paid (SAR million)	Due until the end of the annual financial period and not paid (million riyals)	A brief Description	Reasons
Visas, passports, labor office, and municipal fees	46.9		Visas, Labor office fees, Iqama renewal, and municipal fees during the year 2022	
Value added tax	222.4	11.5	Value added tax paid during the year 2022	Value added tax due is December 2021, to be paid in January 2022
Zakat and withholding tax	1.5	77.2	Zakat paid for previous years and withholding tax during the year 2022	The payable is the Zakat provision (financial statements, note (No. 31))
Social Security	19.5	1.7	Social insurance amounts paid during the year 2022	The due is December 2021 insurance, to be paid in January 2022
Customs fees	13		Customs duties paid during the year 2022	
<b>Total</b>	<b>303.3</b>	<b>90.4</b>		

### Second: Penalties and fines:

The Capital Market Authority or other supervisory and regulatory authorities have not imposed any penalties or fines during the year 2022.

### Opinion of the Audit Committee on the adequacy of internal control system:

Noting that no internal control system can provide comprehensive and absolute assurances about the soundness and effectiveness of the Company's internal control environment. Therefore, based on the periodic reports of the Internal Audit Department, as well as the external auditor's evaluation of the control system through their periodic review, nothing came to the committee's attention pertaining to a significant deficiency in the company's internal control system that would require it to draw the attention of the General Assembly. Nonetheless, the committee continues to work with executive management to address areas that require continuous improvement at the company.

### Recommendations of the Audit Committee that contradict Board of Directors decisions:

There are no Audit Committee recommendations that contradict the Board of Directors' decisions, or the Board's unwillingness to consider the appointment of the company's auditor, his dismissal, determining his fees, evaluating his performance, or appointing an internal auditor.

### Governance management

#### Governance Structure

NADEC maintains high standards of governance as part of its commitment to maximizing the value achieved for shareholders in the long term, which is consistent with the company's commitment to quality in all its operations and products, and this is achieved through effective strategic planning, risk management, transparency and social and environmental responsibility, in addition to adhering to regulatory requirements. for corporate governance.

Corporate governance plays a role beyond fulfilling compliance requirements, and NADEC has established a general framework for its governance that defines roles and responsibilities, how decisions are taken, initiated, and monitored. The company's corporate governance rules are mandatory for all executives, employees of the company, and stakeholders, and may not be amended except by a decision of the Board of Directors.

It also includes the rights of shareholders and how to enable them to exercise those rights in light of the relevant statutory statements and the best global practices, including enhancing communication with them through the shareholders department, as well as providing tools that aim to enhance the effectiveness of communication with them.

The structure of the Board of Directors also includes three committees to support it in performing the tasks assigned to it, namely:

Audit Committee, Executive Committee, Nominations and Remunerations Committee. The performance of the board and its committees is subject to periodic review with the aim of enhancing effectiveness to achieve the desired goals.

Nadec also aspires that its general framework of governance and its components be one of the main enablers for achieving its goals and enhancing its ability to be sustainable, as well as developing its ability to build and maintain strategic relationships with stakeholders.

### Nadec's Compliance With Corporate Governance Regulations

In the interest of the company to protect the rights of its shareholders and stakeholders, the Board of Directors has prioritized the application of the stipulations of corporate governance regulations issued by the Capital Market Authority, whereby the company implements all the mandatory articles contained except for the following:

Article/paragraph	Article / paragraph /	Reasons for non-compliance
Article (37) Training	developing the necessary mechanisms for Board members, committee members, and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	Guiding article.
Article (39) Assessment	a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	Guiding article, but it is being worked on for the purpose of its implementation.
Article (67) Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Guiding article.
Article (84) Social Responsibility	b) five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them	Guiding article, but it is being worked on for the purpose of its implementation.
Article (90)/ paragraph (b) of the fourth item Disclosure of remuneration	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Partially implemented / the reason was mentioned in the item (executive management remuneration)
Article (92) Formation of the Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Guiding article.

Some of the paragraphs that have not been implemented from the regulations are still guiding paragraphs, and their implementation will start in future for (some or all of them) or while they are mandatory from the Capital Market Authority, the Ministry of Commerce, or the regulatory and supervisory authorities, and with regard to the tasks and competences of the Risk Management Committee, the General Assembly of Shareholders approved adding the tasks and terms of reference of the Risk Management Committee to the Audit Committee's work regulations.

### Governance regulations and policies adopted by NADEC

In order for the company to apply effective corporate governance, the executive management represented by the Governance, Risk and Compliance Department updated and developed governance regulations and policies in 2022 in accordance with the regulations issued by the Ministry of Commerce and the Capital Market Authority in addition to the best practices in force, as these regulations and policies were submitted to the company's board of directors, either for approval or recommendation to the General Assembly at its first meeting for approval, according to its jurisdiction.

### Future plans:

NADEC seeks to work on the strategic plan by strengthening the company's leading position in the food and consumers markets at the local and regional levels, in a way that will enable the growth of the company's current business and expand the scope of coverage of the company's products by entering into new activities as NADEC seeks to transform into an integrated food company that aims to reach a sales volume of 6 billion Saudi riyals in 2027. To implement this, a financial plan will be developed for financial restructuring and raising financial solvency to enable it to implement its strategic and operational plans and support its future activities.

### Compliance:

The company seeks to ensure full compliance with all governmental legislation regulating the business. This is one of the tasks of the Compliance Department, as the main tasks of the department are to verify the company's compliance with all laws, regulations, policies, and instructions from the relevant regulatory authorities, through monitoring the extent to which the company's departments comply with all governmental or business-regulating legislation and regulations.



### Risks:

There is no doubt that all businesses of production and trade come with their own risks that vary in nature and the limit of their impacts. The BOD reassessed the results of the internal audit in the year of 2014, and found in its decision to make the auditing committee and the internal audit department continue as in charge of the assessment process and supervise risk management. The approved study scope includes the risks record and the audit plan for three years based on risks of the company's two sectors. There has been an update of the assessment operation during the year of 2021 for all the company's divisions and activities that need review.

The company adhere to a group of policies and measures to eliminate risks entirely or partly. And some of the most significant risks on the company's activities are:

#### General regulation and economy risks:

There risks are because of decisions made by official bodies in the government like animal feed farming termination; this can effect the company in providing feed for its cows farms. To eliminate this impact the company started to put some of its plans into action to enhance farms lands outside the country, and during this year the first phase has already been done (pilot) in a project in Sudan, and this will provide the cattle with required feed.

Also, there are the risk of price rise if the government support on energy products stops, and this will bring more burden on production which will cause volatility in revenue. The company came up with a procedure to mitigate the impacts of this cost rise; some of which are cost cut and study what is necessary to utilize alternative energy resources.

#### Production and operational risks:

These are related to what the company may face during operation like accidents and obstacles if they are significantly effective on production and operation. The company work according to several policies and sharp measures to monitor and control the production process to ensure quality and prevent sudden accidents, or at least reduce the negative impact, and of that is insurance coverage on assets and production process pause for any emergency. Some risks under this category is what could happen in cost large rise or governmental decisions, inside or outside the country, that limit or impact the accessibility to materials and production requirements in price or quantities, which will negatively impact the company's production and operation.

#### Climate and agricultural diseases:

These are all what may be faced by the agriculture production as nature disasters or agriculture pandemics, which can impact the corps. Here the ability to real with natural disasters might be limited, however, as far as agriculture diseases go there are possible precaution and prevention measures there are ways to deal with them depending on the company's accumulative experiences and available means.

#### Marketing and sales risks:

Such risks start and can limit the company's sales ability. Some of these risks exist because of the official governmental decisions and regulations inside or outside the Kingdom, which will effect the competitiveness of the company and the volatility of selling prices, and eventually impact the company's performance negatively.

Also, some of these risks are the obstacles that might face the promotion of certain products, inside and outside the Kingdom. However in regard to the in-the-Kingdom, the Company always to concern to conduct studies of the market and growth potential of any new product.

### Credit Risks

These are the risks when some parties cannot meet the terms and conditions of a financial transaction or contract which will lead to financial loss. The company faces credit risks because of its operational activities and loans activities.

#### Trade receivables and loans

Managing clients credit risks at each business division according to the company's policy, measures, and control related to business credit risks. The company assesses the credit quality according to the record of each client based on transaction history with the company and whether or not they satisfy the given period and the grace period with credit limit for each client. The company calculate an account for the reduction in value according to loss assessment regarding commercial clients. The account components are the expected loss of certain clients and the collective loss that is expected for a group of similar clients, yet they are not exactly decided. Then the company allocates a loss account collectively according to the data and statistics of similar clients. The managements does not see any additional accounts for credit risks.

#### Liquidity Risks

Liquidity risks are the risks when the company faces hardships in meeting financial responsibilities in settlements when handing out cash and any other financial asset. The company's approach in liquidity management is to ensure as possible that it has enough cash to meet its obligations when due in ordinary and hard conditions without causing any unacceptable loss or out the company's reputation in risk which can be caused if it needs to sell a financial asset in short time with an unfair price. A large part of the company's money is invested in currency and similar investments to have it in in easy access when there is a need to cover any operational costs, and part of that to meet financial obligations.

#### Declarations of the BOD

- That all accounting records are done appropriately.
- That the system of internal audit is designed on accurate basis and it is effective.
- That there is no doubt in the company's ability to maintain its activity.

#### Recommendations of the BOD

The Board recommends to the Shareholders General Assembly to:

- 1) Approve the BOD report of the financial year ending on 31/12/2022
- 2) Approve the financial statements as on 31/12/2022
- 3) Approve the report of the Auditors report for the financial year ending on 31/12/2022
- 4) Approve to discharge the Board members from their liability for the financial year ending on 31/12/2022.

#### Conclusion

In conclusion, your company's Board of Directors (Nadec's BOD) wants to assure all shareholders that it is moving forward in meeting your expectations and achieving its targets in the light of the Saudi Vision 2030. We invoke the Almighty to bless our country with security and prosperity under the leadership of the Custodian of the Two Holy Mosques and His Crown Prince.





## Internal Audit

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## Internal Audit

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Internal audit is an independent and objective activity that provides assurance and advisory services with the aim of adding value to NadeC and improving its operations. Internal audit helps achieve NADEC's goals by adopting a structured and disciplined approach to assessing and improving the effectiveness of risk management, control and governance processes.

NADEC's internal audit department applies a risk-based audit approach, with the aim of focusing on the most critical areas to ensure they are audited within a specified time frame. The internal audit activity in NADEC covers all internal control systems and controls established for:

- Achieving the goals of NadeC.
- Ensuring that resources are used effectively.
- Ensuring compliance with policies, procedures, laws and regulations.
- Protecting the assets and interests of NADEC from all types of losses including those arising from fraud, wrongdoing or corruption.
- Ensuring completeness and reliability of information and data.

The Internal Audit Department adheres to the International Professional Practice Framework (IPPF) issued by the Association of Internal Auditors (IIA) for internal audit activities, which includes international standards for professional practices, as well as core principles, definitions, and operational and supplementary guidelines for internal audit.

The senior management of NADEC considers the Internal Audit Department, for the purposes of maintaining independence, the "third line of defense", as it submits its reports functionally to the Audit Committee of the Board of Directors, and administratively to the CEO, while it considers it the first and second line of defense "which is responsible for ensuring that internal control measures are taken sufficiently to identify the risks facing its service areas. The internal audit assesses the effectiveness of these arrangements and confirms them through these procedures. It is also one of the mechanisms necessary to control, monitor and improve performance at the company level.

### Main challenges

"NADEC" faces some challenges that hinder its completion of all internal audit tasks in the company, and it is constantly working to confront them and develop plans and policies to overcome them, and benefit from such challenges to improve performance and maximize achievement. We summarize the most significant challenges below:

1. Following up on outstanding audit notes.
2. Identifying new and changing risks.
3. Appointing qualified, competent and experienced employees.
4. Understanding NADEC's diverse and complex operations.

### Achievements

"NADEC" has recorded a number of achievements in terms of internal auditing. These achievements include:

1. Developing an individual development plan for the staff of the Internal Audit Department.
2. Developing an Authority Matrix for the internal audit department.
3. Launching an internal audit awareness program in May 2022.
4. Reviewing the financial statements for the first and second quarters of 2022.
5. Developing a Policy for reporting violations.
6. Updating the internal audit charter.
7. Updating the performance indicators of the internal audit department.

### Long term projects

In order to raise work efficiency and improve the control environment within the company, "NADEC" is preparing an internal audit strategy for a period of 3 years (2023-2025).

### Future projects

NADEC is keen to develop its work environment by raising the performance of internal auditing with a comprehensive future vision, as it plans to implement the SAP program for internal auditing to take advantage of the data analysis feature, in addition to applying the concept of continuous auditing.



**2022**  
ANNUAL REPORT

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**NADECFOODS**