

Board Report

Annual Report 2022





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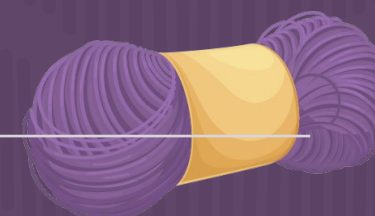
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A background image showing a business meeting. Several people in white shirts and red patterned ties are gathered around a table, looking at documents. One person's hand is visible, holding a pen and pointing at a document. The image is overlaid with a semi-transparent dark purple rectangle containing the text.

Chairman's Statement

Chairman's Statement

In the name of Allah, the most gracious, the most merciful

Praise be to Allah, Lord of the Worlds, and prayers and peace be upon the Master of Messengers

May the peace, blessings, and mercy of Allah be upon you,

The members of the Board of Directors are pleased to present to the valued shareholders of Naseej International Trading Company the Board of Director's report for the past year 2022G.

This year, the company achieved an operating profit of ten million nine hundred and seventy-one thousand riyals for the first time since 2013, with the success of Al-Mawla first and then the outcome of the follow-up efforts of the company's management in rationalizing expenses and appropriate financial structuring steps.

The current year witnessed global economic and geopolitical events that in turn affected the global economy, on top of which was the Ukrainian war and the acceleration of the interest rate hike.

The increase in the interest rates has a negative impact on the company due to its high indebtedness with banks. Likewise, the geopolitical events have increased the intensity of competition in the local market due to the generated focus of many regional factories to the Saudi market.

The Board of Directors is aware of these challenges and works hard on appropriate initiatives to tackle them in a way that serves the company's goals and prevents a return to the years of losses. The Board endeavors to continue profitability and increase it in a sustainable manner, God willing.

Part of the announced initiatives is to split the companies' businesses into strategic units and provide them with the needed support to develop their businesses and fling open the door for building partnerships for each unit. This include studying the possibility of separating the units in the future into independent legal entities with the possibility of offering them in the capital market at a later stage.

The Board of Directors affirms commitment with the highest requirements of transparency and disclosure to the company's shareholders with regard to all updates related to the development and improvement plans that the Board is working on.

In conclusion, the Board of Directors extends thanks and appreciation to the company's shareholders for their on-going support and trust. Together we embark on a new year with disciplined optimism and a firm determination for continuous improvement.

Chairman of the Board of Directors

Dr. Wael bin Saad Abdulaziz Al-Rashed



Company's Vision

- We are committed to maintaining our reputation as pioneers in the field of manufacturing carpets and rugs, and we hope to be global in this field, which can be achieved by expanding our trade network through the local and global distribution of our products.



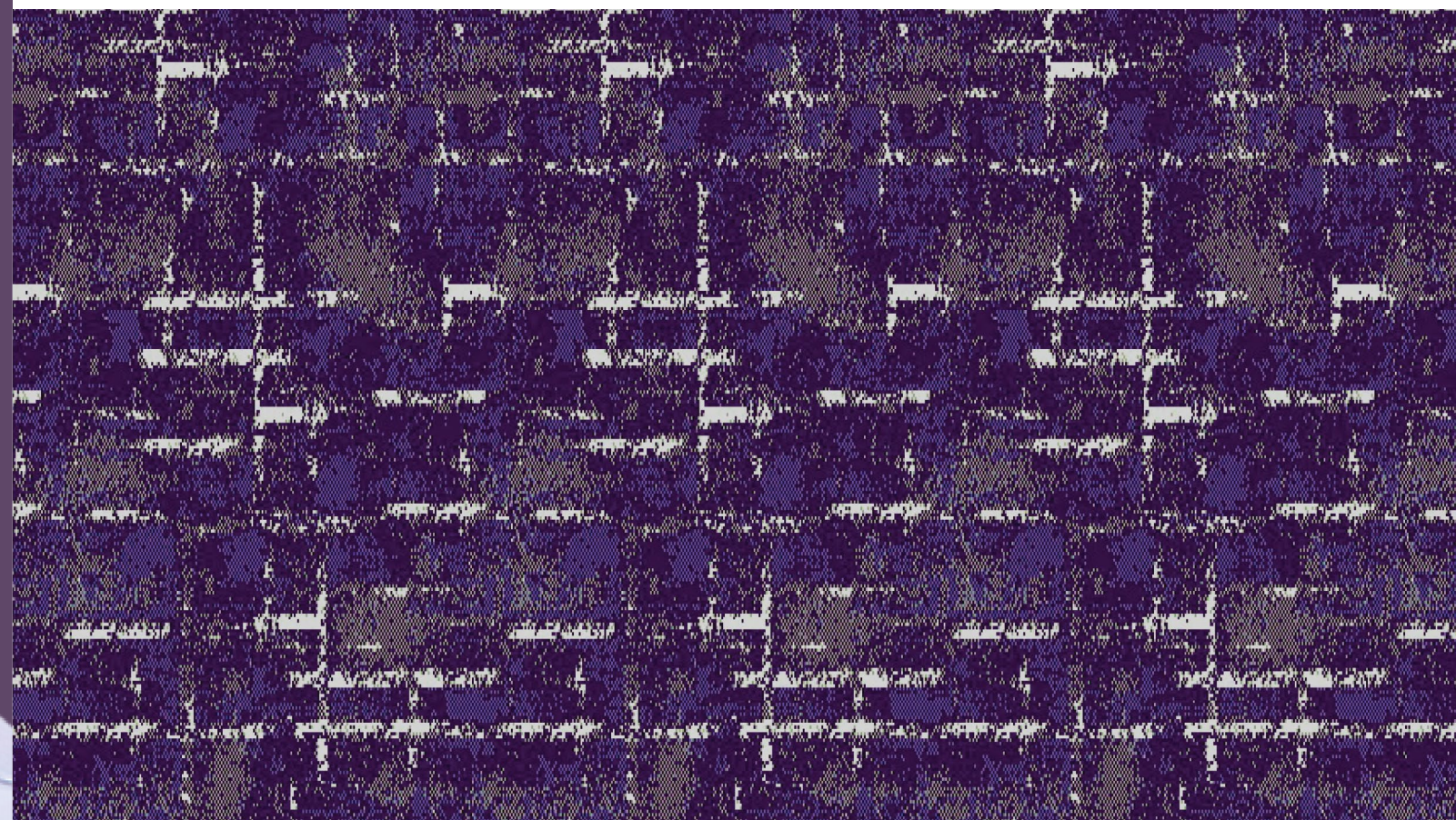
Company's Mission

- We strive to provide optimum quality products and services that ensure customer satisfaction standards. This is in line with our values towards our employees and shareholders.



Company's Strategy

- Focusing on manufacturing high-quality carpets and profitable products and focusing on the commercial side by importing and selling carpets to cover all tastes and grow the company's share in the local market.
- Increasing production capacity in the carpet manufacturing activity.
- Making the yarn factory an independent, profitable entity.
- Expanding in the commercial sector to cover everything related to flooring solutions, for which there is a high demand from the local markets.



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

01

First: Members of the Board of Directors



Dr. Wael bin Saad Abdulaziz Al-Rashed

(Chairman of the Board of Directors – Independent member)

Qualifications: Ph.D. in Change Management - Information Systems - Master of Business Administration - Bachelor of Sharia and Law - Bachelor of Computer and Information Systems

Current job: Consultant for many entities - Member of the Board of Directors of ALITCO.

Previous job: CEO of several companies in the field of industry, trade and services, Vice President of the United Wire Factories Company, and CEO of Al Sorayai Group.

Experience: He held several positions as CEO of various companies in the field of industry, trade, services and project supervision, membership in the boards of directors of a number of closed and listed joint-stock companies and advisor to many family groups.

Dr. Ahmed bin Siraj Abdul Rahman Khokir

(Deputy Chairman of the Board of Directors - Independent member)



Qualifications: Ph.D. in Chemical Engineering with honors - Master of Business Administration - Master of Chemical Engineering - Higher Diploma in International Finance - Fellowship of the Council of Engineers in Texas, USA - High Certificate in Advanced Financial Investments and Finance - Certified Project Manager - Certified International Arbitrator.

Current job: Part-time consultant and member of the board of directors of many international companies and councils.

Previous Position: - Saudi Aramco - Founding Member and Chief Projects Officer of King Abdullah University of Science and Technology (KAUST).

Experience: 31 years of experience holding several positions in Saudi Aramco in the departments of refineries, facilities planning, research and development, and management of giant projects, as a consultant to senior management and a founding member of King Abdullah University of Science and Technology. He also held leadership positions at the American Institute of Chemical Engineers.

Mr. Rashid bin Suleiman Irashaid Al-Rashid

(Independent board member)



Qualifications: Bachelor's degree in Accounting

Current position: Chief Financial Officer / Bank of New York Mellon Saudi Financial Company

Previous job: Chief Financial Officer and Risk Manager / Saudi Ashmore Financial Company

Experience: He held several positions as Chief Financial Officer for several banks and financial companies, risk manager, head of the financial reporting unit, and membership in the boards of directors of a number of listed and closed joint-stock companies.

Members of the Board of Directors



Eng. Abdullah bin Yahya Ali Fitaihi

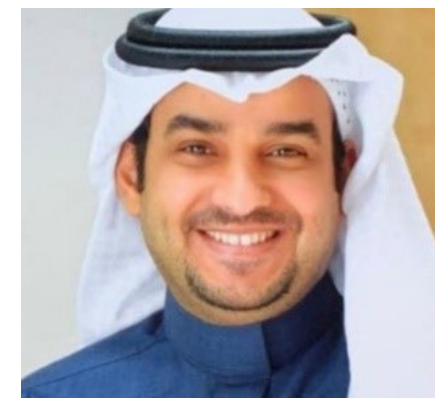
(Executive board member)

Qualifications: Bachelor of Industrial Engineering - Master of Business Administration

Current position: Director of the Joint Services Department at Naseej International Trading Company

Previous job: Executive Director of Strategic Planning and Project Management at the Saudi Public Transport Company.

Experience: He held several positions in the field of supply chain, support services, operations development advisor and transformation, logistical operations, and several other leadership positions.



Mr. Nasser bin Saleh Nasser Al Sorayai

(Non-executive board member)

Qualifications: Bachelor of Finance - Master of Finance

Current job: CEO of Al-Raeda Industrial Investments Company

Previous job: Financial Services Relationship Manager Riyadh Bank

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



Mr. Abdul Rahman bin Ibrahim Al-Hadlaq

(Independent board member)

Qualifications: Bachelor of Accounting - Master of Business Administration

Current job: CEO of Asas Makin Company for Real Estate Development and Investment

Previous job: CEO of Sadr Logistics Services Co.

Experience: He held several positions, including the position of CEO of Abdul Rahman Al-Shaalan Sons Company and Sadr Logistics Services Company, member of the Board of Directors of many companies, and chairman of a number of audit committees in several companies.

Secondly: Members of Committees

Audit Committee					
S/N	Name	Current Position	Previous Position	Qualifications	Experiences
1	Rashid Suleiman Al-Rashid	Chief Financial Officer / Bank of New York Mellon Saudi Financial Company	Chief Financial Officer and Risk Manager / Saudi Ashmore Financial Company	Bachelor of Accounting	- 3 years (Deutsche Bank and Deutsche Saudi Arabia) - 3 years (Saudi Ashmore Financial Company) - 1 year (Bank of New York Mellon Financial Company)
2	Khaled Abdulaziz Al-Hoshan	Director of the internal audit of the National Laboratory	General Manager, Internal Audit, Safari Group	Master of Business Administration and Applied Finance	- 19 years of diverse experience in internal audit and compliance in the General Organization for Social Insurance and membership of the American Association of Internal Auditors and the Saudi Organization for Certified Public Accountants
3	Abdullah Salem Al-Hayqi	Roshn Real Estate - Public Investment Fund - Audit	Sedco Holding - Audit and Corporate Governance	Master of Professional Accounting	- 29 years of experience in accounting and audit for the US Geological Expedition, Price-waterhouseCoopers, SEDCO Holding, Roshn Real Estate, and the Public Investment Fund
Nomination and Remunerations Committee					
S/N	Name	Current Position	Previous Position	Qualifications	Experiences
1	Abdul Rahman Ibrahim Al-Hadlaq	CEO of Asas Makin Company for Real Estate Development and Investment	CEO of Sadr Logistics Services	Bachelor of Accounting - Master of Business Administration	- 4 years (Abdul Rahman Al-Shaalan Sons Company) - 2 years (Sadr Company for Logistics Services)
2	Wael Saad Al-Rashed	Consultant to many establishments - Member of the Board of directors of Aitco	CEO of companies in the field of industry, trade, and services, Vice President of the United Wire Factories Company, and CEO of Al Sorayai Group	Ph.D. in Change Management - Information Systems - Master of Business Administration	- 2 years (Al Sorayai Group Company) - 2 years (United Wire Factories Company) - 2 years (Al-Drees Company for Trade and Industry). - 4 years (Saudi Vital Acids Company) - 15 years (multiple companies in industry and trade)
3	Nidal Khazaa Callub	Chief Executive Officer - Markets Company for Capacity Assessment	Chief Executive Officer - Saudi Industrial and Commercial Kitchen Line Company	Bachelor's degree in Systems Management and Marketing	- 14 years (Markets Company for Capacity Assessment) - 3 years (Saudi Kitchen Line Company) - 5 years (Tourist Resorts and Real Estate Company) - 3 years (Camel Express Company)

02

Companies inside or outside the Kingdom in which board members of the company's Board are members on their current and previous boards of directors

Member's name	Names of companies in which a member of the Board of directors is a member of their current boards of directors or one of their managers	Inside the Kingdom/ Outside the Kingdom	Legal entity (listed joint stock / unlisted joint stock / limited liability)	Names of companies in which a member of the Board of directors was a member of its previous boards of directors or one of its managers	Inside the Kingdom/ Outside the Kingdom	Legal entity (listed joint stock / unlisted joint stock / Limited liability)
Wael Saad Al-Rashed	- Aldrees Company (ALITCO) - Car rental agency Company - Bio-Acids Company	Inside Inside Inside	Joint stock closed Joint stock closed Joint stock closed	- United Wire Factories Company	Inside	Joint stock listed
Ahmed Siraj Khokir	- Gulf General Insurance Company - Najran Cement Company	Inside Inside	Joint stock listed Joint stock listed	-----	--	----
Rashid Suleiman Al-Rashid	- Tourism Projects Company (Shams) - Abdullah Abdulaziz Al-Rajhi Company	Inside Inside	Joint stock listed Joint stock closed	--	--	--
Abdullah Yahya Fitaihi	- Insightful Solutions Company	Inside	Limited liability	Al-Nahdi Company for Transportation and Logistics Services	Inside	Joint stock closed
Nasser Saleh Al Sorayai	- Adeem Finance - Restaurant world company - Al-Raeda Industrial Investments	Inside Inside Inside	Joint stock closed Limited liability Joint stock open	Tourism Projects Company (Shams)	Inside	Joint stock listed
Abdul Rahman Ibrahim Al-Hadlaq	- Car Rental Agency - Code Real Estate Company - Asas Makeen company - Clean Life Company	Inside Inside Inside Inside	Joint stock closed Joint stock closed Joint stock closed Joint stock closed	Abdul Rahman Al-Shaalan Sons Company. Sadr Logistics Services Company.	Inside Inside	Joint stock closed Joint stock listed

- Executive Management Team

S/N	Name	Current Position	Previous Position	Qualifications	Experiences
1	Monther Mohammed Al Sorayai	CEO	General Manager of Manufacturing Department	Bachelor's degree in Business Administration and Economics	27 years of experience in project management, procurement, manufacturing and factory management
2	Abdullah Yahya Ali Fitaihi	Manager of the Shared Services Department	General Manager of Supply Chain Management, Al Reef Sugar Refining Factory	Bachelor of Industrial Engineering and Master of Business Administration	21 years of experience in supply chain and operations
3	Ahmed Abdel Salam Al-Khattabi	Chief Financial Officer	Financial Controller	Bachelor of Accounting	12 years of experience in the field of accounting and auditing
4	Wissam Mohamed Sarmani	General Manager, Marketing and Sales	General Manager of Business Development for L'azurde Company	Bachelor of Information Engineering (Systems and Networks)	14 years of experience in marketing, sales, business development, and product development



03

Composition of the Board of Directors and classification of its members: Executive - Non-executive - Independent

Name	Membership Classification (executive / Non-executive / Independent)
Dr. Wael Saad Abdulaziz Al-Rashed (Chairman of the Board of Directors)	Independent board member
Dr. Ahmed Siraj Abdul Rahman Khokir (Deputy Chairman of the Board of Directors)	Independent board member
Mr. Rashid Suleiman Irashaid Al-Rashid	Independent board member
Eng. Abdullah Yahya Ali Fitaihi	Executive board member
Mr. Nasser Saleh Nasser Al Sorayai	Non-executive board member
Mr. Abdul Rahman Ibrahim Al-Hadlaq	Independent board member



04

Measures taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and their observations regarding the company and its performance.

The board of directors pays attention to the suggestions and observations of the shareholders regarding the company and its performance, Inform its members, especially non-executives, of such observations and discuss them through the Board's periodic meetings of Inquiries, observations, and proposals are received during the meetings of the General Assembly or through the Investor Relations Department (Investor Protection Program - Capital Market Authority portal - e-mail - Communication Center), which constitute the links between the board of directors and the shareholders' proposals and observations in coordination with the Board Secretary, where the board of directors is informed of the significant proposals and observations on a regular basis and interacts with them.

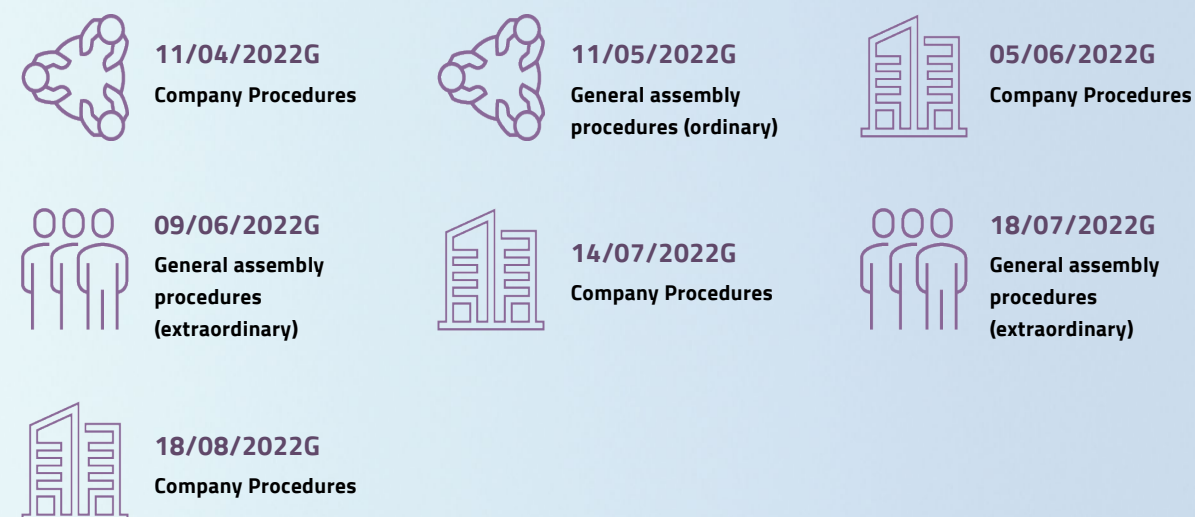
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A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of attending members of the Board of Directors:

S/N	Name	General Assembly meeting (Ordinary) (second meeting) May 11, 2022G	General Assembly meeting (Extraordinary) (Third meeting) July 18, 2022G
1	Dr. Wael Saad Al-Rashed	✓	✓
2	Dr. Ahmed Siraj Khokir	✓	✓
3	Mr. Rashid Suleiman Al-Rashid	✓	✓
4	Eng. Abdullah Yahya Ali Fitaihi	✓	✓
5	Mr. Nasser Saleh Al Sorayai	✓	✓
6	Mr. Abdul Rahman Ibrahim Al-Hadlaq	✓	✓

06

The Company's requests to shareholders register and the dates and reasons for such requests:



07

The means adopted by the Board of Directors in assessing its performance and the performance of its committees and members, and the external entity that carried out the assessment and its relationship with the company

The Remuneration and Nominations Committee identifies and follows up the weaknesses and strengths of the board of directors and its committees and proposes to address them according to the strategy and interest of the company. The board did not seek the assistance of an external party to assess the performance of its members and committees.

08

Meetings of Board of Directors

The board of directors held (4) meetings during the year 2022G. The board discussed in its meetings the topics included in a documented and specified agenda in accordance with its powers. The board of directors is committed to approving the financial statements in its periodic meetings, and in the event that the board meeting does not coincide with the time of issuance of the statements, then they are approved by passing. During the year 2022G, the board of directors took a number of decisions by passing. During the year 2022G, attendance of members to meetings was in person or through technological means (remotely), as follows:

S/N	Name	First meeting 30 March, 2022G	Second meeting 4 August, 2022G	Third meeting 12 September, 2022G	Fourth meeting 9 November, 2022G	Attendance
1	Dr. Wael Saad Al-Rashed	✓	✓	✓	✓	4
2	Dr. Ahmed Siraj Khokir	✓	✓	✓	✓	4
3	Mr. Rashid Suleiman Al-Rashid	✓	✓	✓	✓	4
4	Eng. Abdullah Yahya Fitaihi	✓	✓	✓	✓	4
5	Mr. Nasser Saleh Al Sorayai	✓	✓	✓	✓	4
6	Mr. Abdul Rahman Ibrahim Al-Hadlaq	✓	✓	✓	✓	4

09

A brief description of the competencies of the board committees, their chairmen, members, number of meetings, dates of their meetings and attendance data

a. Remuneration and Nomination Committee: Composition of the Remuneration and Nomination Committee:

Name	Position
Abdul Rahman Ibrahim Al-Hadlaq	Chairman of the Committee
Wael Saad Abdulaziz Al-Rashed	Member of the Committee
Nidal Khazaa Kallub	Member of the Committee

The following table shows the meetings of the Remuneration and Nomination Committee during the year 2022G:

S/N	Name	First meeting 15 January 2022G	Second Meeting 12 March 2022G	Third Meeting 10 Septem- ber 2022G	Fourth Meeting 5 November 2022G	Total Atten- dance
1	Abdul Rahman Ibrahim Al-Hadlaq	✓	✓	✓	✓	4
2	Wael Saad Al-Rashed	✓	✓	✓	✓	4
3	Nidal Khazaa Kallub	✓	✓	✓	✓	4

Terms of reference and tasks of the Committee:

The Remuneration and Nomination Committee shall be competent with regard to remuneration:

- Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;
- clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and providing recommendations to the Board in respect of the remunerations of its members, the committees members and Senior Executives, in accordance with the approved policy.
- Competencies of the Committee in terms of Nomination:
- Suggesting clear policies and standards for membership of the Board and the Executive Management;
- providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;

preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;

- determining the amount of time that the member shall allocate to the activities of the Board
- annually reviewing the skills and expertise required of the Board members and the Executive Management
- reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- providing job descriptions for the Executive, Non-Executive, and Independent Directors and the Senior Executive Management;
- setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- Carry out periodic review of the Corporate Governance Regulations and submit recommendations and proposals to the Board of Directors regarding amendments thereto in accordance with the legislation and regulations governing them and in accordance with the purposes and nature of the Company's activities.



b. Audit Committee: Composition of the Audit Committee:

Name	Position
Rashid Suleiman Al-Rashid	Chairman of the Committee
Khaled Abdulaziz Al-Hoshan	Member of the Committee
Abdullah Salem Al-Hayqi	Member of the Committee

The following table shows the meetings of the Audit Committee during the year 2022G:

	Name	First meeting 23 January 2022G	Second meeting 30 March 2022G	Third meeting 24 April 2022G	Fourth meeting 4 August 2022G	Fifth meeting 21 Septem- ber 2022G	Sixth meeting 8 November 2022G	Total Attendance
1	Rashid Suleiman Al-Rashid	✓	✓	✓	✓	✓	✓	6
2	Khaled Abdulaziz Al-Hoshan	✓	✓	✓	✓	✓	✓	6
3	Abdullah Salem Al-Hayqi	✓	✓	✓	✓	✓	✓	6

Competencies of the Audit Committee

1. Studying the internal audit reports and following up the implementation of corrective measures for the observations contained therein;
2. Monitoring and overseeing (within the scope of its duties and powers) the effectiveness of the governance and oversight mechanisms that regulate the relationship between the company and its subsidiaries, in a manner that does not conflict with the duties and powers of any other committee that supervises the implementation of the company's governance mechanisms;
3. reviewing and reassessing the adequacy of the tasks, rules, and controls established by these regulations from time to time and recommending any proposed changes to the Board of Directors, which shall study and recommend them to the General Assembly of Shareholders;
4. monitoring the company's business and verifying the soundness and integrity of the reports, financial statements, and internal control systems therein. The tasks of the committee include, in particular, the following:

Internal Audit

1. Approving and supervising the annual plans of the internal audit department and its work, and verifying their effectiveness in line with the regulations, laws and professional norms in this regard.
2. reviewing the organizational structure of the Internal Audit Department proposed by the company's management and recommending to the Board of Directors its approval.
3. Recommending to the Board of Directors the appointment or dismissal of the internal audit manager and determine his fees and incentives.
4. reviewing the company's internal and financial control and risk management systems, and preparing a written report that includes its recommendations and opinion on the adequacy of these systems and the other work it performed within the scope of its competence, in the light of what is required by the regulations, laws, and professional norms. The Board of Directors must deposit sufficient copies of this report in the company's head office at least ten days before the date of the general assembly meeting to provide every willing shareholder with a copy of it. The report is read during the meeting in accordance with the provisions of Article (104) of the Companies Law.
5. controlling and supervising the performance and activities of the internal audit manager and the internal audit department in the company, to verify the availability of the necessary resources and their effectiveness in performing their tasks and duties.

Company's Risk Management

1. Reviewing the risk management policy and framework in line with the company's objectives and strategy, and recommending them to the Board before approval.
2. advising the Board of the need to determine an acceptable level of risk (risk appetite) to which the company may be exposed, and to ensure that the company does not overpass it.
3. verifying the most important risks to which the company's business units and activities are exposed, and the management's response to deal with them appropriately, and make recommendations to the Board on issues related to managing major risks.
4. evaluating the effectiveness of the company's risk management system, including systems and mechanisms for identifying, measuring and following up the risks that the company may be exposed to; in order to identify its shortcomings.

Financial Reports

1. Considering the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency; and any other requirements required by the regulations, laws and professional norms in this regard
2. providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
3. studying any important or unusual issues contained in the financial reports and accounts, and carefully researching any issues raised by the CFO of the company or whoever assumes his duties in the company or the auditor.
4. Considering the company's annual estimated budget and make any observations thereon to the Board of Directors, if any.
5. examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
6. examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

Auditor:

1. Providing recommendations to the Board to nominate auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2. verifying the independence of the auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
3. reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work, and provides its opinion thereon;
4. reviewing the auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.
5. Considering the management letter submitted by the auditor after the annual audit process and following up the implementation of corrective measures for the observations contained therein by the management.

Insuring Compliance

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

10

Results of the annual audit of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system.

The Internal Audit Department carries out audit and review operations based on the prepared plan, which is based on the highest level of professional objectivity based on risk assessment and internal control procedures, which are approved and monitored continuously by the Audit Committee with the aim of evaluating and improving the effectiveness of both risk management and internal control. Work is underway to update the risk register established to ensure the effectiveness and adequacy of the company's internal control system, along with providing recommendations and proposals that ensure the company's achievement of its objectives. The audit process carried out by the internal audit department did not reveal any noticeable fundamental weakness in the company's internal control system. The audit committee studies the periodic reports issued by the internal auditor on an ongoing basis. It also follows-up on the implementation of corrective measures of the observations contained therein, and verifies the full response by the company's management to the issues that are identified and monitored through the activity and work of the committee. The audit committee believes that the current internal control system is effective and appropriate for the company in a relatively reasonable way.

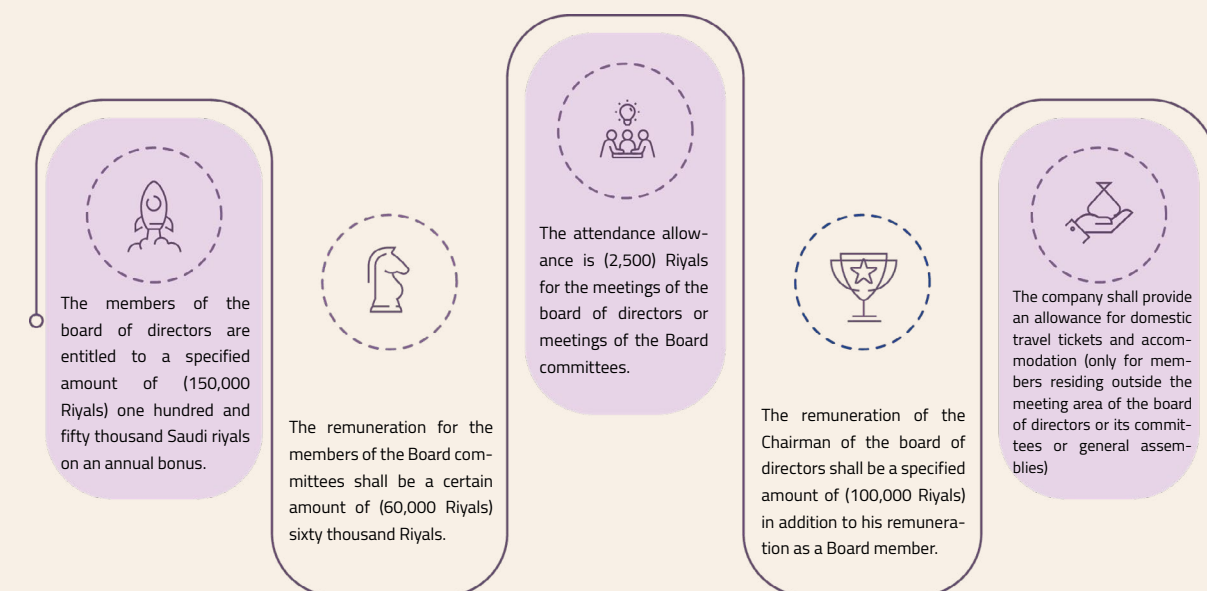
11

Remunerations of the members of the board of directors and the executive management in accordance with the standards and controls.

The members of the Board of Directors and its committees are entitled to remuneration based on a policy and in accordance with standards and controls approved by the General Assembly:

- The remunerations shall be fair and commensurate with the competencies of the members of the board of directors and the responsibilities that the members of the board of directors undertake and assume, and that they are appropriate to the nature of the company's business, its activity and size, the required skills and experience. They shall be a factor for attracting members of the board of directors with the required scientific and practical experience and qualifications to enhance and support the company's capabilities to achieve its goals.
- The remuneration of the members of the board of directors may be a specific amount or an allowance for attending sessions, in-kind benefits, or a certain percentage of the profits in accordance with the provisions of the Companies Law, the Corporate Governance Regulations, the rules and standards set by the Capital Market Authority, and the company's articles of association.

- The Board's report to the Ordinary General Assembly must include a comprehensive statement of all amounts that the members of the Board of directors received during the fiscal year in terms of remuneration, expenses and other benefits, and it should also include a statement of the amounts the directors received in their capacity as workers or managers of the company, or what they received in return for technical, administrative or consulting work.



as follows:

- The company secures travel tickets for members residing outside the region in which the meetings of the Board of directors or the meetings of the committees emanating from the Council or the general assemblies are held (for domestic flights) on a business class as possible, but if the ticket was purchased by a member of the Council or the committees emanating from Compensation according to the cost and a maximum of (2,500) Riyals for domestic flights, and in the event that the member does not wish to benefit from the value of the airline ticket, housing or transportation, an allowance of (2,500) Riyals is paid.
- The company provides accommodation at an executive room in a five-star hotel approved by the company for a maximum of two nights for members residing outside the region in which the meetings of the board of directors or meetings of board committees or general assemblies are held (inside the Kingdom, and if accommodation is provided by the member himself, it shall be compensated according to the cost, up to a maximum of (1,000) Riyals per night.
- The board of directors may approve a remuneration for the Board Secretary and the board committee secretaries based on the recommendation of the Remuneration and Nominations Committee.



The company has the right to claim a member of the board of directors for compensation for damage to its reputation and to recover any remunerations and compensation paid to him as well as and any other costs incurred by the company, in the following cases:

- A member of the board of directors commits an act of dishonor or dishonesty, forgery, or a violation of the laws and regulations in the Kingdom of Saudi Arabia.
- Failure of a member of the board to carry out his responsibilities, tasks and duties, which results in harming the interest of the company.
- Termination of the board member by a decision of the general assembly due to his absence from three consecutive meetings within one year without an excuse acceptable by the board of directors. This member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remunerations paid to him for those periods.
- If the Audit Committee or the Capital Market Authority finds that the remunerations paid to any member of the board of directors are based on incorrect or misleading information presented to the general assembly or included in the annual report of the board of directors.

The relationship between the granted remuneration and the applicable remuneration policy, along with indicating any material deviation from the policy.

The Remuneration and Nominations Committee studies the relationship between the granted remunerations and the applicable remuneration policy, and also studies deviations from the policy. The committee did not find any material deviation from the policy.

Board members' remuneration for the fiscal year 2022G:

S/N	Classification/ Member's Name	Position	Variable Remuneration (SAR)							Fixed Remuneration					Severance Pay	Grand Total	Expense allowance
			Specific Amount	Board session attendance allowance	Total allowance for attending committee sessions	In-Kind Benefits	Remuneration for Technical, Managerial, and Consulting work	Remuneration of the chairman, managing director or secretary if he is a member	Total	Percentage of profits	Periodic remuneration	Short incentive plan	Long incentive plan	granted shares (Enter amount)			
Firstly: Independent Members																	
1	Wael Saad Al-Rashed	Chairman	150,000	10,000	10,000	-	-	100,000	270,000	-	-	-	-	-	-	270,000	-
2	Dr. Ahmed Siraj Khokir	Member	150,000	10,000	-	-	-	-	160,000	-	-	-	-	-	-	160,000	-
3	Rashid Suleiman Al-Rashid	Member	150,000	10,000	10,000	-	-	-	170,000	-	-	-	-	-	-	170,000	-
4	Abdul Rahman Al-Hadlaq	Member	150,000	10,000	10,000	-	-	-	170,000	-	-	-	-	-	-	170,000	-
Secondly: Non-Executive Members																	
1	Nasser Saleh Al Sorayai	Member	150,000	10,000	-	-	-	-	160,000	-	-	-	-	-	-	160,000	-
Thirdly: Executive Members																	
1	Abdullah Yahya Ali Fitaihi	Member	150,000	10,000	-	-	777,948	-	777,948	-	-	-	-	-	-	937,948	-
Total			900,000	60,000	30,000		777,948	100,000	1,867,948							1,867,948	

Committee members' Remunerations

Members of the Nomination and Remunerations Committee					
S/N	Member's Name	Position	Annual Fixed Remuneration (SAR) (except for session attendance allowance)	Allowance for attending sessions (SAR) (SAR 2,500 per session)	Total
1	Abdul Rahman Ibrahim Al-Hadlaq	Committee Chairman	60,000	10,000	70,000
2	Wael Saad Al-Rashed	Member	60,000	10,000	70,000
3	Nidal Khazaa Kallub	Member	60,000	10,000	70,000
Total			180,000	30,000	210,000

Members of the Audit Committee					
S/N	Member's Name	Position	Annual Fixed Remuneration (SAR) (except for session attendance allowance)	Allowance for attending sessions (SAR) (SAR 2,500 per session)	Total
1	Rashid Suleiman Al-Rashid	Committee Chairman	60,000	10,000	70,000
2	Khaled Abdulaziz Al-Hoshan	Member	60,000	15,000	75,000
3	Abdullah Salem Al-Hayqi	Member	60,000	15,000	75,000
Total			180,000	40,000	220,000

▪ (If the meeting of the Board coincides with one of the committees or the meeting of two committees, then only one attendance allowance is paid).

Remuneration of Senior executives:

Based on a recommendation from the Nominations and Remuneration Committee, the board of directors determines the remunerations of senior executives according to the following criteria:-

1. The remunerations and compensations shall be compatible with the company's strategic objectives, and a factor to motivate senior executives to achieve such goals, and enhance the company's ability to develop, sustain, and grow its business.
2. They should be appropriate to the nature of the company's business, its activity, size, and the required skills and experience.
3. They shall enable the company to attract senior executives with capabilities, skills and qualifications necessary to enable the company to achieve its objectives.
4. They shall take into account the practices of other companies in determining remuneration.
5. Remuneration should be determined based on job level, tasks, responsibilities, skills, level of performance, academic qualifications and practical experience.

Remunerations of Senior Executives

S/N	Positions of Senior Executives	Fixed Remuneration (SAR)				Variable Remuneration						Severance Pay	Total executive remuneration for the board, if any	Grand Total
		Salaries	Allowances	In-Kind Benefits	Total	Periodic Remunerations	Profits	Short-Term Incentive Plans	Long-Term Incentive Plans	Granted Shares (enter amount)	Total			
1	CEO	780,000	273,000	39,264	1,092,264	-	-	-	-	-	-	-	-	1,135,536
2	CFO	255,733	83,267	77,260	416,260	-	-	-	-	-	-	33,958	-	450,218
3	General Manager, Sales and Marketing	499,200	160,800	68,296	728,296	-	-	-	-	-	-	27,120	-	755,416
4	Manager, Joint Services	476,640	226,656	45,744	749,040	-	-	-	-	-	-	28,908	160,000	937,948
5	General Manager, Manufacturing	361,642	77,113	39,468	478,223	-	-	-	-	-	-	0	-	478,223
Total		2,373,215	820,836	270,032	3,464,083	-	-	-	-	-	-	133,258	160,000	3,757,341

12

Interests and rights of the Board members in the company's shares

Ownership percentage of the members of the board of directors and senior executives, including the shares of their relatives in the company, and any change in that interest during the fiscal year 2022G, knowing that they do not have any interest in debt instruments.

A Description of any interest, contractual papers and subscription rights belonging to Board members in the company's shares and debt instruments							
Names of Board members	Position	Beginning of the year, January 1, 2022G		End of the year, December 31, 2022G		Net change	Change (%) Variation
		No. of shares	Debt Instru-ments	No. of shares	Debt Instru-ments		
Dr. Wael Saad Al-Rashed	Chairman of the Board	34	None	200	None	166	488 %
Dr. Ahmed Siraj Abdul Rahman Khokir	Deputy Chairman	171	None	88	None	83	49 %
Mr. Rashid Suleiman Irashaid Al-Rashid	Board Member	10	None	5	None	5	50%
Eng. Abdullah Yahya Ali Fitaihi	Board Member	0	None	0	None	0	0%
Mr. Nasser Saleh Nasser Al Sorayai	Board Member	0	None	0	None	0	0%
Mr. Abdul Rahman Ibrahim Al-Hadlaq	Board Member	0	None	0	None	0	0%

Interest, contractual papers and subscription rights belonging to senior executives and their relatives in the company's shares

Names of senior executives And their relatives who have interests in the company	Beginning of the year, January 1, 2022G		End of the year, December 31, 2022G		Net change	Change (%)
	No. of shares	Debt Instru-ments	No. of shares	Debt Instru-ments		
There are no interests for senior executives	-	-	-	-	-	-

13

Social Contribution

In line with the Kingdom's Vision 2030, during the year 2022G, Naseej International Trading Company was keen to participate in training female students (fresh graduates) of Jazan University in the Research and Development Department. A training course for engineering students, in cooperation with the Engineering Club, King Abdulaziz University, Jeddah.



Activity, Planning and Performance

02

14

Incorporation and activity

Naseej International Trading Company is a leading companies in the Middle East in the field of manufacturing and trading carpets, rugs and industrial yarns. It was founded in 1953G, became a closed Saudi joint stock company in the year 2007G, and was converted into a Saudi joint stock company listed on the Saudi Stock Exchange (Tadawul) on 22 February 2010G. The company distributes and sells its products in the local and foreign markets. The company's headquarters is located in the city of Jeddah.

The company's activities are divided into three main activities:

Industrial activity

The industrial activity is manufacturing carpets and rugs through the Carpet Factory, which has two operating licenses for the carpet factory and the rug factory. The industrial activity is also represented in the field of manufacturing industrial yarns through the Jeddah Factory for Industrial Yarns.

Commercial activities

This activity is represented in internal trade (wholesale and retail) of the company's products. The company operates through many branches and sales centers, which are showrooms and warehouses. The company's commercial activity also includes exporting the company's products to some Arab countries and Africa.

Investment activity

The company may establish companies on its own (limited liability or closed joint stock) provided that the capital is not less than (SAR 5) Million. It may also own stocks and stakes in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint-stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. Naseej owns 25% of the shares of the Arab Company for Calcium Industry. Ltd.



The Carpet Factory was built on 30/07/1405H. It is located in Jeddah - the industrial area, fourth phase. The Carpet Factory produces a variety of carpet designs that cover the needs of the market, such as high-quality, low-priced carpets to the types used in offices and mosques. These products are sold in the local market. It is also exported to many countries around the world.



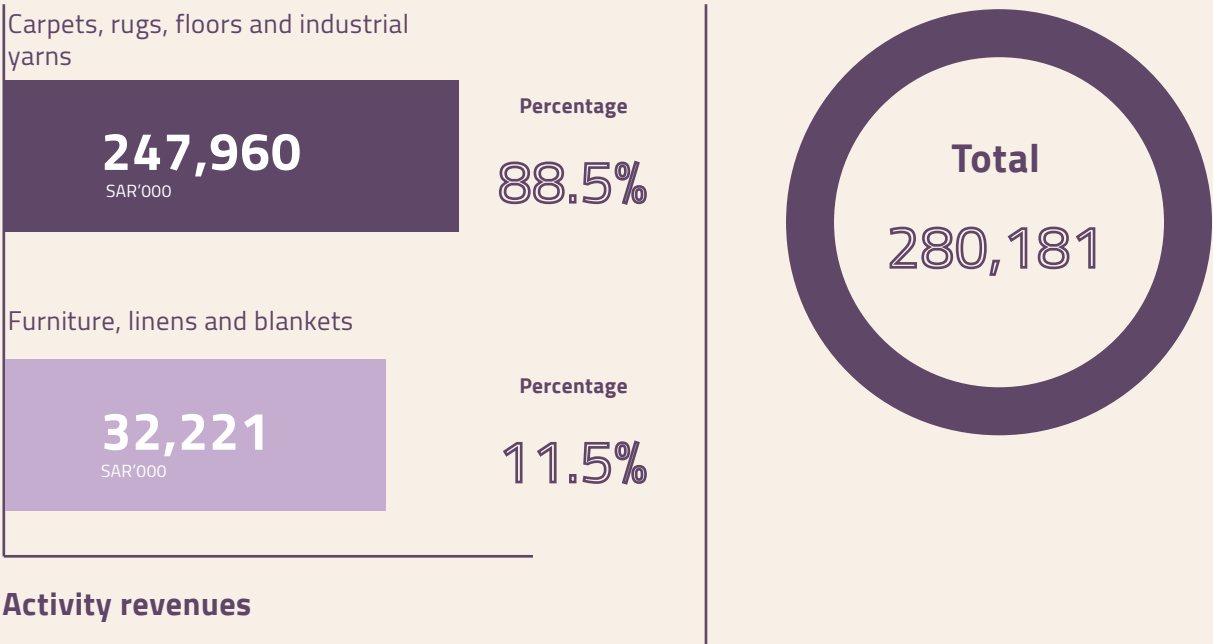
The carpet factory, located in the city of Jeddah - the industrial area, the fourth phase, where it manufactures all the requirements of the market, whether in residential units, hospitals, hotels, offices, and lobbies. The factory produces high-quality carpets with special specifications, including carpets made of wool, acrylic, and silk, as well as high-quality heat-resistant rugs, to meet all requirements of the local and international markets



A factory for production of nylon and polypropylene yarns was established in Jeddah, known as the Jeddah Yarn Factory, which was built on 23/01/1417H. Nylon and polypropylene yarns are among the main elements in the manufacture of rugs and carpets. This factory provides productive feed to manufacturers of carpets and rugs, and it also sells part of its production international markets.

The following table shows the revenues of the activity and its percentage from the total activities (amounts in SAR thousands)

No	Activity name	Activity revenues	Percentage
1	Carpets, rugs, floors and industrial yarns	247,960	88.5 %
2	Furniture, linens and blankets	32,221	11.5 %
Total		280,181	100%



Main activities of subsidiaries

The activity of the subsidiaries is summarized in the maintenance service for factories. They are engages in providing project services for furnishings, rugs, carpets and all types of floors., as well as wholesale trade in carpets and floors. There were no revenues from the subsidiaries during the year 2022G (no activity).

15

The company's important plans and decisions (including structural changes to the company, expansion of its business, or cessation of operations) and Prospects

First - the most important announcements and Milestones:



The period between March 30, 2022G to August 11, 2022G

Announcement of the Board of Directors' recommendation to reduce the company's capital - Announcement of appointing of a financial advisor to reduce the capital - filing the request to reduce the company's capital to the Capital Market Authority - Announcement for inviting the shareholders to attend the extraordinary general assembly meeting that includes reducing the company's capital (first meeting) - Announcement for the starting date of electronic voting on the items of the Extraordinary General Assembly meeting that includes reducing the company's capital (first meeting) - Announcement for not convening the extraordinary general assembly meeting that includes reducing the company's capital (the first and second meeting an hour after the first) - Announcement for inviting shareholders to attend the meeting of the extraordinary general assembly that includes reducing the company's capital (third meeting) - Announcement for starting the electronic voting on the items of the extraordinary general assembly meeting that includes reducing the company's capital (third meeting) - Announcement of the results of the extraordinary general assembly meeting that included approval of reducing the company's capital (third meeting) - Announcement for reducing the company's accumulated losses to 0% of the capital - Announcement for depositing the amounts resulted from the sale of fractional shares as a result of capital reduction in the accounts of the eligible shareholders.



The period between 06 April 2022G to 12 May 2022G

Announcement for inviting the company shareholders to attend the ordinary general assembly meeting (first meeting) - Announcement of the starting date of electronic voting on the items of the ordinary general assembly meeting (first meeting) - Announcement of the results of the ordinary general assembly meeting (second meeting) approving all items (board report - auditor's report - financial statements - appointing the auditor - discharging the members of the board of directors - works and contracts - delegating the board of directors with the authority of the ordinary general assembly stipulated in paragraph (1) of Article 71 of the Companies Law - amending the remuneration policy of the board of directors, committees and executive management of the company - amending the work regulations of the Audit Committee - amending the work regulations of the remuneration and nominations committee - changing the aspects of disbursement of the subscription proceeds in the capital increase of the company mentioned in the prospectus published on November 8, 2021G.



September 12, 2022G

Announcement of approving work with production and commercial units using the Strategic Business Units (SBU) method.

Announcement of the Board of Directors' recommendation to increase the company's capital by issuing rights valued SAR 108,973,010. The capital increase is attributable to reducing lending rates - financing working capital - supporting the project to transform the company into operating in the manner of strategic units.

Financial Results Announcements

March 30, 2022G: Annual financial results for the period ending on December 31, 2021G	August 4, 2022G: Interim financial results for the period ending on June 30, 2022G
April 25, 2022G: Interim financial results for the period ending on March 31, 2022G	November 9, 2022G: Interim financial results for the period ending on September 30, 2022G

Second: The plans and decisions of the company, cessation of its operations, and prospects:

In line with the restructuring plan and the challenges of the current period, the board of directors of the company took a number of procedures and decisions as follows:

- The board of directors recommended and obtained approval of the assembly to increase the company's capital by offering rights according to the following: Capital before reduction was SAR 211,632,010, capital after reduction became SAR 108,973,010 the reduction percentage represented 48.51%, the number of shares before reduction was 21,163,201 shares, number of shares after reduction became 10,897,301 shares. The reason for reducing capital is to extinguish the accumulated losses in the amount of (SAR 102,659,000), method of reducing the capital: canceling (10,265,900) shares of the company's shares, (0.485) shares will be reduced for every (1) share.
- The board of directors approved the adoption of working with production and commercial units using the Strategic Business Unit (SBU) method, based on the recommendation of the investment team, supported by the consultation and presentation provided by Wasata Capital as follows:-
- Divide the production and commercial departments into three strategic units according to the following:
 - a. A strategic unit for the thread factory.
 - b. A strategic unit that includes the carpet factory and the rug factory.
 - c. A strategic unit that includes wholesale, retail sales and project sales.
- The leader of each unit is assigned to prepare the necessary plans for the development of the strategic unit, which includes an executive plan for separating the unit in the future in an independent company, developing partnerships that serve the objectives of the unit, preparing appropriate studies with the possibility of offering them in future in the financial market. The board of directors prepares future plans and studies for the expansion of the company's business and focuses on operations and follows-up on the main performance standards for all departments, and prepares plans to focus on increasing production capacity, which will reflect positively on sales performance and achieve targets,
- And future expectations according to the increase in spending on renovation and reconstruction activities on existing buildings and modernization, which is one of the main factors that increase the demand in the market. The growth of the residential construction sector may lead to an increase in the demand for carpets and rugs.

Third: Company strengths and competitive advantages:

Naseej is distinguished by the quality of its products manufactured locally in its factories, especially carpets. In detail, its strengths and competitive advantages are as follows:

1. The company uses the latest technologies available in the manufacture of yarns used for the manufacture of carpets and rugs.
2. It relies on the highest standards in using the finest raw materials according to international standards.
3. The company has a widespread network and distributors to meet the needs of its customers in all regions of the Kingdom and abroad.

16 Risk Management

Risks are an integral part of any commercial and industrial activity. Risks are managed in the company after defining them, defining their scopes, evaluating their likelihood of occurrence, estimating the effects that may result from them, and then taking the necessary measures to mitigate, avoid and contain such risks as much as possible to avoid or mitigate the impact of any damages that may emerge in the event of their occurrence. The company deals with the risks inherent in its strategy in order to achieve its objectives. Hence, the company has developed and implemented an approved policy and framework for risk management, and this course of action raises awareness of risks at all levels of management, ensures appropriate risk management, improves features of business units to be more effective and transparent, and thus allows for the comparison and aggregation of risks and provides the opportunity to engage in a collective approach in managing them.

The main business of the company is concentrated in manufacturing carpets and rugs, which may be affected by the following risks:

Competitive risks

The company works to sell its products in competitive markets subject to the forces of supply and demand, which exposes the company to competitive risks and other products such as vinyl, parquet and ceramics. The various sales units seek to deal with and manage these risks in a manner commensurate with their capabilities and the consequences of their occurrence and the extent of their impact on its performance and business results.

Economic risks:

The global economic condition, recession and stagnation in the economy and political turmoil in parts of the world may in turn affect the company's products by reducing demand for products and result in a decrease in selling prices locally and abroad.

Technology risks:

The technical system used in the company has been developed in line with its business, as the company relies heavily on computer systems and technical development in managing its assets and monitoring its activities and financial records. Therefore, the company's continuity in performing its activities in a satisfactory manner is dependent on its ability to secure efficient performance of those systems. The company constantly manages technology risks by preparing appropriate and precautionary plans that are implemented to reduce the risk of business continuity being affected.

Risks related to the main raw materials and change in their prices:

The products of Naseej International Trading Company, whether carpets, rugs or industrial yarns, depend on finished raw materials. Raw materials and for manufacturing may not be available or there may be any interruption in their supply for any economic reasons, whether total or partial, or because of natural disasters, which will affect the company's business. Furthermore, the change in the prices of raw materials used in the production of the company will affect the results of the company's operations. The company manages this risk by providing raw materials to operate its factories at the minimum levels required for future periods of time.

Risks related to the export market:

This is because the company's returns from the export market are subject to the abundance of foreign markets that absorb the company's products, and any changes in political positions between governments or export bans.

Risks of unexpected accidents:

The company's factories consist of several production lines and machines, and in the event of any defect, malfunction, or sudden interruption in the work of these lines or machines, this would negatively affect the company's production throughout the period of the defect, malfunction, or interruption; and thus negatively affecting the company's business, prospects and results of operations throughout the period of stopping production, whether for technical reasons (such as interruption of electricity, energy or water supplies) or exposure to any emergency accident, or any of the natural disasters, as this will have a material negative impact.

Risks of lack of financial resources:

The company may not be able to provide the necessary financial resources to exploit the production capacity that enables it to produce new products that contribute to improving the profit margin. The lack of the necessary financial resources could negatively affect the company's financial performance and results of its operations.

Risks of inflation and slow movement of inventory:

The inflation and slow movement of inventory may force the company to sell part of its products at discounts that affect the targeted profit margins, which negatively affects the company's financial performance, taking into account the provisions made to counter this slowdown.

Commission rate risk:

Commission rate risk arises from the possibility of commission rates fluctuating, which will affect future profitability or fair values of financial instruments. The company is exposed to commission rate risk on its liabilities for which commission is paid, specifically amounts due to banks. The management works to limit the company's commission rate risk by monitoring changes in the commission rates of the currencies related to the liabilities on which the company pays commission.

Risks of differences in Zakat and tax amounts:

The company, like other registered entities and companies that operate in the Kingdom, is obligated to submit its tax returns within 30 days of every month following the month closing, and its Zakat declaration within 120 days of the end of the fiscal year, for the purpose of complying with the instructions and obtaining the certificate issued by the General Authority of Zakat and Tax. Since the Zakat assessments for many financial years have not been issued at all, and this is what is stated in the audited annual financial statements, there is a risk that the company will be obligated to pay more amounts to the General Authority of Zakat and Tax than the amounts allocated for those years, which will negatively affect the results of the company.

Credit risk:

This risk refers to the risk of the counterparty's inability to fulfill its contractual obligations, which leads to a financial loss for the company. Credit risks arise on liquid assets, non-current financial assets, derivative assets, commercial and other receivables. The company aims to reduce financial credit risks through the application of relevant risk management policies along with the application of international standards that determine the financial impact resulting from credit risks, so that credit limits are determined based on the size of each customer and the risk of default. The methodology used to determine the credit limit takes into consideration other parties, credit ratings, risk ratios, and the probability of default when conducting a commercial and technical assessment of this party to determine its credit limit. These limits and the extent to which they are adhered to are monitored regularly, taking into account the development of the above-mentioned information, and as a result of this continuous monitoring, changes are made to the credit limits. The company avoids concentrating credit risks on its current assets by distributing it to several clients and sectors. Given the fact that the company's geographical customer base is large and wide-spread, the company is not exposed to significant credit risk on its trade receivables. However, the company applies International Financial Reporting Standards to face expected credit losses.

Liquidity risk:

These are represented in the inability to provide the necessary financing to meet the company's obligations related to its financial instruments. Liquidity risk results upon inability to sell a financial asset quickly and for an amount close to its fair value and poor collection from customers. Liquidity risk is managed by constantly monitoring it to ensure that sufficient liquidity is available to meet the company's future obligations.

Foreign currency risk:

The company is exposed to foreign currency risk from transactions and translation of foreign currency. These risks are managed based on a prudential and systematic policy according to the company's specific business needs through the use of swap agreements with banks.

Fair value:

It is the value according to which an asset is exchanged to pay off a liability between willing parties, and it takes place on the same terms as dealing with other parties. Since the financial statements are prepared on the basis of historical cost, this can result in differences between the book value and fair value estimates. For other financial assets and liabilities, management believes that the fair value of other financial instruments is not materially different from their book value.

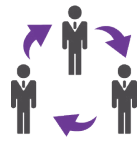
Capital risk:

The Company's objectives when managing capital are to preserve the Company's ability to continue as a going concern, so that it can continue to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may obtain/repay financing from/to various financial institutions.

Risks of litigation and legal claims:

The company may be exposed, in the normal course of business, to lawsuits and claims related to its operations. The company does not guarantee that there will be no conflict between it and other parties it deals with, such as suppliers, distributors, and others, which may lead to filing cases with the competent judicial authorities. As a result, the company may be subject to legal claims and investigations from government agencies.

The company always seeks to develop and improve its policy in managing various risks and the main steps to apply such a policy appropriately (risk identification, risk assessment, risk management, risk review), its compatibility with the company's objectives, monitoring the extent to which the company can bear risks, focusing on the most important risks affecting all business, the ability of the Management plan to respond and confront the risks listed in the risk register and look at them in the light of the company's appetite to risks, and monitor and ensure the appropriate application of risk management framework within the business units.



Human Resource Department:

Human Resources and Business Development Department is the department that focuses on the human element as the most valuable resource for Naseej International Trading Company.

Duties of Human Resource Department:

The Human Resources Department carries out many tasks and activities aimed at providing a valid work environment and enabling its employees to perform their work in the best way to reach the best results through:

- Recruitment, training, mentoring, development and performance appraisal.
- Supporting and motivating employees' creativity and innovation.
- Strengthening relations among employees and coordination between different departments.
- Ensuring compliance with labor regulations and the Kingdom's policy regarding workers in terms of nationalization of jobs and Saudization ratios.
- Formulating and updating policies and procedures, in line with market requirements and employee rights.
- Planning to overcome problems and crises and achieve operational and strategic objectives that are in line with the company's strategic objectives.

Achievements of the Human Resources Department for the year 2022G:

- Updating and developing the human resources policy in line with its objectives and the needs of its employees.
- Activating the retirement program for the company's employees in accordance with the retirement policy in the Kingdom.
- Increasing the rates of Saudization for the localized jobs according to the updates and decisions issued by the Ministry of Human Resources.
- Entering into a training and development agreement for employees with the Higher Institute of Technology in Jeddah. It is introduced in cooperation with SABIC to provide free courses for the company employees as a community service.
- Carrying out incentive initiatives to retain the company's efficient employees.
- Improving medical insurance services for employees and contracting with the largest distinguished medical insurance companies in the Kingdom.
- Activating sports and social activities for the company employees in the residential complex and improving the quality of services provided to them.



Marketing Department:

The Marketing Department sets marketing plans and the tasks that the company undertakes in the short and long term to achieve its continuity and growth. These strategies are implemented through various marketing channels. One of the tasks carried out by the Marketing Department is to work with the rest of the company's departments to improve efficiency in all areas of the company.

Client Relations: -

Customer Relationship Management falls under the marketing department and is responsible for developing effective relationships with customers and increasing their loyalty to the company in addition to hearing their opinions about specific brands and commercial activities. Customer service also includes procedures such as providing product suggestions, troubleshooting and solving problems and complaints, or responding to public questions.

The company's website:

The website enables a better relationship with customers and also helps attract potential investors to explore the company's work and what it can do in future. It also streamlines promotion for products and services. The site is interested in updating the Investor Relations section in line with instructions and guidelines, as well as providing information easily and conveniently to shareholders.



Information Technology Department:

Naseej is interested in managing information technology to take advantage of all data and technical developments and employ them to improve the work environment, improve the efficiency of its performance, and serve its customers and employees in all fields. It has taken care of many systems as follows:

SD-WAN project

Communicate with vendors to implement the application across Naseej Group. This project benefits the organization in reducing cost and dependency on the Internet Service Provider and improving network performance.



Health, Safety, Security and Environment Department:

The occupational health and safety policy is based on our belief that the well-being of employees, or the people affected by our work and the environmental impact of our products, is a major priority and must be taken into consideration during work performance. Employees and the environment are among our most important assets, and the health and safety of workers is our greatest responsibility, and we are giving our clients and customers equal priority to our employees. Naseej Health, Security, Safety and Environment policy is to provide products and services in a safe manner that takes into account the environment in order to protect all our partners and assets and to apply local and international standards. Naseej is committed to providing the necessary resources and administrative structure for the implementation and continuous development of health, security, safety and environment management systems and programs. The company complies with the relevant laws, regulations and other requirements that prevent pollution, reduce and ultimately eliminate workplace injuries and illnesses, and educate and empower our partners on health, safety and environmental matters.



Politics :

1. Provide an accident-free work environment, by complying with all relevant health and safety laws, regulations and codes of practice.
2. Making health and safety an integral part of all levels of employees in the company
3. Ensure that health, safety and the environment are integral in all planning and work activities, and involve our staff and volunteers in decision-making processes through regular communication, consultation and training.
4. Provide an ongoing program of education and training to ensure that our staff and volunteers work in the safest manner possible.
5. Identifying all potential risks in the workplace by identifying and analyzing them upon receiving the risk warning related to the jobs of each employer.
6. Ensure that all potential accidents are controlled and prevented, and provide effective injury and rehabilitation management for all staff and volunteers.
7. Conduct proper planning for fire prevention and emergency plan.
8. Compliance with all legal requirements and regulations related to health, safety and the environment.
9. Obtaining resources to ensure overall environmental safety.
10. Applying a technology that is harmless to health and environmentally friendly.
11. Ensure environmentally safe products by studying the life cycle of products with an appropriate disposal plan.
12. Ensure that waste is sorted and disposed of properly without affecting the environment.

17

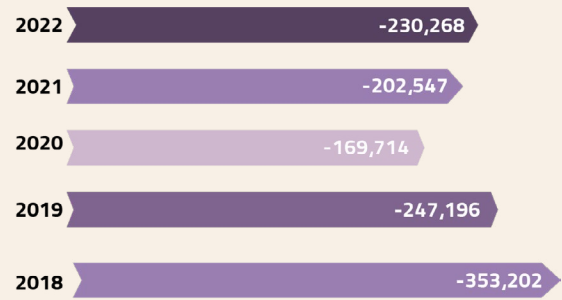
Assets, Liabilities and Business Results for the last 5 years

The following table and chart shows assets and liabilities for the last five fiscal years:

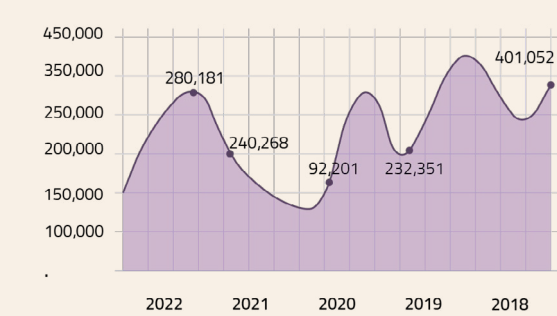
Assets and Liabilities for the last five years (Amounts in SAR)						
Year	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities
2022G	232,154	179,820	411,974	128,887	177,698	306,585
2021G	258,314	200,659	458,973	148,180	201,820	350,000
2020G	295,904	215,639	511,543	205,472	250,638	456,110
2019G	281,999	237,349	519,348	285,645	200,608	486,253
2018G	439,898	241,797	681,695	435,064	96,579	531,643

The following table and chart shows the business results for the last five fiscal years:

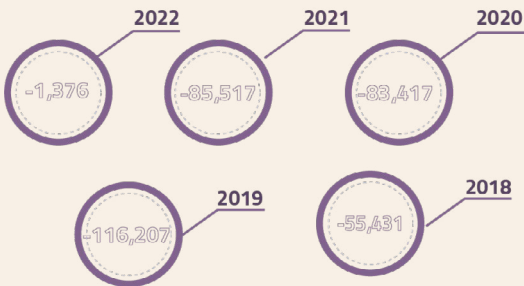
Cost of Revenues



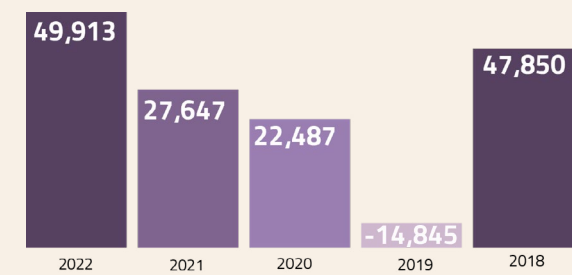
Revenues



Net Profit



Gross Profit

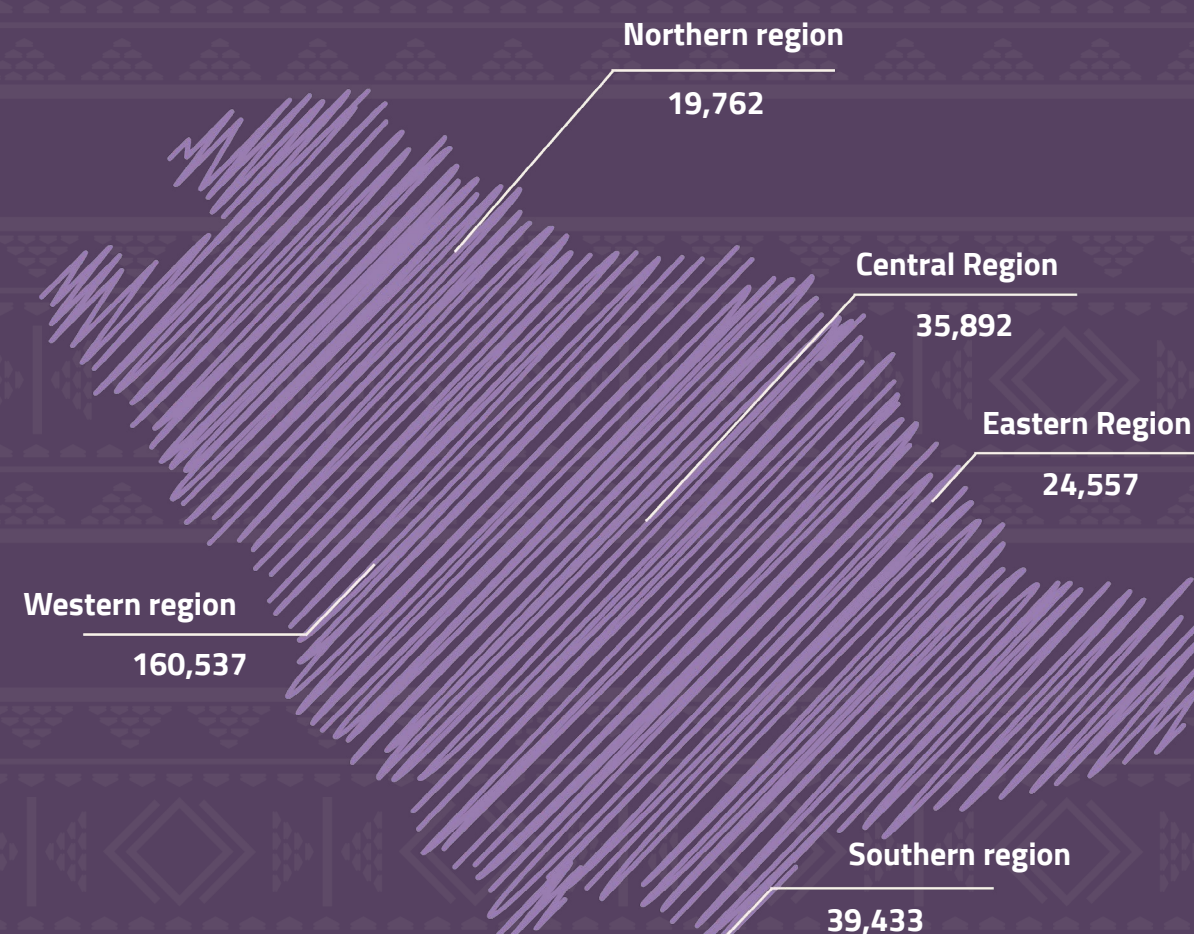


18

Geographical analysis of the revenues of the company and its subsidiaries

a. Geographical analysis of the revenues of the company

(Amounts in SAR'000)



Total : 280,181

b. Geographical analysis of the revenues of the company's subsidiaries

There is no geographical analysis for revenues of the subsidiaries in 2022G, as they are all suspended from activity.

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A statement of any material differences in the operating results from the results of previous years or any expectations announced by the company

(Amounts in SAR'000)

Item	2022G	2021G	Changes +/-	Change (%)
Sales/revenue	280,181	230,196	49,985	22%
Cost of sales/revenue	(230,268)	(202,547)	(27,721)	14%
Gross profit	49,913	27,649	22,264	81%
Operations expenses	(47,827)	(101,672)	53,845	(53%)
Other revenue (expenses)	8,885	543	8,342	1536%
Profit (loss) from operations	10,971	(73,480)	84,451	(115%)
Other financial charges and expenses	(5,462)	(9,700)	4,238	(44%)
Before Zakat (loss)	5,509	(83,180)	88,689	(107%)
Deducted: Zakat and income tax	(6,885)	(2,337)	(4,548)	195%
Net loss for the year after Zakat	(1,376)	(85,517)	84,141	(98%)

The reason for the decrease in net losses during this year compared to the previous year by 98% (by (1.3) million riyals compared to (85) million riyals compared to the previous year) is due to the increase in sales by 22% and the increase in total profit by 81% as a result of better utilization of production capacity by focusing on raising production rates and reducing direct and indirect costs, and the exploitation and sale of stagnant inventory contributed to the improvement of the overall profit, along with the decrease in selling expenses and administrative, and the impact of IFRS 9 on financial results was the formation of an additional provision of SAR 4.9 million

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Clarification of any deviation from accounting standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and interpretations approved by the Saudi Organization for Certified Public Accountants.

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Subsidiaries: Below is a list of the subsidiaries of Naseej International Trading Company

Company Name	Main Activity	Country of Establishment	Country of Operations	Capital	Ownership (%)
The Home Styles Company (Limited liability)	Retail trade in carpets, rugs, floors, furniture, blankets, curtain fabrics and accessories	United Arab Emirates - Dubai	Kingdom of Saudi Arabia- Jeddah	SAR 100,000	100%
Al-Sorayai Operation and Maintenance Company (Limited liability)	Maintenance services for factories, companies, government and private institutions	Saudi Arabia- Jeddah	Kingdom of Saudi Arabia- Jeddah	SAR 100,000	100%
Al-Sorayai Projects Company (Limited liability)	Governmental and private project services for rugs and carpets	Saudi Arabia- Jeddah	Kingdom of Saudi Arabia- Jeddah	SAR 100,000	100%

Subsidiaries have suspended activity

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The Company’s Dividends Policy

The company's annual net profits are distributed as follows:

- (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 setting aside when the aforementioned reserve reaches (30%) of the paid-up capital.
- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside (5%) of the net profits to form a consensual reserve to be allocated for purposes.
- The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or guarantees the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits to establish social institutions for the company's employees or to assist the existing such institutions.
- The remainder shall be distributed among the shareholders, at least 5% of the paid-up capital of the company.
- Subject to the provisions stipulated in (Article Twenty) of this Bylaw, and (Article Seventy Six) of the Companies Law, after the foregoing, a percentage not exceeding (10%) of the remainder shall be allocated to the remuneration of the board of directors if the remuneration is a specific percentage of the company's profits, provided that the entitlement to this remuneration shall be proportional to the number of sessions attended by the member.
- A shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard. The decision shall indicate the date of maturity and the date of distribution. The eligibility of the profits is for the shareholders registered in the shareholders' records at the end of the day specified for the entitlement.
- Naseej International Trading Company did not pay dividends to shareholders for the fiscal year 2022G.



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Loans and total indebtedness of the company

following are details of total loans and total repayments and information related to them during the fiscal year 202G:

(Amounts are in thousands of riyals)

S/N	Lender's name	Loan Principal Amount	Loan term	Repayment during 2022G	Total indebtedness of the company and its subsidiaries
1	Riyad Bank	115,345	7 Years	8,642	106,703
2	Saudi National Bank	28,045	3 Years	2,111	25,934
4	Al Rajhi Bank	53,000	3 Years	26,000	27,000
4	British Saudi Bank	11,027	half a year	1,812	9,215
5	Saudi Development and Investment Fund	22,657	3.5 Years	1,750	20,907
6	Ministry of Finance	22,442	1 Year	2,207	20,236



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Regulatory Payments

following are the details of the regulatory payments during the fiscal year 2022G:

(Amounts are in SAR thousands)

Description	2022G (SAR' thousands)		Brief Description
	Paid	Due until the end of the annual financial period and has not been paid	
Zakat, Tax and Customs Authority	3,115	6,779	Zakat
	10,837	1,288	Value added tax
General Organization for Social Insurance	2,639	239	Employees Social Insurance
Visa and passport costs	362	00	Iqama renewal costs and exit re-entry visas
Labor Office fees	2,675	00	Work permits
Custom duties	1,128	00	Customs duties for import and export

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Any penalty, fine, precautionary measure, or precautionary restriction imposed on the company by the Authority or by any supervisory, regulatory, or judicial authority, with an indication of the reasons for the violation and the agency that imposed it, and ways to remedy it and avoid its occurrence in future

Penalty, fine, precautionary measure, or precautionary restriction	Reasons for the violation	The agency that imposed the violation	Ways to remedy and avoid its occurrence in future
8,098 SAR	Violations of Civil Defense Regulations	Jizan Civil Defense	Directed to process
5,000 SAR	Violating the activity without obtaining a license	Riyadh municipality	Directed to process
47,000 SAR	Late renewal of employee residency penalties region	Labor Office	Directed to process

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Transactions between the company and related parties

(Amounts in SAR)

The company to which it applies as a related party	Name of the member/ senior executives or any person related to any of them	Type of relationship with the company	Duration	Value	Type of Transaction
Saudi Company for Carpet Supplies Industry Limited (Mattex)	Mr. Nasser Saleh Al-Sorayai Board Member (Non-Executive)	Indirect relationship	Continuous supplies under approved purchase orders at the prevailing market price	17,729,497	Supply of raw materials (internal and external carpet lining) according to approved purchase orders at the prevailing market price
	Mr. Munther Mohammed Al-Sorayai (Ceo)	Direct Relationship			
Al-Sorayai Industrial Investment Group Co. Ltd.	Mr. Nasser Saleh Al-Sorayai Board Member (Non-Executive)	Direct Relationship	Continuous supplies under approved purchase orders at the prevailing market price	4,348,003	Supplying raw materials for factories, glue, cardboard, chemicals, and ready-made goods (foam, felt) according to approved purchase orders at the current market price.
	Mr. Munther Mohammed Al-Sorayai (Ceo)	Direct Relationship			
Al-Hikma Real Estate Development Company	Mr. Nasser Saleh Al-Sorayai Board member (Non Executive)	Indirect relationship	Annual contracts that renew automatically	402,500	Rental contracts for showrooms, warehouses and offices according to the prevailing market price

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Interests in Contract Works

During the fiscal year 2022G, the company has transactions with related parties, and the transaction prices are at the prevailing market prices and are annually renewed by the General Assembly. (Amounts in SAR)

Nature of contract or transaction	Name of the member/ senior executives or any person related to any of them	Contract or transaction period	Contract or transaction conditions	Contract or transaction amount
Saudi Company for Carpet Supplies Industry Limited (Mattex Fabrics): Supplying raw materials (internal and external carpet lining)Under approved purchase orders at the prevailing market price	Mr. Nasser Saleh Al Sorayai (Member of the Board of Directors)	Continuous supplies under approved purchase orders at the prevailing market price	None	17,729,497
	- Mr. Munther Moham-med Al-Sorayai (Ceo)			
Al Sorayai Industrial Investment Group Co. Ltd.: Supplying raw materials for factories: Glue - cardboard - chem-icals - and finished goods (foam, felt) according to approved purchase orders at the current market price	Mr. Nasser Saleh Al Sorayai (Member of the Board of Directors)	Continuous supplies under approved purchase orders at the prevailing market price	None	4,348,003
	- Mr. Munther Moham-med Al-Sorayai (Ceo)			
Al-Hikma Real Estate Development Company: Rental contracts for showrooms, warehouses and offices according to the prevailing market price	Mr. Nasser Saleh Al Sorayai (Member of the Board of Directors)	Annual contracts renewable automatically	None	402,500

A blurred background image of a business meeting. A man in a white shirt and red tie is visible on the left, gesturing with his hand. Another person is partially visible on the right, holding a document. A laptop is on the desk in the foreground.

Disclosure Requirements - Governance

03

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Board of Directors’ Declarations

- The accounting records have been properly prepared.
- The internal control system was prepared on sound foundations and implemented effectively.
- There is no doubt about the company's ability to continue its activities.
- There were no penalty, fine, precautionary measure or precautionary restriction imposed on the company by the Authority or by any supervisory, regulatory or judicial authority during the year 2022G, except for what is mentioned in the table of penalties, and the ways to treat them to avoid their occurrence in the future.
- During the fiscal year ending on December 31, 2022G, there was no interest for any persons in the category of shares that have the right to vote (other than members of the company's board of directors, senior executives, their spouses and minor children) who informed the company of those rights, and any change in those rights during the last fiscal year.
- The company does not have treasury shares held, and the company does not have privileged shares or shares that enjoy special priority in voting.
- There are no transferable debt instruments, any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year ending on December 31, 2022G.
- No subsidiary of Naseej International Trading Company has issued shares or debt instruments.
- There are no investments or reserves established for the benefit of the company's employees during the year 2022G, except the provision for employee end-of-service benefits, which is disclosed in the financial statements.
- There are no competing businesses for the company or for any of the branches of the activity it is engaged in which any member of the Board of Directors was engaged in.
- There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during 2022G.
- There was no redemption, purchase or cancellation by the company of any recoverable debt instruments.

During the year 2022G, there were no arrangements or agreements under which any shareholder waives his rights to profits.
- There was no agreement under which members of the board of directors waived their remuneration for the fiscal year 2022G, and there were no arrangements or agreements under which a senior executive waived any salary or compensation.
- The Company does not have any employee share programs or any other arrangements that involve employees in the Company's capital.
- The company's auditor's report did not contain any reservations (qualifications) about the annual financial statements.
- The Board of Directors did not recommend during the year to change the auditor, Messrs. Al-Ayuti, before the end of the period for which he was appointed since his approval by the ordinary general assembly.
- The Audit Committee did not recommend the need to appoint an internal auditor for the company as an outsource due because there is an existing internal audit department within the company.
- There were no recommendations by the Audit Committee in which there was a conflict between them and the decisions of the board of directors, or which the Board refused to consider with regard to appointing an auditor, dismissing him, determining his fees and evaluating his performance.

Investment Restrictions

There are no restrictions on the company’s shares as stated in each of the rules regulating the investment of qualified foreign financial institutions in listed securities and the instructions regulating foreign strategic investors’ ownership of strategic shares in listed companies, in accordance with the company’s articles of association and the instructions issued by the supervisory and regulatory authorities to which the company is subject.

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Applied and not applied Articles of the Corporate Governance Regulations and the reasons of non-compliance

The company applies all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the provisions listed below

Article/Paragraph No.	Article/Paragraph Text	Reason of non-compliance
Article (37) Training	The company shall pay sufficient attention to training and qualifying members of the Board of Directors, members of committees and executive management, paragraphs (1-2)	An article that has not been applied as a guiding material, and has been partially applied by giving the executive management team training courses.
Article (39) Assessment	Annually evaluate the performance of the Board, its members and committees, and the executive management. Paragraphs (a - b - c - d - e - f)	An article that has not been applied because it is a guiding article that will be applied if it becomes mandatory.
Articles (67) - (68) - (69) Risk Management Committee	Risk Management Committee - Terms of reference of the Risk Management Committee - Meetings of the Risk Management Committee.	An article that has not been applied because it is a guiding article that will be applied if it becomes mandatory.
Article (82) Employees Incentives	Programs to develop and motivate the participation and performance of the employees of the company Paragraphs (1 - 2 - 3)	It has not been applied as it is a guiding article that will be applied if it becomes mandatory.
Article (84) Social Responsibility	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community	It has not been applied as it is a guiding article that will be applied if it becomes mandatory.
Article (85) Social work initiatives	The Board of Directors sets the programs and determines the necessary means to present the company's initiatives in the field of social work, paragraphs (1-2-3-4)	It has not been applied as it is a guiding article that will be applied if it becomes mandatory.
Article (86)	3- The company's website should include all the information required to be disclosed, and any data or other information published through other means of disclosure.	Guiding article - The company's website includes the information required to be disclosed and the company is constantly updating it.
Article 92 Formation of a corporate governance policy	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	A guiding article that will be applied if it becomes mandatory.. The competence of the Corporate Governance Committee is currently included (for guidance) within the competence of the Nominations and Remuneration Committee.

The above-mentioned articles are based on the amended Corporate Governance Regulations dated 25/06/1444H corresponding to 18/01/2023G

A top-down view of a workspace for interior design or architecture. The surface is covered with various materials and tools. In the upper left, there are several color swatch cards in shades of pink, orange, and yellow. Below them are several square samples of wood and laminate flooring in different finishes, including a dark wood grain and a light wood grain. To the left of the center, there are several samples of carpet or rug material in various colors and textures, including grey, blue, and red. In the center, there is a black marker and a black pen. To the right, there is a large ruler and a compass. A hand is visible in the upper right corner, holding a pencil and pointing at a blueprint or drawing on the table. The word "Conclusion" is overlaid in white text on a dark rectangular background in the center-right of the image.

Conclusion

Conclusion

In conclusion, the Board of Directors of Naseej International Trading Company is pleased to extend its thanks and gratitude to the Capital Market Authority, the Saudi Stock Exchange (Tadawul), the Ministry of Commerce and the relevant government agencies for their constant cooperation, and to the valued shareholders for their precious trust. We also thank the members of the Board of Directors, the executive management and all company employees for their continuous support, efforts, dedication and hard work.

Board of Directors of Naseej International Trading Company

Peace, mercy and blessings of Allah be upon you

