

Annual Report 2021



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National Metal Manufacturing and
Casting Company (Maadaniyah)



Annual Report

Submitted to the shareholders of the company For the fiscal year ending in 2021G

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Introduction

Valued Shareholders of National Metal Manufacturing and Casting Company (Maadaniyah)

Peace and Blessings of Allah be upon you,

The Board of Directors of National Metal Manufacturing and Casting Company is pleased to present to the Company's Shareholders its annual report on the Company's activities and performance for the fiscal year ending on 31/12/2021G, attached to it the audited financial statements and the accompanying notes, and the auditors' report for the fiscal year ending on 31/12/2021G.

The Board of Directors is also pleased to inform the Company's Shareholders that the regulatory procedures for reducing and increasing the capital have been successfully completed pursuant to the approval of the Extraordinary General Assembly held on 23/11/2021G, where the capital was first reduced by an amounts that equals the total of the accumulated losses which amounted to SAR 47,120,890, and then the capital was increased by a total amount of SAR 120 million, through a Rights Issue of 12 million shares. The Company's capital after the capital increase become SAR 354 million divided into 35.4 million shares.

Vision

To be pioneers in our industrial field, achieve competitive efficiency, continuous growth, leadership in the local market, and presence in global markets.

Mission

Commitment to the best professional practices, providing integrated products and services that satisfy our customers, and achieving the desired results for .stakeholders

Value

Apply best professional practices, adhere to governance, work to protect the interests of stakeholders, including shareholders, regulators, and employees, and maintain an appropriate work environment.



Since 1990

1- Company's Activities

National Metal Manufacturing and Casting Company was established by Ministerial Resolution No. (253), dated 13 Rabi' Al-Awwal 1411H (corresponding to 02 October 1990G), and registered as a Saudi joint stock company with Commercial Registration No. (2055002251) dated 16 Jumada Al-Awwal 1411H (corresponding to 03 December 1990G) issued from Jubail City.

The Company is engaged in the production and selling of stranded wires, spring wires for pre-stressed concrete, cable reinforcement wires, twisted reinforcement wires for carrying electrical conductors, welding wires, various bolts and nuts, and reinforced steel nails and screws of various shapes, is through Wire Drawing and Related Products Factory (Aslak) in Jubail Industrial City under industrial license No. (412) issued on 4/11/1405H.

The Company also owns two other factories in the Second Industrial City in Dammam under industrial license No. (360) issued on 29/10/1403H named as Axles, Foundries and Spare Parts Factory - the first factory specializes in the production and selling of axles and spare parts for trailers and trucks (Trailers), and the second factory specializes in Production of all metal castings.

The following table shows the impact of each activity on the Company's business volume and sales:

S/N	Activity	Sales Amount (SAR'000)	%
1	Drawn wires and their products	160,515	71%
2	Axles, Castings, and Spare Parts	66,503	29%
Total		227,018	100%



Second



2.

**Future Plans
and Risks**

2- Future Plans and Risks

A) Plans and Achievements:

1. The Board decided to recommend to the General Assembly to restructure the Company's capital to write off the accumulated losses and then increase it by issuing Rights to strengthen the financial solvency and implement the announced projects with the following details:
 - a. The capital reduction ratio is 16.76%, i.e., canceling 4,712,089 Company shares. The Company's Board of Directors also recommended in the same resolution to the Extraordinary General Assembly, and after completing the capital reduction process, to increase the Company's capital through a rights issue of 120 million Saudi Riyals, bringing the Company's capital to 354 million Riyals.
 - b. Wasatah Capital Company (Wasata Capital) was appointed as Financial Advisor for the Offering.
 - c. The application for approval of reducing and then increasing the capital was submitted to the Capital Market Authority and was approved on 14/09/2021G.
 - d. The Extraordinary General Assembly approved the capital reduction and increase on 23/11/2021G.
 - e. On 21/12/2021G, the proceeds from the sale of share fractions resulting from the capital reduction were deposited in the investment accounts of eligible shareholders, totaling 5,422 shares, at an average selling price of SAR 23.86 per share for a total amount of SAR 129,620.90.
 - f. The shares resulting from subscription in the Rights were deposited in the accounts of the eligible shareholders on 23/12/2021G.
 - g. The amount resulting from the capital increase totaling SAR 120 million and the amount of Rights compensation totaling SAR 26.30 million were deposited in the Company's accounts on 30/12/2021G.
 - h. It was agreed with the Saudi National Bank to handle the distribution process to those entitled for compensation against Rights and share fractions.
2. The Company achieved sales of (227) million Riyals, an increase of 10% over the sales of the previous year, due to the improvement in demand for some Company products in the local and export markets. The effects of the Corona pandemic on the Company's activities and business results during the year 2021G are still present, despite the decrease in such effects.
3. The Company expects to improve the during the year 2022G, as a result of the expectation that the demand for the Company products in the local and export markets will improve based on the projects announced in the budget of the Kingdom of Saudi Arabia and indicators of demand growth in the target export markets.
4. Steel wire coils represent the main raw material for the main products and represent a large percentage of the cost. The Company works to reduce the effects of fluctuations in steel prices by closely following up on prices, issuing purchase orders and fixing prices at appropriate times, as well as making effective programs and plans to reduce other costs.
5. Among the Company plans is to establish a factory for the production of valves, especially for oil, gas and petrochemicals. A land plot has been allocated at King Salman Energy City in the Eastern Province for the establishment of this project. The memorandum of understanding with the French company Falco was canceled, and the project became 100% owned by Maadaniyah and entered into a technology agreement with Valvo Spain.

6. Work is still underway to establish the Saudi Automobile Company specialized in the manufacture of cars and their parts. The founding contract was signed with the Saudi National Automobiles Manufacturing Co. (SNAM), and a land plot was allocated for establishment of the project in Jubail Industrial City. The Company's contribution is 10% of the capital.
7. A memorandum of understanding was signed with IGL Company to establish a factory specialized in aluminum casting on 28/02/2021G.
8. The Company will continue to work to raise its market share in the main products through the available production capacity, maintain quality and enhance after-sales services.
9. The Company will proceed with its plans to find viable industrial investment opportunities, as well as searching for the potential of increasing the production capacity of its current products.
10. The Company's management sought to implement precautionary measures to limit the spread of the Corona pandemic. The Company managed to maintain its manpower even though its financial results were adversely affected by the Corona pandemic. The Company is working to recruit and train Saudi youth, enhance Saudization programs, and provide an appropriate work environment to enhance job stability.



B) Risks

1- Raw Materials Risk

Raw materials represent a large proportion of cost components of the Company's products and therefore

may expose the Company to the risks of fluctuations in the prices of the main raw materials. For the sake of reducing these risks, the Company endeavors to reduce their effects by closely monitoring and following up on steel price fluctuations in the local and international markets.

2- Utilities Risk

Electricity and water are among the components of production costs, and the increase in energy prices is one of the factors that affect the Company's ability to compete in foreign markets.

3- Marketing Risk

The Company sells its products in the local and neighboring markets, and in view of the global economic conditions and low demand in the markets of some major countries, it is expected that the target markets will witness severe competition from global producers. Hence, the Company works to limit their effects on the following

- a- Paying attention to the quality of the product.
- b- Providing after-sales services.
- c- Maintaining customers by providing appropriate prices and service

4- Credit Risk

It is the risk that one party will fail to fulfill its obligations, which will lead to the other party incurring a financial loss. The Company has implemented procedures to manage exposure to credit risk, including assessment of credit eligibility, formal credit approvals, monitoring the outstanding receivable accounts, maintaining a detailed aging statement of debts for the receivables, and ensuring close follow-up.

5- Trade Receivables Risk

Customer credit risk is managed by each business unit in accordance with the Company's applicable policy and procedures. The Company has a policy of dealing only with creditworthy parties. Credit limits are set for all customers based on internal rating criteria. Trade receivables are interest-free and generally have a credit period at nominal value. Guarantees are not generally required but can be used under certain circumstances as well as letters of credit in certain markets, particularly in less developed markets.

The Company reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that an adequate provision for doubtful accounts is made for the unrecoverable amounts. In addition, an impairment analysis is also performed at each reporting date based on the facts and circumstances available at that date to determine expected losses.

6- Risk of Other Financial Assets

This item mainly includes deposits with banks and other receivables. The credit risk arising from these financial assets is limited. Recognized banks and financial institutions have a high credit rating given by international credit rating agencies.

7- Liquidity Risk

It is the risk that the Company will encounter difficulty in meeting obligations associated with financial requirements that are settled by delivery of cash or another financial asset. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become due, under normal and stressed conditions, without incurring unacceptable losses or causing damage to the Company's reputation. The Company asserts that it has sufficient cash on demand to cover anticipated operating expenses, including meeting financial obligations, excluding the potential impact under extremely difficult circumstances that cannot be reasonably foreseen and force majeure events such as natural disasters.

8- Market Risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, will affect the Company's income or the value of holding financial instruments. The objective of market risk management is to manage and control exposure to market risk through acceptable transactions, while optimizing returns.

9- Currency Risk

The Company's exposure to currency risk is immaterial because most transactions are denominated in US dollars, to which Saudi Riyal is historically linked. As for other monetary assets and liabilities denominated in foreign currencies, the Company assures that its net exposure will remain at an acceptable level through buying or selling foreign currencies at spot prices when necessary to address short-term imbalances.

10- Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or their associated cash flows will fluctuate due to changes in market interest rates. The Company does not have any commission bearing obligations. Term deposits are at a fixed rate and are therefore not subject to interest rate risk.

11- Capital Management

The main objective of the Company's capital management is to ensure that it maintains a strong capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the business.

Third

3.

The Company's Assets and Liabilities and Results of its Operations for the Last Five Fiscal Years

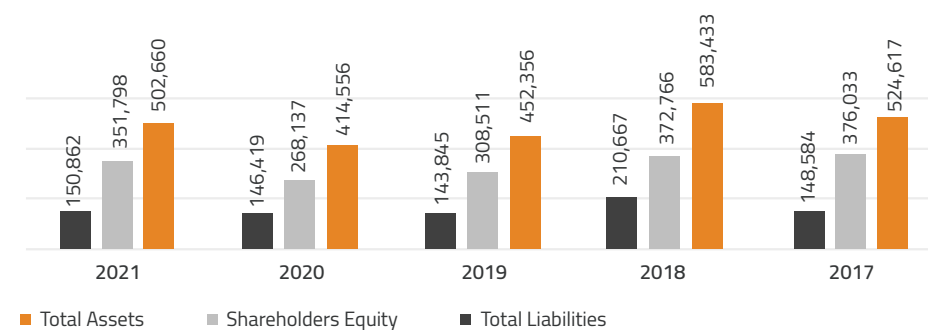
3- The Company's Assets and Liabilities and Results of its Operations for the Last Five Fiscal Years

A) Assets, liabilities, and shareholders' equity

(In thousand Saudi Riyals)

Item	2021G	2020G	2019G	2018G	2017G
Fixed assets	167,357	180,169	186,338	196,927	210,198
Other long-term assets	8,010	10,642	13,274	46,380	48,190
Current assets	327,293	223,745	252,744	340,126	266,229
Total assets	502,660	414,556	452,356	583,433	524,617
Paid-up Capital	354,000	281,121	281,121	281,121	281,121
Reserves	27,173	27,173	27,173	27,173	26,720
Accumulated profit (loss)	(29,375)	(40,157)	217	64,472	68,192
Shareholders' equity	351,798	268,137	308,511	372,766	376,033
Long term loans	16,815	47,167	53,324	62,354	25,979
Other liabilities	37,079	31,573	30,900	25,298	23,346
Current liabilities	96,968	67,679	59,621	123,015	99,259
Total liabilities	150,862	146,419	143,845	210,667	148,584
Total liabilities and shareholders' equity	502,660	414,556	452,356	583,433	524,617

A diagram showing total assets, shareholders' equity and liabilities (in thousand Saudi Riyals)

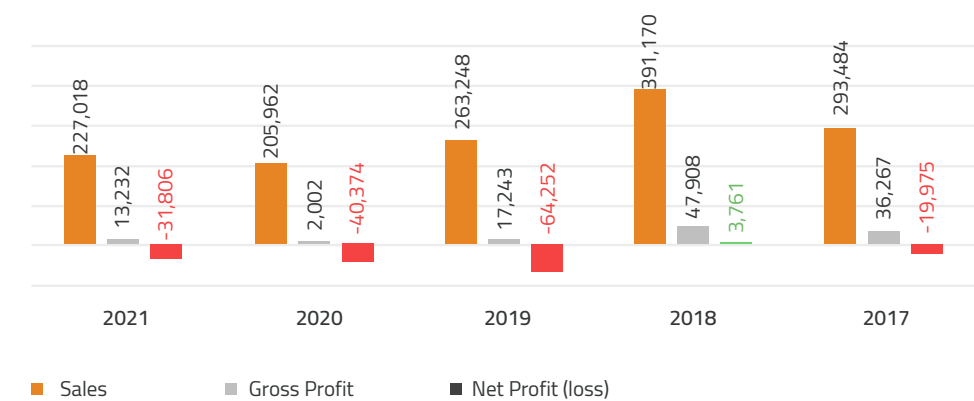


B) Items of Income Statement

(In thousand Saudi Riyals)

Item	2021G	2020G	2019G	2018G	2017G
Sales	227,018	205,962	263,248	391,170	293,484
Cost of Sales	(213,786)	(203,960)	246,005	343,262	257,217
Gross profit	13,232	2,002	17,243	47,908	36,267
Administrative and marketing expenses	31,078	31,565	33,049	34,762	32,786
Other (Expense) Income - Net	(9,637)	(5,132)	(2,874)	(3,569)	(13,201)
Goodwill Impairment	-	-	40,085	-	4,915
Zakat	4,323	5,679	5,491	5,816	5,340
Net (loss) profit	(31,806)	(40,374)	(64,256)	3,761	(19,975)

A diagram showing sales, gross profit and net profit (loss): (In thousand Saudi Riyals)



Fourth



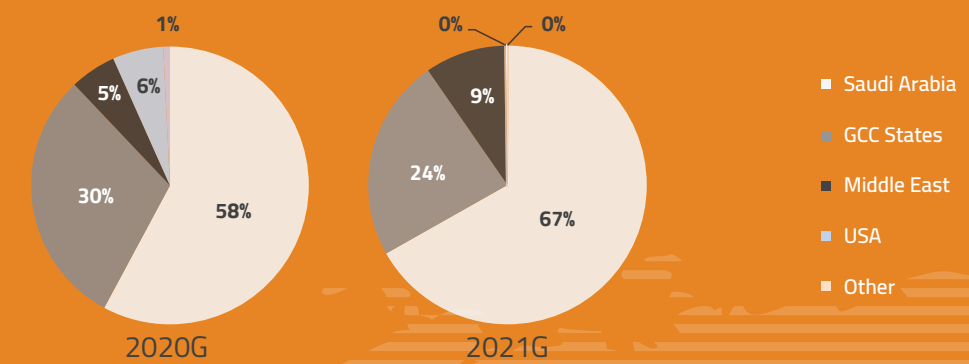
**Geographical analysis of the
Company's Total Revenues**

4- Geographical analysis of the Company's Total Revenues

The Company generates its revenues by selling its products in the local market and export. The following data shows the geographical distribution percentages of the Company's sales during 2021G compared to the sales of 2020G

(Value in thousand Saudi Riyals)

Geographical Sales analysis



Middle East countries

2021G
18,920 SR
2020G
11,091 SR

GCC states
2021G
74,065 SR
2020G
61,947 SR

Others
2021G
181 SR
2020G
1,597 SR

Kingdom of Saudi Arabia
2021G
133,649 SR
2020G
119,142 SR

USA
2021G
203 SR
2020G
12,185 SR

Total
2021G
227,018 SR
2020G
205,962 SR

Fifth



5. Operating Results

5- Operating Results

During the year 2021G, the company achieved sales of (SAR 227) million, an increase of about (10%) over the sales during the previous year. The following table shows the most important items that led to differences in the results of 2021 compared to the results of 2020G:

(Value in thousand Saudi Riyals)

Items	2021	2020	Changes + / (-)	percentage (%) of change + / (-)
Sales	227,018	205,962	21,056	10%
Cost of Sales	213,786	(203,960)	9,826	5%
Gross profit	13,232	2,002	11,230	561%
Major business expenses	31,078	31,565	(487)	-2%
Other income	1,206	797	409	51%
Other expenses	4,950	2,736	2,214	(81%)
(loss) profit from operations	(21,590)	(31,502)	(9,912)	(31%)
Financial expenses	3,217	3,634	(417)	(11%)
Zakat	4,323	5,679	(1,356)	(24%)
Net loss after Zakat	(29,130)	(40,815)	(11,685)	(29%)
Actuarial valuation profit (loss)	(2,676)	441	(3,117)	(707%)
Comprehensive (loss) income	(31,806)	(40,374)	(8,568)	(21%)

The most important causes of deviations and variations:

Increase in sales due to the improvement in selling prices of wire products, where the average prices of these products increased this year by about 28% compared to the average selling prices in the previous year, despite the decrease in the quantities sold of these products by about 8% during the current year, but the value of sales increased by about 18%. Another reasons is the decreased castings, axles and spare parts during the current year by about 5% over the previous year due to the decrease in Masabik factory sales as a result of the decrease in demand and competition.

Among the reasons for the deviations a provision for idle and slow-moving inventory during the previous year by an amount of SAR 9.4 million, compared to SAR 416 thousand during the current year in the cost of production, as well as an increase in other revenues as a result of the increase in scrap sales and the decrease in financial expenses for the repayment of loan installments according to the payment schedule agreed with Banks in facility contracts and a decrease in Zakat provision due to the decrease in Zakat base for the year 2021G compared to 2020G.



Sixth

Eighth

Seventh

Ninth



6.

**Accounting
Standards**

8.

**The Company's
Dividends Policy**

7.

Subsidiaries

9.

**Distribution of
Dividends to
Shareholders and
Board Members'
Remunerations**

6- Accounting Standards

The quarterly condensed interim financial statements and the financial statements for the fiscal year ending on 31/12/2021G were prepared in accordance with the international accounting standards approved by the Board of the Saudi Organization for Certified Public Accountants.

7- Subsidiaries

The Company does not have any subsidiaries inside or outside the Kingdom.

8- The Company's Dividends Policy

Distribution of profits depends on several considerations, the most important of which is achieving net profits or the availability of sufficient retained earnings balance, cash flows, prospects and the vision of the Board of Directors based on the analysis of investment opportunities and the need for cash in capital expansions and the Company's main activities. Distribution is made on the dates set by the Board of Directors in accordance with the instructions and regulations issued by the competent authorities.

According to Article (45) of the Company's Articles of Association, the Company sets up a statutory reserve by setting aside (10%) of the net profits, and the ordinary general assembly may stop this set-up whenever the reserve reaches 30% of the capital. This reserve is not distributable. The Company may also set aside (10%) of the net profits based on a proposal of the Board of Directors to form a consensual reserve and to allocate it for a specific purpose or purposes, the Articles of Association states that the distribution of company's net profit after allocation of reserves as follows:

1. A down payment is distributed to shareholders equivalent to 5% (five percent) of the paid-up capital.
2. After the foregoing, 5% (five percent) of the remainder shall be allocated to the remuneration of the Board of Directors with a maximum of SAR 500 thousand Riyals for each member, and a portion from the remainder shall be distributed to shareholders as an additional share in the profits.
3. The Board of Directors, based on the recommendation of the Nominations and Remunerations Committee, determines the remuneration of the members of the Board, the Executive Management and the employees in accordance with the organizational controls approved by the Board of Directors and the General Assembly of the Company. There is no deviation in the applicable policy from the approved policies.

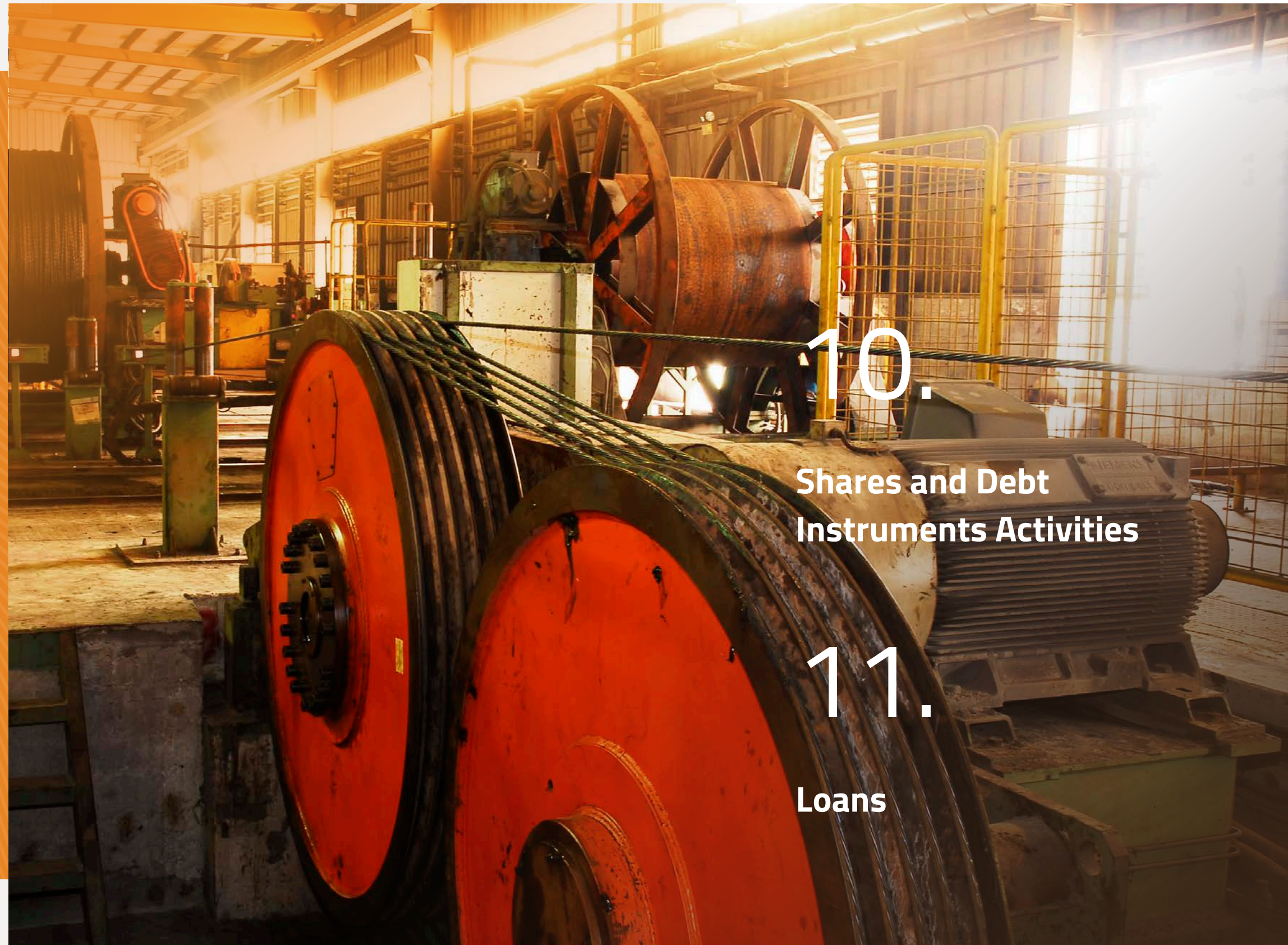
9- Distribution of Dividends to Shareholders and Board Members' Remunerations

1. The Board did not recommend to the General Assembly distribution of dividends to the Company's Shareholders for the fiscal year ending on 31/12/2021G, in order to complete the expansion work to add a new production line to produce single wires treated for concrete, to improve some of the existing production lines and to start constructing the announced projects included in the Company's plans.
2. the Board of Directors recommended to present the recommendation of the Nomination and Remuneration Committee regarding the remuneration of Directors and members of the Audit Committee for the fiscal years 2019 and 2020G to the General Assembly at its first meeting in 2021G. The above-mentioned remunerations were disbursed based on the approval of the Ordinary General Assembly held on 24/06/2021G.
3. Based on the recommendation of the Nominations and Remunerations Committee in its meeting No. 24 held on 21/12/2021G, to pay Directors' remunerations at SAR 200,000 to each member for the fiscal year 2021G, in return for their management of the Company, and payment of remunerations to the members of the Audit Committee at SAR 50 thousand to each member for the fiscal year 2021G. The Board approved the recommendation in its meeting No. 161 held on 21/12/2021G and issued its Resolution No. 2/M/161/2021G approving the recommendation and submitting it to the General Assembly in their upcoming meeting for a vote.

Note that the remuneration granted and applicable in the Company does not conflict with the Company's Articles of Association.



Tenth | Eleventh



10.

Shares and Debt
Instruments Activities

11.

Loans

10- Shares and Debt Instruments Activities

According to the disclosure requirements, the following table shows the shares owned by members of the Board of Directors, their spouses and minor children, as well as the shares owned by the company or entity represented by the Director as on 31/12/2021G:

#	Directors	Representative of	Number of shares owned								
			Beginning of the year			End of year			Percentage of change (%)		
			For the member of the board of directors	The company the member represents	Spouses and minor children of the member	For the member of the board of directors	The company the member represents	Spouses and minor children of the member	For the member of the board of directors	The company the member represents	Spouses and minor children of the member
1	Mutlaq bin Hamad Al-Morished	National Industrialization Company	-	9,969,874	-	-	12,367,124	-	-	24,04	-
2	Shaker bin Nafel Al-Otaibi	Himself	1,000	-	-	-	-	-	-	-	-
3	Rayan bin Waddah Trabzoni	Himself	100	-	-	83	-	-	(16,76)	-	-
4	Talal bin Abdul Karim Al-Nafi'	National Industrial Investment Co. for Industrial Investment	-	1,718	-	-	1,430	-	-	(16,76)	-
5	Asim bin Abdul Wahhab Al-Issa	Himself	100	-	-	83	-	-	(16,76)	-	-
6	Omar bin Khaled Al-Bilali	National International Industrial Development Company	-	1,718	-	-	1,430	-	-	(16,76)	-

11- Loans

The Company has loans from commercial banks under Islamic credit facility agreements that includes financing charges according to SAIBOR rates in addition to a profit margin. These facilities are secured by promissory notes. The following table shows the source and movement of loans during 2021G. For more details, please refer to Notes (16 and 19) in the financial statements:

(Value in thousand Saudi Riyals)

Source	Category	Principal amount of the loan	Loan term	Balance on 1/1/2021	Additions during 2021	Repayments during 2021	Balance on 31/12/2021
Saudi Industrial Development Fund	Long term loans	26,500	7 years	25,150	-	3,300	21,850
Saudi British Bank	Long term loans	50,000	5 years	29,000	-	11,000	18,000
	Short term loans	5000	6-7 months	5000	18,598	23,598	-
Saudi National Bank	Long term loans	12,000	3-6 months	10,800	-	10,800	-
Aljazira Bank	Short term loans	-	4 years	-	15,000	15,000	-
Total		93,500		69,950	33,598	63,698	39,850

Following is a table showing the maturity dates of outstanding loans as of 31/12/2021G:

(Value in thousand Saudi Riyals)

Item	2021	2020
Less than one year	22,400	21,700
From one to two years	5,800	18,800
From two to five years	11,650	29,450
More than five years	-	-

Twelfth



12

**Board of Directors,
Board Committees and
Senior Executives**

12- Board of Directors, Board Committees and Senior Executives

According to the Company's Articles of Association, the Company's Board of Directors, is composed of (6) members, the Audit Committee consists of (3) members after approval of the Extraordinary General Assembly in its fifteenth meeting on 11/06/2020G, and the Nominations and Remuneration Committee is composed of (3) members pursuant to the Board of Directors Decision No. 2/M/156/2020 issued at its meeting No. 156 on 01/07/2020G, while the number of Senior Executives is (5) employees. The following table shows their composition:

Board of Directors		
Engineer/ Mutlaq Hamad Al-Morished <i>Chairman of the Board</i>	Engineer/ Shaker Nafel Al-Otaibi <i>Deputy Chairman of the Board</i>	Mr. Asim Abdul Wahhab Al-Issa <i>Board Member</i>
Mr. Talal Abdul Karim Al- Nafie <i>Board Member</i>	Engineer/ Rayan Waddah Trabzoni <i>Board Member</i>	Engineer/ Omar Khaled Al-Bilali <i>Board Member</i>
Audit Committee		
Mr. Talal Abdul Karim Al-Nafie <i>Committee Chairman</i>	Engineer/ Rayan Waddah Trabzoni <i>Committee Member</i>	Mr. Abdulaziz Saif Al-Ardhi <i>Committee Member</i>
Nomination and Remuneration Committee		
Engineer/ Rayan Waddah Trabzoni <i>Committee Chairman</i>	Engineer/ Omar Khaled Al-Bilali <i>Committee member</i>	Mr. Asim Abdul Wahhab Al-Issa <i>Committee Member</i>
Senior Executives		
Engineer/ Shaker Nafel Al-Otaibi <i>Chief Executive Officer</i>	Mr. Fateh Al-Rahman Abdullah Osman <i>Financial Manager</i>	Mr. Faisal Dakhil Al-Dakhil <i>General Manager of Masabik Factory</i>
Engineer/ Musa Mohammed Al-Harbi <i>General Manager of Arabian Axles & Spare Parts Factory</i>	Engineer/ Abdulhadi Awad Al-Haddad <i>Manager, Aslak Factory</i>	

A- Board Members



Engineer/ Mutlaq Hamad Al-Morished

Current Position | CEO of National Industrialization Company

Membership Category | Non-Executive

Qualifications

1. Master's Degree of Business Administration
2. Bachelor of Engineering

Previous jobs/experiences

- (1982G – 2015G) worked for SABIC subsidiaries for different years, Head of the Metals Group, and Head of both Hadid and Sadaf Companies until he assumed the position of Deputy CFO of Finance in SABIC

Names of other companies in which he is a director

- Board member of the National Industrialization Company - Listed joint stock company - Inside Saudi Arabia
- Member of the Board of Directors (Alinma Tokyo Marine - Listed Joint Stock Company) inside Saudi Arabia
- Member of the Board of Directors (Alinma Bank – Listed Joint stock company) inside Saudi Arabia
- Member of the Board of Directors (Arabia Citi Group - closed joint stock company) inside Saudi Arabia
- Member of the Board of Directors (Alba Company - not listed) outside Saudi Arabia
- Member of the Board of Directors (Tronox Company - not listed) representing Industrialization - outside Saudi Arabia
- Member of the Board of Directors (Abdullah Mohammad Saedan & Sons Real Estate Company – not listed) inside Saudi Arabia



Engineer/ Shaker Nafel Al-Otaibi

Current Position | CEO (Maadaniyah)

Membership Category | Executive

Qualifications

Bachelor of Architectural Engineering

Previous jobs/experiences

- (2004G – 2014G) Deputy General Manager of a company.
- (2002G – 2004G) worked as an engineer in Shaiban Contracting Company.
- (2000G – 2002G) worked as an engineer in the Gulf Company for Salt Industry.
- (1996G – 2000G) worked as an engineer in Alpco Aluminum Company.
- (1994G – 1996G) worked as an engineer in SCECO Company.
- (1993G – 1994G) worked as an engineer for the Saudi Industrial Development Fund

Names of other companies in which he is a director

None



Engineer/ Rayan Waddah Trabzoni

Current Position | CEO - Jeddah Airports Company

Membership Category | Independent

Qualifications

- 1. Bachelor's degree in electrical engineering
- 2. Diploma of Management Excellence from Harvard Business School

Previous jobs/experiences

- (2017 - 2021G) Chief Executive Officer of Air Navigation
- (2014G – 2017G) General Manager of Development and the Plastics Sector in the National Industrialization Company, (2001 – 2014G) and worked for Procter and Gamble Company as Operations Manager until he reached the Regional Manager of Supply and Logistics Services
- (1997G – 2001G) and worked as an Electrical Engineer and Loss Prevention in Saudi Aramco

Names of other companies in which he is a director

None



Mr. Talal Abdul Karim Al- Nafie

Current Position | Cash / Treasury Manager - Manager (National Industrialization)

Membership Category | Non-Executive

Qualifications

- 1. Master's Degree of Business Administration and Finance
- 2. Bachelor's degree in accounting

Previous jobs/experiences

- (2007G – 2009G) worked as an auditor with PricewaterhouseCoopers

Names of other companies in which he is a director

- Member of the Audit Committee (independent) at Riyadh Cables Group Company in his personal capacity (inside Saudi Arabia)
- Member of the Audit Committee (Non-executive) at NAPCO National Company - a representative of a legal person (inside Saudi Arabia)
- Member of the Audit Committee (independent) of the First Mills Company - in his personal capacity



Mr. Asim Abdul Wahhab Al-Issa

Current Position | Licensed Lawyer and Certified Arbitrator

Membership Category | Independent

Qualifications

Bachelor of Systems (Law)

Previous jobs/experiences

- (2006G – 2012G) Manager of the Legal Department of the National Industrialization Company and the Saudi Skab Company
- (2000G - 2006G) Legal Adviser to the Bureau of Experts in the Council of Ministers.
- (1991-2002) Legal Adviser to the Banking Disputes Settlement Committee at SAMA

Names of other companies in which he is a director

None



Engineer/ Omar Khaled Al-Bilali

Current Position | Head of Information Technology at National Industrialization Company

Membership Category | Non-Executive

Qualifications

- 1. Bachelor of Management Information Systems

Previous jobs/experiences

- 2015G – 2019G) General Manager of Business Consulting Solutions at the National Industrialization Company
- (2012-2015-G) Planning and Control Manager at the National Industrialization Company

Names of other companies in which he is a director

None

There were (4) meetings of the Board of Directors during the year 2021, as per the following table:

#	Member	First meeting 3/2/2021G	Second meeting 29/3/2021G	Third meeting 3/10/2021G	Fourth meeting 21/12/2021G	Total number of sessions attendees
1	Engineer/ Mutlaq Hamad Al-Morished	✓	✓	✓	✓	4
2	Engineer/ Shaker Nafel Al-Otaibi	✓	✓	✓	✓	4
3	Engineer/ Rayan Waddah Trabzoni	✓	✓	-	✓	3
4	Mr. Talal Abdul Karim Al- Nafie	✓	✓	✓	✓	4
5	Mr. Asim Abdul Wahhab Al-Issa	✓	✓	✓	✓	4
6	Engineer/ Omar Khaled Al-Bilali	✓	✓	✓	✓	4

B- Audit Committee

The members of the Audit Committee were formed in accordance with the decision of the General Assembly held on 11/6/2020G as follows:



Mr. Talal Abdul Karim Al- Nafie

Current Position | Treasury Manager (National Industrialization Company)

Membership Category | Committee Chairman

Qualifications

1. Master's degree of Business Administration and Finance
2. Bachelor's degree in accounting

Previous jobs/experiences

- (2007G – 2009G) worked as an auditor with PricewaterhouseCoopers



Engineer/ Rayan Waddah Trabzoni

Current Position | CEO of Jeddah Airports Company

Membership Category | Committee Member

Qualifications

Bachelor's degree in Electrical Engineering

Previous jobs/experiences

- (2017 - 2021G) Chief Executive Officer of Air Navigation
- (2014G – 2017G) General Manager of Development and the Plastics Sector in the National Industrialization Company,
- (2001 – 2014G) Procter and Gamble Company as Operations Manager until he reached the Regional Manager of Supply and Logistics Services.
- (1997G – 2001G) Electrical Engineer and Loss Prevention in Saudi Aramco



Mr. Abdulaziz Saif Al-Ardhi

Current Position | Accounting and Finance Manager (Advanced Petrochemical)

Membership Category | Committee Member

Qualifications

Bachelor's degree in accounting

Previous jobs/experiences

- (2015G – 2020G) Director of Budget and Financial Information at the National Industrialization Company
- (2010 - 2013G) Financial Analyst at Ibn Zahr Company (a SABIC company)

The Audit Committee performs its tasks in accordance with the scope of work included in the corporate governance and in compliance with stipulations of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority.

The main tasks of the Audit Committee are to ensure the adequacy and effectiveness of the internal control procedures and systems, verify the integrity and validity of the financial statements, recommend the selection of the external auditor according to specific controls, and study the reports, notes and suggestions submitted by the auditor and the internal control department.

#	Member	First meeting 15/03/2021G	Second meeting 11/05/2021G	Third meeting 18/08/2021G	Fourth meeting 03/11/2021G	Total number of Meeting attendees
1	Mr. Talal Abdul Karim Al- Nafie	✓	✓	-	✓	3
2	Engineer/ Rayan Waddah Trabzoni	✓	✓	✓	✓	4
3	Mr. Abdulaziz Saif Al-Ardhi	✓	✓	✓	✓	4

Results of the annual audit of the effectiveness of internal control procedures:

Since 2020, the office of Baker Tilly (independent auditor) has been contracted to carry out the Company's internal audit work, where the internal control system and procedures are verified in terms of protecting the Company's assets and properties, evaluating work risks and measuring the adequacy of performance efficiency, in addition to the External Auditor's activities to evaluate the system through reviewing the final accounts. The results of the aforementioned audit during 2021G did not show a fundamental weakness in the internal control system and procedures. This confirms the audit committee's conviction of the effectiveness of the Company's internal control system and procedures.

- There is no recommendation by the Audit Committee that contradicts the decisions of the Board of Directors during the year 2021G.

The Audit Committee has studied the Company's interim and annual financial results for the year 2021 and raised its recommendations to the Board of Directors for approval.

C- Nominations and Remunerations Committee:

The Nominations and Remunerations Committee was composed pursuant to Board Resolution No. :2/M/156/2020 issued at its 156th meeting on 1/7/2020G as follows:



Engineer/ Rayan Waddah Trabzoni

Current Position | CEO of Jeddah Airports Company

Membership Category | Committee Chairman

Qualifications

Bachelor's degree in Electrical Engineering

Previous jobs/experiences

- (2017-2021-G) Chief Executive Officer of Air Navigation
- (2014G – 2017G) General Manager of Development and Plastics Sector in the National Industrialization Company.
- (2001 – 2014G) Procter and Gamble Company as Operations Manager until he reached the Regional Manager of Supply and Logistics Services.
- (1997G – 2001G) Electrical Engineer and Loss Prevention at Saudi Aramco



Mr. Asim Abdul Wahhab Al-Issa

Current Position | Licensed Lawyer and Certified Arbitrator

Membership Category | Committee Member

Qualifications

Bachelor of Laws (Lawyer)

Previous jobs/experiences

- (2006G – 2012G) Manager of the Legal Department of the National Industrialization Company and the Saudi Skab Company
- (2002G – 2006G) Legal Adviser to the Bureau of Experts in the Council of Ministers.
- (1991 – 2002) Legal Adviser to the Banking Disputes Settlement Committee at SAMA



Engineer/ Omar Khaled Al-Bilali

Current Position | Head of Information Technology at National Industrialization Company

Membership Category | Committee member

Qualifications

Bachelor's degree in management information systems

Previous jobs/experiences

- (2015G – 2019G) General Manager of Business Consulting Solutions at the National Industrialization Company
- (20122015-G) Manager of Planning and Control at the National Industrialization Company

Main duties and responsibilities of the Nomination and Remuneration Committee include:

1. Recommending to the Board of Directors of directorship nominations in accordance with the approved policies and standards.
2. Reviewing the appropriate skills, capabilities and qualifications required for the membership of the Board of Directors.
3. Reviewing the structure of the Board of Directors and making recommendations to the Board regarding changes that can be made.
4. Determining the weaknesses and strengths of the Board of Directors and provide suggestion to address them in line with the Company's interest.
5. Ensuring on an annual basis the independence of the independent members, and the absence of any conflict of interest.

There was one committee meeting during the year, as per the following table:

#	Name	First meeting 21/12/2021G	Total number of Meeting attendees
1	Engineer/ Rayan Waddah Trabzoni	✓	1
2	Engineer/ Omar Khaled Al-Bilali	✓	1
3	Mr. Asim Abdul Wahhab Al-Issa	-	-

D- Senior Executives:



Engineer/ Shaker Nafel Al-Otaibi

Current Position | Chief Executive Officer

Qualifications

Bachelor of Engineering

Previous jobs/experiences

- (2004G – 2014G) Deputy General Manager of a company.
- (2002G – 2004G) worked as an engineer in Shaiban Contracting Company.
- (2000G – 2002G) worked as an engineer in the Gulf Company for Salt Industry.
- (1996G – 2000G) worked as an engineer in Alppo Aluminum Company.
- (1994G – 1996G) worked as an engineer in SCECO Company.
- (1993G – 1994G) worked as an engineer for the Saudi Industrial Development Fund



Mr. Fateh Al-Rahman Abdullah Osman

Current Position | Financial Manager

Qualifications

Bachelor of Economy and Administrative Sciences - Accounting

Previous jobs/experiences

- Experience of more than 25 years, where he worked as (accountant) in banks outside Saudi Arabia, (auditor) in audit offices, and (accounts manager) in Maadaniyah



Mr. Faisal Dakhil Al-Dakhil

Current Position | General Manager of Masabik Factory

Qualifications

Bachelor of Engineering

Previous jobs/experiences

- Worked for more than 10 years, Consultant - Domestic Sales Department - in Aramco, Regional Sales Manager for Nalco.
- Technical customer service engineer and promoted until he becomes the head of the scheduling and production planning department in SABIC

Engineer/ Musa Mohammed Al-Harbi

Current Position | General Manager of Arabian Axles & Spare Parts Factory

Qualifications

Bachelor of Engineering

Previous jobs/experiences

- (2006 – 2009G) Operation Technician - Sadaf Company (one of SABIC companies)
- (2015 – 2021G) Production Engineer - Axles & Spare Parts Factory

Engineer/ Abdulhadi Awad Al-Haddad

Current Position | Manager, Aslak Factory

Qualifications

Bachelor of Engineering

Previous jobs/experiences

- Experience for more than 20 years as an operator and then a supervisor until he was promoted to the position of a factory manager in Maadaniyah

Board of Directors Procedures to inform the Directors with shareholders' suggestions and comments:

- The Board of Directors adopts a number of procedures to inform its members of the shareholders' comments and suggestions through periodic meetings of the Board, where inquiries and suggestions are received in the discussions that take place during the General Assembly meeting, in addition to receiving the shareholders' inquiries and proposals by the Shareholder Affairs Officer and presenting them to the Board through Executive Management.
- The Company did not seek the assistance of a specialized external party to carry out the tasks of evaluating the performance of its board of directors and its committees. One of the tasks of the Nominations and Remunerations Committee is to work on evaluating the performance of the Board of Directors by reviewing the structure of the Board and making recommendations regarding changes that can be made, as well as identifying weaknesses and strengths in the Board of Directors and addressing them in line with the interest of the Company



Thirteenth



13.

Financial payments and remunerations to members of the Board, its committees, and senior executives

13- Financial payments and remunerations to members of the Board, its committees, and senior executives

The total amounts remunerations and compensations paid during 2021G to each of the members of the Board of Directors, the Board committees and senior executives, including the CEO and the Financial Manager, are as follows: -

- Board members remuneration:

(Value in thousand Saudi Riyals)

	Specific amount	Allowance for attending Board sessions	Allowance for attending committee sessions	Amounts received by Directors as employees or administrators or what they received in return for Technical, administrative or consulting works	the Chairman, Managing Director, Board Members or Secretary if he is a member	Total	End of service Indemnity	Expense allowance	Grand Total
Independent Members									
Engineer/ Rayan Waddah Trabzoni	9	15			200	224	-	-	224
Mr. Asim Abdul Wahhab Al-Issa	12	-			133	145	-	-	145
Mr. Abdulaziz Saif Al-Aboudi*	-	-			67	67	-	-	67
Total	21	15			400	436	-	-	436
Non-executive members									
Engineer/ Mutlaq Hamad Al-Morished	12				200	212	-	-	212
Mr. Talal Abdul Karim Al- Nafie	12	9			200	221	-	-	221
Engineer/ Omar Khaled Al-Bilali	12	3			133	148	-	-	148
Engineer/ Omar Mohammad Najjar*					67	67	-	-	67
Total	36	12			600	648	-	-	648
Executive Member									
Engineer/ Shaker Nafel Al-Otaibi	12	-			-	212	-	-	212

* The remuneration for the previous Board term is based on attendance

- Senior Executives Remuneration:

(Value in thousand Saudi Riyals)

	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Profits	Short term Incentive Plans	Long term Incentive Plans	Granted shares	Total	End of Service Indemnity*	Total Executives' remunerations for the Board, if any	Grand Total
Chief Executive Offices	1,260	634	-	-	-	-	-	-	-	1,894	210	212	2,316
Financial Manager	501	279	-	-	-	-	-	-	-	780	186	-	966
General Manager of Masabik Factory	490	300	-	-	-	-	-	-	-	790	62	-	852
General Manager of Axles Factory	216	143	-	-	-	-	-	-	-	359	59	-	418
Manager, Aslak Factory	449	311	-	-	-	-	-	-	-	760	160	-	920
Total	2,916	1,667								4,583	677	212	5,472

* The end of service indemnity charged to the expenses for the fiscal year 2021G



- Committee Members Remunerations

(Value in thousand Saudi Riyals)

Audit Committee Members

	Members of the Audit Committee	Fixed Remunerations	Allowance for attending sessions and other expenses	Total
1	Talal Abdul Karim Al- Nafie	50	9	59
2	Rayan Waddah Trabzoni	50	12	62
3	Abdulaziz Saif Al-Masoudi	50	12	62

Nominations and Remunerations Committee

	Members of the Nomination and Remuneration Committee	Fixed Remunerations	Allowance for attending sessions and other expenses	Total
1	Rayan Waddah Trabzoni	-	3	3
2	Asim Abdul Wahhab Al-Issa	-	-	-
3	Omar Khaled Al-Bilali	-	3	3



Fourteenth

Sixteenth

Fifteenth

Seventeenth

14

**Contracts of interest
to Board members
and Senior Executives
and their families,
and violations to the
Corporate Governance
Regulations**

15

Regulatory Payments

16

**Transactions with
Related Parties**

17

**General Assembly
Meetings and
Shareholder Register
Request**

14- Contracts of interest to Board members and Senior Executives and their families, and violations to the Corporate Governance Regulations

With reference to the Registration and Listing Rules and the Corporate Governance Regulations, the Board of Directors would like to clarify the following:

There were no contracts with the Company that include an interest for one of the Board members, the general manager, Financial Manager, or their first-degree relatives.

Also, there was no penalty, attraction of attention or violation against the Company from any supervisory, regulatory or judicial authority during the year 2021G.

15- Regulatory Payments

Zakat

The Company is subject to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia, where Zakat is recognized on accrual basis. During 2021G, the Company submitted Zakat declaration for the fiscal year ending on December 31, 2020, paid the due Zakat according to the declaration and obtained a Zakat certificate for the fiscal year 2020. The final Zakat assessment for the years 2017 and 2018 was obtained after considering the objection submitted by the Company, and the difference was decreased from SAR 492 thousand to SAR 179 thousand, and the payment was made.

The initial declaration was also received from the Authority for the years 2019 and 2020G, where it was reviewed and the Authority was addressed to exclude the short-term loans and payment notes payable from the Zakat base, as well as the Company's investments in the automobile industry project and other items. After the study, the Authority issued the initial assessment for the years referred to with a Zakat difference of SAR 565 thousand. The Company paid SAR 64 thousand representing Zakat for non-objected items in the initial assessment of the Authority for the two years referred to and submitted an objection for the amount of SAR 501 thousand supported by documents and a report on spare parts from the audit office. The appeal is still under consideration by the Authority.

Social Insurance

The Company is subject to the Social Insurance Law, and social insurance fees are recorded on accrual basis. Social insurance is paid monthly on the basis of the amount due for the previous month.

Customs Duties

Exemption from customs duties on the main raw materials of the Company's products (rolls of steel wire) has been renewed for a period of 5 years, starting from 2021G.

The following table shows the amounts paid to the regulatory authorities during 2021G, as well as the due balances as on 31/12/2021G:

Item	2021G	
	paid	Due but not paid at the year end
Zakat, Tax and Customs Authority	20,544	7,028
General Organization for Social Insurance	3,645	311
Fees of work permits and Iqama Renewals	458	-
Total	24,647	7,339

Value Added Tax

Based on the Law of the Zakat, Tax and Customs Authority and its Implementing Regulations, the Company was registered in the value-added tax system under No. 300461302600003. During the year 2020G, the Kingdom of Saudi Arabia amended the value-added tax rate to 15% starting from contracts concluded on 01/07/2020. The Company is in compliance with the Implementing Regulations of the Law. Accordingly, the Company submits a monthly value-added tax return and has paid the tax dues until November according to the declarations submitted by the Company. The following table shows the value-added tax for the year 2021G:

Items	Thousand Saudi Riyals
Declarations under review at the beginning of the year	1,068
VAT on sales	20,340
VAT on purchases	5,588
VAT adjustments	(240)
VAT (paid)	13,872
Declarations under review	1,708

Regarding the status of value-added tax for the years 2018, 2019 and 2021G, the Company paid all tax obligations according to the returns submitted to the Authority. During 2021G, revised returns were received from the Authority with value-added tax differences and fines of SAR 240 thousand, which were paid.

16- Transactions with Related Parties

The Company follows a uniform policy in its transactions without any preference for related parties. There are transactions with the National Industrialization Company (a Shareholder) and they mainly include medical insurance expenses for the Company's employees paid on behalf of the Company. The movement of transactions was as follows. For more details, please refer to Note No. 28-1 to the financial statements:

Item	In thousand Saudi Riyals
Credit balance on 1/1/2021G	411
Expenses paid on behalf of the Company	18
Amounts paid by the Company	429
Credit balance at 31/12/2021G	0

17- General Assembly Meetings

During 2021G, the company held (2) meetings. An Ordinary General Assembly meetings of Shareholders on 14/11/1442H (corresponding to 24/06/2021G), chaired by the Chairman of the Board, Eng. Mutlaq Hamad Al-Morished. The meeting was also attended by the following Directors:

- 1- Mr. Shaker Nafel Al-Otaibi
- 2-Mr. Rayan Waddah Trabzoni
- 3-Mr. Talal Abdul Karim Al-Nafie
- 4- Mr. Asim Abdul Wahhab Al-Issa
- 5- Mr. Omar Khaled Al-Bilali

The Company also held an Extraordinary General Assembly meeting on 18/04/1443H (corresponding to 23/11/2021G) chaired by the Chairman of the Board. The meeting was also attended by all BoDs. The purpose of that meeting was to vote on the Board of Directors' recommendation to reduce the capital by 16.76% in order to extinguish the cumulative losses and then increase the capital by 51.28% by issuing rights to strengthen the financial solvency and implement the projects announced and listed in the future plans at the beginning of this Report.

Eighteenth Nineteenth Twentieth Twenty-first



18

Number of Shareholders
Register Requests

19

Implementation of
Corporate Governance
Regulations

20

Social Contributions

21

Declarations of the
Board of Directors

18- Number of Shareholders Register Requests

The number of requests for the Company's shareholders registry 7 times during 2021G as follows: -

1. Number (1) request on 2/2/2021G for the purpose of the Company's procedures.
2. Number (1) request on 22/6/2021G for the purpose of the Ordinary General Assembly procedures.
3. Number (1) request on 7/7/2021G for the purpose of the Company's procedures.
4. Number (1) request on 9/8/2021G for the purpose of the Company's procedures.
5. Number (1) request on 27/09/2021G for the purpose of the Company's procedures.
6. Number (1) request on 23/11/2021G for the purpose of the Extraordinary General Assembly procedures.
7. Number (1) request on 28/11/2021G for the purpose of the Company's procedures.

19- Implementation of Corporate Governance Regulations:

The Company implements all the mandatory provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (2017-16-8) dated 16/5/1438H (corresponding to 13/2/2017G), based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H and in accordance with the Company's Articles of Association, except for some guiding provisions as in the following table:

Paragraph No.	Paragraph text	Reasons of Non-application
38	Secretary Conditions	Indicative Article, knowing that the Secretary of the Board holds a Bachelor of Engineering and has administrative and leadership experience.
39	Training	Indicative Article. A member of the Board of Directors has attended workshops with the Capital Market Authority.
41	Evaluation	Indicative Article. One of the tasks of the Nomination and Remuneration Committee is to review the structure of the Board of Directors, identify weaknesses and strengths, and submit proposals to address them.
70, 71, 72	Risk Committee formation, tasks, and meetings	Indicative Article. The Board did not form a risk committee, noting that the Audit Committee performs most of these tasks and the Company follows procedures and policies to reduce risks or mitigate their Impacts.
95	Corporate Governance Committee formation	Indicative Article. Governance requirements are covered by the Office of the Chief Executive Officer and the Financial Department.

20- Social Contributions

The Company believes in the importance of social responsibility and social work initiatives. Due to the repercussions of the Corona pandemic during the 2021G and the pressure on cash flows, the Company was unable to make external social contributions.

21- Declarations of the Board of Directors

To the best of our knowledge and based on the auditor's report that is free of any qualifications, current market data and future indicators, we declare:

1. That the accounting records are properly prepared.
2. The internal control system was prepared on sound foundations and implemented effectively.
3. There is no doubt as to the Company's ability to continue its activity.



Conclusion

Finally, I would like to take this opportunity to express my sincere gratitude to the Custodian of the Two Holy Mosques, King Salman bin Abdul Aziz, the Crown Prince His Royal Highness Prince Mohammed bin Salman bin Abdul Aziz, Deputy Prime Minister, Minister of Defense and Chairman of the Supreme Economic Council, for the untiring effort they have made for the safety of citizens and residents from the Corona pandemic. We also thank all other Government sectors for contributing to preserving human safety first, and secondly to preserving the Saudi economy and supporting and developing the national industry to achieve Vision 2030. We also thank Government agencies and some other sectors for their valuable initiatives that helped the private sector manage its cash flows and continue its activities under the conditions of the emerging Corona pandemic. The Board is also pleased to express its deep thanks to the Company's Shareholders for their support and the Company's customers for their confidence in the Company and its products, as well as to the Company's employees for their dedication and sincere efforts to develop and improve performance and achieve the Company's goals.

We wish all the best...

Board of Directors of National Metal Manufacturing and Casting Company (Maadaniyah)

Annual Report

National Metal Manufacturing and Casting Company (Maadaniyah)

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2021

