



Nourishing your life everyday

Annual Report 2021



Growing Beyond



ANNUAL
Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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

GOD BLESS



My primary goal is to be an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavour.



HRH PRINCE
MOHAMMED BIN SALMAN BIN ABDULAZIZ AL SAUD

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



We are confident about the Kingdom's future. With all the blessings Allah has bestowed on our nation, we cannot help but be optimistic about the decades ahead. We ponder what lies over the horizon rather than worrying about what could be lost.



TABLE OF CONTENT

09	CHAIRMAN LETTER	40	TRANSFORMING NADEC FOR THE FUTURE
11	CEO LETTER	44	SALES, DISTRIBUTION AND ECOMMERCE
14	NADEC TIME-LINE	48	PURCHASING
17	NADEC IN NUMBERS	52	NASEC SUSTAINABILITY AND ESG
18	NADEC MAP	56	CORPORATE COMMUNICATION & CSR
20	MARKET OVERVIEW	60	FINANCIAL PERFORMANCE
28	INNOVATION AND R&D	72	CORPORATE GOVERNANCE
34	FARM MANAGEMENT	102	INTERNAL AUDIT DEPARTMENT

CHAIRMAN LETTER

MR. ABDULAZIZ SALEH ALREBDI

Dear shareholders, success partners Greetings,

In my name and on behalf of NADEC Family, I'm pleased to invite you to review the company's 2021 annual report.

The previous year represented an important transitional stage during which we were eager to invest in difficulties, especially in light of the ongoing impact of Covid-19 pandemic on global supply chains which negatively affected our production inputs (we pray to the Almighty for a swift conclusion to it).

As everyone is aware of the recent negative financial results which were the outcome of a strategic re-arrangement that we carried throughout the year to move forward towards a thriving future. However, none of this stopped us in NADEC from remaining fully committed to achieving our primary goal of contributing to ensuring food and agricultural security for our country, regardless of the circumstances, as It is estimated that the world population will grow by nearly 10 billion people by 2050, representing a nearly 25% increase in the next generation, and caring for this growing population in a sustainable manner which requires an enormous responsibility that necessitates our industry's commitment to innovation, rapid development, and the adoption of smart solutions for the continuity of gaining our consumers' trust, as we in NADEC Board of directors believe in the importance of continuous development, exploring innovative solutions, identifying qualitative opportunities and ways to build and enhance them, all while keeping up with global market impacts and changes, to ensure the continuous development of our food system.

While we are now looking forward to the promising stage in the company's journey with a determination to succeed and enhance our position to satisfy our consumers and shareholders while benefiting our nation and its citizens, on the following pages, we are delighted to review the company's accomplishments over the last year for you.

“ Investing
in Difficulties ”



CEO LETTER

DR. SOLAIMAN ABDULAZIZ AL TWAIJRI

Dear shareholders, success partners Greetings,

While achieving financial stability and increased shareholder value is critical, doing so in a sustainable manner is equally essential, and this belief has been central to NADEC's success strategy.

Food safety, digital transformation

Based on our belief (in the National Agricultural Development Company "NADEC") in the significance of the Kingdom of Saudi Arabia's government's directions, the ambitious Saudi Vision 2030 programs, and the national digital transformation strategy. In 2021, despite the challenges, difficulties, and economic fluctuations on a local and global scale, we focused on expanding our role in meeting the Kingdom's food security needs, with the goal of achieving the concept of comprehensive food security (In order to achieve the ambitions and aspirations of Saudi Vision 2030). We will also embark on a new digital phase as part of our digital transformation strategy in which we aimed to support operational processes and facilitate access to data and information generated as a result, as well as increase the efficiency of the company's role and strengthen the commercial and digital infrastructure.

Ambitious future

This comes to improve NADEC's competitiveness by establishing a modern information infrastructure, broadening the scope of business solutions to become more comprehensive and integrated, and increasing task flexibility, all of which contribute to better decision-making based on accurate data, in order to meet and provide the growing needs of our customers for food and beverages in the Middle East and North Africa region.

With unequaled appreciation for our customers, we look forward to the next stage of our journey together, with a strong belief in our significant potential for growth over the next several years, and with the goal of meeting their needs and enriching their lives every day.

Thanks, and gratitude

Finally, as the foundation of our success, I would like to offer my appreciation to the Board of Directors, our valued shareholders, our workers, and our customers, wishing them a year of success and advancement in 2022.



Vision

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

Message

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

Values



Drive



Accountability



Nurturing



Collaboration



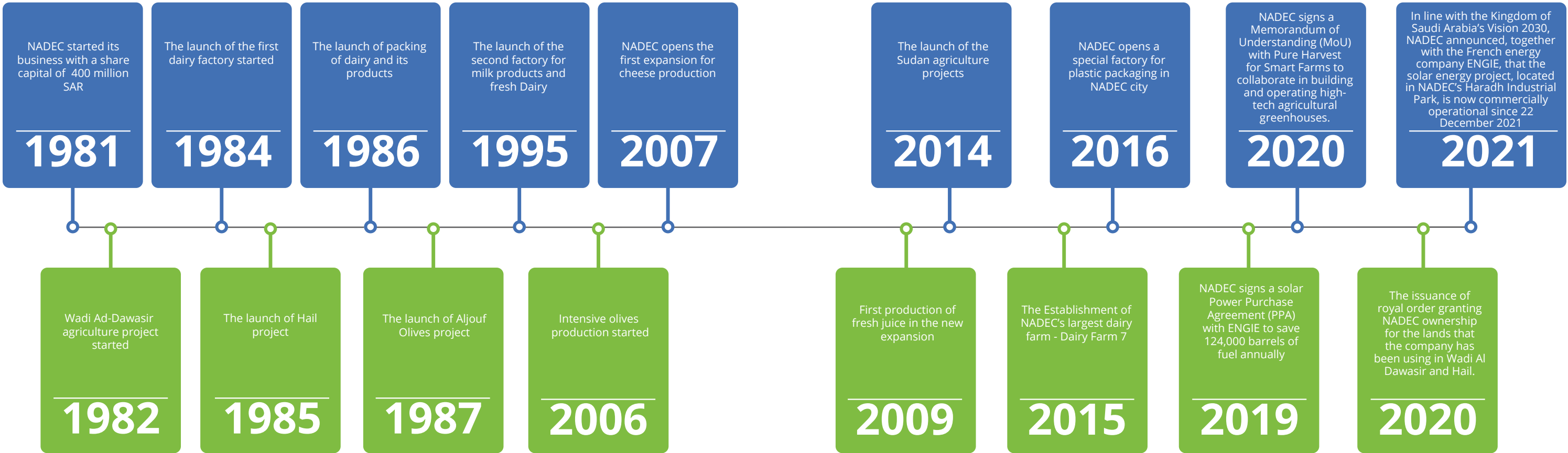
Excellence



NADEC TIMELINE

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

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



NADEC IN NUMBERS



Products availability
+33,000
(store)



2021 sales
2.2 Billion
(SAR)



Total herd
+89,000
(head count)



Dairy & juice production
+1.3 Million
(liter per day)



Quality laboratories
+13,000
(tests)



NADEC's team
+5,000
(employees)



The world's largest Organic Olive Project in one location
5 Million
(olive trees)



NADEC's fleet
+2,300
(fleets)



NADEC MAP



MARKET OVERVIEW



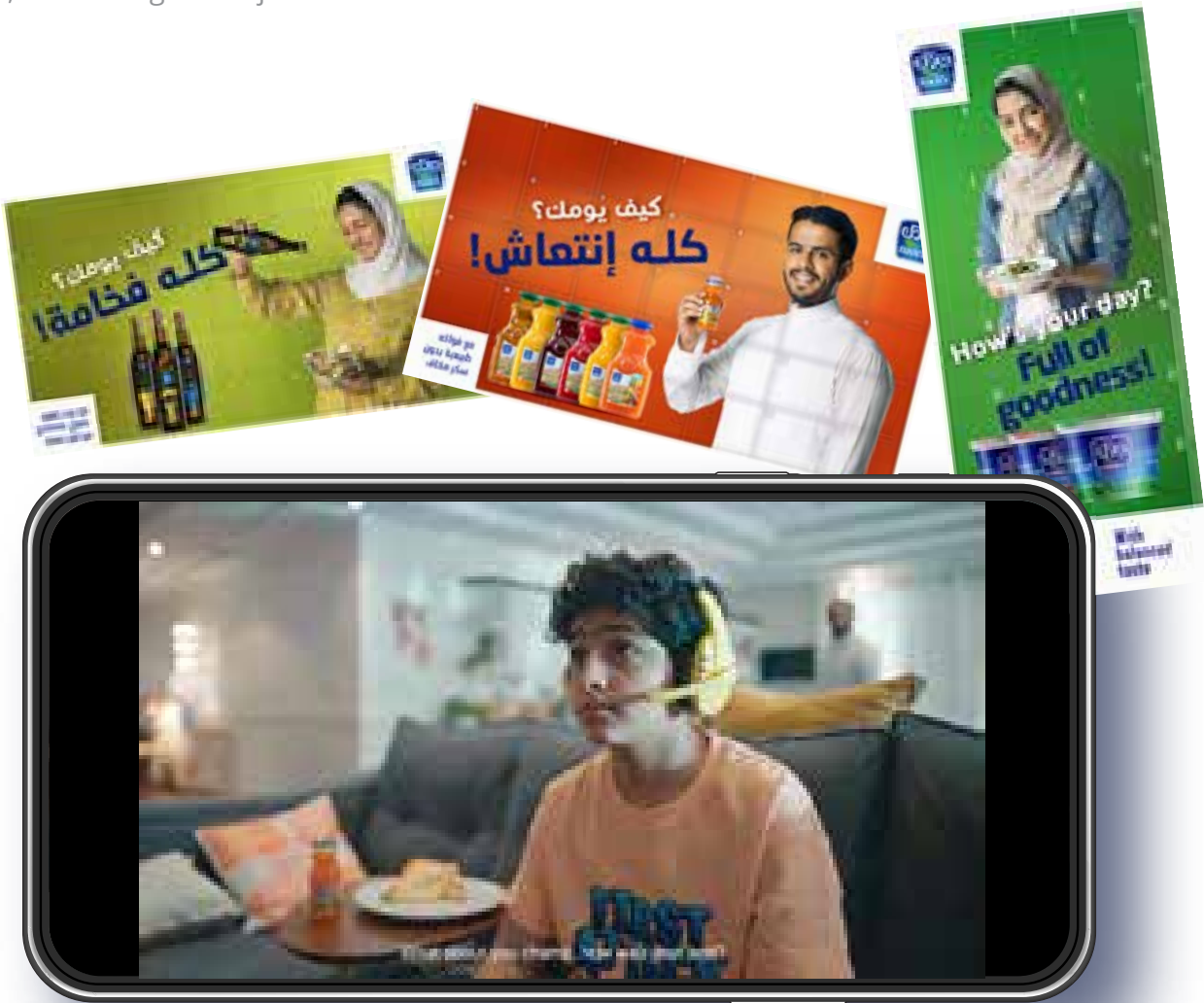
MARKETING COMMITMENT TO NADEC'S TRANSFORMATION:

NADEC, as one of the largest integrated food companies in the region, continued its impressive transformational journey throughout 2021. We are immensely proud of our deep roots and long history of dedicated commitment towards nourishing lives every day. As NADEC's marketing team, we continue to strongly pursue our aim to become the leading producer of high-quality innovative products in the region. Accordingly, multiple new expansions and extensions were introduced in the market.

The value-added angle of our high-quality innovations laid the initial foundations for NADEC's transformational journey into enhancing the value of its consumer offering. Consequently, as we focused on expeditng innovations to market, the NADEC brand was also able to create strong high value unique share pillars by end of the year 2021.

Moreover, the way we connect with our consumers also underwent a transformation, and we realized the strength of our complete solution basket and the spread of NADEC's comprehensive portfolio across retail space. We also completely redefined our brand with a future proof approach.

In the process, NADEC pursued the best-in-class strategy of defining an inspiring new MEGA BRAND house positioning that is supported by a multiple category communication matrix. As a result, an exciting and rejuvenated new brand DNA has been created.



While we build on the present and focus on the future, our MEGA brand approach will connect with the new definition of our core target market. In that, our new brand strategy allows us to build and nurture a progressively renewed relationship with the new age millennial moms. This is a carefully selected segment of the society, as these are the women who not only form a family's nutritional habits today, but they are also fast taking over the mantle to become our Nation's progressive impact makers of tomorrow.

As we stand on the beginning of another exciting new year, we stay committed toward delivering our promise of transformation that inspires the consumer in KSA and beyond.



DAWN OF A NEW ERA – NADEC BRAND TO GO 100% DIGITAL

As the KSA consumer evolves quickly, we have met our consumers with the highest internet and social media penetration in the region. In an era of multiscreen messaging and diluted attention spans, it is becoming more and more difficult for brands to break through the clutter and differentiate amongst the barrage of information that an average millennial and Gen Z is exposed to at all times. The more our progressive impact makers interact with global content, the more their awareness and expectation from brands is raised to deliver meaningful experiences.

Consequently, as we move towards 100% digitalization for brand building in 2022, NADEC will be launching its own omni channel strategy “NADEC Creations” as a hub for inspiration that will continually interact and engage with our consumers 24/7 throughout the year. The aim of NADEC Creations is to become a center of excellence that, in the long run, will become such a differentiator that is unique only to NADEC.

In the process as we continue to grow, by the very definition of an “omni channel approach” we plan to move towards mass personalization. Thus, NADEC’s interaction will not only be differentiated, but personalized to each consumer’s individual digital consumption habits.

For building up this omni channel, a fully integrated media plan has been developed. This plan ensures that the NADEC brand will seamlessly interact with consumers in the physical and digital world at the same time. In the process, this integrated approach to deliver our marketing initiatives will help us create a unique NADEC community as well.

Our various interaction points have been planned in sync with the latest evolutions in the digital marketing world. Thus, we will ensure a strong and customized delivery of our intended ‘always on’ digital brand development.



The key strategic consumer interaction points will be as follows:

1. NADEC owned media: NADEC Creations Ecosystem (NADEC Creation platform across our social media footprint Facebook, Instagram, YouTube, etc.)
2. NADEC paid media: Influencers, cross platform media reach and SEM strategy etc.
3. NADEC strategic partnerships: Digitally integrated shopper activation with customers, strategic partnerships with media platforms, strategic partnerships with other key consumer experience touchpoints like Gyms, culinary excellence academies and lifestyle centers etc.
4. E-commerce: Cross platform integration with partnering E-tailers.

2021 Marketing Highlights

Launch of MEGA Brand Approach

As stated earlier, our transformational new approach was led by the delivery of our first ever NADEC MEGA brand campaign, launched in September 2021 and led by our multi category MEGA TVC. The copy covered and refreshed the relevance of not only of our CORE categories, Dairy, Juice and Oil, but also seamlessly integrated the introduction of our new innovations.

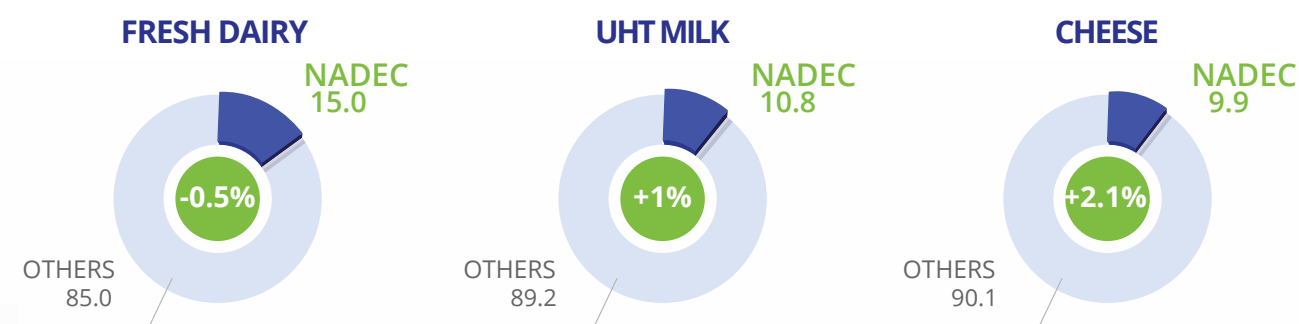
We kept our CORE essence of ‘Goodness that manifests itself in great joy’ as the leading unifier across each category. The copy was focused on highlighting how the ‘Goodness’ in our products brings out ‘Great Joy’ at different points in time everyday across the vast scape of consumption occasions that NADEC serves its consumers with. A relevant functional advantage of each of the featured products was customized to the most relevant lifestyle moment that fits each relevant target consumer served.

Dairy Performance:

In 2021, sales of dairy products did not only remain stable as a whole, but increased for some of our products.

- From an individual product category perspective, liquid fresh dairy and long-life milk products’ retail value grew by 1%.
- The yoghurt category’s sales volume experienced a 7% growth, driven by Greek yoghurt at 13% growth and Plain yoghurt at 6% growth as it benefits from a healthier image, appealing to increasingly health-conscious consumers.
- The category of Cheese - one of the most popular dairy products in Saudi Arabia - grew by 16% in value in retail sales in 2021 vs 2020.

Therefore, NADEC continued to grow within the dairy category, thus gaining market share in UHT Milk, and cheese.



Products released in 2021:

- Long Life Labneh
- High Protein Milk with two flavours
- Square cheese

Extend the current segments:

- 1 KG Mozzarella
- 500ml Whipping & Cooking Cream



Fresh Juice Performance:

The juice category experienced a very significant decline in sales volumes for the overall category. This was driven by price sensitivity/reduced purchases as prices rose due to sugar taxation. However, NADEC was able to maintain its market share.

Products released in 2021:

Introducing new seasonal flavors to create excitement on the shelf during Ramadan and summer.



زيت زيتون
نادك العضوي
شكل جديد
من جوف الوطن



Olive Oil Performance:

NADEC is the leader in the Organic olive oil segment, whereby NADEC's project in Al-Jouf is home to 4+ million olive trees, enabling NADEC to obtain 90% of the of the Organic Olive Oil market shares and winning various worldwide awards for 12 years in a row.

This year alone, a gold medal in "BIOL" was awarded to NADEC, including various certificates like ISO, CERES, and ORGANIC.

Given that NADEC is a leader in the organic segment, which allowed it to innovate with new varieties, flavors, and looks that focuses on consumer preferences and expand the Organic market by targeting the consumers of non-organic olive oil brands.

Products released in 2021:

The recent awareness of the positive health effects of olive oil has increased the demand for it in the market. Hence, we at NADEC decided to expand our portfolio to the edible oil market.

- Launching Organic olive oils from different Origins such as Greek, Tunisian and Spanish.
- Launching Pure Cooking Olive Oil in Jan 2021 as a first local brand.



INNOVATION AND R&D



INNOVATION AND R&D

In line with the vision of the Kingdom of Saudi Arabia 2030 and to meet the needs of emerging markets with a new and thriving healthy lifestyle for consumers 35 years and under in the population of the Kingdom of Saudi Arabia, as well as our commitment towards nourishing the lives of our customers, we introduced several new innovations that were customized to meet the most relevant needs and to target multiple consumption occasions. The innovation and development team at NADEC remains true to its core value of quality innovations and continues to play a key role in adapting to the dynamic consumer needs and general consumer concerns through timely interventions and innovations. This, in turn, has greatly contributed to providing reasonable prices and excellent quality of the products offered to our customers.

Subsequently, several structural changes were made to ensure the efficient and rapid release of new innovations from our farms to consumers' homes.

With regard to quality, the research and development team at NADEC has continued to apply internationally recognized and approved regulatory quality standards.

In addition, NADEC's quality team conducts more than 13,500 tests daily in our modern laboratories and innovation center to ensure the quality and safety of our products. These tests include physical, chemical, sensory, and microbial tests that are performed at all levels. In addition, we have continued to train our team to keep them updated on the latest quality and safety standards.



ISO 9001 for Haradh and ead Office



ISO 22000 for Aljouf Olive Oil Factory



ORGANIC olive oil



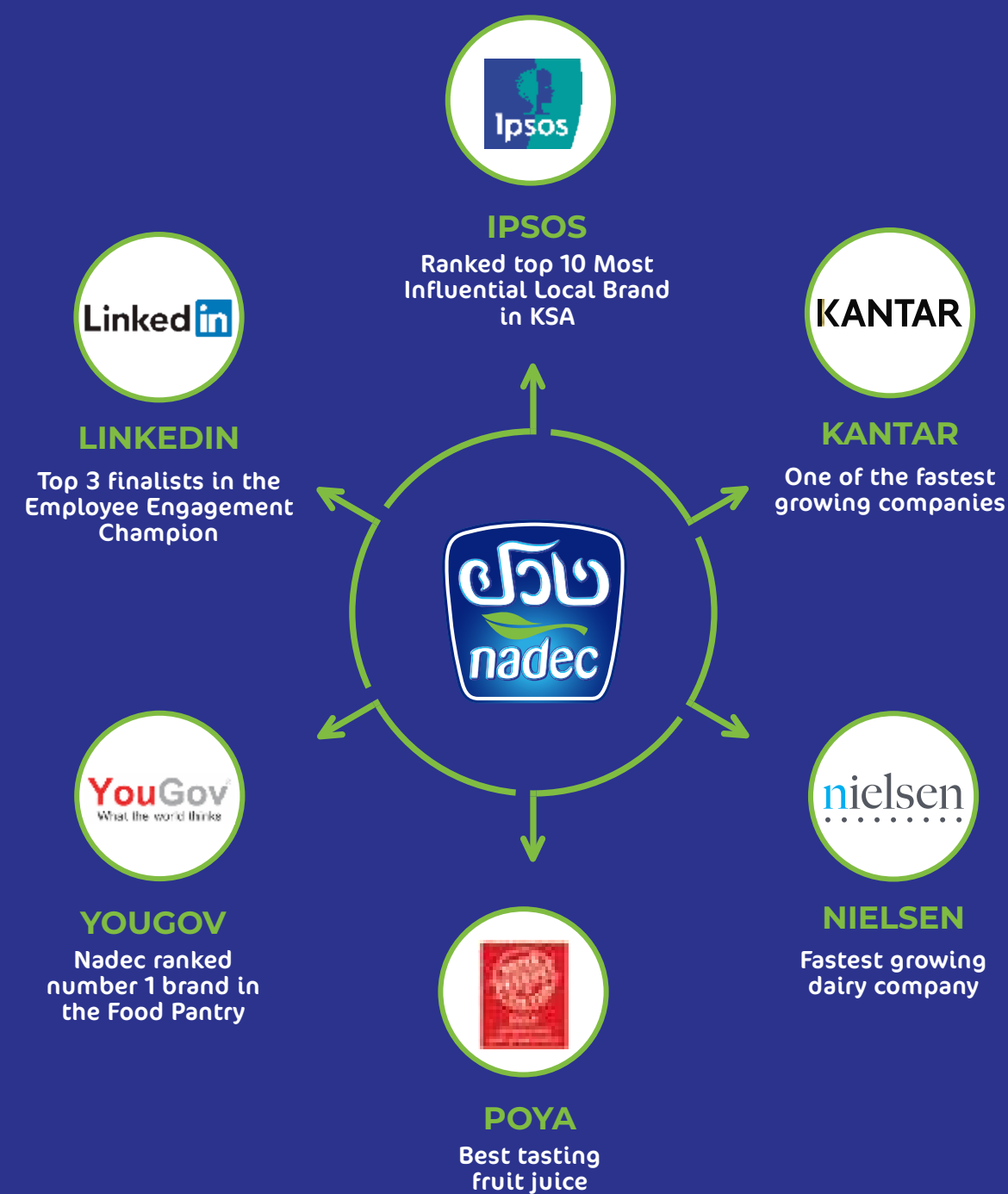
FSSC 22000 Version 5.1 for Haradh Dairy Processing 1 and 2



QUALITY CERTIFICATES



NADEC ACHIEVEMENTS



FARM MANAGEMENT



NADEC FARM MANAGEMENT

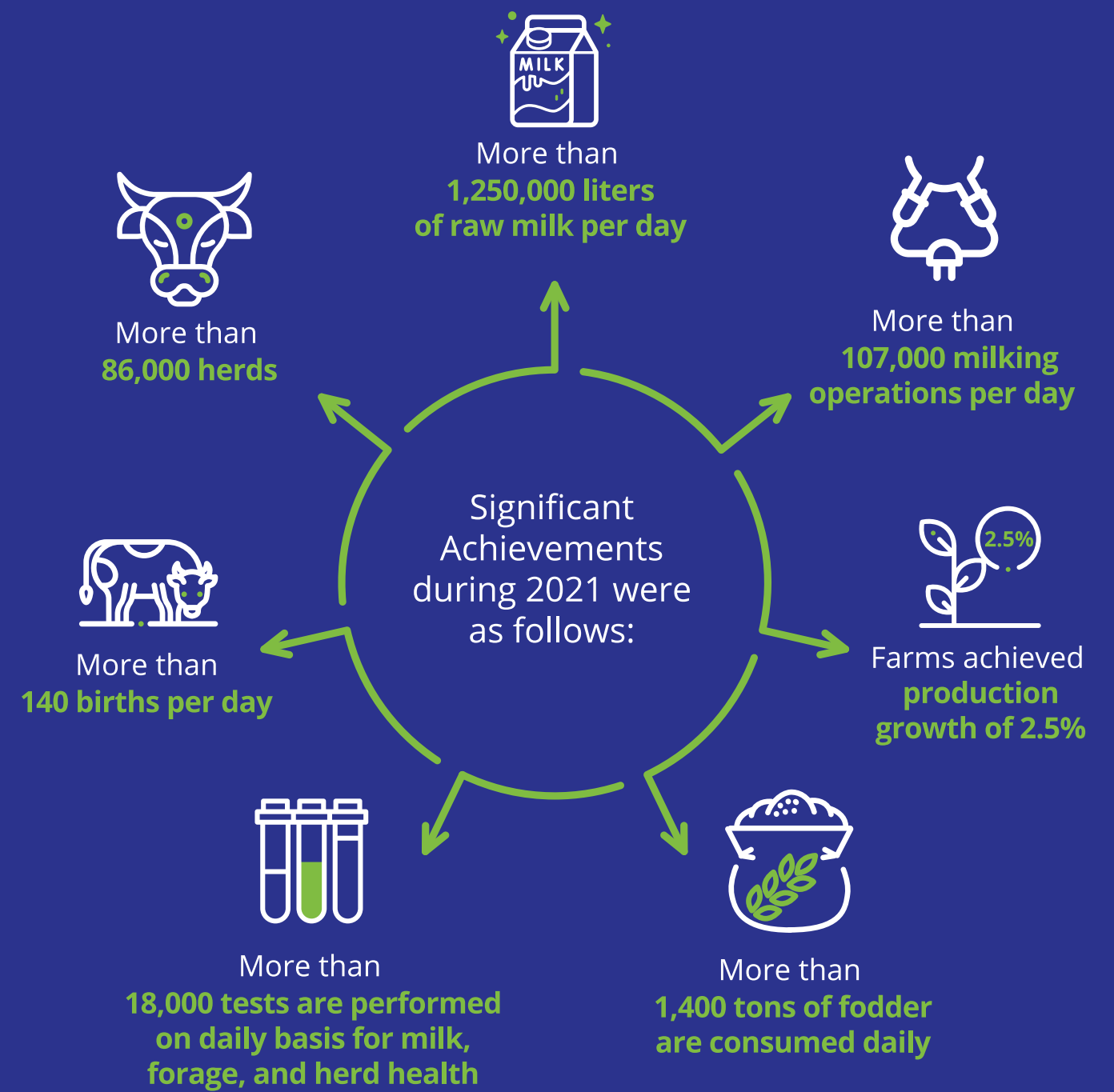
Cow Farms

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

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

The key points to focus on during the year 2021 were as follows:

- The introduction of new feed materials and the modernization of the nutritional composition, which contributed to raising the specifications of the raw milk produced.
- Continuing to develop the Feeding Center, which raised the daily production to cover the needs of cow herds in Haradh and Calvevs at Hail.
- Continuing to raise the specifications of raw milk produced in our farms to reach record levels superior to the highest local and international standards.
- Signed an agreement to explore an environment friendly cow milk cooling system with GREEN AIER and King Abdullah City for Atomic and Renewable Energy (KACARE) which will help in reducing water and electricity consumption. The system will operate with solar energy and is expected to commence its operations at the end of the first quarter of 2021.



Olive Plantation

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

VEGETABLE CROPS (POTATOES & ONIONS)

Potatoes:

NADEC is considered one of the largest potato producers in the Kingdom and the Gulf, which is distinguished by being among best of the industry. Production reached 25,500 tons in 2021.

Onions:

Onion crop are found in two projects in Hail and Haradh. The quantity produced reached 3,200 tons.



Fruits

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

Wheat Seeds

NADEC is a member of the Seed Producers Committee of the Ministry of Environment, Water and Agriculture and is one of the approved seed producers in the Kingdom, due to its capabilities in producing, processing, purifying and packing wheat seeds in our project in Hail. The company has contributed to providing wheat seeds for farmers and wheat grains for grain silos, as the production of this year reached 29,300 tons. In December 2020, the company was granted a new license from the Government to continue wheat seed and wheat grain production for the coming years.

Forages (Sudan Projects)

The total production of Alfalfa forage from NADEC's project in Sudan reached 8,200 tons.



TRANSFORMING NADEC FOR THE FUTURE



TRANSFORMING NADEC FOR THE FUTURE

Organizational Development

NADEC successfully completed the first stage of a major organization transformation in 2021 to synergize the company and deliver upon its long-term & short-term strategic plans. All the Jobs and Job Descriptions were reviewed and new Job Descriptions & Functional statements were created. As such, NADEC relocated its Employees within and across functions to a new grading and title system.

NADEC received its first Culture Survey results in Q1 of 2021, conducted by Glint, a LinkedIn Company, and the results were great with an employee satisfaction (eSat) score of 80%. We intend to keep the focus on sustaining the eSat scores in our future surveys by actioning on the survey results and repeating the surveys in a periodic manner.

Saudization:

We maintained our focus on Nationalization by hiring Saudi Talents in junior, middle management and leadership roles. Furthermore, we are planning to inject more Saudi Talents in NADEC's core business functions to meet the Nationalization target and equip Saudi Talents with FMCG Industry competencies and skills.

Staff development programs

Learning & Development has been a key focus area for NADEC and we delivered 2044 man-days of Training. Additionally, we enabled "e-learning" through our initiative of "Nadecation" where 228 courses were completed by 832 employees over the year. We also delivered on "The Eye" Program, which focuses on providing NADEC Talents with International Professional Certifications in their area of expertise.

Women empowerment

In alignment with KSA's Vision 2030 and since NADEC is keen on encouraging diversity, NADEC hired and empowered more woman across functions, with a 61% increase in comparison to 2020.

Digitalization & Automation

The fourth pillar in NADEC's internal transformation strategy was to initiate the development of a Digitalization and Automation strategy. We are pleased to announce that we have achieved the 1st major milestone of our Digital Transformation journey, which began in 2020.

As part of this digital transformation, NADEC developed Project NEXT Road Map in 2020 with the goal of changing the Company's culture to be more dynamic and agile while also standardizing, simplifying and centralizing business processes which are aligned with global standards.

52 SAP modules have been implemented in a single solution to cover major business processes which will increase the quality of data from a single source.

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

The key deliverables of this Project include:

- Introduce process automation wherever beneficial
- Introduce Internet of Things (IoT) and Artificial Intelligence (AI) solutions to improve farm management, optimized manufacturing (machine integration), tracking of vehicles and sales performance
- Introduce AI supported route optimization in distribution and warehouse optimization
- Centralized reports/dashboard to optimize performance and faster decision making



SALES, DISTRIBUTION AND ECOMMERCE



SALES DISTRIBUTION AND ECOMMERCE

The NADEC sales department is responsible for translating NADEC corporate strategies into operational plans by category, channel and region while closely monitoring to ensure the most profitable cases are sold.

The year 2021 witnessed many ups and downs in the market with the entry of new competitors and channels and huge discounts by competitors. Through these factors, Nadec faced a challenge to achieve reasonable numbers, and as a result, a mitigation plan was launched at the beginning of the second half with a focus on fundamentals such as path improvement, and the release of products highly valued in modern merchandising outlets, “Golden Stores’s” dominance of small markets and trade marketing activities. This brought nearly SAR 60 million back to NADEC’s line.

E-commerce fueled NADEC’s unconventional growth, and the food sector continued to develop itself along with consumers that were acquired through independent and consolidated markets via e-commerce. Milk, yogurt (laban), cheese and butter continued to grow due to homeschooling, as milk continued to grow in family size. ‘On-the-Go’ is restricted and focus more on value for money, and juice has become a discretionary product rather than a basic need due to schools being suspended, as fresh/long-life (small size) juice continues to pull the rest of the categories down.

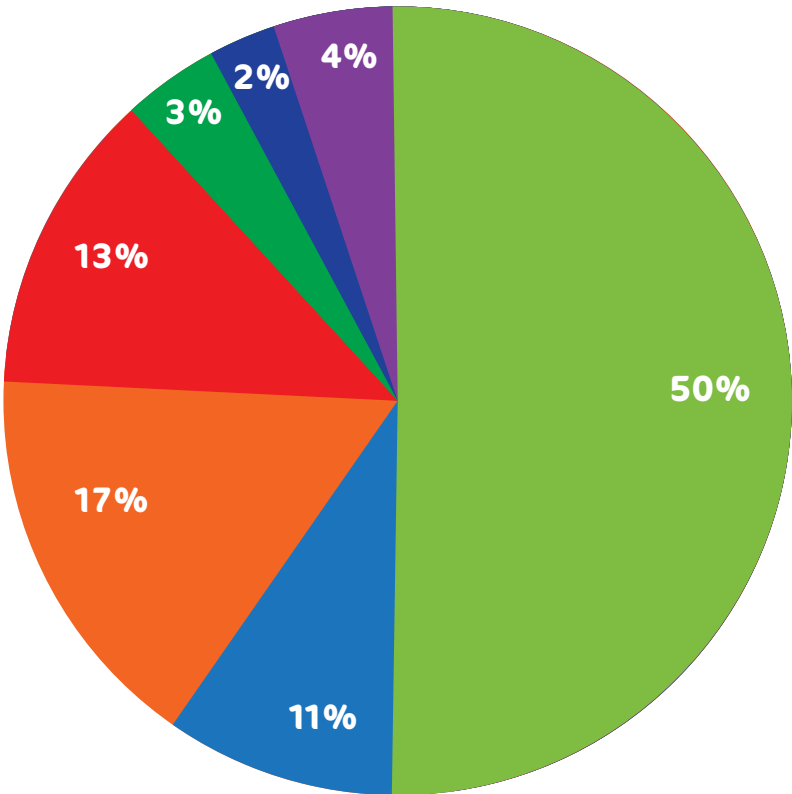
In general, the market has shifted towards more organized retail stores in the form of mini markets, supermarkets and hypermarkets, which pose a threat to the bottom line of suppliers due to undesirable recent commercial growth. This has been managed by selling a range of high-priced value-added products at a higher return per liter and in return deliver better value for the business.

Among the challenges faced by NADEC’s sales department is the drastic lowering of prices from some competitors, in addition to changing the way employees work in different departments, including sales, warehousing and transportation. This resulted in the acquisition of new standards of excellence and perfection in operations.



Key Highlights:

- NADEC achieved SAR 2.2 billion in total sales.
- Effective logistical and sales planning resulted in savings of SAR 21 million in revenue and damages.
- The overall improvement in sales and distribution reduced the support and distribution cost by SAR 42.5 million indicating that NADEC is on track to achieve more efficient sales and distribution operations with an improvement of approximately 2%.



- | | |
|--|---|
| ■ Fresh Dairy Products | ■ Long-life Dairy Products |
| ■ Olive Oil | ■ Claves & Others |
| ■ Fresh Juices | ■ Cheese & Butter |
| ■ Agricultural Products | |

PURCHASING



PURCHASING AND SUPPLY CHAIN

The year 2021 saw significant disruptions in supply chains due to the Corona virus, as container shortages and increased transportation costs reached all-time highs, but the diversity of suppliers around the world helped us absorb and recover from shocks in the supply chain more quickly.

We have also seen a sharp rise in commodity prices and the cost of freight rates throughout the year and pricing expectations for 2022 remain high.

The cost effect of freight rates and higher commodity prices has accelerated the process of approaching and localizing imported commodities to offset the higher prices and mitigate supply risks.

2021 also marked the beginning of the procurement transformation journey which includes the implementation of the SAP and Ariba e-auction systems as well as the restructuring of the division to strengthen our sourcing capabilities and become the best in our class.



NADEC SUSTAINABILITY AND ESC



NADEC TRANSFORMATION TO RENEWABLE ENERGY

The first farm of its kind powered by solar energy in the Kingdom

In line with Saudi Vision 2030, NADEC, in cooperation with the French energy company ENGIE, announced that its solar energy project located in Haradh Industrial Area has started commercial operation since December 22, 2021. This announcement comes after the completion of the second phase of building the solar farm, which was completed On November 31, 2021.

The solar PV park was developed as part of a 25-year power purchase agreement between NADEC and ENGIE, which is the first of its kind in the Kingdom.

The facility is located on an area of 766,000 square meters, equivalent to 21 football fields, and has a capacity of 30 megawatts. In addition to having the latest technology, the solar PV park features 75,000 photovoltaic modules with a single access tracker, string inverters and a fully automated cleaning system, helping to enhance its production capacity and reduce costs. The project will contribute to reducing carbon emissions by 53 million kilograms per year. Given the large scale of NADEC’s operations, which uses more than 1.5 million liters of dairy and juice production per day and whose industrial area in Haradh alone has 80,000 cows, the new solar facility will have a significant impact on energy costs, all in line with the Kingdom’s targets net zero emissions, decarbonizing the economy and moving towards a more sustainable future for NADEC.



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

Portfolio

Strategic objective



SUSTAINABLE ENERGY

- 1 Reduce our dependency on fossile fuel
- 2 Enable Renewable Energy & Energy Efficiency Plan



ENVIRONMENT

- 1 Implement plans to reduce food waste
- 2 Reduce impact on the environment from our farming activites



SAFETY

- 1 Reduce physical loss of or damage to human & property
- 2 Establish safety system



WATER TREATEMENT & CONSUMPTION

- 1 Reducing water consumption
- 2 Establish wastewater treatment for NADEC



WASTE MANAGEMENT

- 1 Ensure handling of all waste resource
- 2 Establish a culture for reusing and recycling



CORPORATE COMMUNICATION AND CSR



CORPORATE COMMUNICATION AND CSR

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

Achievements

Media and Publishing

- The number of followers on all social media platforms reached 895,252 followers.
- Published 13 Press releases.

Exhibitions and Conferences

- Participation in the Saudi “Horeca” exhibition.
- Participation in the “Agriculture for Children” initiative, in collaboration with the Ministry. of Environment, Water and Agriculture, and coinciding with the International Year of Fruits and Vegetables.
- Participation in the festival of seasonal products and manufacturing industries held at the Equestrian Club.
- Participation in The Citrus Festival in Al-Hariq, in its fifth edition.
- Participate in Shaqra Governorate’s annual festival.



Corporate Social Responsibility

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

Participation	Location
<ul style="list-style-type: none">• Participation in the breast cancer detection campaign by neck hanger and shelf talker on NADEC products.	Riyadh, Jeddah, Dammam
<ul style="list-style-type: none">• “Today will keep it alive” blood donation campaign in collaboration with the local charity “Our Blood is Charity.	Riyadh
<ul style="list-style-type: none">• Weekly donation of food products to “Naqa” local charity.	Riyadh
<ul style="list-style-type: none">• Weekly donation of food products “ Autism Families” local charity	Riyadh
<ul style="list-style-type: none">• Participation in the National Day celebrations at “U-Walk” center.	Riyadh
<ul style="list-style-type: none">• Participation in the National Day celebrations at Saqr Al-Jazira Museum under the sponsored by the Ministry of Defense.	Riyadh
<ul style="list-style-type: none">• Sponsoring Hail Hiking Competition on the National Day.	Hail
<ul style="list-style-type: none">• Sponsoring “R7” running club on the National Day.	Riyadh
<ul style="list-style-type: none">• Donation of NADEC products for “Ifar” project to “Tmoh” local charity throughout the month of Ramadan.	Riyadh
<ul style="list-style-type: none">• Donation of NADEC products for “Ifar” project to “ Basmt Keer ”, a local charity, throughout the month of Ramadan.	Riyadh, Jeddah, Dammam
<ul style="list-style-type: none">• Weekly donation of food products to “ Grain Silos”.	Riyadh
<ul style="list-style-type: none">• Sponsoring King Abdullah Hospital's awareness campaign on World Obesity Day.	Riyadh



FINANCIAL PERFORMANCE



FINANCIAL PERFORMANCE

The reasons behind the Company’s net loss of SAR 285.03 million for the current year compared to a net profit of SAR 35.65 million for the previous year:

Revenues:

The Company’s revenue for the current year decreased by 3.39% compared to the previous year, mainly due to a decrease in sales of the agriculture sector by 36.94% and dairy and food industries by 0.84%.

Sales Cost:

The sales cost to revenue ratio increased during the current year by 3.49% compared to the previous year, mainly due to the increase in the cost of animal feed and the increase in provisions for slow/non-moving goods.

General and Administrative Expenses:

The general and administrative expenses for the current year increased by 32.18% compared to the previous year, due to the increase in professional and consulting fees and information technology expenses during the current year. This increase was partially offset by a decrease in employee benefits expenses.

Provision for Advance Payments and other Receivables:

The provision for subsidies and payments made during the year amounted to SAR 64.95 million.

Other Net (Expenses) Revenues

- A. During the past year, the Company received a letter from the Ministry of Environment, Water and Agriculture granting it ownership of the revived plot of land in Hail, Wadi Al-Dawasir, and Al-Jawf. The net profit of SAR 109.88 million was recognized in the statement of profit and loss within net other income when calculating the land received. Compared to the land already on the books, there is no such income in the current year.
- B. A loss from selling property, machinery, equipment, and vital assets in the amount of SAR 28 million as a result of excluding more cows during the current year compared to the previous year.

Zakat expenses:

Zakat expenses increased in the current year compared to the previous year by SAR 33.99 million Saudi. This increase represents the provision made up for the previous years based on the receipt received from the Zakat.



Statement of Financial Position as at 31 December 2021

Numbers in million riyals	2021	2020	2019	2018	2017
Non-outstanding assets	2,744.5	2,775.0	2,837.3	2,870.0	3,022.7
Property, equipment, and machinery	1,809.7	1,963.1	2,084.4	2,142.2	2,313.7
Other non- outstanding assets	934.8	811.9	752.9	727.8	709.0
Equity investments at fair value through other comprehensive income	13.0	7.6	6.4	8.2	4.3
Calculated invested equity	50.9	-	-	-	-
Vital assets	685.6	625.5	552.6	514.3	482.4
Projects-in-progress	95.9	112.2	112.5	197.2	212.8
intangible assets	17.9	8.0	11.7	8.0	9.6
Right to use assets	71.5	58.6	69.7	-	-
Outstanding assets	1,145.2	1,100.6	1,106.7	1,092.5	1,071.4
Cash and the like	81.9	68.7	62.0	35.2	40.7
Trade receivables, prepaid expenses, and other debt balances	552.1	442.5	435.1	435.1	341.3
Net inventory and vital assets acquired for sale	487.1	561.7	570.0	580.1	654.7
Financial Derivatives		-	0.5	-	-
Vital assets (existing crops)	24.1	27.7	39.1	42.1	34.7
Total assets	3,889.7	3,875.6	3,944.0	3,962.5	4,094.1
Shareholders' equity	1,195.8	1,478.3	1,440.5	1,446.3	1,425.3
capital	1,016.4	1,016.4	847.0	847.0	847.0
Reserve and retained earnings	179.4	461.9	593.5	599.3	578.3
Regular reserve	184.2	184.2	180.7	180.7	180.5
Retained earnings and other reserves	-4.8	277.7	412.8	418.6	397.8
Non- outstanding liabilities	1,363.9	1,082.2	1,260.3	830.1	1,256.5
Murabaha loans and facilities	1,150.5	881.0	1,046.3	658.5	1,073.9
Rental obligations	45.3	30.0	42.0	-	-
Deferred revenue	5.1	5.6	6.2	6.7	15.7
Employee benefit obligations	163.0	165.6	165.8	164.8	166.9
Outstanding liabilities	1,330.0	1,315.1	1,243.2	1,686.2	1,412.3
Trade payables - other credit balances	713.9	606.1	556.7	442.4	404.9
Dividend payable	32.8	33.1	33.4	33.6	33.8
Rental obligations	25.0	32.8	34.6	-	-
Murabaha loans, short-term facilities, and the current portion of Murabaha loans and long-term facilities	486.0	609.8	589.8	1,175.9	942.0
zakat provision	72.3	33.3	28.7	34.3	31.6
Total Liabilities	2,693.9	2,397.3	2,503.5	2,516.3	2,668.8
Total shareholders' equity and liabilities	3,889.7	3,875.6	3,944.0	3,962.5	4,094.1
					Statement of financial position as of December 31, 2021

Profit/loss statement for the year ended on December 31, 2021

Numbers in million riyals	2021	2019	2019	2018	2017
** Revenues	2,225.1	2,303.1	2,225.3	2,096.0	2,032.5
** Sales cost	(1,601.5)	(1,577.2)	(1,380.7)	(1,320.9)	(1,301.4)
Gross profit	623.6	725.8	844.6	775.1	731.1
Selling and marketing expenses	(483.9)	(545.4)	(537.9)	(525.6)	(548.3)
General and administrative expenses	(148.0)	(112.0)	(114.8)	(119.0)	(100.2)
Impairment losses on trade receivables	(5.3)	(4.3)	(6.9)	(6.7)	(0.5)
Other impairment losses and advance payments	(64.9)	119.9	10.9	1.2	15.5
Net revenues and other expenses	(51.2)	(99.4)	-	(52.7)	-
Impairment losses of property, equipment, and machinery, and capital work-in-progress	(83.6)	-	(80.0)	-	-
Operating profit	(213.3)	84.6	115.9	72.3	97.6
The cost of funding	(32.0)	(43.6)	(75.4)	(67.6)	(59.9)
*Net realized losses on derivative financial instruments	0	0.4	(42.9)	-	-
Profit/Loss before Zakat	(245.3)	41.4	(2.4)	4.7	37.7
Zakat	(39.7)	(5.7)	(4.9)	(2.9)	2.2
Profit/Loss for the year	(285.0)	35.7	(7.3)	1.7	39.9

Cash Flow Movement

Numbers in million riyals	2021	2020	2019	2018	2017
Net cash flow from operating activities	255.6	443.3	551.2	435.7	170.0
Net cash flow used in investing activities	(324.8)	(216.9)	(235.6)	(191.9)	(353.7)
Net cash flows used in financing activities	82.4	(219.7)	(288.8)	(249.3)	165.0

Key Performance Indicators

Indicator	2021	2020	2019	2018	2017
Return on revenue	-12.8%	1.5%	0.3-%	0.1%	2.0%
Return on equity	-23.8%	2.4%	0.5-%	0.1%	2.8%
Loan to shareholders equity ratio	136.9%	100.8%	113.6%	126.8%	141.4%
Revenue growth rate	-3.4%	3.5%	6.2%	3.1%	6.6-%
Operating profit to sales ratio	-9.6%	3.7%	5.2%	3.4%	4.8%
Shares (in millions)	101.6	101.6	101.6	84.7	84.7
Earnings per share (SAR)	(2.81)	0.35	(0.07)	0.02	0.47

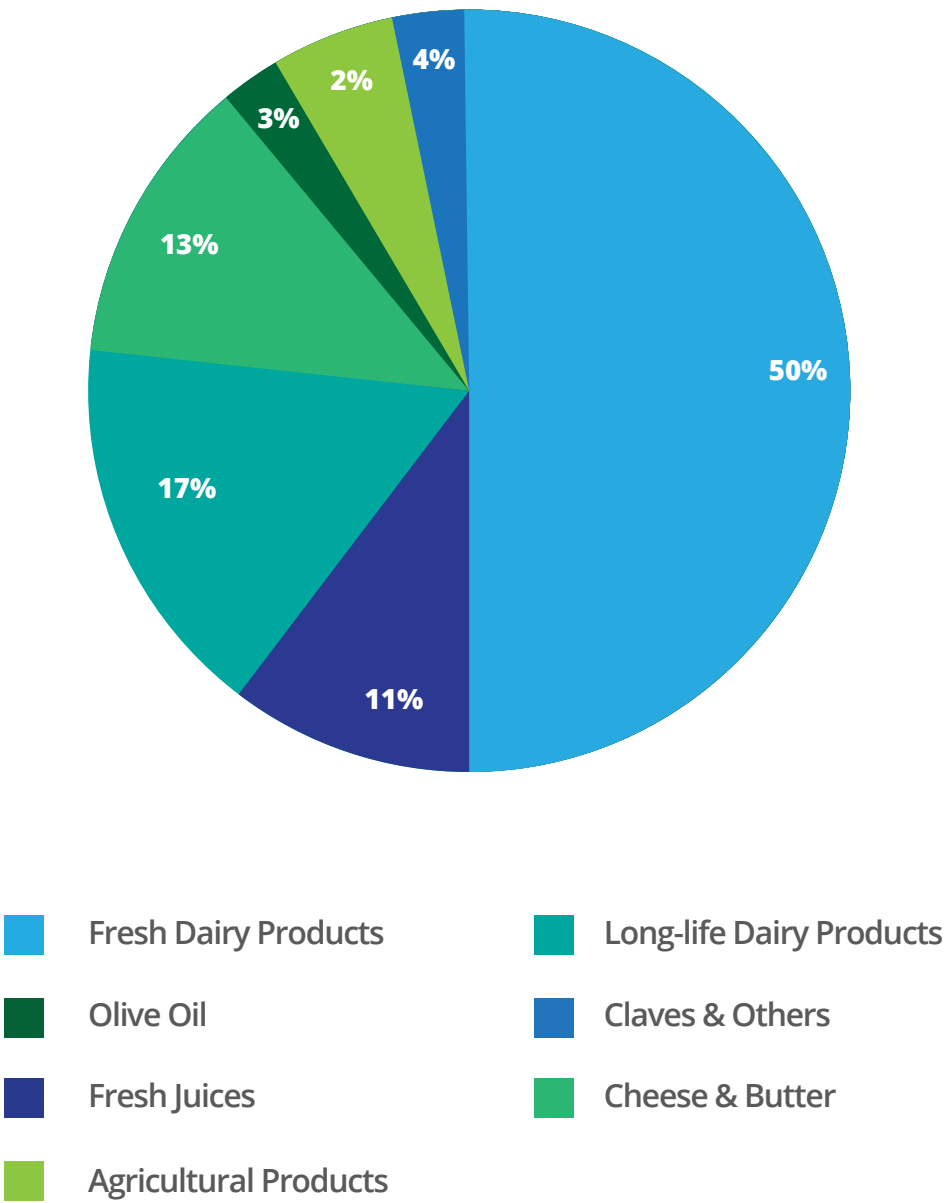
Revenue growth by sector

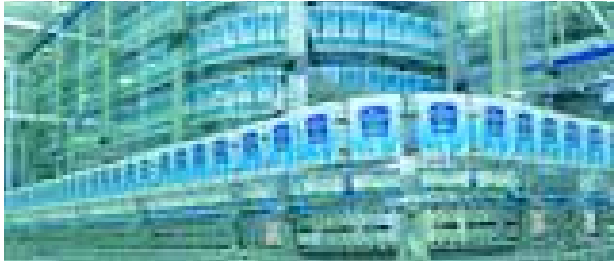
Numbers in million riyals	2021	2020	Growth %	Revenues Ratio for 2021	Revenues Ratio for 2020
Dairy and food manufacturing sector	2,122.8	2,140.9	-0.84%	95.40%	92.96%
Agricultural sector	102.3	162.2	-36.93%	4.60%	7.04%
Total revenue	2,225.1	2,303.1	-3.39%	100.00%	100.00%

NADEC relies in its business on two main sectors: the dairy and food manufacturing sector and the agricultural sector, where revenues decreased during the current year 2021 by 3.39% compared to the previous year, as well as the revenues of the agricultural sector, decreased by 36.93%, and similarly the revenues of the dairy and food manufacturing sector by 0.84%.

Item revenue analysis

Numbers in million riyals	2021	2020	Change %
Fresh milk and its derivatives	1117.4	1109.9	0.68%
Fresh juices	238.4	279.1	-14.58%
Long-life dairy products	389.2	375.9	3.54%
Cheese and butter	286.8	288.2	-0.49%
Olive oil	55.9	66.2	-15.51%
Agricultural products	50.3	113.4	-55.64%
Calves and other	87.1	70.4	23.72%
Total revenue	2225.1	2303.1	-3.39%





Fresh milk and its derivatives

Fresh dairy products and their derivatives are the main products that influence business results, which include fresh milk, yogurt, yoghurt, labneh, and fresh cream. The revenues of this category increased slightly by 0.68% compared to last year.



Fresh juices

NADEC has a wide variety of fresh juices that satisfy the consumer's desires in terms of quality. The revenues of this category decreased in 2021 compared to 2020 by 14.58%.



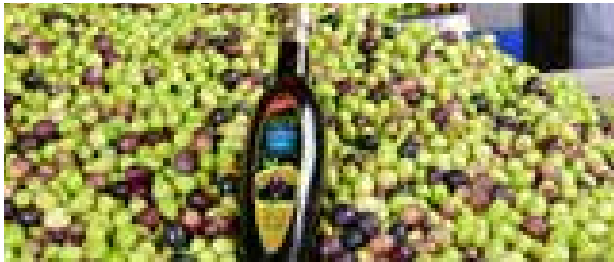
Long-life dairy products

Long-life dairy products are considered one of the most important categories that help in the growth of the Company's revenues, as they are characterized by their large market share and the possibility of selling them significantly. The revenues of this category increased by 3.54% compared to the previous year 2020.



Cheese and butter

Revenues for cheese and butter decreased during the current year 2021 by 0.49% compared to the previous year 2020.



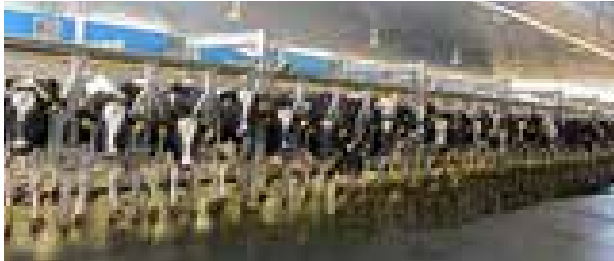
Olive oil

Olive oil revenues decreased during the year 2021 by 15.51% compared to the previous year 2020. It is worth mentioning that olive oil produced in the name of the National Agricultural Development Company is one hundred percent organic and has won many international awards for its value and quality.



Agricultural products

Revenues of agricultural products represented in cereals, vegetables, and fruits for the year 2021 decreased by 55.64% compared to the previous year 2020.



Calves and other

Revenues in this category include calves, oxen, and some other products. This category recorded a noticeable increase for the year 2021 by 23.72% over the previous year 2020 AD due to the increase in calves' revenues this year.

Geographical distribution of revenue

Numbers in million riyals	2021	on total %	2019	on total %	Change %
Kingdom Saudi Arabia	1,993.3	89.58%	2,049.7	89.00%	-2.75%
Other countries	231.8	10.42%	253.4	11.00%	-8.52%
Total revenue	2,225.1	100.00%	2,303.1	100.00%	-3.39%

It is noted in the above table that the Company's revenues decreased within the Kingdom of Saudi Arabia by 2.75%, while export revenues to other countries decreased by 8.52%.

Operating expenses

Numbers in million riyals	2021	of sales %	2020	of sales %	Change %
Sales cost	1,601.5	72.0%	1,577.2	68.5%	1.5%
Selling and marketing expenses	483.9	21.7%	545.4	23.7%	-11.3%
Impairment losses on trade receivables	5.3	0.2%	4.3	0.2%	23.0%
Other impairment losses and advance payments	64.9	2.9%	-	-	100%
General and administrative expenses	148.0	6.7%	112.0	4.9%	32.2%
Net revenues and other expenses	51.2	2.3%	-119.9	-5.2%	-142.7%
Impairment losses of property, equipment, and machinery, and capital work-in-progress	83.6	3.8%	99.4	4.3%	-15.9%
Total operating expenses	2,438.4	109.6%	2,218.4	96.3%	9.9%

Total operating expenses for this year increased by 9.9% compared to last year, due to the increase in the cost of sales compared to 2020 by 1.5% due to the cancellation of government support for animal feed. The provision for subsidy and advance payments also amounted to SAR 64.9 million during the year 2021, as this had a clear impact on increasing the cost compared to the previous year. Similarly, general and administrative expenses for the current year increased by 32.2% compared to the previous year. As it is obvious from the above table, some item costs recorded a decrease compared to the previous year, such as other expenses, selling and marketing expenses, impairment losses of property, equipment, and machinery, and capital work-in-progress

Classification of operational costs

Numbers in million riyals	2021	of sales %	2020	of sales %	Change %
Direct production costs	1,089.1	48.9%	1,057.7	45.9%	3.0%
Staff costs	434.9	19.5%	466.5	20.3%	-6.8%
operating expenses	328.9	14.8%	259.3	11.3%	26.8%
Marketing expenses	121.4	5.5%	159.4	6.9%	-23.8%
Administrative expenses	143.1	6.4%	103.2	4.5%	38.7%
Depreciation of property, right-of-use assets, and amortization	269.9	12.1%	292.2	12.7%	-7.6%
Other expenses and (Revenues)	51.1	2.3%	-119.9	-5.2%	-142.6%
Total operating expenses	2,438.4	109.6%	2,218.4	96.3%	9.9%

Operating profit

Numbers in million riyals	2021	of sales %	2020	of sales %	Change %
Revenues	2,225.1	100.0%	2,303.1	100.0%	-3.4%
Operational costs					
Sales cost	1,601.5	72.0%	1,577.2	68.5%	1.5%
Selling and marketing expenses	483.9	21.7%	545.4	23.7%	-11.3%
Impairment losses on trade receivables	70.2	3.2%	4.3	0.2%	1528.8%
Other impairment losses and advance payments	148.0	6.7%	112.0	4.9%	32.2%
General and administrative expenses	51.2	2.3%	-119.9	5.2-%	-142.7%
Net revenues and other expenses	83.6	3.8%	99.4	4.3%	-15.9%
Total operating expenses	2,438.4	109.6%	2,218.4	96.3%	9.9%
Operating profit	-213.3	-9.6%	84.6	3.7%	-352.0%

Working capital development

Numbers in million riyals	2021	2020	2019	2018	2017
Outstanding Assets	1145.2	1,100.6	1106.7	1092.5	1071.4
Outstanding liabilities	1330.0	1,315.1	1243.1	1686.2	1412.3
Working capital	(184.8)	(214.5)	(136.4)	(593.7)	(340.8)

The deficit in the Company's working capital increased during the year 2021 to reach SAR 184.8 compared to the previous year 2020. An obvious drop compared to the years 2017 and 2018, as a result of the decrease in the volume of short-term loans. The Company is working on reducing loans, as well as converting part of its short-term loans into medium and long-term loans.

Details of the movement of loans from local banks with Murabaha contracts (forward sale) and the balance as of December 31, 2021

Details of loan movements from local banks with murabaha contracts (deferred sale) and the balance as of December 31, 2021.

Numbers in million riyals	Opening Balance 2021				Closing Balance 2021					
	Credit limits	Principal of the loan	Interests due.	Opening Balance	Additions during the year 2021	Payments during the year 2021	Principal of the loan	Interests due.	Closing Balance	Duration of the loan
National Com-mercial Bank	100.0	-	-	0.0	16.0	16.0	-	0.0	0.0	-
Al Rajhi Bank	463.3	33.4	0.2	33.5	733.2	527.3	239.3	0.4	239.7	3 to 75 months
British Saudi Bank	875.0	516.0	2.1	518.1	2,626.0	2,548.0	594.0	1.2	595.2	3 to 58 months
The Saudi In-vestment Bank	77.9	77.9	0.4	78.3		77.9	0.0	-	0.-	-
Alinma Bank	114.0	114.0	0.6	114.6		114.0	-	-	-	-
Riyad Bank	962.0	694.1	2.6	696.7	3,388.0	3,301.0	781.1	2.0	783.1	3 to 79 months
Arab National Bank	100.0	43.1	0.1	43.2	82.0	112.0	13.1	0.0	13.1	3 months
Total balance	-	1,478.5	6.0	1,484.5	6,845.2	6,696.2	1,627.5	4.2	1,631.1	

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

Statement of outstanding loans from local banks and their maturity dates

Statement	2021	2020	Change%
Less than one year	485.0	499.0	-2.8%
From one to two years	477.7	513.0	-6.9%
From two to five years	608.4	439.0	38.6%
More than five years	60.0	33.3	80.2%
Total balance	1,631.1	1,484.3	9.9%

Movement of Agricultural Development Fund loans

Figures are in (Millions) SAR	2021	2020	Change%
Opening balance	6.5	7.4	-13.5%
Additions during the year	-	-	
Payments during the year	-1	-1	0.0%
Total balance	5.5	6.5	-15.6%

The above loans were granted to the Company according to economic studies provided by the Company to these government funds, where the Company paid the full dues of the Industrial Development Fund. The outstanding balance of government agencies represents the value of the remaining balance of the Agricultural Development Fund that was granted to the Company to establish an olive and sesame mill in the Company's project in Al-Jawf in return for mortgaging the Company's land in the Al-Sulay district in Riyadh and the assets built on it.

Government payments for the year 2021

A statement	(Million SAR)	Due Balance (Million SAR)	Brief description	Reasons
Visas, passports, em- ployment office, and municipal fees	32.2		Visas, labor office fees, residency renewal, and municipal fees during the year 2021.	
Value-added tax	153.4	11	Value-added tax paid during the year 2021.	The due amount is a value-added tax in December 2021, to be paid in January 2022.
Zakat and withholding tax	1.1	72.3	Zakat paid for previous years and withholding tax during the year 2021.	The receivable is zakat provision / financial statements - Note (No. 31).
Social insurance	17.7	1.7	Social insurance amounts paid during the year 2021.	The receivable is December 2021 social insurance, to be paid in January 2022.
Customs fees	14.5		Customs duties paid during the year 2021.	Customs Statement-2021
Total	218.9	85		

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

Compliance

NADEC seeks to ensure full compliance with all government legislation regulating business, as one of the Company's Management main tasks is to verify the Company's compliance with all laws, regulations, policies and instructions of relevant regulatory authorities, by monitoring compliance with all government legislation and regulations governing business.

Investor Relations

NADEC is committed to implementing the policies and procedures for disclosure in accordance with the relevant laws, regulations, and instructions. The National Agricultural Development Company (NADEC) works to strengthen communication channels with all local and foreign investors, and it has been keen to participate in local and international conferences and periodic meetings through the Investor Relations Department during the year 2021. The Company is also keen on achieving the principle of transparency and fairness in providing timely information for the purpose of helping investors make investment decisions based on accurate information provided by the Company, as well as inform them on a continuous basis of any important event that might arise and have an impact on the Company's financial position and business without affecting its competitive position.

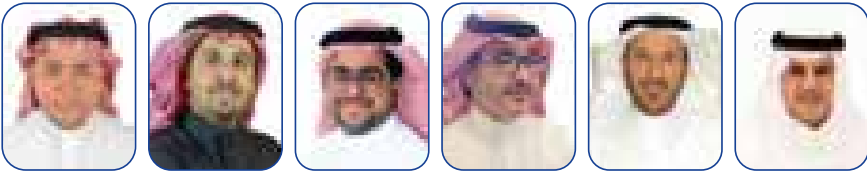
Governance

NADEC has an approved corporate governance system that complies with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, which includes the standards, frameworks, and determinants regulating the management of the Company to ensure adherence to the best practices that preserve the rights of shareholders and stakeholders. The Company applies all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following provisions:

Article/Paragraph No.	Article/Paragraph Text	Reasons for Not Applying
Forty-One	Evaluation/ if the Article is applied, except for the Executive Management, the Company has the necessary mechanisms to evaluate performance annually.	Guiding Article
Seventy	Formation of a Risk Management Committee	Guiding Article
Seventy-One/All	Functions of the Risk Management Committee	Guiding Article
Seventy-Two	Risk Management Committee meetings	Guiding Article
Eighty-Seven	Social Responsibility	Guiding Article
Ninety-Three/Paragraph (B) of the Fourth Clause	Disclosure of remunerations / five senior executives, who received the highest remunerations from the Company, provided that they include the CEO and the Financial Director.	Partially Applied / Reason mentioned on page 89
Ninety-Five	Formation of the Corporate Governance Committee	Guiding Article

Some of the paragraphs that have not been implemented of the regulation are still guiding paragraphs, as implementation will be started in the future for (some or all of them) or when they are obligatory by the Financial Market Authority, the Ministry of Commerce, or the Regulatory Supervision. Concerning the tasks and responsibilities of the Risk Management Committee, the General Assembly of shareholders approved adding the tasks and responsibilities of the Risk Management Committee to the work list of the Audit Committee.

Board of Directors



Board Sessions

The thirteenth session of the Board of Directors ended on 10/04/2021, which was composed of the following members:

Mr. Mazen Ahmed Al-Jubeir (Representative of the Public Investment Fund) - Eng. Ibrahim Muhammad Abu Abat - Mr. Raed Abdullah Ismail - Mr. Alaa Abdullah Al-Hashem - Dr. Suleiman Abdulaziz Al-Tuwajri - Mr. Suleiman Abdullah Al-Sakran - Mr. Abdullatif Abdullah Al-Rajhi.

Election of the Board of Directors

The Extraordinary General Assembly, held on March 22, 2021, elected the current Board of Directors as of April 11, 2021 for a term of three years. The following tables show the names of the members of the Board of Directors, their positions, the description of their membership, their membership in other joint stock companies, members of the committees and the executive management, their current and previous jobs and qualifications, as well as their attendance record at the meetings of the Board and committees held during the year 2021.

Names of the members of the Board of Directors, the committees, and the executive management, and their current and previous positions and qualifications:

A - Members of the Board of Directors:

Name	Position	Current Jobs	Previous Jobs	Qualifications & Experience
Mr. Abdulaziz bin Saleh Abdullah Al-Rebdi Public Investment Fun	Chairman of the Board of Directors	Founder and CEO - Abdul Aziz bin Saleh Al Rebdi Financial Consulting Office	Managing Director - The National Agricultural Development Company (NADEC)	Bachelor's degree in Industrial Management/King Fahd University of Petroleum and Minerals
	Chairman of the Executive Committee	Board Member - Obeikan Glass Company	Board Member - Abdullah Al-Othaim Markets	
		Board Member - Saline Water Conversion Corporation	Board Member - Abdul Mohsen Al Hokair Group for Tourism and Development	
		Board Member - Social Development Bank	Board Member - Al Hammadi Company for Development and Investment	
		Board Member - Saudi Investment Recycling Company	Board Member - Saudi United Cooperative Insurance Company "Wala"	
		Member of the Advisory Board - Abdulaziz M. Alnamlah Holding Group Company (Amnest)	Board Member - Obeikan Industrial Group	
		Board Member - The Saudi Agricultural Investment and Livestock Production Company (SALIC)	President and Founder - ESR Financial Consulting Office	
		Founder - Hema Entertainment Holding Company 1 - UAE	General Manager - L'azurde Group for Industrial Investment	
		Founder - Hema Leisure Opportunity Fund 2 - UAE	Project Manager - Saudi Industrial Development Fund	
		Director - Hema Capital - UAE	Chairman - Board of Directors of the Saudi Tennis Federation	
Mr. Abdullatif Abdullah Al-Rajhi	Vice Chairman Investment Committee Member	Chairman of the Board of Directors - Al-Rajhi Holding Group	Credit Center Manager - Al Rajhi Bank	Master's degree in Business Administration - American University, Beirut
		Chairman of the Board of Directors - Al-Rajhi Financial Solutions Company	Regional Manager for the Eastern Region - Al Rajhi Bank	
		Founder and Board Member - Oxygen Factory Limited Company		
		Representative of a legal person - Bank Audi Syria		

Name	Position	Current Jobs	Previous Jobs	Qualifications & Experience
*Dr. Solaiman Abdulaziz Al-Tuwaijri	Board Member	Member of the Audit Committee - Saudi Electricity Company	Managing Director - Saudi Arabian Amiantit Company	PhD in Accounting - Case Western Reserve University, Cleveland, Ohio, USA
	Executive Committee Member	Member of the Board of Directors, the Executive Committee and the Audit Committee - Walaa Insurance Company	General Manager - Al-Othman Company for Agricultural and Vegetable Production (Nada)	
	Member of the Remuneration and Nominations Committee	Chairman of the Audit Committee - Chemical Development Company	Shared Services Manager - Rajoul Advanced Communication Technology Co.	Master's Degree in Accounting - University of Illinois Urbana-Champaign, Illinois State, USA
		Member of the Board of Directors - Management Accounting in America	Secretary General - University Higher Education Fund	
		Board Member - International Water Distribution Company	Head of Accounting Department - King Fahd University of Petroleum and Minerals	Bachelor's degree in Industrial Management - King Fahd University of Petroleum and Minerals.
		Board Member - International Company for Infrastructure Management and Operation Ltd.	Head of Accounting Department - King Fahd University of Petroleum and Minerals	
		Board Member - Amiantit Rubber Industry Co. Ltd.	Member of the Audit Committee - Higher Education Fund	Recipient of the Prince Muhammad Bin Fahd Prize for Scientific Excellence in 1998.
		Board Member - Amiantit Fiberglass Manufacturing Board Member - Ameron Saudi Arabia, Ltd.	Member of the Internal Audit Committee - Saudi Organization for Chartered and Professional Accountants	
		Board Member - Bond Strand Company	Member of the Audit Committee - Riyadh Bank	He holds many positions and memberships in prestigious international and local companies, in addition to being an expert in finance and accounting.
		Board Member - Saudi Arabian Ductile Boundary Pipe Manufacturing Co. Ltd.	Member of the Accounting Standards Committee - Saudi Organization for Chartered and Professional Accountants	
		Board Member - Saudi Arabian Concrete Products Company SACOP	Member of the Executive Committee - Zahoul Advanced Communication Technology Company	
		Board Member - Fiberglass Pipes And Ductile Iron Pipes Factory Company	CEO - Saudi Arabian Amiantit Company	
		Board Member - Awad Capital	Member of the Board of Directors and Chairman of the Audit Committee - Takween Advanced Industries Company	
		Executive Member - Jameel Investment Holding Company		
		Board Member - Four Principles Company		
		Partner and Chairman of the Board of Directors - Iliad Partners Company		
Mr. Omar bin Hamad Abdulaziz Almadhi	Board Member	Director of the Middle East and North Africa Investments Department - Public Investment Fund	Chief Executive Officer - Volkswagen Group Saudi Arabia	Executive Program Diploma in International Leadership - Harvard Kennedy School - Harvard University
	Head of the Audit Committee	Chief Executive Officer and Board Member - Abdullatif Jameel Investment Company	Assistant Undersecretary - General Investment Authority	
	Investment Committee Member	Board Member and Executive Committee - Saudi Fish Company	Consultant - McKinsey & Company	
		A representative of the Public Investment Fund	Engineer - Saudi Aramco Shell Refinery Company (SASREF)	
		Board Member - Shuqaiq 3 Saudi Water Partnership Company	Research Engineer - Saudi Aramco	Master's Degree in Business Administration - Massachusetts Institute of Technology
		Board Member - Saudi Sports for All Federation		Bachelor's degree in Chemical Engineering - University of Pennsylvania
		Board Member - Awad Capital		
		Executive Member - Jameel Investment Holding Company		
		Board Member - Four Principles Company		
		Partner and Chairman of the Board - Iliad Partners		
		Founding Partner and Chairman of the Board of Directors - Awad Capital Company - UAE		

Name	Position	Current Jobs	Previous Jobs	Qualifications & Experience
Mr. Saleh Hassan Abdullah Al-Afaleq	Board Member	Founder and Chairman of the Board of Directors - Al-Kifah Academy	Chairman of the Board of Directors - Al-Ahsa Amusement & Tourism .Co	Master's degree in Human Resources Development from Seattle Pacific University/ America, and a Degree
	Head of the Audit Committee	Board Member, Member of the Nomination and Remuneration Committee, and Member of the Audit Committee - Takween Advanced Industries	Vice Chairman of the Board of Directors and	
	Member of the Remuneration and Nominations Committee	Partner and Board Member - Al-Kifah Holding Company and its subsidiaries	Member of the Executive Committee - Arbah Financial Company	Bachelor of Science Management from King Faisal University
		Board Member - First Finance Company	Chairman of the Board of Directors - The National Center for Palms and Dates	
		Board Member - Noor Capital Company "An investment bank licensed by the Central Bank of the Emirates"	Member of the Board of Directors – Saudi	
			Authority for Industrial Cities and "Technology Zones "Modon	
			CEO - Kifah Holding Company	
			Vice Chairman of the Board of Directors - Community Service Committee - Al-Ahsa	
			Member of the Board of Directors and Member of the Investment Committee - Ibdar Bank	
Mr. Bader Abdulrahman Abdullah Al-Sayari	Board Member	Chief Investment Officer - Sulaiman Al Rajhi Holding Company	CEO - Venture Capital Saudi Arabia	Bachelor's degree in Accounting - King Saud University
	Chairman of the Investment Committee	Board Member - GIB Capital Company	Chief Investment Officer - Al Faisaliah Holding Group	
		Board Member and the Executive Committee Member - Advanced Educational Company	Chief Executive Officer - MEFIC Capital Company	
		Board Member - Al-Watania Poultry Company - Egypt	Chief Investment Officer - Al Azizia Commercial Investment Company	
		Board Member - Aleef Company		
		Investment Committee Member - Real Estate Development Fund		
		Investment Committee Member - King Faisal Specialist Hospital Charitable Foundation		
		Investment and Financial Resources Committee Member - King Salman Centre for Disability Research		
Mr. Amr Abdulaziz Abdullah Aljallal	Board Member	CEO - Dr. Sulaiman Al Habib Commercial Investment Company	Head of Private Equity and Investment Banking - Jadwa Investment Company	Master's Degree in Business Administration - Rice University
	Executive Committee Member	Vice Chairman of the Board of Directors - Abdul Mohsin Al Hokair Group for Tourism and Development	Senior Vice President, Investment Banking - Saudi Fransi Capital	Bachelor's degree in Information Systems Management - King Fahd University of Petroleum and Minerals
	Head of the Remuneration and Nominations Committee	Board Member - Matbouli Group Ltd.	Director of the Registration and Listing Unit for the Industry and Services Sector - Capital Market Authority	
		Board Member and Member of the Investment Committee - The Saudi Egyptian Company for Industrial Investments	Credit Banking Officer, Commercial Banking Services Department - Samba Financial Group	

*Dr. Solaiman Al-Tuwaijri was appointed as the Managing Director of the Company as of 01/11/2021, with the membership status changed from an independent member to an executive member.

Member Name	Position	Executive	Non-Executive	Independent
Mr. Abdulaziz bin Saleh Abdullah Al-Rebdi	Chairman of the Board	-	✓	-
Mr. Abdullatif Abdullah Al-Rajhi	Deputy Chairman of the Board	-	✓	-
Dr. Solaiman Abdulaziz Al-Tuwaijri	Board Member	✓	-	-
Mr. Omar bin Hamad Abdulaziz Almadhi	Board Member	-	-	✓
Mr. Saleh Hassan Abdullah Al-Afaleq	Board Member	-	✓	-
Mr. Bader Abdul Rahman Abdullah Al-Sayari	Board Member	-	✓	-
Mr. Amr Abdulaziz Abdullah Aljallal	Board Member	-	-	✓

*Dr. Solaiman Al-Tuwaijri was appointed as the Managing Director of the Company as of 01/11/2021, with the membership status changed from an independent member to an executive member.

B) Committee members from outside the Board of Directors:

Name	Position	Current Jobs	Previous Jobs	Qualifications & Experience
Mr. Amr Khaled Abdel Fattah Kurdi	Audit Committee Member - Independent Member	Chief Financial Officer - Tawuniya Insurance Company	Chief Business Officer - Saudi Arab Industrial Investment Company (Dusur)	PhD in Accounting - University of North Texas, USA
		Member of the Audit, Risk and Compliance Committee - STC	Chief Financial Officer - Saudi Arabian Amiantit Company	Master's Degree in Accounting - University of Arizona, USA
		Member of the Audit Committee - Saudi Electricity Company	Chief Executive Officer of Internal Audit - King Fahd University of Petroleum and Minerals	Bachelor's degree in Accounting - King Fahd University of Petroleum and Minerals
		Member of the Board of Directors - Institute of Management Accountants, USA	Professor of Accounting - King Fahd University of Petroleum and Minerals	Associate Certificate in Management Accounting from the Institute of Management Accountants, USA
			Head of the Audit Committee - Saudi General Electric Company for Advanced Turbines	
			Member of the Audit Committee - Savola Group	
			Member of the Board of Directors - Institute of Management Accountants, USA	
			Member of the Board of Directors and Chairman of the Audit Committee - International Water Distribution Company Ltd.	
			Member of the Audit Committee - King Fahd University of Petroleum and Minerals	
Mr. Sten Fleming Hudsberg	Executive Committee Member	Chief Executive Officer	CEO and Executive Vice President - Food Industries Companies	Master's degree in Strategy and Management Master's degree in Business Administration

Classification of membership and names of companies inside and outside the Kingdom:

Member Name	Classification of Membership	Current Companies	Inside / Outside the Kingdom	Legal Status	Previous Companies	Inside / Outside the Kingdom	Legal Status
		Board Member			Board Member		
Mr. Abdulaziz bin Saleh Abdullah Al-Rebdi - Representative of the Public Investment Fund	Non-Executive	Obeikan Glass Company	Inside the kingdom	Unlisted company	Abdullah Al-Othaim Markets	Inside the kingdom	Listed company
		Saudi Investment Recycling Company	Inside the kingdom	Unlisted company	Abdul Mohsen Al Hokair Group for Tourism and Development	Inside the kingdom	Listed company
		Saudi Investment and Agricultural Production (SALIC)	Inside the kingdom	Unlisted company	Takween Advanced Industries Company	Inside the kingdom	Listed company
		Saline Water Conversion Corporation	Inside the kingdom	Saudi government institution	Al Hammadi Company for Development & Investment	Inside the kingdom	Listed company
		Social Development Bank	Inside the kingdom	Financial institution	Saudi United Cooperative Insurance Company "Walaa"	Inside the kingdom	Unlisted company
		Abdulaziz Al-Namla Group Holding Company "Amnest"	Inside the kingdom	Unlisted company	Obeikan Industrial Group	Inside the kingdom	Unlisted company
Mr. Abdullatif Abdullah Al-Rajhi	Non-Executive	Al Rajhi Financial Solutions	Inside the kingdom	Unlisted company			
		Al Rajhi Holding Group	Inside the kingdom	Unlisted company			
		Oxygen Factory Co., Ltd.	Inside the kingdom	Unlisted company			
		Abdullah Al-Rajhi Charitable Foundation	Inside the kingdom	Unlisted company			
		Bank Audi Syria	Outside the kingdom	Unlisted company			
Mr. Omar bin Hamad Abdulaziz Al-Madhi	Independent	Saudi Fisheries Company - representative of the Public Investment Fund	Inside the kingdom	Listed company			
		Abdullatif Jameel Investment Company	Inside the kingdom	Unlisted company			
		Shuqaiq 3 Saudi Water Partnership Company	Inside the kingdom	Unlisted company			
		Saudi Sports for All Federation	Inside the kingdom	Unlisted company			
		Jameel Investment Holding Company	Inside the kingdom	Unlisted company			
		Four Principles Company	Inside the kingdom	Unlisted company			
		Iliad Partners Co	Outside the kingdom	Unlisted company			
		Awwad Capital Company	Outside the kingdom	Unlisted company			

Member Name	Classification of Membership	Current Companies	Inside / Outside the Kingdom	Legal Status	Previous Companies	Inside / Outside the Kingdom	Legal Status
		Board Member			Board Member		
*Dr. Solaiman Abdulaziz Al-Tuwaijri	Executive	Takween Advanced Industries Company	Inside the kingdom	Listed company	Saudi Arabian Amiantit Company	Inside the kingdom	Listed company
		Walaa Insurance Company	Inside the kingdom	Listed company			
		International Water Distribution Company	Inside the kingdom	Listed company			
		Global Infrastructure Management and Operation Company Limited	Inside the kingdom	Unlisted company			
		Amiantit Rubber Industry Co., Ltd.	Inside the kingdom	Unlisted company			
		Amiantit Fiberglass Manufacturing Co., Ltd.	Inside the kingdom	Unlisted company			
		Saudi Arabian Amiron Company Ltd.	Inside the kingdom	Unlisted company			
		Bond Strand Co., Ltd.	Inside the kingdom	Unlisted company			
		Saudi Arabian Ductile Boundary Pipe Manufacturing Co. Ltd.	Inside the kingdom	Unlisted company			
		Saudi Arabian Concrete Products Company SACOP	Inside the kingdom	Unlisted company			
Mr. Saleh Hassan Abdullah Al-Afaleq	Non-Executive	Fiberglass Pipes And Ductile Iron Pipes Factory Company	Inside the kingdom	Unlisted company			
		Takween Advanced Industries Company	Inside the kingdom	Listed company			
		AlKifah Holding Company	Inside the kingdom	Unlisted company			
		Tamweel Aloula	Inside the kingdom	Unlisted company			
		Noor Capital "an investment bank licensed by the Central Bank of the Emirates"	Inside the kingdom	Unlisted company			
Mr. Bader Abdulrahman Abdullah Al-Sayari	Non-Executive	GIB Capital Company	Inside the kingdom	Unlisted company			
		Advanced educational company	Inside the kingdom	Unlisted company			
		National Poultry Company - Egypt	Outside the kingdom	Unlisted company			

Member Name	Classification of Membership	Local Companies	Inside / Outside the Kingdom	Legal Status	Previous Companies	Inside / Outside the Kingdom	Legal Status
		Board Member			Board Member		
Mr. Amr Abdulaziz Abdullah Aljallal	Independent	Abdul Mohsen Al Hokair Group for Tourism and Development Company	Inside the kingdom	Listed company	Hamat Holding Company	Inside the kingdom	Unlisted company
		Electricity and Water Utilities Company in Jubail and Yanbu (Marafiq)	Inside the kingdom	Unlisted company			
		Saudi Egyptian Industrial Investment Company	Outside the kingdom	Unlisted company			
		Hamat Holding Company	Inside the kingdom	Unlisted company			
		October Pharma Company	Outside the kingdom	Listed company			
		Venture Capital and Private Equity Association	Inside the kingdom	Professional Association			

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

The Chairman of the Board at the first meeting of the Board of Directors (Especially non-executive) informs the proposals and notes of shareholders in the company and its performance, if any, with the Board of Directors authorized to take the procedures that enable shareholders from receiving their proposals and their observations, through communication channels The Investor Relations Department has the following:
Head office phone: 0112027777
Email: IR@nadec.com.sa

Board meetings and Board member remuneration

The number of Board meetings during the year 2021 reached (10) meetings, of which (7) were in attendance, and three meetings were taken by circulating, as follows:

No.	Members	Board Meeting Numbers and Dates									
		First Meeting	Second Meeting "By Circulating"	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting "By Circulating"	Seventh Meeting	Eighth Meeting "By Circulating"	Ninth Meeting	Tenth Meeting
		12/04/2021	19/04/2021	04/05/2021	16/06/2021	07/07/2021	09/09/2021	29/09/2021	21/10/2021	05/12/2021	28/12/2021
1	Abdulaziz Saleh Al-Rebdi	✓	-	✓	✓	✓	-	✓	-	✓	✓
2	Abdullatif Abdullah Al-Rajhi	✓	-	✓	✓	✓	-	✓	-	✓	✓
3	Omar Hamad Almadhi	✓	-	✓	✓	✓	-	✓	-	✓	✓
4	Solaiman Abdulaziz Al-Tuwaijri	✓	-	✓	✓	✗	-	✓	-	✓	✓
5	Saleh Hassan Al-Afaleq	✓	-	✓	✓	✓	-	✓	-	✓	✓
6	Bader Abdul Rahman Al-Sayari	✓	-	✓	✓	✓	-	✓	-	✓	✓
7	Amr Abdulaziz Aljallal	✓	-	✓	✓	✓	-	✓	-	✓	✓

Board meetings and members’ remunerations

No.	Members	Membership Status	Number of Board Meetings		Number of Audit Committee Sessions	The number of committee sessions Nominations and rewards	Number of Nomination and Remuneration Committee Meetings	Number of Executive Committee Meetings	Total
			In Attendance	By Circulating					
1	Abdulaziz Saleh Al-Rebdi	Non-Executive	7	3				2	12
2	Abdullatif Abdullah Al-Rajhi	Non-Executive	7	3			3		13
3	Omar Hamad Almadhi	Independent	7	3	8		3		21
4	Solaiman Abdulaziz Al-Tuwaijri	Executive	6	3		3		2	15
5	Saleh Hassan Al-Afaleq	Non-Executive	7	3	8	3			21
6	Bader Abdul Rahman Al-Sayari	Non-Executive	7	3			3		13
7	Amr Abdulaziz Aljallal	Independent	7	3		3		2	15
8	Amr Khaled Abdel Fattah Kurdi	From outside the Board	0	0	8				8
9	Mr. Sten Fleming Hudsberg	From outside the Board	0	0				2	2

Statement of the dates of the General Assemblies of Shareholders held during the year 2021, and the names of the Board Members attending these meetings:

Number of General Assemblies: Two			
Name	The 33rd Ordinary General Assembly Meeting on 21/03/2021	Name	The 34th Ordinary General Assembly Meeting on 22/04/2021
Mazen Ahmed Al-Jubeir (Chairman of the Board of Directors)	✓	Abdulaziz Saleh Al-Rebdi (Chairman of the Board of Directors)	✓
Ibrahim Muhammed Abu Ababa (Vice Chairman of the Board of Directors)	✓	Abdullatif Abdullah Al-Rajhi (Vice Chairman of the Board of Directors)	✓
Raed Abdullah Ismail	✓	Omar Hamad Almadhi	✓
Alaa Abdullah Al-Hashem	✓	Solaiman Abdulaziz Al-Tuwaijri	✓
Solaiman Abdulaziz Al-Tuwaijri	✓	Saleh Hassan Al-Afaleq	✓
Suleiman Abdullah Al-Sukran	✓	Bader Abdul Rahman Al-Sayari	✓
Abdullatif Abdullah Al-Rajhi	✓	Amr Abdulaziz Aljallal	✓

* The new members were elected at the Ordinary General Assembly meeting on 03/21/2021, provided that the beginning of the session will be on 04/11/2021

Remunerations Policy:

The Remuneration and Nominations Committee is responsible for making recommendations to the Company’s Board of Directors about the remuneration of Board Members and its Committees and Senior Executives of the Company, by the approved standards as follows:

- The Company takes into account the consistency of the remuneration with the Company’s strategy and objectives, and the size, nature, and degree of the risks.
- Remunerations shall be commensurate with the Company’s activity and the skills needed, taking into account the size of the sector in which the Company operates and the experience of the Board Members and the Executive Management.
- Remunerations shall be provided to urge the Board Members and its Committees and the Executive Management to develop the Company’s business and its long-term development, taking into account linking the variable part of the remuneration to long-term performance.
- Remunerations shall be determined based on the job level, the tasks, and responsibilities assigned to the member, educational qualifications, practical experience, skills, and level of performance.
- Remuneration shall be fair and proportionate to the competencies, works, and responsibilities undertaken and borne by the Board Members and the Executive Management, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- The Company takes into account the practices of other companies and what is prevalent in the labor market in determining the remuneration while avoiding the unjustified rise in remuneration and compensation that might arise.
- Remunerations shall be reasonably sufficient to attract, motivate, and retain Board Members with competence and professional experience, without exaggerating their value.
- Remuneration shall be prepared in coordination with the Remuneration and Nomination Committee about new members.
- Remunerations shall be suspended or refunded if it is found that it was decided based on inaccurate information provided by a Board Member of the Executive Management, to prevent the exploitation of the job situation to obtain undeserved remunerations.
- It is permissible to organize granting shares in the Company to Board Members and the Executive Management, whether it is a new issuance of shares purchased by the Company.
- Remunerations of the Board Members might be a certain amount, meetings attendance allowance, in-kind benefits, or a certain percentage of net profits, as two or more of these benefits might be combined.

Board Members Remuneration:

The remunerations of the Board Members are subject to approval by the General Assembly of shareholders, taking into account the following:

- The remuneration of the Board Members of NADEC consists of a certain amount, meetings attendance allowance, expenses allowance, in-kind benefits, or a percentage of profits, as two or more of these benefits might be combined, not exceeding what is stipulated in the Companies Law. The Board of Directors shall determine the remuneration of its members annually based on the recommendation of the Remuneration and Nomination Committee, taking into account the provisions contained in this regard in the Company’s Articles of Association or any other regulations issued by the competent authorities.
- The Board Member shall receive a meeting attendance allowance for each meeting of the Board of Directors or its Committees in the amount of (3000) riyals, in addition to compensation for travel, accommodation, tickets, and transportation for members from outside the city of the Company’s headquarters.
- Upon a recommendation issued by the Remuneration Committee, the Board of Directors shall determine additional in-kind or cash remuneration as it deems appropriate, provided that the sum of the remunerations and financial or in-kind benefits received by a Board Member shall not exceed the amount of (500,000) riyals annually, by the regulations set by the competent authority.
- A Board Member may obtain remuneration for his membership in the Audit Committee or any executive, technical, administrative, advisory work, or positions (under a professional license), in addition to the remuneration for members of the Board of Directors and its affiliated Committees.
- The remuneration of the Board Independent Members shall not be a percentage of the profits achieved by the Company or based directly or indirectly on the Company’s profitability.
- The report of the Board of Directors to the General Assembly shall include a comprehensive statement of all the Board Members received during the fiscal year in terms of remuneration, expense allowance, and other benefits, as well as a statement of what the Board Members received in their capacity as workers, administrators, or in return for technical or administrative work or Consulting. Likewise for the meetings of the Board of Directors and the number of meetings attended by each member from the date of the last meeting of the General Assembly.

Remuneration of members of the committees emanating from the Board of Directors:

- The Board of Directors shall determine and approve the remuneration for membership of its committees emanating from it - except the Audit Committee - attendance allowances, and other entitlements based on a recommendation from the Remuneration and Nominations Committee.
- The remuneration for members of the committees emanating from the Board of Directors shall consist of an annual remuneration (a lump sum), meeting attendance allowances, and other entitlements. The work regulations of each of the committees shall include the remuneration of its members.
- As for the remuneration for members of the Audit Committee, it shall be approved by the general assembly of shareholders based on a recommendation from the Board of Directors, following the Company’s bylaws.
- When forming the membership of committees emanating from the Board of Directors, the number of committees that a Board Member can occupy shall be taken into consideration, so that the total revived remunerations for the membership in the Board and Committees shall not exceed the upper limit stipulated in the Companies Law.

Executive Management Remunerations:

The Remuneration and Nomination Committee shall periodically review the remuneration, program, and incentive plans for senior executives and make recommendations in this regard to the Board of Directors. The remuneration of the Executive Management includes the following:

- Basic salary. (Paid monthly)
- Allowances that include, but are not limited to: housing allowance, transportation allowance, telephone allowance, education allowance for children.
- Short-term incentive plans related to the performance of the individual and the Company, and long-term incentive plans such as stock options and others.
- Other benefits include but are not limited to annual leave, travel tickets, travel allowance, and end of service gratuity.

The relationship between the remunerations awarded and the applicable remunerations policy

After receiving the recommendation of the Remuneration and Nominations Committee, the relationship between the awarded remuneration and the remuneration policy that was approved by the General Assembly of the Company’s shareholders on 08/02/2022 was studied, and the Audit Committee did not find any fundamental deviations from the remuneration policy.

Board of Directors Remuneration:

	Fixed Remunerations							Variable Remunerations						End of Service Gratuity	Total	Expense Allowance
	Certain Amount	Meeting Attendance Allowance	Total allowance for attending committee sessions	In-kind benefits	Remunerations for technical, administrative, and consulting works	Remunerations of the Chairman, Managing Director, or Secretary if he is a member	Total	A percentage of the profits	Regular Remunerations	Short term incentive plans	Long term incentive plans	Granted shares	Total			
First: Independent members																
Omar bin Hamad Almadhi	250,000	21,000	33000	-	-	-	304,000	-	-	-	-	-	-	-	304,000	-
Amr Abdulaziz Aljallal	250,000	21,000	15000	-	-	-	286,000	-	-	-	-	-	-	-	286,000	-
Second: Non-Executive Members																
Abdulaziz bin Saleh Al-Rebdi	250,000	21,000	6000	-	-	-	277,000	-	-	-	-	-	-	-	277,000	-
AbdulLatif Abdullah Al-Rajhi	250,000	21,000	9000	-	-	-	280,000	-	-	-	-	-	-	-	280,000	-
Saleh Hassan Abdullah Al-Afaleq	250,000	21,000	33000	-	-	-	304,000	-	-	-	-	-	-	-	304,000	21000
Bader Abdul Rahman Al-Sayari	250,000	21,000	9000	-	-	-	280,000	-	-	-	-	-	-	-	280,000	-
Third: Executive Members																
Solaiman Abdulaziz Al-Tuwajjri	250,000	18,000	15000	-	-	-	283,000	-	-	-	-	-	-	-	283,000	7000
Total	1,750,000	144,000	120,000	-	-	-	2,014,000	-	-	-	-	-	-	-	2,014,000	28000

*Dr. Solaiman Al-Tuwaijri was appointed as the Managing Director of the Company as of 01/11/2021, with the membership status changed from an independent member to an executive member.

Description	Executives	Non Executives	Independent	Committee Members	Total
Board Attendance Allowance	15,000	72,000	36,000		123,000
BoDs Rewards	250,000	1,000,000	500,000		1,750,000
Committees Attendance Allowance	15,000	57,000	48,000	30,000	150,000
Committee Rewards	200,000	550,000	450,000	350,000	1,550,000
Total	480,000	1,679,000	1,034,000	380,000	3,573,000

Remuneration and Compensation for Committee Members
The Compensation of Committee Members during the year 2021 was as follows:

Audit Committee					
	Name	Fixed Remunerations	Total Attendance Allowance	Total Expense Allowance	Total
1	Saleh Hassan Al-Afaleq	150,000	24,000	3,500	177,500
2	Amr Khaled Kurdi	150,000	24,000		174,000
3	Omar bin Hamad Almadhi	150,000	24,000		174,000
Remuneration and Nominations Committee					
1	Amr Abdulaziz Aljallal	100,000	9,000		109,000
2	Saleh Hassan Al-Afaleq	100,000	9,000	3,500	112,500
3	Solaiman Abdulaziz Al-Tuwaijri	100,000	9,000	3,500	112,500
Executive Committee					
1	Abdulaziz bin Saleh Al-Rebdi	100,000	6,000		106,000
2	Solaiman Abdulaziz Al-Tuwaijri	100,000	6,000	3,500	109,500
3	Amr Abdulaziz Aljallal	100,000	6,000		106,000
4	Mr. Sten Fleming Hudsberg	100,000	6,000		106,000
Investment Committee					
1	Bader Abdul Rahman Al-Sayari	100,000	9,000		109,000
2	Abdullatif Abdullah Al-Rajhi	100,000	9,000		109,000
3	Omar bin Hamad Almadhi	100,000	9,000		109,000

C. Executive Management:

Name	Current Job	Previous Job	Qualifications	Experiences
*Dr. Solaiman Abdulaziz Al-Tuwaijri *	Managing Director	CEO - Saudi Arabian Amiantit Company	Ph.D. in Accounting - Case Western Reserve University, Cleveland, Ohio, USA Master's Degree in Accounting - University of Illinois Urbana-Champaign, Illinois State, USA Bachelor's degree in Industrial Management - King Fahd University of Petroleum and Minerals Recipient of the Prince Muhammad Bin Fahd Prize for Scientific Excellence in 1989 He holds many positions and memberships in reputable international and local companies Expert in finance and accounting sciences.	More than 25 years of experience.
Sten Fleming Hudsburg	Chief Executive Officer	CEO and Executive Vice President - Food Industries Companies	Master's degree in Strategy and Management Master's degree in Business Administration	More than 36 years of experience
Emad Bakr Saleh	Acting Vice President of the - Dairy Farm	Dairy General Manager	Bachelor's degree in animal production	More than 30 years of experience
Hamad Abdulaziz Al-Sawaji	Vice-President - Sales and Distribution	Operations and Sales Manager in Saudi Arabia	Several professional certificates in quality management and main accounts	More than 22 years of experience
Nasser Abdulaziz Al-Ghanim	Vice-President - Marketing	Marketing General Manager	Bachelor's degree in Marketing	More than 15 years of experience

Name	Current Job	Previous Job	Qualifications	Experiences
Sultan Thawab Al-Mutairi	Vice-President of Human Resources	Acting General Manager of Human Resource	Master's Degree in Industrial and Organizational Psychology	More than 16 years of experience
Abdullah Ibrahim Al-Dehaimi	Executive Director of Communications & Corporate Affairs Secretary of the Board of Directors	Board Secretary Assistant Director of Investor Relations Department	Higher Diploma in Management Bachelor of Business Administration	More than 14 years of experience
Georgios Assimakopoulos	Acting Vice President of Finance	Senior Executive Director - Business Finance	Master's Degree in Business Administration - Finance Bachelor of Business Administration	More than 25 years of experience
Marwan Al-Mubarak	Vice-President of the Internal Audit	Director of the internal Audit Department for Investment in Communication	Master's Degree in Accounting	More than 10 years of experience

The highest five executives’ benefits

The following is the rewards and bonuses of the top five executives at the Company, who received the highest income for the year 2021 (including the CEO and the CFO who received the highest income):

	Fixed Benefits				Variable Benefits						Severance pay	Total of executives' benefits by the Board, if existed	Total
	Salary	Allowances	In kind incentives	Total	Periodic bonuses	Profits	Short-term incentives	Long-term incentives	Conferred shares	Total			
Total	5,044,341	2,294,208	-	7,338,549	-	-	3,408,425	-	-	3,408,425	-		10,746,974

Clarification: the Company is committed to disclose the elements of higher executives benefits in general according to the policy requirements in sub-section (b) of article (4) of paragraph (93) of the corporate governance policy, to protect the Company interests, its shareholders, and its staff and to avoid any harm that may happen due to human capital competitive nature.

The benefits of board members and senior executives in the Company's shares:
The benefits of board members and their spouses and children in the Company's shares:

The following table shows the benefits of board members and their spouses and children in the Company's shares and any changes that occurred in the ownerships during the year:

Name (the person subject to the benefit)	Beginning of the year		End of the year		Net change	Rate of change
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Saleh Hasan Abdullah Alafaliq	1196077	-	1225000	-	-	-

The benefits of senior executives and their spouses and children in the Company's shares:

The following table shows the benefits of board members and their spouses and children in the Company's shares and any changes that occurred in the ownerships during the year:

Name (the person subject to the benefit)	Beginning of the year		End of the year		Net change	Rate of change
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Solaiman Abdulaziz Altwijiri	1200	-	-	-	-	-

Board of Directors Committees:

There are four committees at the Company: the auditing committee, the remuneration and nominations committee, the executive committee, and the investment committee. Here are the names of members of each committee and their terms of reference (TOR):

I. The auditing committee:

- Saleh Hasan Abdullah Alafaliq (chairman)
- Amr Khalid Abdulfattah Kurdi (member)
- Omar Hamad Abdulaziz Almadhi (member)

Terms of reference:

- To ensure the independence of internal auditors and supervise the department of internal audit, to guarantee its efficiency.
- To study the internal audit policy and provide written report and recommendations.
- To review the internal audit reports and follow up in complying with reform measures noted in the reports.
- To nominate CPA’s or terminate them, and decide their remuneration, considering their independence when hired.
- To review nominated applicants for internal audit chief position and its benefits.
- To follow up with CPA’s work and decide any further tasks they might be assigned to do beside auditing.
- To study the auditing plan provided by the CPA and provide feedback and comments.
- To review the CPA’s comments of the financial statements and follow up accordingly.
- To study the unaudited and the annual financial statements prior to be presented before the board, and provide comments and recommendations.
- To review the accounting policy stance in the Company and provide recommendations.
- To study the results of the regulators’ reports and ensure that measures are taken place in that regard.
- To ensure the Company’s adherence with all policy and regulations to be considered.

Meeting of the auditing committee in 2021, 8 meetings:

No.	Members	Position	Numbers and dates of meetings							
			First	Second	Third	Forth	Fifth	Sixth	Seventh	Eighth
			19/04/2021	27/04/2021	10/05/2021	20/05/2021	27/06/2021	01/08/2021	07/09/2021	20/10/2021
1	Saleh Hasan Abdullah Alafaliq	Chair Non-executive	✓	✓	✓	✓	✓	✓	✓	✓
2	Amr Khalid Abdulfattah Kurdi	Member Outside the board	✓	✓	✓	✓	✓	✓	✓	✓
3	Omar Hamad Abdulaziz Almadhi	Member independent	✓	✓	✓	✓	✓	✓	✓	✓

II. The nominating & bonuses committee:

- Amr Abdulaziz Aljallal (chairman)
- Saleh hasan abdullah Alafaliq (member)
- Solaiman Abdulaziz Altwijiri (member)

Terms of reference:

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

Meeting of the nominating & bonuses committee in 2021, 3 meetings:

No.	Members	Position	Numbers and dates of meetings		
			First	Second	Third
			02/05/2021	18/06/2021	28/07/2021
1	Amr Abdulaziz Aljallal	Chairman Independent	✓	✓	✓
2	Saleh Hasan Abdullah Alafaliq	Member Non-executive	✓	✓	✓
3	Solaiman Abdulaziz Altwijiri	Member Executive	✓	✓	✓

III. The executive committee:

- Abdulaziz Saleh Alrebdi (chairman)
- Solaiman Abdulaziz Altwijiri (member)
- Amr Abdulaziz Aljallal (member)
- Steen Fleming Hadsburg (member)

Terms of reference:

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

Meetings of the executive committee in 2021, 2 meetings:

No.	Members	Position	Numbers and dates of meetings	
			First	Second
			13/04/2021	28/04/2021
1	Abdulaziz Saleh Alrebdi	Chairman Non-exucutive	✓	✓
2	Solaiman Abdulaziz Altwijiri	Member Executive	✓	✓
3	Amr Abdulaziz Aljallal	Member Independent	✓	✓
4	Steen Fleming Hadsburg	Member Outside the board	✓	✓

IV. The investment committee:

- Badr Abdulrahman Alsayyari (Chairman)
- Abdulatif Abdullah Alrajhi (member)
- Omar Hamad Abdulaziz Almadhi (member)

Terms of reference:

- To review and approve the general investment policy of the Company, including philosophy, strategy, and investment etc.
- To review offers and investment opportunity and prioritize them according to investment assessment standards, and approve new investment with the maximum limit of 50 million SAR.
- To Review and approve acquisition proposals and investments based on the Company's strategy.
- To observe the execution and the financial results and holistic status of the company's investment in addition to all transaction like acquisition, joint venture, or liquidation.
- To study and recommend any potential strategic partnership.
- To review and approve NadeC's investment plan.
- To evaluate the Company's policy for financial products and all hedging practices to provide a framework to utilize financial products and hedging from the Company's part, and observe all that along with investment risk that might face the company.
- To provide periodic reports to the BOD about the committee's activities, issues, recommendations.
- To review any reports of the company in relation to the responsibilities of the committee.
- To review and evaluate the adequacy of the charter in an annual basis, and propose any required changes and ensure an suitable disclose for such changes.
- To ensure that the committee's responsibilities are met in an annual basis.
- To assess the performance of the committee of investment in a regular basis.

Meetings of the investment committee in 2021, 3 meetings:

No.	Members	Position	Numbers and dates of meetings		
			First	Second	Third
			22/04/2021	31/05/2021	13/09/2021
1	Badr Abdulrahman Alsayyari	Chairman – non-exucutive	✓	✓	✓
2	Abdulatif Abdullah Alrajhi	Member – non-executive	✓	✓	✓
3	Omar Hamad Abdulaziz Almadhi	Member – independent	✓	✓	✓

The Company's Policy in Profit Distribution

After deducting general expenses and other costs including zakah that is Islamically required, the net-profit is distributed as following:

- Put 10% of the net-profit to create the regular reserve for the Company, and it is the general assembly's right to stop this practice when the mentioned reserve reaches 30% of the paid-up capital.
- The general assembly has the right to create any other reserves as long as that satisfies the Company's interest and ensure stable profit distribution to the shareholders. It is also the assembly's right deduct from the net-profit to build social organizations for the Company's employees or to facilitate any existing of such organizations.
- The remainder is distributed among the shareholders by the ratio of 5% of the paid-up capital.
- It is also necessarily to consider the rules in section (21) of the statute and section (76) of the corporation regulations, which is to allocate after all the above an amount of 10% of the remainder as a bonus to the BOD, considering number of meetings attended by each member.
- It is permissible that the Company distribute semi-annual or quarterly profits according to the regulations.
- To ensure that the committee's responsibilities are met in an annual basis.
- To assess the performance of the committee of investment in a regular basis.

Dealing with stakeholders

The Chairman (Abdulaziz Saleh Alrebdi), the BOD member (Saleh Hasan Alafaliq), and the BOD member (Badr Abdularahman Alsayyari) have the right to have business transaction with the Company (sell and buy) as they are BOD members in stakeholders corporations in relation with the Company. And as there have been no changes in these contracts during the year of 2021 and they were initiated prior to their membership. This is disclose in clarification number (35) in the financial statements; in addition, the CFO and other BOD members have already signed disclaimers of no business relations or contracts with any stakeholders.

The company	Nature of transaction / contract	The amount	The period	Terms and condi-tions	Name
Abdullah AIOthaim Markets	Sell NadeC products	79,413,662	1 year	Conventional contract terms and conditions	Chairman Abdulaziz Saleh Alrebdi
Takween Advanced Industries	Purchase plastic materials	25,600,093	1 year	Conventional contract terms and conditions	BOD member Saleh Hasan Alafaliq
AlKifah Holding	Purchase packaging materials	6,896,418	1 year	Conventional contract terms and conditions	BOD member Saleh Hasan Alafaliq
Al-Watania Poultry	Purchase animal feed	7,689,680	1 year	Conventional contract terms and conditions	BOD member Badr Abdularahman Alsayyari

Affiliate corporations:

The number of companies either owned by or invested in by Nadec is two, and they are as the following:

Name of the company	Main practice	Establish year	Capital (SAR)	Nadec's share percentage	Total revenue 2021
The National Seed & Agriculture Services Company	Produce seeds and plant tissues	1406	29,515,200	13.99%	10,138,502
Al mutahida united dairy farms co	Production and sale of veterinary medicines	1408	7,250,000	8.26%	21.600.000

Fees:

I. Fees (2021):

list	Amount paid (m SAR)	Amount due	Description	Comment
Immigration and governmental fees	32.2		Immigration and governmental fees for the year of 2021	
VAT	153.4	11	VAT paid during 2021	The amount due is for December 2021, will be paid in January 2022
Zakat and deduction tax	1.1	72.3	Zakat for previous years, and deduction tax for 2021	The amount due is for zakat (financial statements, clarification number 31)
Social security	17.7	1.7	Social security paid during 2021	The amount due is for December 2021, will be paid in January 2022
Customs fees	14.5		Customs fees paid during 2021	Customs declaration-2021
total	218.9	85		

II. Sanctions and forfeitures

CMA and other regulators did not assign any fines during the year 2021.

The Auditing Committee's view on internal audit:

According to the periodic reports provided by the company's management, and through the supervision role of the auditing committee following up the performance and reports of the internal audit that ensure the effectiveness of the policy and the auditing measures at the company, and also according to the CPA assessment of the mentoring system; according to all of that the committee sees no significant shortage in the internal audit system at the Company or any matter that requires the general assembly attention.

The Auditing Committee recommendations that conflicts with the BOD decisions:

There are no recommendations that conflicts with any BOD decisions or that are denied by the BOD in regard to assigning CPA or internal auditor, terminate their contract, decide their remunerations, or assess their performance.

Measures taken by the BOD to inform its members -non-executives in particular- of the shareholders' suggestions and comments on the company's performance:

In the first BOD meeting, the chairman informs the BOD members -non-executives in particular- of the shareholders' suggestions and comments on the company's performance if there is any.

Significant events:

The National Agricultural Development Company (Nadec) announced a number of things that it had done during the year of 2021. The announcements took place on the webpage of Saudi Tadawul Group (Tadawul),a dn the number of announcements is about 32 addressing the shareholders, and there is a brief list of that:

No.	Date	Nature of the announcement	Headline
1	10/01/2021	Announcement for the shareholders	Nadec announces its program of complete transformation in costs
2	12/01/2021	Signing a memorandum of understanding	Nadec announces the signing of a memorandum of understanding with Olam International, Alrajhi international for investment, and Alajlan Sons for trade and real-estate to start an alliance in order to propose an acquisition a flour mill of two to be offered by the Saudi Grains Organization
3	21/01/2021	Membership nomination	Nadec opens BOD membership nomination for the coming course
4	28/01/2021	General assembly meeting invitation	Nadec invites its shareholders to attend the 33rd assembly (first meeting) via modern media.
5	08/03/2021	Signing a memorandum of understanding	Nadec announces the signing of a memorandum of understanding with DAFA agriculture about the potential acquisition of the entire DAFA capital or some of its assets
6	16/03/2021	Financial results	Nadec announces its financial results for the year ends on 31/12/2020 (12 months)
7	16/03/2021	Announcement for the shareholders	Nadec announces the date for E-voting on the 33rd assembly meeting minutes (first meeting)
8	22/03/2021	Minutes of the general assembly meeting	Nadec announces the Minutes of the 33rd general assembly meeting
9	29/03/2021	Announcement for the shareholders	Nadec announces the latest updates on the agreements of the solar energy project at the company's project in Haradh
10	01/04/2021	General assembly annual meeting invitation	Nadec invites its shareholders to attend the 43rd assembly (first meeting) via modern media

No.	Date	Nature of the announcement	Headline
11	04/04/2021	Announcement for the shareholders	Nadec announces the latest updates on the signing of a memorandum of understanding with Pure Harvest Company for Smart Farms to build and operate high-tech greenhouses
12	12/04/2021	Announcement for the shareholders	Nadec announces the naming of chairman and vice chairman and formulate committees and the company's delegation at CMA and Tadawul and appoint the BOD secretary
13	15/04/2021	Announcement for the shareholders	Nadec announces the date for E-voting on the 43rd assembly meeting minutes
14	19/04/2021	Announcement for the shareholders	Nadec announces the signing of a memorandum of understanding with Olam International, Alrajhi international for investment, and Alajlan Sons for trade and real-estate to start an alliance in order to propose an acquisition a flour mill of two to be offered by the Saudi Grains Organization
15	21/04/2021	Announcement for the shareholders	Nadec announces the acceptance of group offer by Olam International, Alrajhi international for investment, and Alajlan Sons for trade and real-estate for the acquisition a flour mill of two to be offered by the Saudi Grains Organization
16	25/04/2021	Minutes of the general assembly meeting	Nadec announces the Minutes of the 43rd general assembly meeting
17	28/04/2021	Financial results	Nadec announces its preliminary financial results for the period ends on 31/03/2021 (3 months)
18	04/07/2021	Announcement for the shareholders	Nadec announces the latest updates on the signing of a memorandum of understanding with Pure Harvest Company for Smart Farms to build and operate high-tech greenhouses
19	13/07/2021	Announcement for the shareholders	Nadec announces the latest updates about the agreements with Olam International, Alrajhi international for investment, and Alajlan Sons to propose an acquisition of the second flour mill offered by the Saudi Grains Organization
20	02/08/2021	Announcement for the shareholders	Nadec announces the latest updates on the agreements of the solar energy project at the company's project in Haradh
21	04/08/2021	Financial results	Nadec announces its preliminary financial results for the period ends on 31/06/2020 (6 months)
22	31/08/2021	Announcement for the shareholders	Nadec announces the latest updates on the agreements of the solar energy project at the company's project in Haradh
23	02/09/2021	A phone meeting	Nadec announces an arrangement for a phone meeting to discuss financial results for the second quarter of the year 2021 with financial analysts the inventors' delegation
24	08/09/2021	Announcement for the shareholders	Nadec announces the signing of a memorandum of understanding with DAFA agriculture

No.	Date	Nature of the announcement	Headline
25	14/09/2021	Announcement for the shareholders	Nadec announces the latest updates regarding the measures approved by the Council of Ministers in relation to the lands given to the Company
26	21/10/2021	Financial results	Nadec announces its preliminary financial results for the period ends on 30/09/2021 (9 months)
27	24/10/2021	Announcement for the shareholders	Nadec announces the hiring of the managing member
28	01/11/2021	Announcement for the shareholders	Nadec announces the latest updates on the agreements of the solar energy project at the company's project in Haradh
29	04/11/2021	Announcement for the shareholders	Nadec announces the latest updates on the signing of a memorandum of understanding with Pure Harvest Company for Smart Farms to build and operate high-tech greenhouses
30	07/11/2021	Announcement for the shareholders	Nadec announces the latest updates regarding the measures approved by the Council of Ministers in relation to the lands given to the Company
31	01/12/2021	Announcement for the shareholders	Nadec announces the latest updates about the agreements with Olam International, Alrajhi international for investment, and Alajlan Sons to propose an acquisition of the second flour mill offered by the Saudi Grains Organization
32	06/12/2021	Announcement for the shareholders	Nadec announces changes in membership of a number of the committees and the structure of the committee of investment

Record list of shareholders, the dates of requests, and the reasons:

Number	Date	Reason
1	14/01/2021	The company's measures
2	25/01/2021	The company's measures
3	18/02/2021	The company's measures
4	17/03/2021	The company's measures
5	17/03/2021	The company's measures
6	22/04/2021	The company's measures
7	22/06/2021	The company's measures
8	30/06/2021	The company's measures
9	27/09/2021	The company's measures
10	01/12/2021	The company's measures
11	29/12/2021	The company's measures

Future Plans:

One of the most important plans and projects of the future, of which Nadec is interested in and works hard to realize is to invest in energy alternatives and its projects like generating solar energy because this promising technology has got such growth and development. The Company also works in coming with studies required to operate this alternative energy in order to be able to reflect the plans in reality. Nadec is moreover interested in investing in high-tech greenhouses to produce vegetables and fruits. There has been already reconstructing the firm’s strategy to allow it to entre in new practices that are related to food security and the Kingdom’s vision 2030.

Risks:

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

General regulation and economy risks:

There risks are because of decisions made by official bodies in the government like animal feed farming termination; this can effect the company in providing feed for its cows farms. To eliminate this impact the company started to put some of its plans into action to enhance farms lands outside the country, and during this year the first phase has already been done (pilot) in a project in Sudan, and this will provide the cattle with required feed. Also, there are the risk of price rise if the government support on energy products stops, and this will bring more burden on production which will cause volatility in revenue. The company came up with a procedure to mitigate the impacts of this cost rise; some of which are cost cut and study what is necessary to utilize alternative energy resources.

Production and operational risks:

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

Pandemic risks:

This is regarding all diseases the company’s cattle may face at all times. The company has strict measures in this regard whether a disease comes from out of the cattle or initiate from within. It is worth mentioning that Nadec’s project is not neighbouring any other projects, namely isolated from any other cattle as a measure of prevention.

Climate and agricultural diseases:

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

Marketing and sales risks:

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

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

Credit Risks

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

Trade receivables and loans

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

Liquidity risks

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

Declarations of the BOD

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

Recommendations of the BOD

1. Approve the BOD report of the financial year that ends on 2021/12/31
2. Approve the financial statements as on 2021/12/31
3. Approve the report of the CPA of the financial year ends on 2021/12/31
4. Approve the release (disclaimer) of the BOD members for the financial year ends on 2021/12/31

Conclusion

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

The Board of Directors

INTERNAL AUDIT DEPARTMENT



INTRODUCTION

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

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

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

Based on the above, NADEC's Internal Audit Department provides objective, independent and risk-based assurance and advice to stakeholders. The following is a summary of the most important activities and achievements of NADEC's internal audit department during the year 2021:

First

Main Internal Audit Activities

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

- Completed the approved Operational Audit plan for 2021 which included major processes/ functions/departments. During the audits, the processes and activities classified as high risk at the time of risk assessment process were reviewed, to verify the efficiency and effectiveness of internal control implemented in these operations and activities and to reduce the risks faced by NADEC.
- The Internal Audit Department met with NADEC's External Auditor several times during 2021, in accordance with the Internal Audit Standard No. 2050 - Coordination and Reliance, during which different points of view were discussed and internal audit reports were presented.

- The Internal Audit Department continued to conduct follow-up with the management for all the outstanding findings issued in the internal audit reports for the year 2021 and before, in order to ensure the implementation of agreed corrective measures in a timely manner.
- Developed the Internal Audit Operational Plan for the year 2022 and updated the Strategic Plan for the years 2021 to 2023 by assessing the risks of all departments and activities within NADEC. During the update process, input from key stakeholders such as the Audit Committee and Senior Management were obtained and reflected in the operational and strategic audit plan.
- The Internal Audit Department has developed a roadmap for 2021-2023 which focuses on the importance of using data analysis in auditing processes, the application of continuous auditing, and the development of management caliber. The initiative have been successfully implemented in 2021.
- The Internal Audit Department launched the Internal Audit Awareness Program in 2021.
- The Internal Audit Department has improved its work environment, in order to motivate the members of the internal audit team, fot yhrm to double thier efforts and stire them in the right direction towards achieving the objectives.
- To perform the audit activities effectively and efficiently, developing and attracting the Internal audit team members with required competence and qualifications. The internal audit resources are managed in accordance with the Internal Audit Competency framework issued by the Institute of Internal Auditors.
- Members of the internal audit department attended more than 20 specialized courses and seminars in the field of internal audit during 2021, which resulted in average of approximately 60 training hours for each member of the department.
- The internal audit department is successfully utilizing the TeamMate Plus audit management system and continuing to be the paperless department.

Second

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

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



Nourishing your life everyday

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NADECFOODS