



**New standards and
innovative thinking
for sustainable
growth**

Annual Report
2023

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1 Company Overview

National Agricultural
Development Company

Nadec's Holdings in Other Food
Companies in the Kingdom

Performance Highlights

Chairman's Message

Historical Background

Vision, Mission & Values

Geographical Presence
of the Company

Year 2023G in Brief

Awards and Recognitions

Investment in Nadec

Shareholder Information

Nadec Agricultural Development Company

Nadec's road to success goes back more than four decades, during which it has achieved many great accomplishments that have made it one of the most prominent companies in the fields of agriculture, livestock production and food manufacturing in the Kingdom of Saudi Arabia and the wider region. Listed on the Saudi Stock Exchange "Tadawul" in 1993, Nadec has made great strides in consolidating its leadership position in the agricultural products and food manufacturing sectors.

Nadec has four (4) agricultural projects in Wadi Al-Dawasir, Haradh, Hail and Al-Jouf, and all of them are located in the Kingdom of Saudi Arabia. The company is engaged in the operation of dairy farms, agricultural and dairy product manufacturing and food production. Nadec's agricultural products include crops, fruits, olive oil, vegetables, dairy products, juices and red meat.

Nadec is renowned for its innovative and professional operating environment, thanks to the continuous development of its technical infrastructure and investment in the latest global digital technologies. The company is also characterized by its constant monitoring of market developments and its growing demands. In addition, the company is committed to researching the best methodologies and business practices through which it guarantees the development

of products that meet the desires and requirements of its partners and customers, as well as the highest global levels of quality and efficiency in the industry.

Human capital is one of Nadec's most important assets, and it has implemented an ambitious strategy to attract the best talents with impressive skills, academic achievements, and technical qualifications among young Saudi men and women. The company supports and empowers them through carrying out development programs and courses, and leaves no stone unturned to retain them through the provision of a competitive, attractive and motivating work environment. Nadec offers a comprehensive professional corporate culture, which is reflected in the enthusiasm of all employees to recognize the directions of senior management in order to achieve the strategic objectives of the company.

As part of the company's development direction, Nadec has launched its ambitious strategy for the next five years, through which it is working to enter new activities, expand its geographical footprint, strengthen its innovation capabilities and product development, invest in infrastructure, and introduce state-of-the-art technologies to the food and beverage industry. In addition, the company focuses on efficiency, cost management, achieving sustainable high quality, adopting clean and green energy sources, and strengthening its capital structure in line with its corporate's strategy and financing needs. Nadec's goal is to make its products the preferred choice through its leadership position in the dairy, juice, food and agricultural product markets in the Kingdom of Saudi Arabia, the Gulf States, Africa, and the Middle East, as well as to strengthen the strength its main operating sectors and increase its food revenues.

High Quality Food Products at Affordable Prices

Since its inception, Nadec has been providing healthy and safe food products at affordable prices to all consumer segments. Listed as the first agricultural company on the Saudi Stock Exchange, Nadec has been able to enjoy a leadership position in the industry.

Facilities to Accelerate Future Growth

Nadec has world-class facilities and self-sufficient farms with outstanding livestock breeding capabilities to accelerate future growth. It has made many successes and accomplishments that have enabled it to sustain the growth and development of its production capacity.

Capital for the Purpose of Promoting Food Sustainability

Since the company's establishment, the Board of the Directors of Nadec has been keen to provide all necessary resources to achieve the goal of food sustainability. This proactiveness has resulted in increasing the company's capital to approximately SAR 3,016,400,000, divided into 301,640,000 ordinary shares with a nominal value of approximately SAR 10 per share, all of which are fully paid.



Revenues of Operating Segments

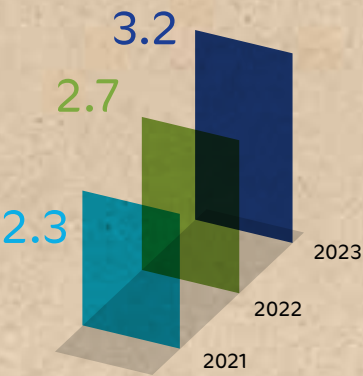
The company achieved outstanding financial performance omit this from 2021G to 2023G. Nadec's revenue reached SAR 2.272 billion in 2021G, of which the dairy and food manufacturing segment recorded revenue of SAR 2.170 billion, reflecting the success of marketing and quality strategies in attracting customer interest. Revenue from the agricultural segment amounted to SAR 102 million.

Nadec continued its business success in 2022G, increasing its revenue to SAR 2.694 billion. Revenue from the dairy and food manufacturing segment recognized revenue of SAR 2.637 billion. Although revenue from the agricultural segment declined to SAR 60.2 million, Nadec's overall performance remained strong and sustainable.

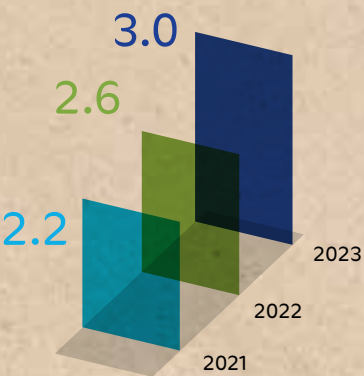
In 2023G, Nadec continued to achieve positive results with total revenue of SAR 3.197 billion. Revenue from the dairy and food manufacturing segment increased to SAR 3.080 billion, while revenue from the agricultural segment increased to SAR 117 million. This performance reflects Nadec's continued excellence in meeting market needs and achieving sustainable growth.

It is worth noting that the increase in revenues is attributed to several factors, including, but not limited to, the successful expansion strategy in relation to the provision of food and dairy products and the continued focus on innovation and meeting customer expectations and needs. This steady growth in revenue also reflects the company's ability to adapt to market challenges and achieve positive results in a changing business environment.

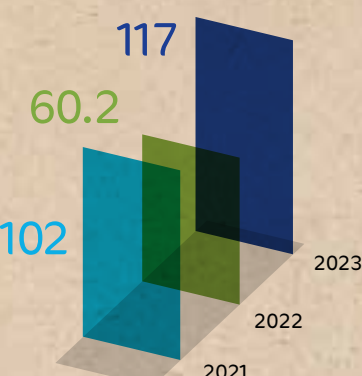
Furthermore, the revenue growth in the dairy and food manufacturing and agricultural segments demonstrates that the company is achieving remarkable balance in its product portfolio, resulting in increased revenue diversity and sustainability. The steady growth in revenue also reflects the company's efforts to innovate and improve its operations, thereby strengthening its position as a leader in the food and dairy products industry.



Nadec Revenues
(SAR billion)



Revenue from the dairy and food manufacturing segment
(SAR billion)



Revenue from the agricultural segment
(SAR million)



Highlights of a successful year



SAR **3.197** Billion
Revenue in one year



SAR **503** million
Rise in Nadec revenue



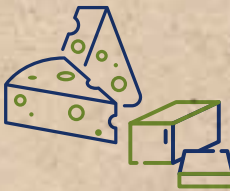
4.61%
of company revenue
Calf products and red meats



45.16%
of company revenue
Dairy products and by-products



26.02%
of company revenue
Long Life dairy products



11.06%
of company revenue
Cheese and butter products



7.35%
of company revenue
Fresh juice products



2.15%
of company revenue
Olive products



3.66%
of company revenue
Agricultural products

Main company activities

Agricultural activity and food processing – four major projects

Nadec has successfully established itself as a leader in the field of agricultural and food processing operations.

Nadec’s activities include plant and animal agriculture and food production. It cultivates grains, vegetables, fruits, and fodder and produces raw milk and its by-products and fruit juices. The company has four agricultural projects in the Kingdom, which are located in Wadi Al-Dawasir, Hail, Haradh and Al-Jouf.

The company has reclaimed agricultural lands, and operated and established systems to irrigate these projects, in addition to drilling water wells, maintaining and repairing these systems by rehabilitating irrigation channels and main water storage towers, and maintaining wells in order to expand the cultivation of strategic agricultural crops such as wheat or provide their approved high-quality seeds and sell them to farmers.

Nadec owns one of the largest olive farms in the world

5 million
organic olive trees

Food Processing

Nadec offers a diverse selection of innovative food products, including dairy products, fresh juices & nectar juices, various agricultural products, and red meat products. Our production processes adhere meticulously to operational standards, encompassing manufacturing, storage, and preservation, which is supported by intelligent and specialized marketing systems. These practices not only enhance the quality of our products but also bolster our market presence in the dairy, juice, and food sectors, fostering continual growth and development for the company.

A herd of

92,000
COWS

Company Projects

Project	Location	Opening Date	Total Area	Description
Haradh	Al Ahsa Governorate	1981G	375,250,000 sms	Cattle farms, Production of wheat, and food processing
Wadi Al Dawasir	Wadi Al Dawasir Governorate	1982G	269,210,750 sms	Cultivation of wheat, potato, onions and dates
Hail	Al Shinan Governorate	1985G	193,082,300 sms	Cultivation of wheat, potatoes, and onions
Al-Jouf	Tabarjal Governorate	1987G	72,000,000 sms	Production of wheat, vegetables and olives

Dairy Segment Achievements

Promising results

1. Dairy Segment:

Nadec’s model farms efficiently produce high-quality raw milk all year round, ensuring a daily supply of healthy raw milk is delivered to the manufacturing units and rationalizing expenses without compromising the quality of dairy products. The dairy segment produces three types: Fresh dairy products, long-life dairy products, and cheese and butter products.

Fresh Dairy Products:

Total revenue recognized by the company from fresh dairy products and their by-products amounted to approximately SAR 1,072.2 million, SAR 1,243.1 million and SAR 1,443.5 million in 2021G, 2022G and 2023G, respectively. Revenues from this segment accounted for 47.18%, 46.14% and 45.16% of the company’s total revenue for the same previous periods, respectively.

Long-life Dairy Products:

For the fiscal years ended December 31, 2021G, 2022G and 2023G the company recognized total revenue from long-life dairy products estimated at SAR 450.8 million, SAR 622.6 million and SAR 832 million, respectively. These revenues represent 19.84%, 23.11% and 26.02% of the company’s total revenues for the same period, respectively.

Cheese and Butter Products:

For the fiscal years ended on December 31 2021G, 2022G and 2023G, the company’s total revenue from cheese and butter products was approximately SAR 270 million, SAR 260.5 million and SAR 353.6 million, respectively. These revenues represent 11.90%, 13.38% and 11.06% of the company’s total revenues for the same period, respectively.



Revenue Development of Nadec Juices Over the Past Three Years

2. Juice Segment - Superior taste enriched with vitamins

Nadec produces fresh and natural juices in a variety of flavors, which are processed using modern technologies. The company's juice products contain antioxidants and vitamins to promote consumer health. This segment comprises two main products: fresh juices and nectars. For the years ended on December 31 2021G, 2022G and 2023G, the company recognized revenues from the juice segment of approximately SAR 238.4 million, SAR 237.2 million, and SAR 234.9 million, respectively, representing 10.49%, 8.80% and 7.4% of the company's total revenues for those years.

SAR **238.4** million

10.49% of total company total revenue in 2021G

SAR **237.2**

8.80% of total company revenue in 2022G

SAR **234.9** million

7.35% of total company revenue in 2023G..



Nadec products demonstrate our leadership

3. Food Products Segment

Nadec produces a variety of food products on its farms using modern irrigation systems and organic fertilizers. Food products are processed using high-quality ingredients and innovative technologies to meet market standards and customer preferences. The company's food products include olives, agricultural products, calf products and red meats.

Olive Products

In 2021G, 2022G and 2023G, the company recognized revenues from olive products of approximately SAR 66.4 million, SAR 70.5 million and SAR 83.3 million, respectively. Revenues from this segment accounted for 2.84%, 2.47% and 2.47% of the company's total revenues for the same periods, respectively.

5
types of
organic
olive oil



Agricultural Products

The company recognized revenues from agricultural products of SAR 102.3 million, SAR 56.7 million and 116.9 million for the years 2021G, 2022G and 2023G, respectively. Revenues from this segment represented approximately 4.5%, 2.1% and 3.66% of the company's total revenue for the same periods, respectively.

21
types of agricultural
crops products



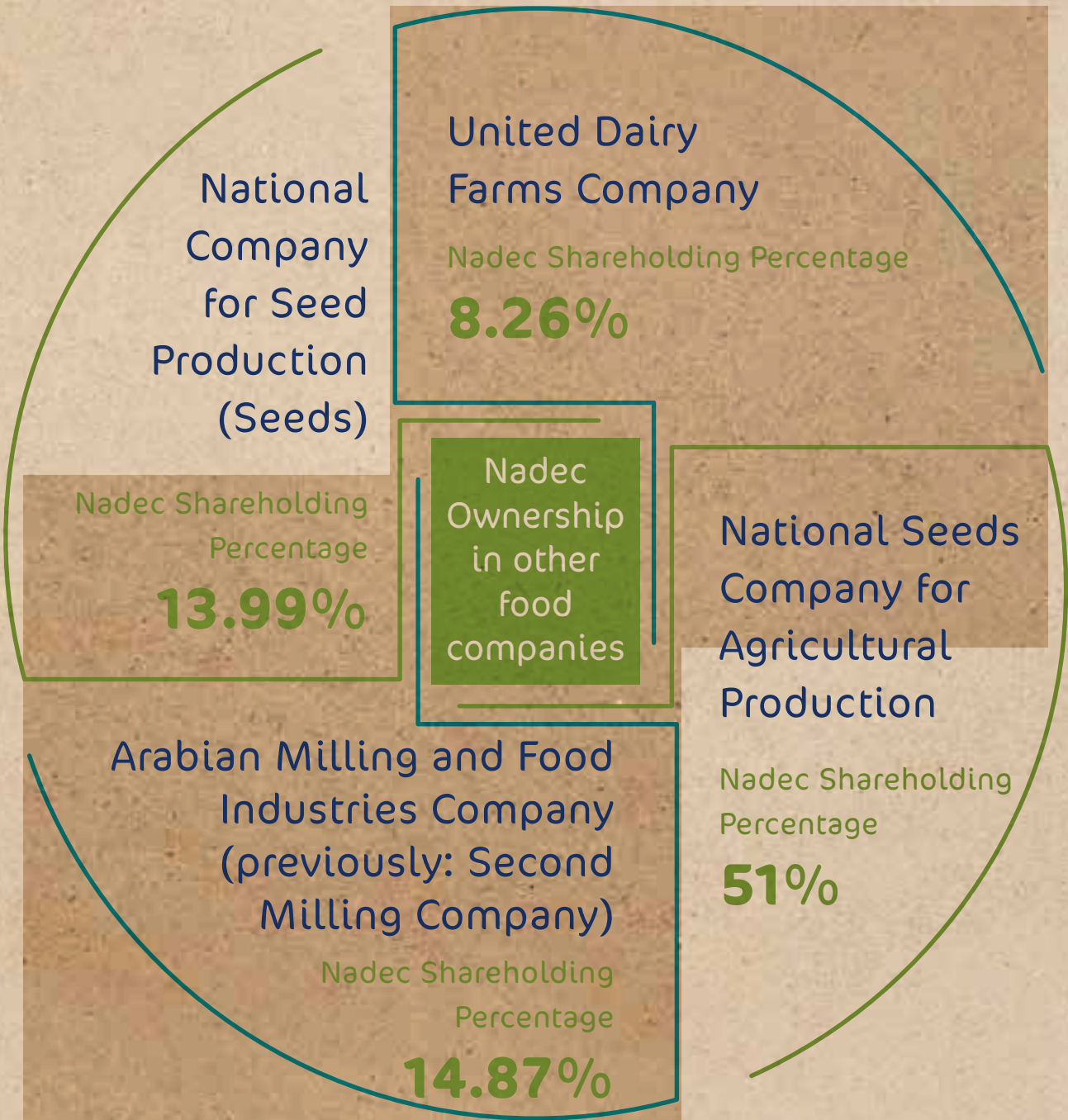
Calf products and red meats

The company's total revenues from calf products and red meats for the years 2021G, 2022G and 2023G amounted to approximately SAR 82.84 million, SAR 114.1 million and SAR 147.5 million, respectively. The revenue contribution of this segment to the company's total revenue for the same periods was 3.63%, 4.23% and 4.61%, respectively.

29
types of calf products
and red meats



Nadec's Holdings in Other Food Companies in the Kingdom



R&D and Quality

Throughout its long history in food processing and agricultural production, Nadec has been committed to achieving customer satisfaction by offering a wide range of products, in line with the company's strategic plan and a series of research and development (R&D) activities until the product reaches the customer.

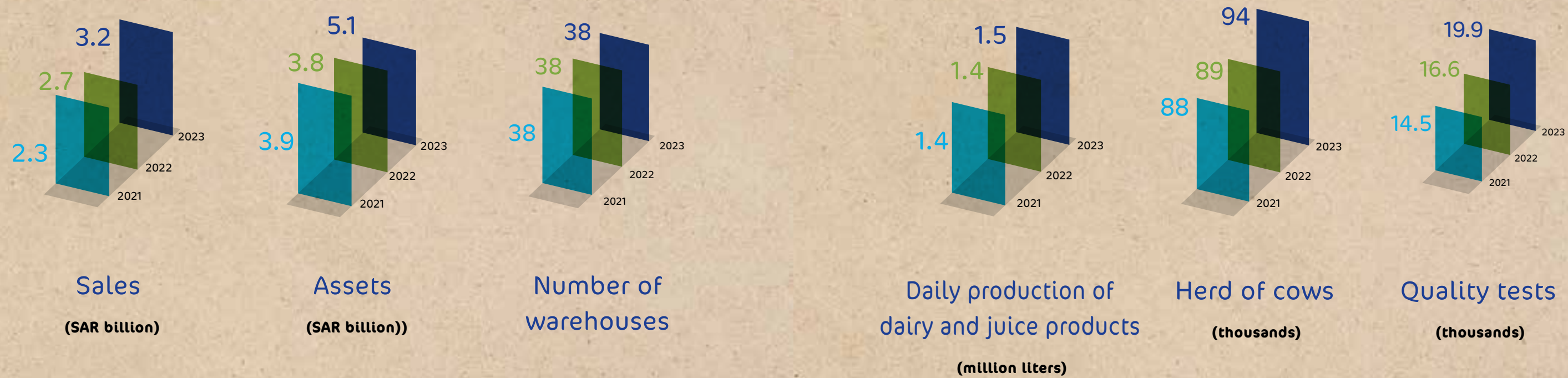
Nadec is committed to world-class standards, having implemented all the quality and food safety systems recognized locally, regionally and globally. As a result, the company, has obtained the ISO 22000 certificate for food safety, the ISO 9001 certificate for quality control and management, and the SASO Quality Mark.

Nadec is constantly working to ensure the quality of its products through its Quality Control Department. It carries out more than 13,000 tests every day to follow up on quality management and ensure the personnel involved, and the skills and techniques required to maintain the company's leading position in the agricultural, dairy, food and industrial processing sectors.

Nadec utilizes the latest technological systems and the most efficient operating methods. It also continues to focus on the development of new systems and work programs and the adoption of the latest technology to increase and improve the level of operational efficiency, reduce operating costs, and diversify and expand its product offerings.

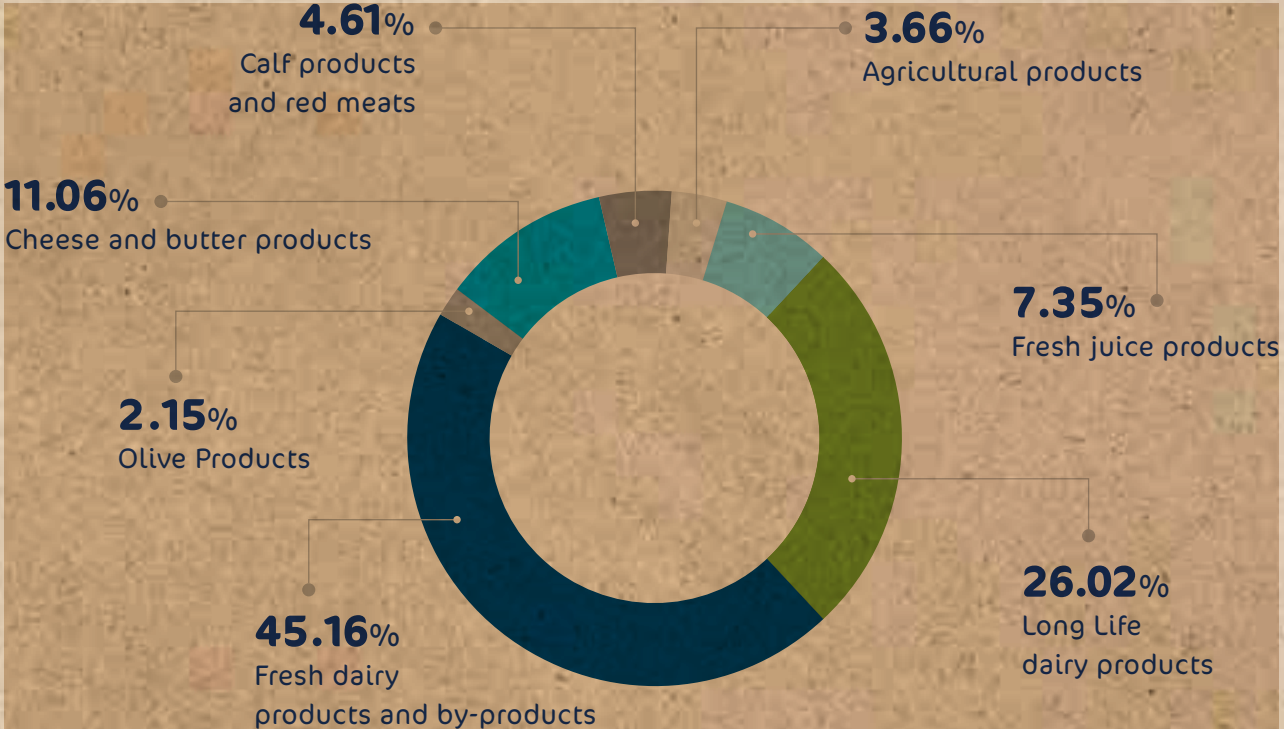


Performance Highlights





Company Revenues by Main Product Type in 2023G



Company Revenues by Main Product Type in 2023G

Figures are in (Millions) SAR	2023	2022	Change %
Fresh dairy products and by-products	1,506.1	1,246.0	20.9
Fresh juice products	234.9	237.2	-1.0
Long-life dairy products	833.2	622.6	33.8
Cheese and butter products	353.6	376.8	-6.2
Olive products	68.6	60.4	13.6
Agricultural products	116.9	56.7	106.2
Calf products and red meats*	83.6	94.5	-11.5
Total Revenue	3,196.9	2,694.2	18.7

Certain amounts from the previous years been reclassified to conform to the presentation in the current year.

Chairman's Message

Abdulaziz bin Saleh Al-Rebdi



We look to the future with determination and optimism

I am pleased to update you on Nadec's latest progress in the food and dairy sectors and the steps we have taken during 2023G. We ended this year with a strategy that will shape the future of our company.

At a time of accelerating technological advances and changing consumer trends, we at Nadec believe that innovation and excellence are two essential factors of success for any organization. Therefore, we have developed a solid strategy and opened a new door for creativity and uniqueness.

Our strategy is aligned with the Kingdom of Saudi Arabia's vision 2030, and as a result, we have launched a number of initiatives aligned with the Kingdom's vision 2030 which relate to enhancing food security and achieving self-sufficiency, preserving food supplies, and addressing the challenges of climate change and water scarcity, in order to contribute to the improvement of food security indicators.

The alignment of our strategy with the vision of food security for the Kingdom is reflected in Nadec's direction to leverage this ambitious vision in enhancing local production, investing in increasing the number of local food products launched by Nadec, and striving to enhance the use of sustainable technology in our products. Accordingly, we have sought to develop advanced agricultural technologies and use R&D to raise production efficiency, improve the quality and diversity of food supplies and sources, and seek diversified and sustainable food sources in a manner that can reduce dependency on specific imports and reduce the impact of fluctuations in the global market.

The company has embarked on improving the management of water resources, increasing the sustainability water use in agriculture, and adopting effective irrigation technologies, which can play a major role in enhancing food security, taking into account the improvement of the environmental landscape, which is embraced by the Kingdom's vision in terms of working to improve the environment and biodiversity. This will contribute to the preservation of the ecosystems that play a vital role in food production.

Our integrated strategy at Nadec is also in line with the Kingdom's Vision 2030 in terms of providing high-quality products and excellent nutritional value, taking into account the unique needs of consumers. We strive to achieve the perfect balance between innovation and tradition, preserving the essence of our food heritage while offering modern products that meet the needs of the new generation.

Our products are distinguished by their delicious taste and high quality, making them an ideal choice for any occasion. We are fully aware of our responsibility to provide healthy and safe products for all members of the family, and we measure our success by our customers' satisfaction. By developing the company's various segments and departments, we ensure the sustainability of our work and the improve-

ment of our services. In fact, we invest heavily in training and developing our workforce to ensure the highest level of performance and professionalism. In this challenging and rapidly changing modern world, we are committed to continuous improvement and meeting customer expectations by working efficiently at all levels. We believe in the importance of protecting the environment and improving sustainability by using modern technology and environmentally friendly practices to minimize our environmental impact and achieve a balance between growth and environmental preservation. We also believe that innovation and R&D are essential to our continued success, and we always looking to develop new products and advanced technologies to meet our customers' changing needs and improve their quality of life.

At Nadec, we excel at maintaining close communication with our community and our customers. We are committed to supporting community initiatives and improving the communities we serve. We will continue to improve quality standards and transparency in all aspects of our business. We aim to build trust-based relationships with our customers and ensure their complete satisfaction.

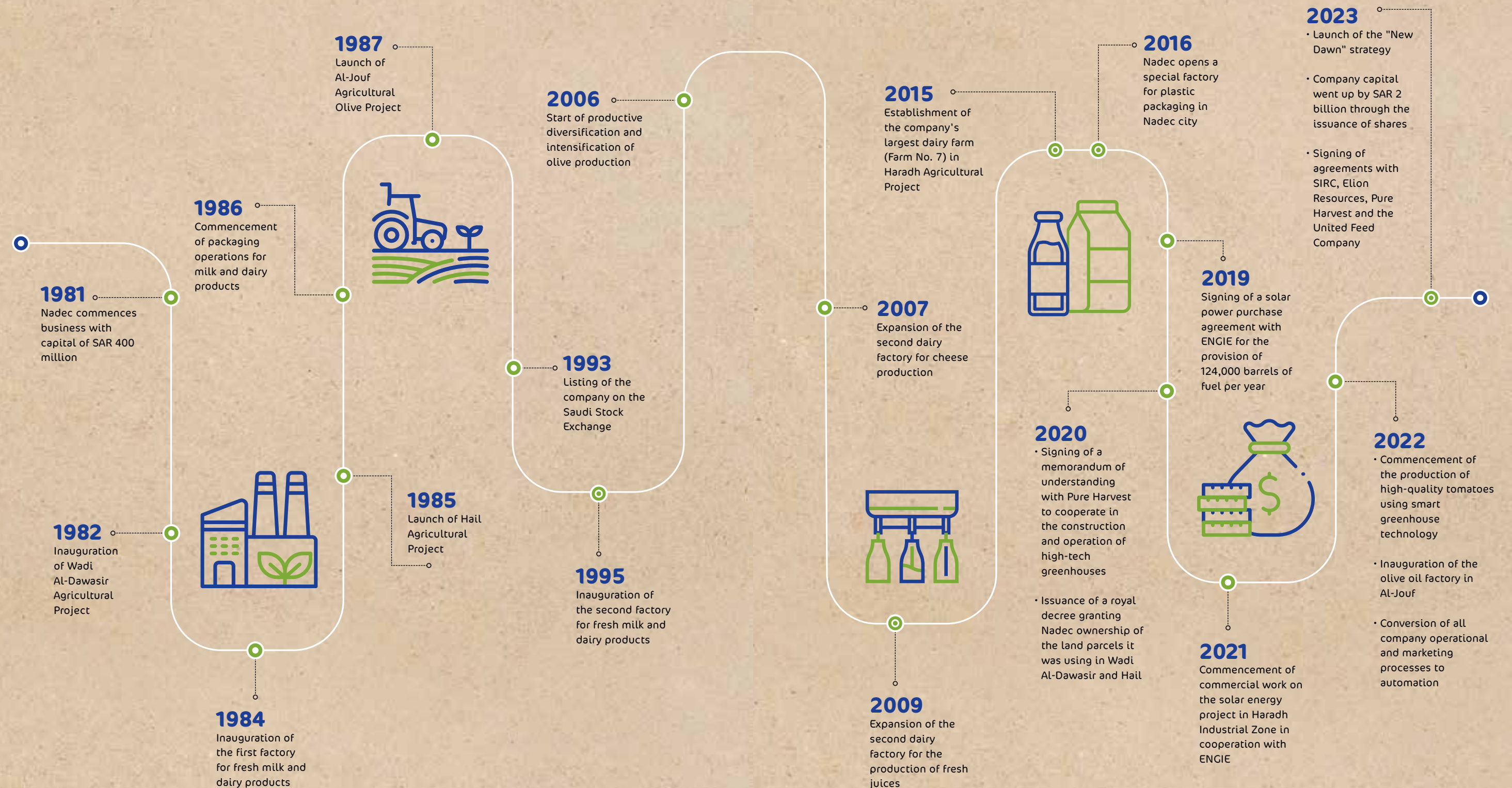
Additionally, we employ advanced systems to manage our production operations that utilize Industrial Internet of Things (IIoT) technology to help monitor and improve the efficiency of production chains and reduce waste. We use RFID technology and global positioning systems (GPS) to track the movement of products throughout the supply chain. This increases the transparency of our operations and helps ensure product quality and safety. We constantly collect and analyze huge amounts of data using artificial intelligence technologies, which helps us improve demand forecasting and warehousing and distribution operations. We use advanced technologies in packing and packaging processes, which helps extend product shelf life and improve storage efficiency. We also provide applications and digital platforms to improve our interaction with customers, who can track the origin of products and interact with us instantly.

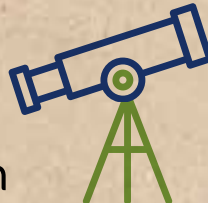
At Nadec, we use smart energy consumption technologies in our factories and production units to reduce our environmental footprint. In addition to product innovation, we use technology to develop new products based on market needs and nutritional trends. This helps us offer a diverse and innovative range of products. We also aim to achieve maximum efficiency and quality in the food chain, and we are always committed to improving the sustainability of the food chain and meeting consumer expectations in a sustainable way.

In conclusion, I would like to express my sincere gratitude to our colleagues for their dedication and commitment, as well as to each and every one of our shareholders and partners for their continued efforts in realizing our common vision and goals.

Historical Background

42 Years of Achievement and Leading the Sustainable Food Market





Vision

The company aims to provide products that have high nutritional value to consumers in order to achieve the best satisfaction rates, with the aim of achieving regional and global leadership in the food and beverage sector. This will reflect positively on the image of the Kingdom of Saudi Arabia and its robust economy. We also aim to contribute to increasing the GDP in line with the Kingdom's Vision 2030.



Mission

Nadec is committed to providing delicious food products with high nutritional value and quality, so that our customers can be satisfied and healthy.



Nadec Values

Nadec's values are the main pillars of its business; they include the principles that shape our corporate culture and are aligned with all our practices, directions and policies, through which we seek to create value for everyone who deals with Nadec..







Care

Responsibility

Drive

Excellence

Cooperation

Care:

Since our goal is to provide food products of the highest quality, we strive to achieve a high level of care by providing distinct nutritional services and the levels that our customers require in all the food products they need. We also take great care to ensure the quality of the food product, which stems from a framework that underscores the characteristics of excellence at the level of production and operational capacity through which we seek to achieve the aspirations of our customers.

Drive:

The value of drive is a key pillar of our strategic plan. We understand that passion and commitment are main drivers of success. We believe that a motivated and committed team is the foundation for the success of any business initiative. Therefore, we work hard to encourage inspiration and provide a stimulating environment that fosters team spirit and creativity.

We understand that the power of motivation is reflected in the quality of our products and services. Therefore, we always strive to provide opportunities to develop and enhance the personal and professional skills of our team. Moreover, we encourage the sharing of ideas and innovation that contributes to the continuous improvement and development of our products.

In short, we are driven to inspire our team to reach their full potential, to innovate and to excel in every aspect of our business. We understand that success comes from an inspired and motivated team, and we strive to realize this in every detail of our strategic plan.

Responsibility:

The value of responsibility is a key pillar of our strategic plan. We understand that our success is measured not only by the quality of our products, but also by our responsibility to society and the environment. We are committed to providing high-quality food products that meet the expectations of our customers, while also making every effort to improve our environmental impact. In addition, we apply sustainable practices in all aspects of our business, from the supply chain to packing and packaging.

Excellence:

We, at Nadec, have made the pursuit of excellence a core value of our strategy. We believe that achieving the highest levels of quality and innovation forms the foundation of our success. We continuously seek to achieve distinction in every aspect of our operations, from raw materials selection to product distribution.

In our quest for excellence, we see innovation and development as an essential part of our identity. We invest in research and development to provide unique and innovative products that meet the expectations of our customers and are compelling in the food products market. We pride ourselves on constantly striving to improve our operations and develop our production methods in order to reach new levels of efficiency and quality.

In an ever-changing world, we recognize that excellence is necessary to meet customer expectations and stay ahead of the competition. Therefore, in creating value for our customers, we consider innovation and uniqueness, as well as the achievement of lasting customer satisfaction, to be key objectives in our quest for excellence.

We are also committed to promoting the principles of social justice and community involvement. We strive to support local initiatives and provide fair and sustainable employment. For us, responsibility simply means being positive and active in society and the world, and we always strive to achieve balance between posting a profit and our social & environmental impact.

Cooperation:

For us, the value of collaboration is a key pillar of our strategic plan launched under the title "New Dawn". We recognize that teamwork is the secret to achieving our goals effectively at Nadec. We believe that close cooperation within the team, and with our partners and customers helps us achieve sustainable success. And in a world where change is constant, we understand that cooperation is the best way for innovation and sustainability. We foster a culture of mutual respect and exchange of ideas within the team. We also encourage active participation to ensure that everyone contributes their maximum potential.

We value our partnerships with suppliers and business partners and therefore do everything possible to build relationships based on trust and integrity. Through close cooperation, we seek to realize integration in the supply chain and improve all aspects of our operations. Simply put, at Nadec, cooperation means working together to achieve our common goals, which helps to solidify our position as an innovative and responsible food products company.

Geographical Presence of the Company

The company’s geographical presence in the Kingdom

Nadec is present throughout the Kingdom of Saudi Arabia through its network of branches and points of sale.

Geographical Presence of the Company Outside the Kingdom

The company is present not only in the Kingdom of Saudi Arabia, but also in the GCC countries and in a large number of countries in North Africa and the Middle East.

Nadec branches abroad

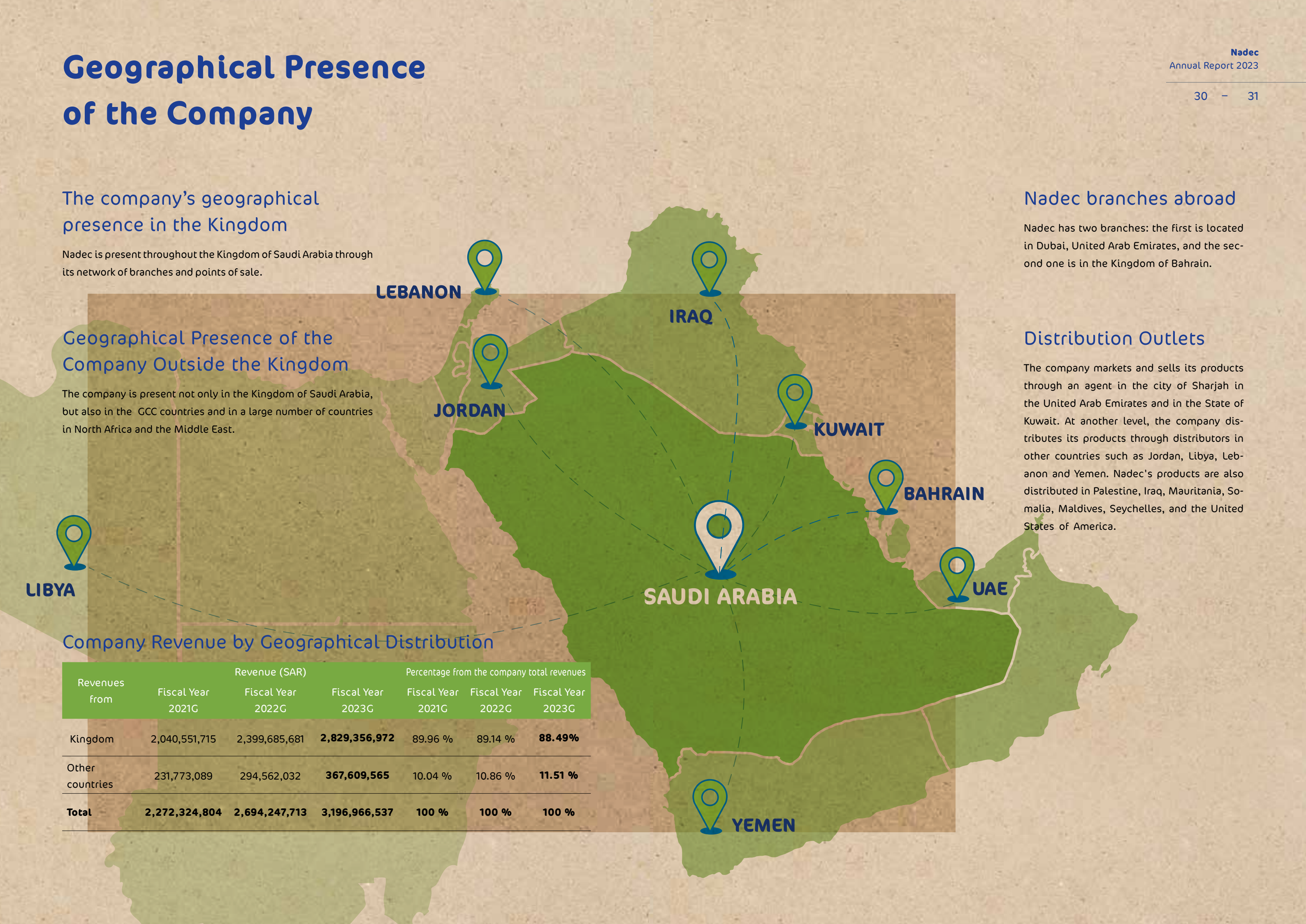
Nadec has two branches: the first is located in Dubai, United Arab Emirates, and the second one is in the Kingdom of Bahrain.

Distribution Outlets

The company markets and sells its products through an agent in the city of Sharjah in the United Arab Emirates and in the State of Kuwait. At another level, the company distributes its products through distributors in other countries such as Jordan, Libya, Lebanon and Yemen. Nadec's products are also distributed in Palestine, Iraq, Mauritania, Somalia, Maldives, Seychelles, and the United States of America.

Company Revenue by Geographical Distribution

Revenues from	Revenue (SAR)			Percentage from the company total revenues		
	Fiscal Year 2021G	Fiscal Year 2022G	Fiscal Year 2023G	Fiscal Year 2021G	Fiscal Year 2022G	Fiscal Year 2023G
Kingdom	2,040,551,715	2,399,685,681	2,829,356,972	89.96 %	89.14 %	88.49%
Other countries	231,773,089	294,562,032	367,609,565	10.04 %	10.86 %	11.51 %
Total	2,272,324,804	2,694,247,713	3,196,966,537	100 %	100 %	100 %



Nadec in 365 Days – “New Dawn” Achievements

January

Environmental Protection and Food Development

Nadec has entered into strategic agreements to protect the environment, cooperating with SIRC to recycle primary waste, in which dairy manure will be converted into organic fertilizer. Joint agreements have also been signed with several entities, including the National Center for Palm and Dates, the Institute of Food Industries and the Saudi Food Bank.



Launch of the "New Dawn" Strategy

Commencing 2023G, Nadec sought to become an integrated food company that will bring about a qualitative change in the food industry in the Kingdom of Saudi Arabia by providing high-quality products to customers, and as such, announced the launch of the "New Dawn" strategy.



Strategic Partnership Agreements Signed

Nadec has signed strategic partnership agreements with several companies, with the aim of contributing to the development of the agricultural community, including "Leha Group" for the production of seeds and wheat, "Pure Harvest" to establish a national project for the production of vegetables and fruits using smart technology, Miracle Tree, "SIRC", the "National Center for Vegetation Cover Development and Combating Desertification", and "ELION" for desert agriculture.

Laying the Pillars of the "New Dawn" Strategy

Nadec revealed its new strategy with three main pillars, which consists of three main pillars:

Pillar I: Expansion of production, distribution and development of existing products

Pillar II: Offering consumers high-quality vegetables and fruits

Pillar III: Entering the red meat sector

February

Nadec Continues its Efforts to Develop and Support the Community

In February, Nadec participated in the "Children's Cancer Day Campaign". Nadec is pleased to be part of this journey and calls for action to provide the necessary support and care to make a real difference in the lives of these young heroes.

March

Training and Employment Programs

Nadec announced its diploma programs starting with employment in a number of technical disciplines, through the Institute of Food Industries.

Continuous Efforts to Serve and Protect the Environment

- The company organized the "Iftar Saem" initiative, in cooperation with the trainees of the Institute of Food Industries, across the governorate of AL-Kharj, which lasted for several days.
- Nadec carried out a tree planting campaign under the slogan of "Your environment needs you, keep it and protect it". It also launched a campaign entitled "Your environment needs you" in order to participate in the conservation of surrounding natural resources.

April

Continuous Promotion of Social Responsibility and a Culture of Food Safety

- Nadec has promoted a culture of food safety among members of the community in cooperation with LEK Consulting, and the company paid for 30 trainees to attend the course (Basic Requirements for Food Safety) in cooperation with Mr. Fahad bin Saleh Saeed, a professional trainer in food safety and quality.
- Nadec contributed to cover the costs of care and treatment of three children of the Children with Disability Association.



May

Commencement of the Training Program Leading to Employment

The company started the training of the first batch of the program, which will continue for years to come, through which we aim to empower the trainees. The activity of announcing the Nadec Cooperative Training Program played a role within the framework of realizing the performance development strategy.

Continued Community Support

The Make-A-Wish Foundation ceremony was launched, which aims to fulfill the wishes of children with medical conditions.

June

Participation in Saudi Food Show

Nadec participated in the Saudi Food Show, the most prominent food and beverage event in the Kingdom of Saudi Arabia, the largest market in the Middle East. Nadec and Minerva Foods signed a commercial agreement under the patronage of His Excellency the Minister of Environment, Water and Agriculture, Engineer Abdulrahman bin Abdul Mohsen Al-Fadhli. The deal aims to provide high-quality products to consumers in the red meat market.

Training Support for Employees

- Within the framework of the agreement between Nadec and the Agricultural Development Fund on developing the working mechanism of the agricultural sector, the company hosted and trained employees of the Agricultural development fund at the Nadec project in the Hail region, aiming to make a positive contribution to the field of comprehensive agricultural development.
- The company announced the opening of registration for the "Tamheer Program", which offers the opportunity to gain practical experience in various disciplines.

The year 2023G was a busy one for Nadec, filled with investment achievements, humanitarian initiatives, and community and environmental service.

July

Launch of the Second Phase of SAP System

The second phase, which included 22 programs and technical solutions, represented an important turning point in our journey towards institutional resource planning. The program provided for the seamless integration of all operational systems, such as factory maintenance, fleet management, talent attraction, banking communications, collections and credit management.

August

Agreements Signed to Support the "New Dawn" Strategy

- Nadec signed a memorandum of understanding with United Feed Company to establish high-tech sheep and goat farms.
- The employees of the Agricultural Development Fund were hosted and trained in Nadec's project in Haradh on modern methods of raising and caring for cows, in addition to the mechanism of milk production, with the aim of making a positive contribution to the field of comprehensive agricultural development.
- Nadec launched the ONEnadec initiative, which aims to establish the unity of its employees as a team, achieve the objectives of the New Dawn strategy (growth, health, sustainability), and increase employee loyalty.

September

Strengthened Cooperation with Food Industry Experts

Nadec was honored to meet with His Excellency the Ambassador of Australia to the Kingdom at the company's headquarters to discuss aspects of cooperation in the fields of agriculture, livestock and related Australian expertise.

October

Awards and Recognitions

- His Royal Highness Prince Faisal bin Nawaf bin Abdulaziz, Governor of Al-Jouf Region, honored Nadec for sponsoring the "Al-Jouf Award for Excellence and Creativity" in its second session, which came within the framework of the company's well-established policy and its deep belief in the importance of promoting and adopting quality and excellence standards at the level of skills and services.
- Nadec obtained the Saudi Gap S.G.A.P certification in the field of agriculture from the Ministry of Environment, Water and Agriculture. We receive this certification in light of Nadec's passion for adopting the highest standards and best agricultural good practices for product sustainability.



- The Ministry of Environment, Water and Agriculture honored Nadec as one of the most important Saudi companies in the food industry for obtaining the best international quality of organic extra virgin olive oil.

Signing New Agreements

Dr. Sulaiman AL-Twaijri, Nadec's CEO, signed a memorandum of understanding with Del Monte's Vice President of Finance for Asia, Middle East and North Africa, to establish a strategic partnership for vertical cooperation and integration in the processing and distribution of fresh and sliced produce and potatoes in the Kingdom.



Activation of Partnership in the Red Meat and Vegetables Sectors

The partnership between Nadec and Saudi Reef has been activated as part of the company's plan to enter various sectors, including red meat, vegetables, as part of its promising strategy.

November

Events and Forums to Open Up New Markets

- Nadec participated in the Kingdom's pavilion at the Shanghai International Food Trade Fair FHC as part of NFDP KSA's participation in the event that aimed to open up new markets for its products and introduce the quality and excellence of Saudi food products.
- Nadec shared its more than forty years of experience in the field of quality with the participants in the annual "World Quality Day" forum organized by SASOGOV. The company was one of the first national companies to obtain the quality mark in 1986G for the quality of its products and the positive impact of the application of quality systems and the Saudi Quality Mark on the company's products.

- Nadec signed a memorandum of understanding with Del Monte Saudi Arabia aiming to establish a company in the Kingdom specializing in fresh products such as fruits, vegetables, fresh juices, and the processing and distribution of potatoes. The purpose of the agreement is to improve local food sufficiency through a variety of fresh products that satisfy market needs.



- Coinciding with "World Quality Day", Nadec participated in a workshop, organized by NFDP KSA, entitled "The Impact of Quality Applications on Nadec Products". The company which was one of the first national companies to obtain the Quality Mark in 1986G, has been in the field of improving food quality for around four (4) decades.
- As part of the sustainable financing solutions and goals of Vision 2030, Nadec signed a cooperation agreement with the Agricultural Development Fund to finance the national initiative to import various agricultural products, aiming to enhance food security in the Kingdom.

Expansion of Investment in Nadec and Increase in the Value of the Company's Share

Nadec's General Assembly approved a capital increase of SAR 2 billion through a rights issue offering.

December

Humanitarian Initiatives

Nadec participated in the Saudi people's campaign for the relief of Palestinian people in the Gaza Strip.

Awards and Recognitions

Awards



Biol International Award

Nadec Olive Oil has obtained the Biol International Award, given by the International Research Center for Total Quality Testing, based in Italy. This accolade is one of the world's most prestigious awards for the quality of premium organic virgin olive oil. The company has obtained this award for eleven (11) consecutive years.



Nadec Olive Oil Ranked First in Gulf Region

Nadec has been awarded the certificate for the best olive oil in the Gulf Region.

Nadec Cream Cheese Ranked First in Gulf Region

The company has been awarded the certificate for the best cream cheese in the Gulf Region.



King Abdulaziz Award for the Ideal Factory

Nadec received the King Abdulaziz Award for the Ideal Factory (2000G). The award is granted in accordance with the rules and principles on which industrial activities are built to increase efficiency and quality, which maintains the highest levels of production, quality and distribution.



Certificates and Recognitions



Saudi G.A.P Certification

Nadec is one of sixteen companies in the Kingdom to be awarded the Saudi Good Agricultural Practices (Saudi G.A.P.) certificate



ISO Certification 2008 | 9001

Nadec has been awarded the 2008 | 9001 Quality Management Certificate, which is one of the international basic standards in the quality management system.



German Biofach Certificate for Best Organic Virgin Olive Oil

Nadec Olive Oil has received the German Biofach Certificate for the Best Organic Virgin Olive Oil (2008G). Biofach is one of the world's leading trade fairs for organic food and its evaluation.



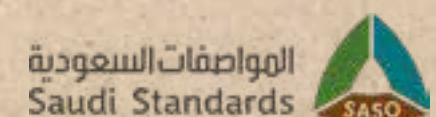
Organic Agriculture Certificate from German CERES

Nadec olive oil obtained the "CERES" certification as an organic product in 2012G. The "CERES" is one of the most important certificates in organic agriculture and is granted according to international controls and standards for agriculture.



AIB International

Nadec was awarded the AIB International Certificate (2017G-2018G), which is specialized in international food safety standards.



SASO Conformance Certificate for Dairy Products

Nadec has been awarded a certificate for conformity to SASO standards in relation to its dairy products by the Saudi Standards, Metrology and Quality Organization.



ISO Certification 2005 | 22000

Nadec has obtained ISO 22000 certification for its food safety management systems.

Investment in Nadec

Advantages of investing in Nadec

Nadec has developed a sustainable competitive advantage that places it at the top of the list of local and international companies and has gained the trust of all its customers and consumers. The most prominent factors that have strengthened Nadec's position are as follows:

Increase in company revenues

18.66%
in 2023G

1- Continuous Development Plans

These plans include the continuous development of the company's agricultural products, fruits, olive oil, vegetables, dairy products, juices and dates. The company has four agricultural projects in the Kingdom located in Wadi Al-Dawasir, Haradh, Hail and Al-Jouf. Nadec is constantly reviewing its product portfolio and expanding its development to meet consumer needs through continuous monitoring of market trends and consumer preferences. As a result of Nadec's "New Dawn" strategy, a new production line has been added for meat (protein) processing.

Increase in net income

216.34%
in 2023G

2- A Track Record of Flexible and Profitable Growth

Due to improved product quality and increasing market share in the dairy, juice and food markets, the company's revenues increased by 18.66% in 2023G, and its net income grew to SAR 302.1 million in 2023G. The company's sales and adjusted earnings before EBITDA (earnings before interest, tax, depreciation and amortization) grew at a compound annual growth rate of 54.5% and 585.8% in 2023G and 2022G, respectively.

Compound Annual Growth from company sales and profits

54.5%
in 2023G

3- Integrated Local and Global Distribution Network

Nadec is characterized by its ability to keep pace with developments and to respond to market changes and the needs of its customers through its factories and modern production lines. For decades, the company has been committed to investing in its logistics and distribution infrastructure, which has allowed it to keep pace with the constant demand for its products, supported by the presence of an integrated distribution network for the company at local and global levels.

585.8%
in 2022G

4- Experienced and Highly Qualified Management Team

Nadec has an experienced management team familiar with the financial, commercial and operational aspects of the food sector. The team conducts market studies and analyzes consumer behavior. In addition, the management team has the ability to lead the company through its plans for future growth and expansion.



Nadec Shares

Date of listing and registration

1993G

Exchange

Saudi Exchange
(Tadawul)

Trading symbol

6010

No. of issued shares

301,640,000

Share Price and Shareholder Information

As of 31 December 2023, the number of investors in Nadec reached 24,343 shareholders. Institutional investments accounted for 81% of the company’s total shares. Individual investments accounted for 19% of the company’s total shares.

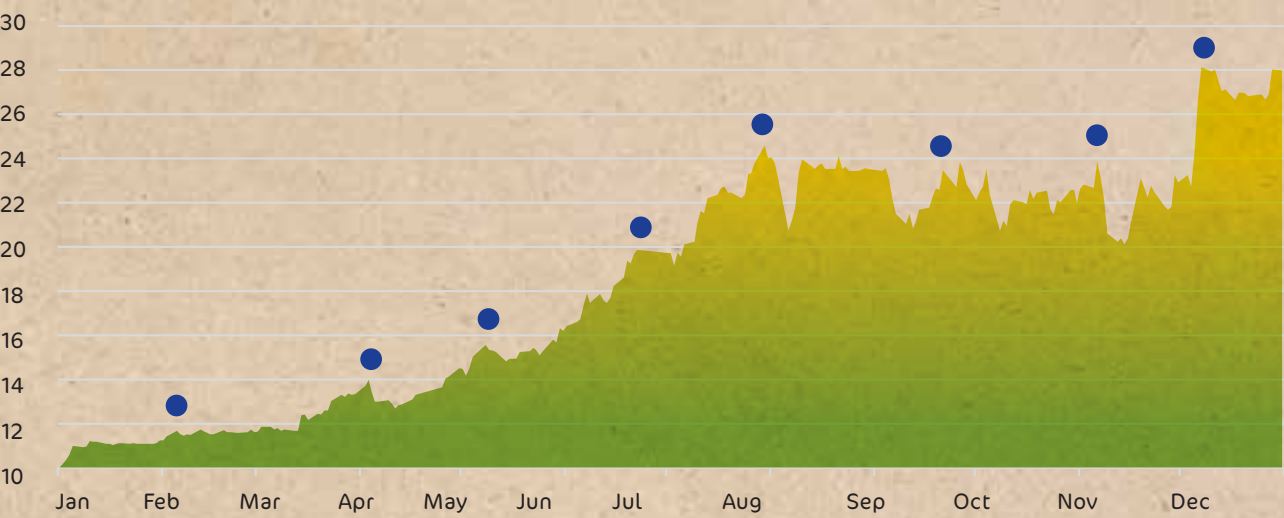
Change in Average Share Price in 2023G

Share price on 31/12/2023G	28.3
Share price one year ago	10.46
Share price three years ago	14.09
Highest trading price during the year	29.10
Lowest trading price during the year	10.75
Change rate in 2023G	162.91

Notice of Ownership

The list of Nadec shareholders includes the Saudi Agricultural and Live-stock Investment Company (SALIC), which is the main investor in the company as it owns 38.65% of the company's capital.

Nadec Share Performance in 2023G



Nadec Investors by Type of Ownership

31 December 2023			
Nadec Investors by Type of Ownership	Percent-age of owner-ship	Number of Inves-tors	Number of shares
Institutional Investments	81%	337	242,871,814
Individual Investments	19%	24,006	58,768,186
Total In-vestments	100%	24,343	301,640,000

Nadec Investors by Nationality

31 December 2023			
Nadec Investors by Nation-ality	Percent-age of owner-ship	Number of Inves-tors	Number of shares
Saudi Investors	89.76%	23,172	270,704,503
Non-Saudi Investors	10.24%	1,171	30,935,497
Total In-vestments	100.00%	24,343	301,640,000



2

Strategic Report

"New Dawn"
Company Strategy

CEO Message

Market Overview

Operational Departments

Nadec Internal
Communication

Financial Performance

Chief Financial Officer's
Message

Risk Management Approach

"New Dawn" Company Strategy

Under the slogan "New Dawn" Growth - Health - Sustainability, Nadec is moving forward with the implementation of its new strategy to transform itself into an integrated food company that will take a qualitative leap forward in the food and agriculture sector and provide high-quality products to consumers, with passion, hard work and leadership.

New Dawn



A New Strategy with Promising Milestones

The new strategy announced by Nadec aims to achieve a qualitative leap in the food and agriculture sector and to contribute effectively to food security in the Kingdom of Saudi Arabia, based on the continuous and effective support of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, His Royal Highness Prince Mohammed bin Salman, Crown Prince and Deputy Prime Minister, and His Excellency the Minister of Environment, Water and Agriculture. This support is aimed at developing the food and agricultural sector as an effective and influential sector in the development and the economic landscape of the Kingdom of Saudi Arabia.

In light of the events that have taken place in the Arab and international arenas, the availability of basic commodities and food products and the ease with which they can be provided to consumers in the Kingdom is a major challenge. Thus, we are working with the loyal people of the Kingdom to address this challenge without affecting the origin of commodities or their supply chain.

The Council of Ministers recently passed a resolution to establish the "Food Security Authority", which will be integrated into numerous institutions and initiatives related to the development, sustainability and stability of the agricultural and food sector in the Kingdom. The Saudi agricultural sector is currently developed on many fronts, the most important of which is the implementation of the National Strategy for Agriculture launched under the Kingdom's Vision 2030. Through this strategy, Nadec seeks to build a sustainable agricultural sector that achieves food and water security for the Kingdom's economic, social and environmental development.

The company has used this direction to define its modus operandi and set its strategic objectives, which include the transformation of the company into an integrated food enterprise, thereby strengthening the Kingdom's economic base in terms of contributing to the gross national product. These objectives also include improving the Kingdom's trade balance, creating new jobs in the sector to ensure sustainable growth and appropriate returns on investment, and striving to achieve the goals and aspirations of shareholders and investors.

Nadec's Eleven (11) Cooperation Agreements and Partnerships Leadership and Growth Strategy 2023G

Nadec has agreements with:



Nadec's Agreements... A Pathway to Realizing Its Strategy

Nadec has signed a number of cooperative agreements and memoranda of cooperation that will help the company achieve its strategic objectives and become an integrated food company that is entering a new era of growth, health and sustainability.

1. (Strategic Partnership Agreement between Nadec and Leha Group) The purpose of this agreement is to produce potato and wheat seeds to achieve self-sufficiency in the Kingdom of Saudi Arabia.
2. (Agreement between Nadec and Pure Harvest for Fruit and Vegetable Products). The purpose of this agreement is to establish a national project for the production of fruit and vegetables using smart technology systems.
3. (Strategic Agreement between Nadec and Miracle Tree Life for the Promotion of Contract Farming) The purpose of this agreement is to provide the Kingdom with the highest quality agricultural crops.
4. Memorandum of Strategic Cooperation between Nadec and SIRC The purpose of this memorandum is to recycle approximately four hundred thousand (400,000) tons of biological waste (primary) organic fertilizers to preserve the environment.
5. Memorandum of Cooperation between Nadec and the National Center for Vegetation Cover Development and Combating Desertification The purpose of this memorandum is to participate in the Saudi Green Initiative and contribute to increasing the vegetation cover and the improvement of the quality of life in all regions of the Kingdom.
6. Memorandum of Understanding between Nadec and ELION Elion Resource Group The signing of this memorandum comes as part of the company's efforts to protect the environment and contribute to the cultivation of vegetation cover in the desert using renewable energy.
7. Memorandum of Cooperation between Nadec and the Agricultural Development Fund The purpose of this memorandum is to provide studies and joint applied training for the agricultural sector, in order to contribute to the development of the performance of the agricultural sector and achieve comprehensive agricultural development.
8. Agreement between Nadec and the National Center for Palm and Dates The purpose of this agreement is to study how dates can be utilized in manufacturing to maximize their added value in the food industry.
9. Memorandum of Understanding between Nadec and the Institute of Food Industries The purpose of this memorandum is to provide training that will ultimately lead to employment of Saudi cadres in the field of food processing.
10. Memorandum of Understanding between Nadec and the Association of Olive Producers The purpose of this memorandum is to provide consultations to olive producers in the Al-Jouf region.
11. Memorandum of Understanding between Nadec and Etaam (Saudi Food Bank) for the Preservation of Grace

Nadec's New Strategy

Six (6) Pillars for Success and Excellence

In order to realize its new strategy, Nadec relies on the following pillars in its business:



Agricultural Expansion

Nadec is realizing this pillar through the cultivation and production of agricultural crops in open fields and smart greenhouses, with the aim of providing consumers with high-quality fruit and vegetable crops. For this end, Nadec implements the latest technology and partners with technology leaders in the contract farming sector around the world. Moreover, the company seeks to support fruit and vegetable farmers throughout the Kingdom, maintain the production of organic olive oil, and be at the forefront of the provision of high-quality agricultural seeds such as wheat and potatoes to farmers in the Kingdom.

Production Expansion

We aim to achieve this goal by expanding production and distribution operations and developing existing products (dairy and juices) to serve all internal and external consumers through innovation and investment in supply chains. For this purpose, Nadec will use modern technological techniques to consolidate its position and elevate its market share, whether from existing products or the addition of new products, not to mention increasing its distribution capabilities and reaching more consumer segments.

Dairy and its by-products are the backbone of Nadec, accounting for 45.16% of the company's revenue. The company intends to expand by investing in the red meat and vegetable sector in line with its five-year strategic plan.

Geographical Expansion

Nadec targets entering new markets in the Kingdom, the Middle East and North Africa (MENA) Region and other untapped markets in order to provide diversified growth opportunities in the future.

Sectoral Expansion

The company seeks to achieve industry excellence and expansion by investing in the red meat, vegetable and crop sectors, offering products that suit the tastes of consumers in different markets.

Distribution Expansion

In order to realize its aspirations for geographic and sectoral expansion, the company intends to invest in the development and enhancement of distribution channel operations and establish new alliances and partnerships.

Financing Expansion

The company aspires to diversify its sources of financing and utilize them to fund geographical and sectoral expansion projects and expand distribution channels. It has increased its capital by issuing 200,000,000 shares.

CEO Message

Dr. Solaiman Abdulaziz Al-Tuwaijri

capital increase

2

billion SAR



Sustainability is the Focus of our Growth

Nadec
Annual Report 2023

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In 2023G, the company strived to create added value and attractive returns for shareholders, in an attempt to increase the value of investment and achieve shareholder satisfaction. Nadec has launched several initiatives to achieve good returns for shareholders. These returns have been achieved through the launch of Nadec's new strategy and the capital increase of SAR 2 billion.

We have been keen to continuously disclose the company's financial performance and significant developments by providing periodic reports and holding public meetings to provide shareholders with accurate information about the company's financial performance and the new strategy.

As part of the review of the company's performance, Nadec, a leader in training, education and manufacturing of food and agricultural products, provided support to education and innovation programs in 2023G. The company seeks to build a motivated and qualified generation for a progressive and sustainable future. We also signed partnership agreements with specialized companies such as Leha Group for the production of seeds and wheat, demonstrating our commitment to promoting self-sufficiency in the agricultural sector. Nadec also participated in entrepreneurial projects in the field of agricultural technology. Agreements were signed with innovative companies to establish a national project for the production of fruit and vegetables using smart technologies.

Despite the challenges facing the market, we have succeeded in realizing a strategic transformation towards excellence and expanding our production and distribution as part of our new strategic framework. The strategy aims to improve the quality of our products, provide high-quality products that meet the expectations and needs of our customers, and facilitate entry into the red meat sector to provide high-quality meat products and meet the aspirations of customers in this area.

As sustainability is an integral part of our vision, we are committed to providing high-quality products in a manner that respects the environment and contributes to the promotion of sustainable living. As an enterprise committed to social values, we also strive to integrate economic, environmental and social dimensions into all aspects of our business. We have actively taken part in educational programs to promote education and empower young people to build a sustainable future. In addition, we have signed strategic partnerships to protect the environment, including the recycling of primary waste and its conversion into useful resources, demonstrating our commitment to sustainability and environmental preservation.

Nadec has increased the automation of its manufacturing processes to reduce human error and increase production speed. Automation of processes in the dairy and protein product sectors is an effective and modern method to improve the quality and efficiency of production. Through the use of smart devices and programs, the company is able to perform tasks at high accuracy and speed. These tasks include, but are not limited to, collecting, transporting, processing and packaging milk and its by-products. The company has also the ability to reduce human error and lower the cost and health risks associated with manual operations.

Our efforts contribute to strengthening our position as a leader in the food industry and satisfying the needs of our customers. Finally, I would like to express my deep gratitude for your trust in Nadec. We remain committed to meeting your expectations and providing you with the best possible return.

Thank you for your support and let us look forward to a bright and prosperous future together.

The global economy, the Middle East and North Africa (MENA) region, and the local market in the Kingdom of Saudi Arabia are making a remarkable recovery after experiencing the negative impact of the COVID-19 pandemic that broke out in 2020G. The Kingdom of Saudi Arabia’s economy has seen record growth not witnessed since 2011G. Despite high inflation in the region, the overall growth outlook remains positive.



Global Markets

Global markets have been vulnerable to negative impacts, disruptions and uncertainty since 2020G and during the COVID-19 pandemic, overshadowing both global and local markets. Despite signs of recovery, most industry sectors have been prone to volatility. This, coupled with the unrelenting crisis in Ukraine, which began in 2022G and is considered to be the biggest political event to occur in recent years, has destabilized the global economy at a time when there are signs of a recovery from the effects of the pandemic and negatively impacted energy prices. The daily lives of individuals have also been affected by rising food prices, especially in low- and middle-income countries. This is linked to the increase in interest rates by central banks in response to inflation. However, raising interest rates could pose a risk of leading to a global recession in the coming years.



Regional Market

The economies of the MENA region are facing challenges and difficulties arising from global circumstances and events, the most recent of which is the Ukrainian-Russian crisis, which has led to high rates of inflation, particularly with respect to imports of key commodities, which have experienced increase price volatility. Nevertheless, economic activity in MENA countries began to recover in 2022G. Gross domestic product (GDP) growth reached 6.1% this year, compared to 4.1% in 2021G.



Local Market

The Kingdom is the largest economy in the Middle East with a GDP of SAR 975.2 billion in 2022G. During the period from 2017G to 2023G, the Kingdom witnessed stable economic growth with an estimated compound annual growth rate (CAGR) of 3.2% in real GDP. In the aftermath of the COVID-19 pandemic, the Saudi economy recovered at a remarkable pace between 2020G and 2023G. The actual GDP of the Kingdom increased at a CAGR of 3.6%.

Agricultural Activities Market in the Kingdom



The food and beverage market in the Kingdom presents a tremendous investment opportunity due to its size, growth potential, and committed governmental support, not to mention import substitution opportunities, evolving consumer preferences and market dynamics. Active players in the sector can tap into market potential and contribute to the Kingdom’s self-sufficiency and food security objectives.

The growing population and increasing household expenditure will help create an appropriate environment and foundation that guarantees the sector’s growth. There are a number of other factors that will support the growth of the sector, including an increase in the number of tourists, the government’s efforts to promote self-sufficiency and achieve food security goals, and import substitution opportunities, through which the government seeks to reduce its dependence on food imports and increase the local production of key food items. In addition, demand for fresh and healthy products is increasing due to improved consumer nutritional habits, behaviors and preferences. The food and beverage retail market is also growing, thanks to a shift in distribution methods to modern commercial shopping outlets.

Food and Beverage Market Overview and Size



The value of the food and beverage sector in the Kingdom reached SAR 220 billion in 2022G, making it the largest market in the Middle East. The Saudi market is expected to grow at a CAGR of 6% between 2022G and 2026G. This growth is attributed to population growth, economic development, and government initiatives implemented in this regard. The population will continue to grow at a CAGR of 1% and household consumption expenditure will grow at a CAGR of 3% over the next five years.

The government’s initiatives and support for the tourism sector will also have a positive impact on the [food services sector as the number of tourists increases. The government will continue to support local companies in food production and processing, especially in basic products, including dairy products and by-products, olive oil, fruits and vegetables, and red meat.

Types of Food and Their Performance



Nadec operates in the basic food products sector, such as dairy products and by-products, including milk, fresh laban, yogurt, labneh, cream, cheese, butter, juices and olive oil. The majority of these product types have shown good growth in previous periods and are likely to maintain their growth momentum in the coming years. Milk & fresh laban, cheese and yogurt had the largest market share, accounting for 50.6%, 24.5% and 12.6%, respectively.

Additionally, Nadec is also working to expand its business presence in the red meat and agricultural products sector, as these types of food are in line with the Kingdom’s food security priorities and represent a promising opportunity to strengthen local production and related industries in the Kingdom.

Operational Departments



1

**Agricultural
Department**



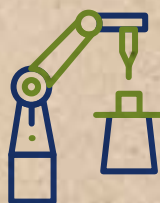
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**Dairy Farms
Department**



3

**Protein
Department**



4

**Manufacturing
Department**



5

**Procurements
Department**



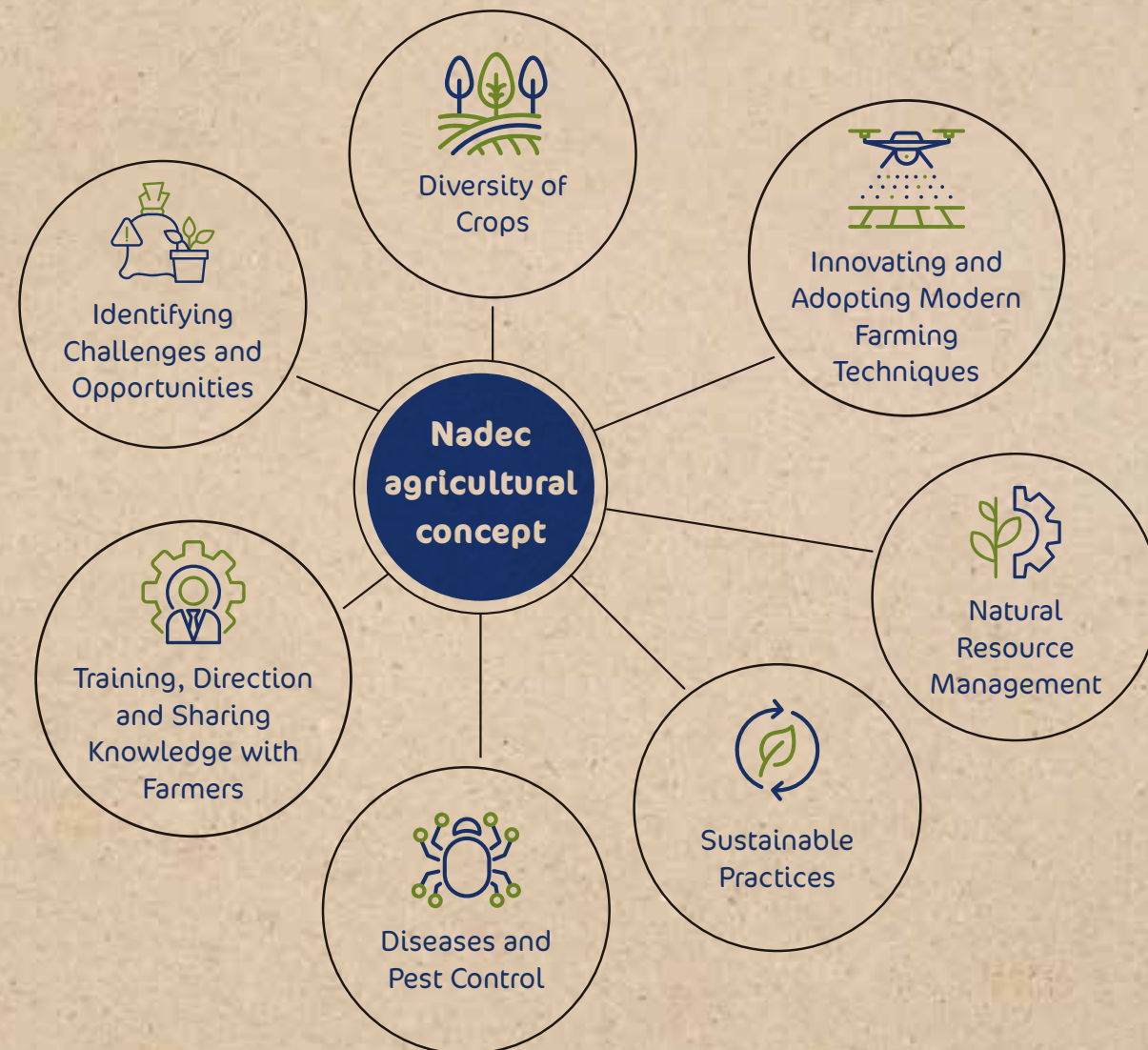
6

**Digital & Technology
Department**



1- Agricultural Department:

Seven (7) key processes to manage Nadec’s agricultural production



Since Nadec announced its “New Dawn” strategy, it has been focusing on the agricultural sector as a fundamental pillar of its strategy, given the importance of this sector as a primary driver for producing high-quality food products and contributing to achieving environmental and economic sustainability.

The “New Dawn” strategy reflects an integrated vision that includes a business model consisting of seven (7) main activities, with “crop diversity” as a fundamental element. The sector aims to achieve crop diversity to meet the changing needs of the market.

Agriculture in Nadec’s “New Dawn” strategy also demonstrates the company’s commitment to “innovation and adoption of modern agricultural technologies”. Examples include but are not limited to the following:

- Nadec uses modern technologies in olive growing, and as a result has overcome the biggest obstacle in olive cultivation - the cost of labor. It has fully automated the harvesting and transportation processes for almost five million 5,000,000 olive trees by using advanced harvesters.
- The pruning process has been fully automated using advanced equipment that meets the latest international specifications.
- Nadec uses the latest modern irrigation technologies suitable for each crop.

These technologies help increase productivity and enhance crop quality through “natural resource management”. Natural resource management enhances environmental sustainability and ensures the continued supply of high-quality food resources, making it a fundamental pillar for the success of the agricultural sector in the context of society’s food interests. Natural resource management also helps increase production efficiency and the environmental balance through the implementation of innovative irrigation practices and the use of modern technologies. By improving the efficiency of water consumption and achieving optimal resource management, it helps to reduce costs, increase productivity, and enhance the economic sustainability of the company’s agriculture.

Nadec is making efforts in “sustainable practices” by cooperating with the National Center for Sustainable Agriculture Research and Development Estidama Center in conducting experiments on twenty (20) types of seasonal fodder. These experiments, in turn, make a significant contribution to the provision of animal fodder and minimizing the consumption of groundwater, using the agricultural cycle. The company adopts an advanced vision in environmental impact reduction initiatives as it cooperates with SABIC to conduct experiments in the field of Carbon Credit in the Haradh, Al-Jouf, and Hail projects.

The agriculture sector management business model includes “disease and pest control” as part of the company’s commitment to ensuring the health and safety of crops. Nadec’s “sustainable practices” reflect its commitment to maintaining a balance between production and environmental preservation.

5
million
olive trees

Experimentation
with twenty
20 types of
seasonal fodder



Sustainable Practices with an Innovative Vision to Face Challenges

“Training, mentoring and knowledge sharing with farmers” is an essential step to ensure greater efficiency and adoption of best practices. In order to enhance and improve agricultural production capacity, Nadec endeavors to conduct a number of training and qualification courses for the work teams on its farms.

- 01

A memorandum of understanding was signed with the Agricultural Fund for cooperation, training and guidance of farmers in the field.
- 02

Nadec held four (4) intensive workshops in Haradh, Al-Jouf and Hail, focusing on agricultural seasons and crops.
- 03

Nadec has established a new department under the name of “Contract Farming”, which contracts farmers to carry out a number of activities, including supervision and technical guidance. The company held an educational workshop for farmers through this department.

In addition to the aforementioned, Nadec has adopted three (3) mechanisms to exchange knowledge with farmers:

- 01

Workshops and training courses through the Contract Farming Department.
- 02

Direct communication with farmers in the vicinity of the agricultural project sites through the Contract Farming Department, which provides supervision, technical guidance, contracts for products, and educational workshops for farmers.

Finally, “identifying challenges and opportunities” plans are at the heart of the success strategy for a food products company within the agricultural sector. This detailed approach allows the identification of potential obstacles and opportunities, thus enabling Nadec to adapt to changes in the market and environment.

In addition, identifying the challenges in our “New Dawn” strategy helps determine potential risks such as climate change and agricultural diseases. This will help to develop strategies to address these challenges and provide a vision for developing new growth and expansion strategies.

2- Dairy Farms Department



Daily Milk
Production Volume
1.381
million liters
in 2023G

Leadership in Milk Production

Nadec’s primary goal is to be the leader in milk production. It employs innovative strategies to increase cow productivity and average daily production per cow through the provision of advanced nutrition programs and improved health plans.

In addition, the company ensures an optimal and comfortable care environment provided for animals, which promotes improved productivity. This balance between animal care and advanced technology reinforces the company’s ongoing efforts to achieve the highest standards of quality and quantity of dairy products. The highest average daily milk production volume in 2023G reached one million and three hundred and eighty-one thousand (1,381,000) liters.

Our efforts are evidence of our commitment to continuous development using the latest technologies to ensure sustainability and quality in production.

Our efforts is the evidence of our commitment to continuous development utilizing the latest technologies to ensure sustainability and quality in production

Cow Health

Nadec adopts a comprehensive approach to caring for the health of the cows at its farms. It strives to provide an advanced and healthy environment for cows by implementing effective hygiene programs and periodic follow-up programs to maintain the cleanliness of the farms and the comfort of the cows.

Health Programs to Boost Cow Immunity:

Nadec applies programs to maintain the health of the herd, including a vaccination program, which contributes to strengthening the immune system of cows, treatment programs for any potential health problems, and periodic disease screening to detect any abnormalities early and take the necessary measures. These programs demonstrate Nadec's commitment to achieving the highest standards of cow health, contributing to the realization of a high-quality milk product production.

Nadec is also continuously improving the nutritional status of its cows to ensure maximum milk production and quality. In addition, the company provides ongoing training programs for farmers on best practices in animal care and how to interact effectively with their animals. This approach yields positive results in terms of reducing animal losses and enhancing herd health in general.

Cow Nutrition:

Nutrition plans for cows at Nadec are key factors for the best production performance. The company provides high-quality fodders that are carefully formulated to meet the needs of each production category of the herd. These plans are carefully followed by periodically taking samples and sending them to the laboratory to ensure the company's commitment to providing optimal nutrition for cows by developing modern nutrition programs that allow cows to take full advantage of the available fodder, under the supervision of the best specialists in the field of nutrition.

Farm Technologies:

Nadec relies on modern technologies in the management of its farms in order to obtain the maximum benefit from production operations. Therefore, Nadec provides an advanced tracking system that records the activity of the cows and evaluates their efficiency, which contributes to understanding their behavior and performance. This system is based on technologies that provide accurate and reliable data on the condition of the herd. Modern technologies have been used to improve production efficiency on farms. The genetic selection program demonstrates an innovative application that can estimate the future productivity of the herd based on the analysis of genetic data. This program enhances the interaction between technology and agriculture to improve the quality of production and increase overall efficiency on the farm.

Food and Product Safety:

Nadec guarantees the safety of its milk and products from its farms by following an approved milking protocol. The quality of the milk and the effectiveness of the washing cycles of the milking machines are checked daily through precise laboratory tests. The company also applies specific procedures to ensure compliance with the highest standards of quality and safety, in addition to using the company's Standard Operating System (SOP) to achieve these objectives.

Environmental Sustainability

We are highly committed to achieving environmental sustainability at Nadec's dairy farms. Sufficient space is provided for each animal, which helps to boost their well-being and reduce the environmental impact of farm operations. Accurate daily cleaning operations are carried out to properly dispose of medical and cow waste through appropriate incineration and the use of advanced insect and rodent control procedures. We have launched sustainable initiatives to reduce the environmental impact of dairy farm operations by switching to renewable energy sources and adopting efficient technologies to recycle reusable materials. These efforts reflect Nadec's commitment to maintaining a balance between agricultural production, respect for the environment, and achieving sustainability in its daily practices.

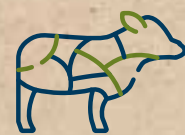
Innovation and Development at Nadec's Dairy Farms

The development of Nadec dairy farms is a key element in improving the efficiency and quality of production. This includes the implementation of modern cow nutrition programs, such as the EZ Feed program, which promotes effective and balanced nutrition. In addition, herd activities can be continuously monitored and analyzed through advanced programs, which helps to better understand the needs of the animals and improve the level of care. These efforts show Nadec's commitment to continuous development and use of the latest technologies to ensure the sustainability and quality of milk production.



3- Protein Department:

Six (6) criteria are followed to maintain protein quality at Nadec



Best practices are followed in dealing with livestock sectors.



Stringent microbiological procedural controls are applied for the cleanliness of protein products.



Equipment and sewage are cleaned, and employees personal cleanliness and sterilization are applied.



Specific criteria are applied upon selection and testing beef for the production of red meat.



The supply chain for raw materials and finished products are strongly managed.



The criteria and policies that are applied to care for Nadec animal production include but are not limited to the following:

- “Care” protocol indicates the farm’s commitment to high criteria for the care of cows and calves.
- Basic criteria are followed for the classification of slaughtered livestock (fat content, livestock lineage, gender and age restrictions applied in the selection of slaughtered livestock.)



We aim to have Nadec protein (red meat) in every refrigerator in the Kingdom of Saudi Arabia

Ambitions for Sustainable Food Expansion

The Protein Department has been established at Nadec for the purpose of achieving a greater nutritional impact in the Kingdom of Saudi Arabia. The main objective of the department is to seek to expand the company’s presence in the food sector and support the Kingdom’s Vision 2030 in enhancing food security and improving self-sufficiency in red meat. We seek to have Nadec protein (red meat) in every refrigerator in the Kingdom and provide a comprehensive range of Nadec products to satisfy customers’ expectations and needs in a comprehensive and sustainable manner. Believing in the importance of diversifying protein sources, we offer a wide range of products to meet the needs of different tastes and nutritional requirements.

Nadec Protein Sources Our Production Sources

Nadec obtains the protein sources used in its products from fresh meat sourced from its local farms, as well as chilled and frozen meat imported from Brazil, Australia, Argentina, and India. This increases the diversity and availability of protein sources to ensure the delivery of high-quality and great tasting products. The company carefully monitors all elements of the production process, as we constantly strive to add new assets, in line with our supply chain strategy and the food security objectives of the Kingdom of Saudi Arabia.

Nadec depends on strong foundations to maintain the quality of the protein in its products as it adopts the best practices in handling fresh meat and caring for its sources. Strict microbiological process controls are applied to ensure product cleanliness and that equipment and sewage are cleaned. Nadec also ensures that high standards of personal hygiene are maintained by its employees and that appropriate sterilization is achieved.

Nadec sources of red meat

Kingdom of Saudi Arabia

From our farms and local partners

Brazil

Australia

Argentina

India



Nadec is committed to investing in research and development of new technologies that contribute to protein production and management.

Innovation Ambitions in Protein Technology

Nadec’s goal is to have a slaughterhouse and a factory that use the latest advanced technologies and apply European technologies and standards to ensure quality and safety in its production processes. The company is keen to develop new technologies that will increase the rate of protein production and improve its quality by using a special feed formula for cattle. This demonstrates Nadec’s interest in technological innovation development in the animal production sector, which is vitally important for the production of high-quality products.

It is worth mentioning that the use of biotechnology, which includes the addition of amino acids, vitamins, enzymes and other biologically active supplements to animal feed, contributes to the improvement of protein properties. These technologies are aimed at increasing production efficiency and improving the quality of the final protein product, whether for human consumption or for use in other industries.

The company also utilizes growth enhancing technologies that are scientifically proven to increase the amount of beef produced. The latest available technology is used to track Nadec’s products from the farm to customer using the RFID technology throughout the entire slaughter process. Nadec is committed to its plan to invest in rapid cooling and temperature monitoring to ensure the optimal shelf life of the products and to satisfy the needs of its customers. It is planned that Nadec’s processing facility will incorporate advanced technologies to recover waste and to market the items that would previously have been sent to landfill, demonstrating the company’s commitment to sustainability and environmental control.

Dairy Comp 305 Protein Tracking

Nadec uses a protein source tracking system from the farm to the factory. This system is based on advanced technologies and includes the use of individual animal ear tags and RFID technology. It also ensures batch tracking thanks to product tagging and identification using the Dairy Comp 305 program, which helps improve the effectiveness and accuracy of tracking processes to ensure product quality and safety. Additionally, the system is enhanced tracking by the tagging and identification of the product, ensuring high accuracy in batch documentation. This approach demonstrates Nadec’s commitment to providing consumers with high-quality and reliable protein/meat products.

Our Sustainability Efforts in the Protein Sector

Seven (7) initiatives to make protein production at Nadec more environmentally sustainable

- 01

Efficient water treatment for reuse, biofuel recovery and carbon emission reduction.
- 02

Heat recovery solutions to reduce dependence on energy sources.
- 03

Solar energy capture and storage capabilities.
- 04

Enhancement of beef production efficiency to reduce resource consumption and environmental impact.
- 05

Reduction of methane emissions: Implementation of strategies to reduce enteric methane emissions from livestock, such as dietary modifications or fodder additives.
- 06

Management of natural fertilizers: Improved natural fertilizer practices help mitigate environmental risks and recycle nutrients.
- 07

Social sustainability considerations: Focus on the safety and ethical use of antibiotics.

4- Manufacturing Department

Operational Potential - For a Promising Food Production Capacity

The production capacity of the company's factories was six hundred thousand 600,000 tons of food in 2023G that demonstrates Nadec's commitment to meeting market needs and providing high-quality products. This capacity is part of the company's comprehensive strategy which aims to achieve a balance between current production and future market needs. There is also a carefully considered plan to expand production capacity in the future.

Nadec's production capacity aligned with its strategic vision and sales plans, which extend to 2028G. The need to increase production capacity was identified through market studies and sales performance monitoring. The company has been able to take the necessary measures, whether by modernizing equipment or building additional facilities.



Quality Assurance

There are three (3) systems to guarantee the quality of Nadec's products and manufacturing processes:

01 Control of Raw Materials:

The quality of raw materials is verified prior to their use in manufacturing by testing them to ensure they meet the specified requirements.

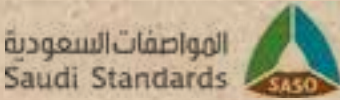
02 Processes Control:

Manufacturing processes are controlled to ensure compliance with the specified standards.

03 Inspection and Testing:

Products are inspected at various stages of the manufacturing process to ensure they meet the specified requirements.

The certificates we have obtained over the years are a testament to the quality of Nadec's products:



SASO Certificate



Saudi Industry Certificate



ISO-22000 quality systems certificate for food safety



Saudi G.A.P. Certificate for Sound Practices



Halal Certificate

Technology and Modernization

Technology at Nadec is a fundamental pillar in achieving excellence in manufacturing processes. The factory is a model for the use of modern technologies as it uses an integrated system of automation and digitalization in all stages of production. Nadec's factories have the ability to control resource planning and management, from the initial steps to the delivery of the finished products to distribution centers. The company's plans include the continuous development of the systems and technologies used and their replacement, following the strategic plan for the factories.

The SAP system, which connects the entire factory, and the malfunction system, which makes it possible to monitor machine performance and prevent disruptions, are also part of the future vision to increase efficiency and quality in all aspects of operations.

Production Efficiency

The efficiency of Nadec's production processes is constantly improved through the implementation of the latest technologies. This method includes the use of technology to improve production efficiency by reducing the need for manpower, reducing errors, and increasing the speed of production. This approach enhances the provision of continuous training with the aim of enhancing the efficiency of employees and enhancing their skills in using modern technologies.

Nadec also has ongoing programs to improve the use of resources and reduce production waste. The program to reduce production waste is considered one of the priorities in the operational management strategies. This program, which aims to reduce waste in production materials and form a specialized team, was launched in March 2023G for periodic monitoring and review of strategic plans in cooperation with the CEO.

The program also involves loss prevention initiatives to ensure sustainability and continuous development in the efficiency of production operations.

Nadec has implemented 10 initiatives to ensure the safety of employees in its factories

- | | |
|-----|---|
| 1. | Development of occupational health and safety policies and procedures and application in a manner that is clear and understood by all employees of the factories. |
| 2. | Provision of appropriate training for all employees on occupational health and safety and prevention. |
| 3. | Provision of the personal safety and protection equipment required for all employees of the factories. |
| 4. | Periodic inspections of the factory facilities and equipment to ensure its safety. |
| 5. | Establishment of a system to monitor and respond to accidents and injuries. |
| 6. | Provision of clear safety signs and instructions throughout the factories. |
| 7. | Development of an emergency plan to deal with emergencies such as fires and injuries. |
| 8. | Encourage employees to report any occupational health and safety hazards that come to their attention. |
| 9. | Application of global standard safety systems at work sites and provision of ongoing training for all employees to comply with the safety standards and systems and provision of the safety tools required to perform their work. |
| 10. | Initiation of programs to educate employees on work safety through advanced and periodic training activities and programs. |

Sustainability and Environment in Nadec's Manufacturing Department

We strive to make the manufacturing processes more environmentally sustainable by using renewable energy sources such as solar energy and improving energy efficiency to reduce environmental impact and energy consumption. There are specific projects at Nadec aimed at improving the environmental impact of manufacturing operations, including a project to process and recycle liquid and solid waste. This forms part of our commitment to improving environmental sustainability in all aspects of our business. Nadec is working on environmental initiatives to enhance manufacturing sustainability, as shown below:

- 1- Strengthen efforts to make manufacturing processes more environmentally sustainable by:**

A. Using renewable energy such as solar power or other renewable energy sources to generate electricity for the company's manufacturing operations.

B. Improving energy efficiency by reducing the amount of energy consumed, which reduces pollution.

C. Recycling and reusing.
- 2- Develop specific projects to improve the environmental impact of manufacturing operations at Nadec, including, but not limited to, a project to treat and recycle liquid and solid waste.**

Improving Processes in Nadec's Manufacturing Department

Nadec's strategy is to continuously improve its manufacturing processes that is fundamental to achieving greater efficiency and high-quality products. The company is committed to increasing productivity and efficiency through modernizing technologies and implementing the best practices in the field of production management. The company strives for continuous improvement in the following areas:

1. Zero-waste manufacturing, which aims to eliminate all activities that do not add value to the product, such as waiting, transportation, and unnecessary processing.
2. Intelligent manufacturing by analyzing data to improve manufacturing processes.
3. Cost reduction by improving efficiency through increased productivity and quality, which in turn improves profitability.
4. Improvement of employee safety and the reduction of the risk of accidents.
5. Implementation of continuous quality management programs to improve manufacturing processes.

Improving Production Processes

Nadec achieved a high and outstanding level of performance in production management in 2023G. This performance was characterized by the improvement of production processes and strict adherence to quality systems, maintenance and continuous planning. Systems were regularly updated to ensure compliance and improve the performance of operations. Problems in the production chain were identified, analyzed and dealt with effectively. The latest problem analysis and flexible manufacturing systems were also used to identify the root causes of problems and provide innovative solutions. In addition, continuous improvement and performance monitoring were implemented to ensure continued improvement of operations and achievement of production targets. At the same time, a culture of continuous improvement was promoted and employees were encouraged to participate in process improvement. The best practices were also applied in the areas of quality and production to ensure the sustainability of improvements and the achievement of the best results.

Sustainability of Manufacturing Processes

We succeeded in updating and improving manufacturing technologies in 2023G. We focused on enhancing production efficiency and developing certain processes. Updating the butter production process by introducing more effective automation was one of the aspects developed. Nadec continues to consider the future of manufacturing and believes that new technologies should be leveraged to enhance production efficiency. These new technologies include, but are not limited to, preventive maintenance and independent maintenance, which will help reduce downtime and ensure better production continuity. These developments demonstrate the company's commitment to applying the latest technologies that ensure continuous improvement and sustainability of manufacturing processes.

Nadec is particularly attentive to improving the performance of production management. In 2023G, the company improved its production processes in line with the latest quality and maintenance standards. Commitment to quality and maintenance systems was also applied and regularly monitored to ensure continuous improvement.

Customer Satisfaction

The importance of product quality is reflected in customer satisfaction and trust. Nadec strives to meet customer expectations and needs by providing high-quality products that meet strict standards. Abidance by quality standards helps build the company's reputation and enhances its position in the food products market. In addition, product quality helps improve operational efficiency and reduce losses and waste. Through its focus on product quality, Nadec aims to improve the production processes and ensure that it delivers a final product that meets the highest standards. Nadec's quality standards and the importance it places on them are recognized as the foundation for excellence and sustainability in the animal production industry.

Development of Quality Tests

Nadec's Production Department works tirelessly to develop quality tests. These efforts are an essential part of Nadec's commitment to achieving the highest level of product quality. These levels are sought by continuously measuring the results of quality inspections and analyzing the data to identify areas for improvement. The company has a policy of continuous improvement of the quality inspection process and relies on regular monitoring of performance to ensure compliance with the standards and optimum results. Necessary measures are also taken as soon as any deviation from the specified standards is detected.



Planning... Quality... Achievement

There are eight (8) pillars to maintain the quality of our products in 2023G:



Developing clear and brief quality standards for all products and informing all employees of these standards and training them in this regard.



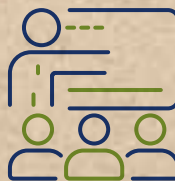
Establishing multi-function work teams to ensure good coordination between all product development phases.



Implementing quality monitoring measures.



Data analysis.



Training quality inspection teams on the latest available technologies and methods.



Following up the system of compliance with the application of the comprehensive quality systems.



Enhancing the continuous improvement culture.



Conducting periodic audits

Technology Strategy in the Production Department

The strategy for the use of technology in the Production Department at Nadec production activities in 2023G was based on a set of principles and modern technologies that are used to improve production efficiency and ensure that demand is met efficiently through the use of modern communications technology. Nadec's strategic foundation for using technology to manage production is based on:

01 Using technology to improve supply chain management or raise productivity, using a GPS system for all fleet operations (for supply of raw materials and delivery of finished products).

02 Using new technologies to develop future production processes.

03 Smart and digital manufacturing, using digital technologies to collect and analyze data from production processes. Data can help improve decision making and operations.

04 Flexible manufacturing by producing products quickly and at an affordable cost.



The “New Dawn” strategy is a future vision for improving sustainability both internally and externally.

Future Plans

Nadec works to develop strategic plans to expand its capabilities in the future in order to meet the diverse and growing needs of the market. These plans are implemented in accordance with the five-year sales management plan. Market trends are analyzed and future needs are determined to ensure the sustainability of the expansion and to satisfy customer aspirations. These plans of the Sales Department are coordinated to ensure that objectives are effectively achieved and emerging opportunities in the market are targeted.

Improving Efficiency of the Production Department

In order to improve the efficiency of the Production Department in 2023G, Nadec intensified its efforts in the area of training and development. These efforts consisted of improving the efficiency of production processes through continuous training programs for employees. The company's efforts were particularly focused on continuous updating of skills and raising awareness of the latest technologies.

Efficiency improvement projects involve a multi-pronged approach, including independent maintenance projects, preventive maintenance and predictive maintenance. These projects seek to improve equipment performance and reduce breakdowns, thereby contributing to increased production efficiency. In addition, the supply chain management strategy focuses on the sustainability of extended nutrition. This strategy includes the identification of targeted needs, diversification of supply sources, and periodic monitoring of supplier performance. The strategy also focuses on cost optimization and taking immediate action in emergency situations to ensure the sustainability of the supply chain.

Production Department Sustainability

Production sustainability at Nadec is one of the focuses of production process management. Production sustainability is maintained by combining sustainability concepts with production planning and continuous improvement processes. The environmental, economic and social impacts of the production processes are also taken into account that help achieve a sustainable balance.

Future strategies to improve the sustainability of the production chain are reflected in targeted initiatives, including innovations in resource utilization, increased energy efficiency, and diversification of raw material sources to achieve better environmental performance. We are also committed to improving the social conditions of our employees in the production chain to ensure long-term sustainability and effective participation in society. As part of Nadec's production process management strategies, the company's “New Dawn” strategy includes a vision to present future initiatives to improve sustainability in the production chain.

Production Department Data Analysis

Data related to production processes is analyzed by using the SAP resource management system, a powerful tool for intelligent data exploration and analysis. This enables the Production Department to make strategic decisions based on accurate and comprehensive information. The SAP system provides a unique opportunity to intelligent analysis by accurately monitoring process performance and understanding potential trends and challenges. This strategic data is used to make decisions that increase production efficiency and improve operational performance.

This data is also used to identify strengths and weaknesses in the production chain and to take effective corrective action. Smart analysis strategies enable the company to respond quickly to market changes, ensure production continuity with high efficiency, and achieve sustainability and quality objectives.



5- Procurement Department



Nadec Signed
11
Agreements
in 2023G

Improving Purchasing Processes

The use of SAP Ariba has helped speeding up purchasing processes and making them more efficient by automating them and establishing a healthy supply chain. The Procurement Department is implementing its strategy, which extends to 2027G, to enhance the company's key activities at both local and regional levels.

The strategy includes the company's entry into new markets, the expansion of its geographical reach, the strengthening of its innovation and product development capabilities, investments in infrastructure, and the introduction of modern technologies in the world of the food and beverage industry.

The strategy is based on efficiency, cost management, achieving sustainable high quality, adopting clean and green energy, and strengthening the capital structure in light of the strategy and financing needs.

Nadec has signed eleven (11) agreements with government agencies, private entities, and non-profit organizations. These deals cover agriculture, dairy, juice, food, beverages, e-commerce, digital marketing, and training and development.

Results of the Supply and Marketing Strategy for Managing Nadec Procurements

01 Strengthened cooperation with suppliers:

Nadec pays special attention to strengthening direct cooperation with suppliers; it holds periodic meetings to explore cooperation opportunities, ensure the availability of materials and products, and improve material efficiency.

02 Expansion of the supplier base:

Nadec intends to expand its supplier base, starting with local materials and the local market.

03 Supplier Evaluation:

Nadec relies on a strategy to constantly evaluate the performance of its suppliers, analyzing the response in real time and conducting periodic and laboratory tests to maintain the quality of materials.

Raw Materials - Procurement Department

1- Guarantee of the Quality of Materials:	Nadec guarantees the quality of procured materials through quality and safety control procedures and verification of their compliance with the specified standards.
2- Adopting Strategies to Improve Cost Efficiency:	Nadec works with suppliers to reduce prices and develop raw materials to achieve cost savings and improve cost efficiency.
3- Updating Procurement Technology:	Nadec adopts SAP Ariba to improve efficiency and accelerate procurement processes and is preparing to introduce new technologies in the future.

Sustainability and Social Responsibility in Procurement

Nadec strives to promote sustainable practices in the supply chain by working with farmers and supporting local products. It shows its commitment to working in the agricultural sector in the Kingdom of Saudi Arabia by actively supporting local agriculture and using locally sourced raw materials to manufacture its products. Recognizing the importance of self-sufficiency and the positive impact on the national economy, the company enters into strategic partnerships with local farmers, providing them with resources, expertise and fair market opportunities. By making the use of locally produced raw materials a top priority, Nadec not only ensures the highest level of quality in its products, but also contributes to the development of a strong and resilient agricultural ecosystem in the Kingdom. This approach is in line with the company's commitment to environmental responsibility, community support, and the promotion of sustainable practices, thus creating the necessary balance between business success and community well-being.



6- Digital and Technology Department

In line with the “New Dawn” strategy, Nadec’s Digital and Technology Department underwent a significant expansion in 2023G, and as such will now play an essential role in all operational aspects of the company. It contributed to strategic growth, enhanced technological development, and led digital transformation efforts to increase operational effectiveness.

One Source of Information: Infrastructure Improvement:

The Digital and Technology Department has succeeded in implementing an advanced, highly efficient and scalable system. The system has contributed to meeting the significant increase in business development needs, ensuring that the company remains ready to meet all customer's needs. We also reinforced our commitment to a single source of information by implementing SAP as an enterprise resource planning (ERP) system. This strategic move helped improve operational efficiency and provided a direct control panel for decision making based on accurate and correct data.

The decision made by the Digital and Technology Department to move to the cloud network as a strategic response to challenges such as dependence on data centers, high costs, and significant security risks has resulted in providing effective solutions in terms of cost reduction, significant risk reduction, and simplification of the monitoring process. This has resulted in significant flexibility and appetite to develop the infrastructure.

Improving Operational Efficiency: SCADA System and Operational Technology (OT) Infrastructure Upgrade:

The Digital and Technology Department has implemented an ambitious initiative by launching the second phase of SAP, which consists of 22 programs and technology solutions. This marked an important turning point in our journey towards enterprise resource planning and provided seamless integration of all operational systems, such as factory maintenance, fleet management, recruitment, bank communications, collections and credit management. As a result, Nadec has become a leader in the adoption of the latest digital solutions and systems.

The SCADA and operational technology (OT) infrastructure upgrade was a strategic decision driven by the need to increase operational flexibility. It has improved the concept of system and service availability, which has helped to mitigate risks and strengthen our operations in the face of unexpected obstacles. Nadec has adopted advanced technologies for industrial control and digitalization.

Digital Transformation Strategy: Outstanding Organizational Commitment:

In pursuit of digital transformation, a strategic map was unveiled that focuses on innovation and digitalization of the company’s various segments. The introduction of the business partner concept has increased individual participation and improved the provision of support and services with other segments. As a result, a culture of continuous improvement and innovation has been fostered, placing Nadec at the forefront of technological advancement in the food industry.

Pursuing operational excellence and compliance with regulatory standards, Nadec successfully launched the second phase of its electronic invoicing system, e-Invoice. This has strengthened our commitment to best financial practices and helped to simplify financial operations, reduce errors and increase the overall efficiency of our invoicing system.

Achieving Operational Excellence:

The Digital and Technology Department launched the EZ-Feed program in 2023G. The program provides the employees with real-time data to improve accuracy in fodder management. The program works as an integrated tool for managing fodder and determining cow feed intake. The program is seamlessly linked to the SAP system for optimal performance and monitoring. This strategic work ensures that informed decisions are made, resulting in significant savings in daily fodder expenses and efficient operations.

Digital Payments:

Nadec has revolutionized its payment processing method by deploying SoftPOS technology, a secure and versatile mobile POS technology that transforms smart devices into innovative payment tools. This technology has contributed to improving the customer experience. Nadec has reaffirmed its commitment to strengthening its leadership in the world of digital commerce and payments.

Artificial Intelligence:

The use of smart technologies supported by artificial intelligence and machine learning has brought about a major change in Nadec’s decision-making processes, from automatic replenishment of inventory to material requirements planning (MRP) and the application of manufacturing integration and intelligence (MII). Such technologies have enabled Nadec to make accurate, data-driven decisions quickly. The results were not limited to improved efficiency, but also created a more flexible and responsive work environment and a readiness for continued success.

Green Energy Initiative:

As a driver of our commitment to environmental protection and sustainable development, the Digital and Technology Department has made great strides toward a green future. This has included eliminating dependence on paper, adopting environmentally friendly initiatives and promoting a culture of environmental responsibility by using innovative technologies and redesigning operational processes. This has helped to reduce our environmental impact and has contributed to the transformation of our industry towards a more sustainable future.



We Communicate Effectively... to Enhance our Strategy

Excellence at Nadec comes from a deep understanding of the importance of internal communication. Effective communication between departments and employees is essential to achieve integration and coordination in all aspects of work. Good communication is effective in improving interaction and sharing ideas that leads to increased innovation and creativity.

Internal communication is the primary way to understand the company's vision and future objectives, which inspires employees to work together to achieve those objectives. Thanks to the modern and social communication platforms used in Nadec, direct communication is improved and effective channels are opened to listen to employees' opinions.

This interest in internal communication contributes to the creation of a positive work environment where every individual feels the importance of his or her role and contribution to the success of Nadec.

“Nadec Home” and “Yamir” platforms - Qualitative Change between Management and Employees

Nadec is witnessing an improvement in communication between management and employees through the use of modern technology and the creation of an internal newspaper on an electronic website where employees can review all company news, post their comments, and open dialogues on anything Nadec related. In addition, the company has a social platform "Yamir, which is similar to social media and aims to increase employee engagement and exchange of experiences among them.

“Coffee with the CEO” Initiative

Nadec is currently working on the launch of future special initiatives aimed at improving employee's satisfaction and creating a stimulating work environment. Distinguished and new employees will have the opportunity to hold a one-hour “Coffee with the CEO” meeting. During this meeting, the progress of work is discussed and the needs and requirements of employees are met, which helps to establish strong relationships between the company's leadership and its employees.

In addition, weekly meetings are organized to listen to employees' opinions and needs, which enhances effective communication and encourages employees to participate in improving the work environment. This listening and motivational approach is one of the foundations for achieving success and satisfaction in Nadec's dynamic work environment.

Feedback and Suggestions

The feedback and suggestions in the Internal Communication Department are essential to promote continuous improvement and achieve excellence. Feedback is an effective way to understand employees' experiences and determine the level of their satisfaction and needs. The company encourages open communication and the provision of opinions and suggestions to improve operations and create a better work environment.

The Communication Department appreciates the deployment of modern technologies and electronic platforms to facilitate the continuous collection of feedback and suggestions. These inputs are carefully analyzed to identify opportunities to improve operations and meet employee expectations and needs. By encouraging a culture of open communication and constructive interaction, internal communication is strengthened as an essential part of Nadec's strategy, since mutual understanding and integration of efforts are crucial to achieving sustainable success.

Means of Gathering Feedback and Suggestions at Nadec

- Employees' feedback on the quality of internal communication is collected through the “Nadec Home” and “Yamir” platforms, as well as through meetings at company events.
- The mechanisms for encouraging employees include submitting suggestions for improving communication through the periodic “Coffee with the CEO” program, which is designed to raise employees' awareness of the company's strategy, promote engagement, and discuss work requirements to enhance communication between the senior management and, in particular, distinguished and new employees.

Management Communication

The importance of management communication at Nadec is embodied in a series of events and interactions that the management conducts to improve internal communication. For example, the “Nadec Table” event is organized periodically to introduce the company's products to employees and promote team spirit and engagement. This event is held as an opportunity for direct interaction between the management and employees.

In addition, the company organizes events to celebrate international and national days, which contribute to enhancing the social and cultural spirit in the work environment. After each event, a questionnaire is sent to employees to evaluate such events and to express their suggestions and opinions. This demonstrates the company's commitment to understanding employees' needs and expectations and working to continuously improve events.

Mutual Interaction and Understanding

Through internal communication methods and the approach to improving communication between employees and senior management, Nadec's strategies for improving internal communication in 2023G include effective efforts to encourage continuous and open communication. Modern communication technologies are employed to achieve an interactive and transparent experience. These strategies aim to build bridges of communication in the company and incentivize the exchange of ideas and opinions among all business stakeholders. These strategies that Nadec adopts include the promotion of internal dialog and exchange of ideas and opinions between work groups. Nadec often establishes continuous and direct communication with employees and encourages the submission of opinions and suggestions. It also looks forward to building a vital and transparent communication environment to ensure effective interaction and mutual understanding.

Creative Communication Achievements

- The “One Nadec” program, in which all employees wear Nadec uniforms with the logo, is held every Thursday. Brainstorming sessions are also held to encourage creative thinking.
- The “Coffee with CEO” program is held periodically to improve communication between senior management and employees.

Statement of Financial Position as at 31 December 2023

Figures are in (Millions) SAR	2023	2022	Change %	2021	2020	2019
Non - Current Asset	2,694.9	2,706.8	(0.44)	2,744.5	2,775.0	2,837.3
Current Assets	2,414.9	1,114.7	116.64	1,145.2	1,100.6	1,106.7
Total Assets	5,109.8	3,821.5	33.71	3,889.7	3,875.6	3,944.0
Non-Current Liabilities	284.5	1,089.5	(73.89)	1,363.9	1,082.2	1,260.3
Current Liabilities	1,232.4	1,436.9	(14.23)	1,330.0	1,315.1	1,243.2
Total Liabilities	1,516.9	2,526.4	(39.96)	2,693.9	2,397.3	2,503.5
Shareholders' Equity	3,592.9	1,295.1	177.42	1,195.8	1,478.3	1,440.5
Total Shareholders' Equity and Liabilities	5,109.8	3,821.5	33.71	3,889.7	3,875.6	3,944.0

Statement of Profit or Loss for the year ended 31 December 2023

Figures are in (Millions) SAR	2023	2022	Change %	2021	2020	2019
Revenue	3,196.9	2,694.2	18.66	2,272.3	2,303.1	2,225.3
Cost of Sales	(2,013.2)	(1,885.9)	6.75	(1,641.5)	(1,577.2)	(1,380.7)
Gross Profit	1,183.7	808.3	46.44	630.8	725.8	844.6
Operating Profit / (Loss)	344.5	147.0	134.35	(213.3)	84.6	115.9
Profit/ (Loss) for the year	302.1	95.5	216.34	(285.0)	35.7	(7.3)
Total comprehensive income for the year	312.0	99.3	214.20	(282.4)	37.7	(5.7)

*Certain of the previous years amounts have been reclassified to conform to the presentation in the current year.

The movement of Cash Flows for the year ended on December 31 2023

Figures are in (Millions) SAR	2023	2022	Change %	2021	2020	2019
Profit before Zakat	290.3	101.5	186.01	(245.3)	41.4	(2.4)
Cash flows from operating activities	750.3	477.1	57.26	324.6	426.9	463.4
Net cash flows from operating activities	654.7	451.8	44.91	255.6	443.3	551.2
Net cash flows used in investing activities	(756.5)	(243.0)	211.32	(324.8)	(216.9)	(235.6)
Net cash flows from (used in) financing activities	824.7	(177.5)	(564.62)	82.4	(219.7)	(288.8)
Net change in cash and cash equivalent	722.8	31.2	2,216.67	13.2	6.7	26.8
Cash and cash and cash equivalent at beginning of the year	112.8	81.9	37.73	68.7	62.0	35.2
Cash and cash and cash equivalent at end of the year	834.7	112.8	639.98	81.9	68.7	62.0

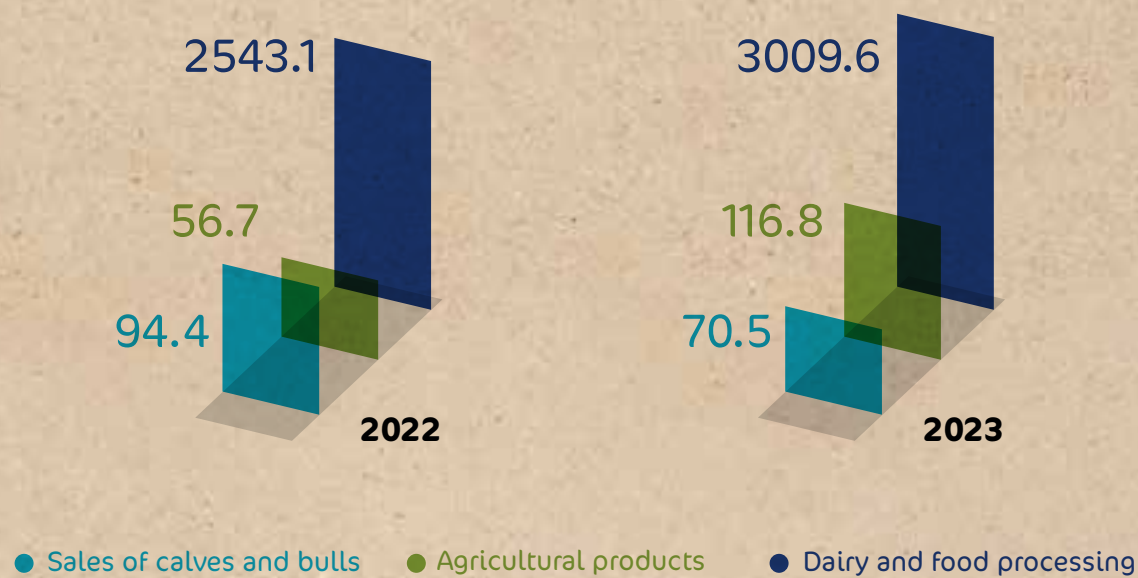
Key Performance Indicators

Indicators	2023	2022	2021	2020	2019
Return on revenue	9.4%	3.5%	-12.5%	1.5%	0.3-%
Return on equity	8.4%	7.4%	-23.8%	2.4%	0.5-%
Loan-to-equity ratio	10.5%	117.8%	136.9%	100.8%	113.6%
Revenue growth rate	18.7%	18.6%	-1.3%	3.5%	6.2%
The ratio of operating profit to revenue	10.8%	5.5%	-9.4%	3.7%	5.2%
Number of shares (million)	301.6	101.6	101.6	101.6	101.6
Earnings (loss) per share (SR)*	1.77	0.94	(2.81)	0.35	(0.07)

Revenue growth by sector

Figures are in (Millions) SAR	2023	2022	Change %	% of revenue 2023	% of revenue 2022
Dairy and food processing	3,009.6	2,543.1	18.3	94.1	94.4
Agricultural products	116.8	56.7	106	3.7	2.1
Sales of calves and bulls	70.5	94.4	(25.3)	2.2	3.5
Total Revenue	3,196.9	2,694.2	18.7	100.0	100.00

Nadec operates in two main business sectors, Manufacturing of Dairy and Foods and Production of Agricultural Products, total revenues increased during the current year 2023G by 18.7% compared to the previous year. Revenue of dairy and food processing segment increased by 19.2% and revenue of agricultural segment increased by 6.03%.



Operating expenses

Figures are in (Millions) SAR	2023	% on sales	2022	% on total	Change %
Cost of Sales	2,013.2	63.0	1,885.9	70.0	6.8
Selling and Marketing expenses	339.6	17.5	488.2	18.1	14.6
Impairment Losses on Trade and other Receivables	48.8	1.5	11.6	0.4	320.7
General and administrative expenses	213.1	6.7	139.0	5.2	53.3
Other operating expenses (income).	-6.3	-0.2	12.5	0.5	-150.4
Write off/ impairment losses on property, plant and equipment	24.0	0.8	10.0	0.4	140.0
Total operating expenses	2,852.4	89.2	2,547.2	94.5	12.0

Figures are in (Millions) SAR	2023	% on sales	2022	% on total	Change %
Direct production costs	1,544.3	48.3	1,449.0	53.8	6.6
Employees costs	502.3	15.7	462.4	17.2	8.6
Marketing expenses	183.0	5.7	125.8	4.7	45.5
Operating and Administrative expenses	394.6	12.3	259.1	9.6	52.2
Depreciation of property and right-of-use assets	234.5	7.3	238.4	8.8	-1.6
Other operating expenses (income)	-6.3	-0.2	12.5	0.5	-150.4
Total operating expenses	2,852.4	89.2	2,547.2	94.5	12.0

Figures are in (Millions) SAR	2023	% on sales	2022	% on total	Change %
Revenues	3,196.9	100.0	2,694.2	100.0	18.7
Operational costs					
Cost of Sales	2,013.2	63.0	1,885.9	70.0	6.8
Selling and Marketing expenses	339.6	17.5	488.2	18.1	14.6
Impairment Losses on Trade and other Receivables	48.8	1.5	11.6	0.4	318.1
General and administrative expenses	213.1	6.7	139.0	5.2	53.3
Other operating expenses (income).	-6.3	-0.2	12.5	0.5	-150.4
Write off/ impairment losses on property, plant and equipment	24.0	0.8	10.0	0.4	140.0
Total operating expenses	2,852.4	89.2	2,547.2	94.5	12.0
Operating profit	344.5	10.8	147.0	5.5	134.4

Total operating expenses for this year increased by 12.0% compared to last year due to the increase in the cost of revenues compared to the last year by 6.8% due to the increase in material consumption and also the increase in Selling and marketing expenses by 14.6% due to the growth in sales volume for this year compared to the last year. General and administrative expenses went up by 53.3% compared to last year.

Despite the increase in the operating expenses by 12%, for this year compared to last year, the operating profit for the current year rose compared to last year by 134.4% because of the increase in revenues for this year by 18.7%.

Working Capital Development

Figures are in (Millions) SAR	2023	2022	2021	2020	2019
Current Assets	2,414.8	1,114.7	1,145.2	1,100.6	1,106.7
Current liabilities	1,232.4	1,436.9	1,330.0	1,315.1	1,243.1
Working capital	1,182.4	(322.2)	(184.8)	(214.5)	(136.4)

The deficit in the working capital of the company during the year 2022 reached 322.2 million Saudi riyals, because of the increase in current portion of long-term loans and increase in trade payable and other payables. During the current year working capital became positive due to repayment of current portion of the loans.

Details of loan movements from local banks with Murabaha contracts (deferred sale) and the balance as of 31 December 2023

Figures are in (Millions) SAR	Opening balance 2023				Closing Balance 2023					
	Credit limit	Principal of the loan	Interests due	Opening balance	Additions during the year 2023	Payments during the year 2023	Principal of the loan	Interests due	Closing balance	Duration of the loan
SNB	100.0	50.0	0.2	50.2	0.6	50.8	50.0	0.8	0.0	3 months
Al Rajhi Bank	463.3	242.0	2.8	244.8	60.0	294.6	277.0	17.6	10.1	3 to 66 months
Saudi British Bank	875.0	423.8	3.2	427.0	310.6	408.5	380.9	27.7	329.1	3 months 46 months
Riyad Bank	962.0	687.3	5.3	692.6	156.2	815.4	767.3	48.0	33.5	3 to 66 months
Arab national Bank	100.0	13.0	0.1	13.1	0.09	13.14	13.00	0.10	0.05	3 months
Total Balance	100.0	50.0	11.6	1,427.7	527.5	1,582.5	1,488.2	94.2	372.7	

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

Statement of outstanding loans from local banks
and their maturity dates

Figures are in (Millions) SAR	2023	2022	Change %
less than one year	227.62	587.7	-61%
From one year to two years	145.28	284.1	-49%
From two to five years	-	525.8	-100%
more than five years	-	30.1	-100%
Total balance	372.7	1,427.7	-74%

Movement of Agricultural Development Fund loans

Figures are in (Millions) SAR	2023	2022	Change %
Opening Balance	97.7	5.5	1,676.36%
Additions during the year	54.81	93.3	-41.25%
Payments during the year	149.07	-1	-15,006.86%
Total balance	3.5	97.7	-96.42%

During the year, the company was granted a short-term loan of SAR 54.81 million for a period of one year. This loan is secured by stock owned by the company. The balance of these loans from the Agricultural Development Fund, as of December 31, 2023, amounted to 3.5 million Saudi riyals (Note (27.2) annual financial statements for the year 2023).

Government Payments in 2023

A statement	Payment (Millions) SAR	Due Balance (Million SAR)	Brief description	Reasons
Visas, passports, labor office and municipal fees	46.86	-	Visas, employment office fees, residency renewal, and municipal fees during the year 2023.	
Value added tax	237.2	14.27	The value-added tax paid during the year 2023.	VAT in December 2023, to be paid in January 2024.
Zakat and with- holding tax	21.5	45.87	Zakat paid for previous years and withholding tax during the year 2023.	Zakat provision (note 32).
Social insurances	19.6	1.46	Amounts of insur- ances paid during the year 2023.	December 2023 Social insurance, to be paid in January 2024.
customs fees	19.2	-	Customs duties paid during the year 2023.	Customs declara- tion -2023.
Total	344.4	61.6		

Chief Financial Officer's Message

Mr. Hassan Akrouq

Percentage of increase
in net profit

213.3%

in 2023G



Nadec Achieves Impressive Results in Financial Year 2023G

Nadec
Annual Report 2023

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I am proud to present to you the achievements of Nadec's Financials in 2023G, following the adoption of the company's new strategy under the slogan "New Dawn". This strategy included a major directive aimed at improving cost efficiency, expanding our product in line with improved quality, and improving distribution channels. With this strategy in mind, we were able to develop supply chain efficiency and reduce waste. We also increased our market share by introducing new products that meet customer's needs, despite challenges related to raw material and fuel price inflation. In addition, we succeeded in effectively reducing the cost of sales ratio.

Furthermore, we were able to effectively manage cashflows in order to finance operational needs internally and repay scheduled interest and principal on our loans by optimizing our operating cycle.

The results achieved in 2023G demonstrate the strength of Nadec's brand. Revenues increased by 18.66% to reach SAR 3.197 billion in 2023G from SAR 2.694 billion in 2022G. This increase was mainly driven by strong business and growth due to the increased demand. The net income reached SAR 302.06 million in 2023G, which is a positive amount in line with our future aspirations and the company's strategy.

In the context of the company's revenue, the figures show that sales of dairy and food processing products make up the majority of the company's revenues, accounting for 96.3% of total revenue in the to 2023G. Sales of calf and red meat products accounted for SAR 3% of total revenue in the same period. Revenue generated from agricultural products represented 3.7% of total revenue.

However, the cost of sales increased to SAR 2.013 billion in 2023G, from SAR 1.886 billion in the previous year. This increase is attributable to higher sales, while the percentage of the cost sales dropped from 70% to 63% due to efficiencies in material cost.

Gross profit increased from SAR 808.33 million in the 2022G fiscal year to SAR 1,183.74 million in the 2023G fiscal year. This is mainly due to the "New Dawn" strategy, which aims to expand the profit margin of the operating sectors and address the cost challenges.

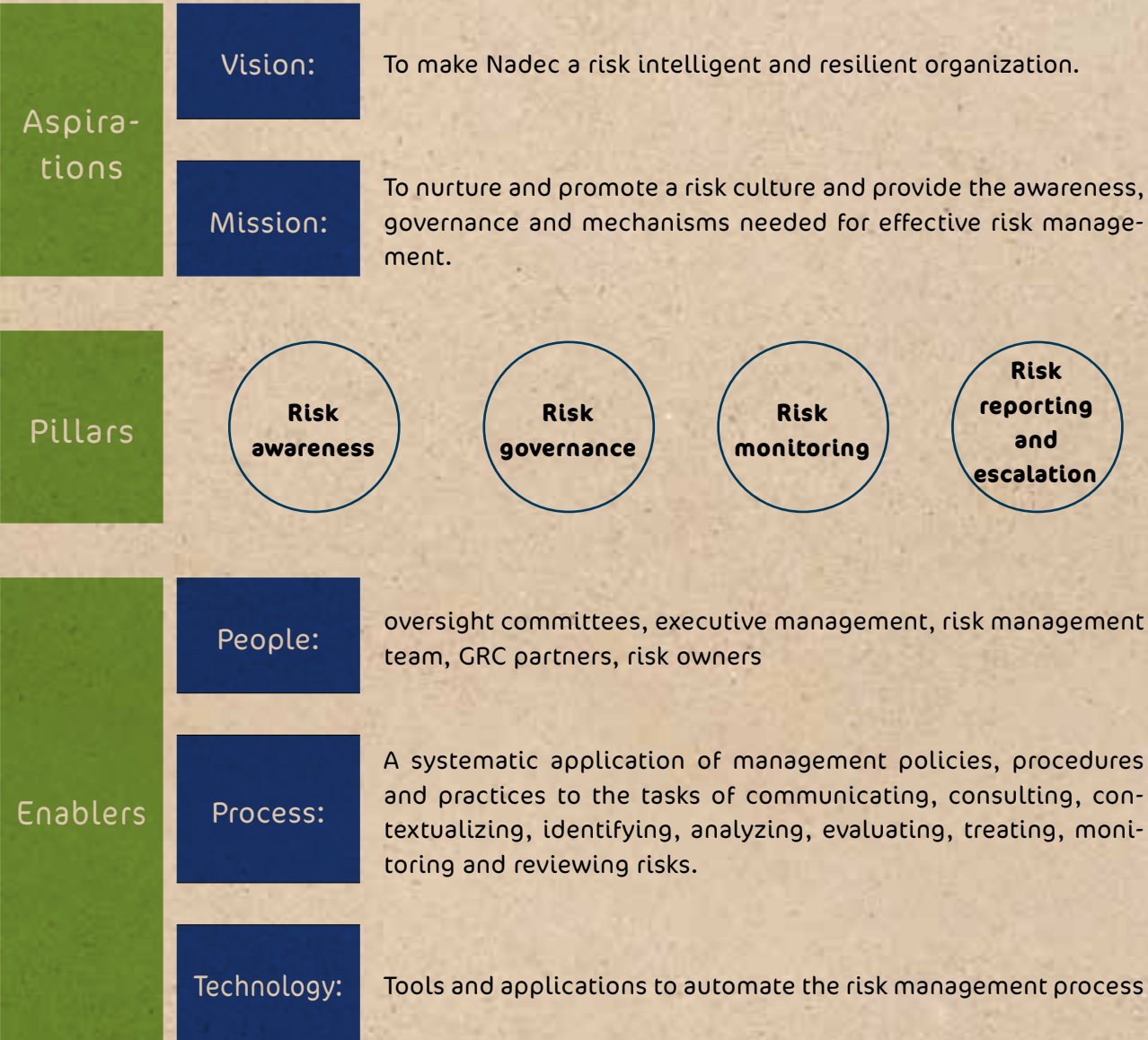
Other revenue reached SAR 58.8 million in the 2023G fiscal year, including revenue from government grants of SAR 19.5 million. Other expenses amounting to SAR 52.4 million were recorded, including losses from the sale of property, machinery and equipment.

In conclusion, Nadec succeeded in achieving outstanding results in the 2023G fiscal year. Challenges were turned into opportunities for development and improvement. The above achievements demonstrate the company's ability to adapt to economic changes and effectively manage its operations. This proves Nadec's commitment to realizing excellence and sustainability in all aspects of its business and increasing its capital to SAR 3 billion to reflect the scale of its ambitions and future plans.

Risk Management

Building a Risk Intelligent and Resilient Organization

Nadec’s risk management approach is based on four (4) key pillars that are activated by key enablers:



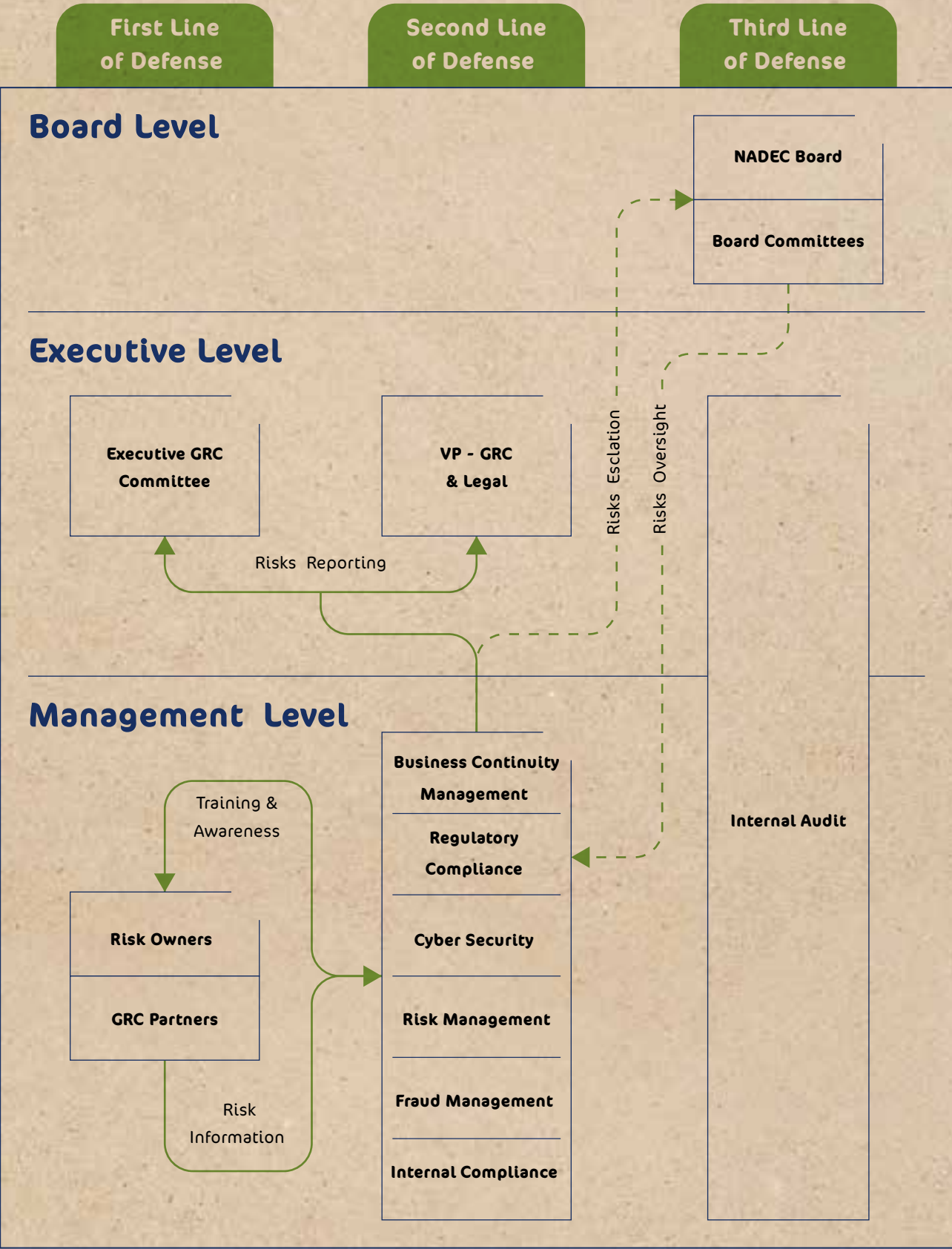
Risk Governance

In line with industry best practices and maintaining adherence to widely recognized standards, our robust risk governance model operates within a dynamic three-tiered framework that promotes a proactive and comprehensive approach to risk management throughout the organization. At the top, executive management, empowered risk owners, and a dedicated team of GRC partners collaborate seamlessly to identify, assess, and mitigate risks within their respective domains. The second line, led by the

VP-GRC & Legal, orchestrates specialized risk management teams and provides structured mechanisms, essential tools, and unwavering support to strengthen the effectiveness of the first-line functions. The third line, which increases oversight, includes the Nadec Board and its committees, and incorporates specialized risk oversight practices and an independent internal audit function that provides supervision of the entire risk management process.



Risk Governance Framework



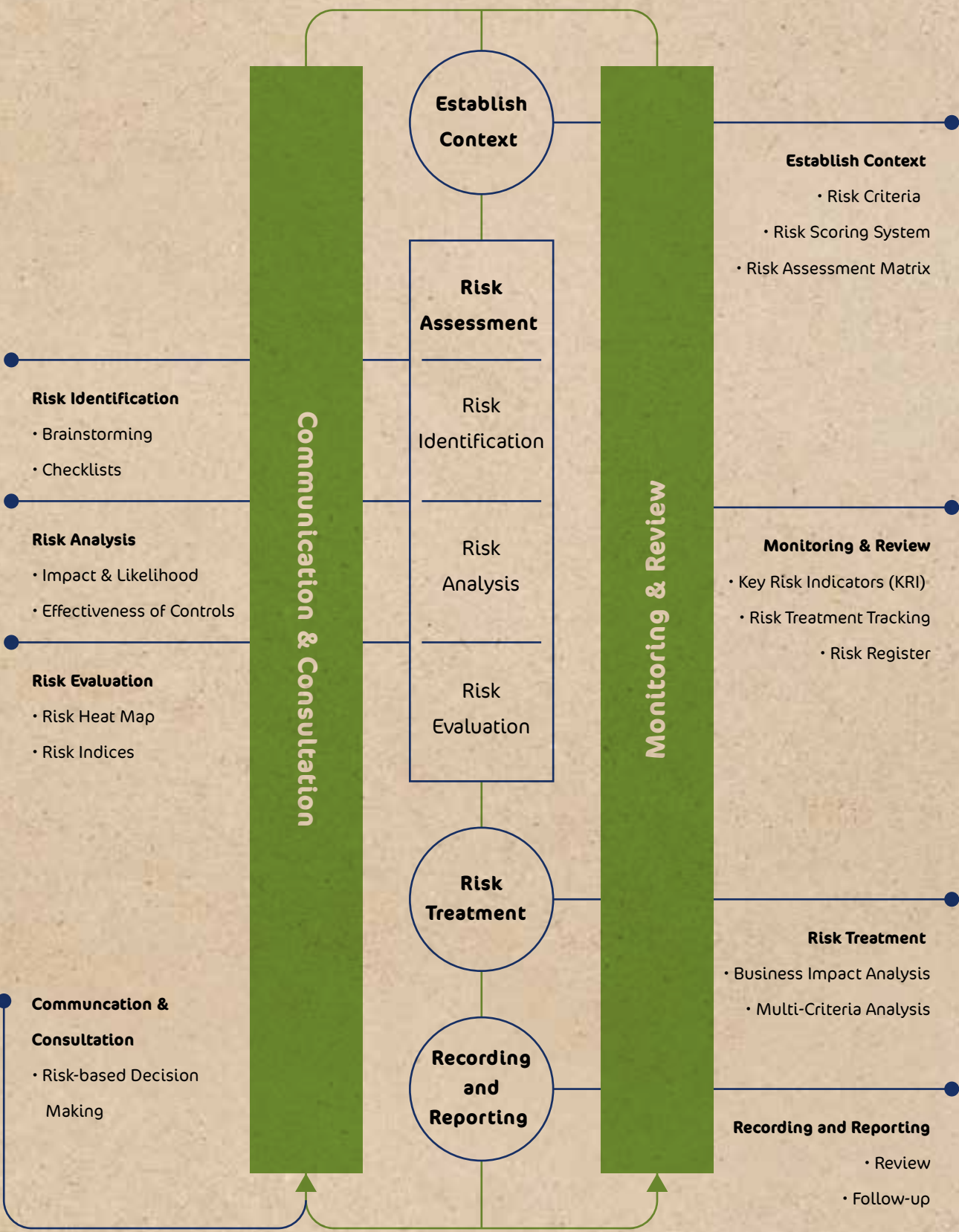
Risk Management Approach

Our risk management system is based on ISO 31000 and COSO's "enterprise risk management framework". Our approach to risk management is dynamic, where risks are managed at multiple levels, i.e. strategic, operational, and specialized levels. We strive to make Nadec a risk intelligent organization where risk ownership is clearly defined so that everyone un-

derstands the risks associated with their operations based on clearly defined objectives. This approach empowers our people to proactively identify risks and be prepared to manage them according to the risk appetite set by the Board and the executive management.



Risk Management Process



We constantly scan the ever-changing horizon and business landscape to better prepare for the potential challenges and opportunities that may arise in the future. Some of these contemporary trends are outlined below:

Geopolitical Instability and Ongoing Wars

Ongoing conflicts around the world, with their ripple effects on the supply chain and energy markets, pose a significant threat to the food production industry. Rising raw material costs, supply chain disruptions, and potential trade restrictions could significantly impact sustainability and financial stability.

Climate Change Intensification

The intensifying effects of climate change pose a significant risk to global food security, with potential impacts on agricultural productivity and the stability of food supplies. Rising temperatures, shifting rainfall patterns, and more frequent extreme weather events can disrupt agricultural production, threaten yields, and affect the availability and affordability of food. Nadec will need to adapt its strategies to cope with these changing conditions and invest in climate-resilient technologies.

Technological Disruption

The accelerating pace of technological advances in artificial intelligence, machine learning, automation, and precision across various industries presents both exciting opportunities and significant risks for Nadec. While these advances have the potential to revolutionize our operations, enhance efficiency, and drive innovation, and they also require careful consideration of their disruptive impact on traditional business models and workforce dynamics.

Water Scarcity and Management

Saudi Arabia's aridity and booming population are putting a strain on its limited freshwater resources. To ensure sustainability, Nadec must adopt innovative practices such as desalination, rainwater harvesting, and efficient irrigation. Water-saving technologies, wastewater treatment, and community engagement can further conserve resources and reduce reliance on freshwater.

Population Growth and Food Security

Saudi Arabia's projected population growth poses a significant challenge to long-term food security. To address this, Nadec prioritizes optimizing land use and implementing efficient production systems that minimize environmental impact. We strategically invest in sustainable food production methods and innovative green technologies, fostering collaborations with local farms to establish ourselves as a major contributor to food security in the Kingdom and neighboring GCC countries.

Our diverse portfolio includes dairy, juice, olive oil, red meat, and agricultural products, directly aligning with the national food security agenda. We anticipate continued growth in these sectors, positioning Nadec as a leader in large-scale food supply through our commitment to sustainable practices and ongoing adaptation to evolving global challenges such as climate change and population growth.

Cybersecurity Threats

The pervasiveness of cyber threats requires constant vigilance and robust security measures to protect Nadec's data infrastructure, information systems, and operational integrity. The increasing sophistication and frequency of cyber attacks necessitates prioritizing cybersecurity throughout the organization. Recognizing the potential for operational disruption, financial loss, and reputational damage from breaches, we adhere to stringent standards such as the National Cyber Security Authority's (NCA) Essential Cyber Security Controls. Beyond technical safeguards, we foster a culture of cyber awareness, understanding that the interconnected nature of risks extends to third-party partners who handle sensitive data.

Labor Market Dynamics and Talent Acquisition Challenges

Attracting and retaining skilled workers will become increasingly challenging in the future. Nadec must invest in training programs, offer competitive wages and benefits, and create a positive work environment to attract and retain talent.

Changing Consumer Preferences and Market Volatility

Consumer demands for sustainable, ethical food are evolving rapidly, colliding with market volatility and demanding agility from Nadec. Production strategies must pivot, product portfolios must diversify, and market resilience must be strengthened to navigate this dynamic landscape. Adapting products based on market research, diversifying portfolios, building brand loyalty, and driving sustainable innovation are critical to satisfying evolving consumer preferences and maintaining market competitiveness to ensure Nadec thrives in this dynamic landscape.

Regulatory and Policy Uncertainty

A shifting regulatory landscape could disrupt Nadec's operations and compliance. Proactive adaptation and careful monitoring of evolving policies will be key to navigating these uncertainties and ensuring seamless operations for continued success.

Reputational Risks and Ethical Considerations

Establishing proactive measures to navigate the dynamic landscape of changing regulations and unpredictable policy changes in the food and agricultural sector is crucial to mitigating potential disruptions. This includes implementing a robust regulatory monitoring system, cultivating strong relationships with policymakers and industry associations, and investing in compliance expertise. Additionally, maintaining flexible production processes allows for rapid adaptation to changing requirements, helping to alleviate production delays, market access restrictions, and reputational risks. Advocating for clear and consistent regulatory frameworks aligned with sustainable practices is essential to fostering innovation and aligning business strategies with overarching policy goals.

Digitalization of Governance, Risk Management and Compliance

As part of our efforts to provide the best digital solutions for governance of risks and compliance, we have successfully added key systems for monitoring operations, risk management and legal contract management (App4Legal). These solutions significantly enhance the efficiency of digital services for risk and compliance governance, including early risk detection and ensuring compliance with regulations and laws, improving governance, and developing effective risk mitigation strategies.





3

Environmental and Social Sustainability and Governance

Food Security and
Alignment with the
Kingdom's Vision 2030

Sustainability
Management

Sustainability Approach

Environmental
Protection

Environmental, Social,
and Governance (ESG)
Management

Food Security and Alignment with the Kingdom's Vision 2030

The National Agricultural Development Company Nadec is focused on the continuous implementation of its “New Dawn” strategy to transform it into a comprehensive food company, making a qualitative leap in its development journey and ensuring sustainable food security. This is done with the aim of making it an active and influential enterprise in the economic development of the Kingdom. Food security is considered one of the most important initiatives in the Kingdom of Saudi Arabia's Vision 2030, and Nadec seeks to make a significant contribution to the realization of this vision, specifically with regard to the achievement of the Kingdom's food vision.

With this in mind, Nadec has been committed to manufacturing innovative products, improving operational efficiency, and ensuring that its products are accessible to all consumer groups.

Furthermore, the company has been actively implementing its “New Dawn” strategy by entering new market segments and leveraging the capabilities of its research and development team to introduce new products that appeal to and satisfy the needs of consumers, while ensuring food security for the community. In this context, the company launched a new production line in 2023G to manufacture calf products as well as vegetable products in order to provide high-quality protein and vegetable products that meet internationally recognized standards.

New Dawn: A Visionary Expansion Strategy

At the heart of Nadec's “New Dawn” strategy is a clear message about the need for total transformation and a qualitative leap forward. This marks the culmination of a four-decade journey that has seen the company transition from a dairy products company to an integrated entity spanning all food categories. The rapid realization of this goal is imperative, aligned with the vision of a future-oriented broad market.

Protein: Promising Partnerships

When we talk about being an “all-food” company, we are referring to our expansion into new business segments. One notable venture is our protein-related business, where Nadec has established globally standardized abattoirs for local meat production. At the company, we have successfully forged key partnerships across the entire food supply chain, with a particular focus on the agriculture and protein sectors. In the area of protein, we have established important partnerships with leading red meat producers in Brazil. Australia has also emerged as a major supplier of red meat to our company. In addition, we have initiated the construction of our own abattoir to provide the market with locally sourced red meat.

Agricultural Sector: Strengthening Achievements and Ambitions

Building on Nadec's achievements in 2023G, particularly in the agricultural sector, we have established key partnerships. Notably, a strategic collaboration with Del Monte was announced, focusing on the establishment of a company dedicated to fresh produce, including fruits, vegetables, fresh juices, potato processing, and distribution within the Kingdom. This partnership is designed to strengthen local food self-sufficiency by diversifying fresh produce to meet market demand.

Additionally, our commitment to the agricultural sector includes reinforcing ties with farmers through contract farming, in line with the Kingdom's vision. Rather than limiting our influence to major players, our approach ensures that small and medium-sized farmers continue to play a pivotal role in shaping the agricultural industry.



Nadec aims to position itself as a leader in the “green” food sector in the Kingdom of Saudi Arabia by 2030. To realize this vision, the company’s sustainability strategy is built on the following pillars:



Improving Operational Efficiency

Nadec remains steadfast in its pursuit of the strategic goal of sustainably improving operational efficiency. This commitment involves the implementation of advanced operational practices and the use of digital technology to maximize benefits and returns, and ensure sustainable market share growth. The members of the Board of Directors of Nadec confirm that there have been no disruptions or material impacts on the company’s financial position during the past twelve (12) months. Throughout 2023G, Nadec achieved remarkable revenue growth and enhanced profitability by implementing strategies focused on refining its manufacturing and distribution activities. Revenue for the current year showed a significant increase of 18.66% over the previous year, primarily driven by the growth in dairy sales and the new protein sector of 19.20%, and the agricultural sector of 6.03%..

Nadec’s management has been dedicated to enhancing operational performance levels through a strategic focus on improving the cost structure to reduce expenses and increase profit margins. The sales-to-revenue cost ratio for the current year showed a notable decrease of 7.02% compared with the previous year. This significant improvement is mainly due to the decrease of prices in consumable materials and raw materials.

Providing Products for All Consumer Segments

Nadec is constantly striving to strengthen the presence of its products in the market, expand its regional footprint, and facilitate geographic expansion. This is being pursued through the company’s commitment to entering into new partnership agreements and expanding distribution channels throughout the Kingdom, the Middle East, North Africa, and other untapped markets, creating diverse opportunities for future growth. During the year under review, revenue from the Kingdom of Saudi Arabia increased by 17.9%, while export revenue to other countries also increased with a growth rate of 24.8% compared to the previous year (2022G).

The revenue ratio increased to

18.66%
compared to last year

Increase in Sales Percentage

Dairy and Protein

19.20%
during the year 2023G

Increase in Sales Percentage

Agricultural Sector

1.6%
during the year 2023G

Increase in Revenue

Within the Kingdom

17.9%

Exports to Other Countries

24.8%

compared to the
previous year
2022G

Steady Progress Toward Sustainable Operations

Meeting Stakeholder Needs

Nadec’s sustainability strategy revolves around supporting initiatives that engage stakeholder groups related to its activities, including organizations linked to its food-related operations and consumers. Prior to undertaking community service activities, the company meticulously defines its organizational vision, mission, and goals. Through these guiding principles, Nadec endeavors to add environmental, social, and economic value to the communities it serves in the Kingdom of Saudi Arabia and beyond.

Six 6 Achievements of Nadec’s Communication Channels with Stakeholder Groups

- 01

Publicizing the organization’s sustainability issues, material impacts, and objectives.
- 02

Transparently reporting on the progress made in all divisions of Nadec.
- 03

Establishing open communication channels that allow stakeholders to gain deeper insight into Nadec’s approach.
- 04

Identifying potential opportunities by analyzing the nutritional needs of consumers.
- 05

Enabling Nadec to leverage stakeholder insights.
- 06

Continuously enhancing the strategic approach and responsiveness to material risks and opportunities.

Four 4 Promising Targets Achieved by Nadec in 2023G

Target	Indicators of goal achievement
First: Nadec aims to become a leader in “green” food in the Kingdom of Saudi Arabia by 2030.	Nadec has partnered with a leading sustainability consulting firm to facilitate the development of its sustainability strategy and roadmap. This collaboration is instrumental in implementing Nadec’s strategy and contributing significantly to the objectives of the National Transformation Program 2023G.
Second: Promoting the Values of Integrity and Transparency by Leading by Example	Nadec fosters this culture within its own operations. Nadec sets goals and reports on progress within its operational areas. Nadec encourages and supports stakeholders to do the same. This commitment is driven by Nadec’s desire to take significant steps in innovation and collaboration to ensure the reduction of any pollution from its operations or suppliers.
Third: Maintaining a Healthy and Adaptive Environment is Crucial for Company Success	Nadec is committed to safeguarding the environment from natural threats through various initiatives, including projects to combat desertification, efforts to reduce water consumption, efficient wastewater management, and ownership of one of the largest solar arrays in the Middle East for clean energy production. More details on environmental initiatives and achievements are provided in this report.
Fourth: Innovation to Ensure Food Security	We have dedicated resources to improving agricultural techniques, production processes, and efficiency to maximize food production while ensuring the sustainable use of natural resources.

Strategic Priorities for Product Sustainability

Nadec’s sustainability strategy, developed and refined throughout 2023G, outlines ten (10) foundations and priorities that are currently being implemented through environmental and social initiatives this year. In response to today’s environmental and social changes, ensuring product sustainability in the food industry has become paramount to business continuity and meeting consumer expectations. As consumers increasingly seek products that prioritize environmental preservation and adhere to social responsibility, Nadec identifies and categorizes sustainability priorities within the industrial context of its products, addressing the challenges it faces. These sustainability priorities encompass various aspects, including:



1-Sustainable Resources:

Focusing on the efficient use of resources, including energy, water, and raw materials, improves environmental efficiency through sustainable production practices and the use of renewable energy sources.



2- Environmentally Friendly Packaging:

Improving packaging design to reduce waste and minimize environmental impact, including the use of recyclable or renewable materials.



3- Sustainable Transportation:

Seeking environmentally friendly and efficient transportation methods to reduce carbon emissions associated with the supply chain.



4- Sustainable Agriculture:

Supporting sustainable farming practices for agricultural components used in products.



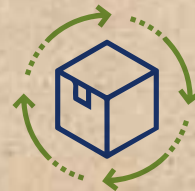
5- Social Responsibility:

Exercising social responsibility by caring about and making a social impact, ensuring the responsible sourcing of components and materials.



6- Product Innovation:

Developing new and innovative products that meet customers’ needs in a sustainable way and achieve balanced environmental and economic performance.



7- Product Life Cycle Analysis:

Assessing the environmental impact of products throughout their life cycle, from production to disposal, and working to reduce that impact.



8- Compliance with International Standards:

Complying with international standards and regulations related to sustainability and food classifications.



9- Sustainable Growth:

Opening departments that meet customers' needs and fulfill Nadec’s aspirations in the sustainable food market.



10- Achieving Social Added Value:

Promoting community participation through Nadec’s support of social, sports, and cultural projects, combining its productive purpose with its role in the community.

Nadec’s Climate Change Approach

Nadec recognizes the challenges and risks associated with climate change, including desertification, water stress, and various negative environmental factors. As a leading company, Nadec prioritizes the adoption of green energy, participates in reforestation initiatives, and shares knowledge within its supplier network.

Nadec’s Climate Change Initiatives in 2023G:

- 1- The company has signed several agreements related to programs and initiatives that yield positive results in addressing climate change, including a partnership with Pure Harvest to create a food system that uses resources efficiently and reduces carbon emissions.
- 2- Announcement of Nadec’s ownership of one of the largest solar arrays in the Middle East, through which it continues to produce clean energy.
- 3- The company is implementing a fleet improvement program to reduce its environmental impact.
- 4- Nadec continues to use innovative cooling technologies at its dairy farms to reduce the amount of electricity required for cooling.

Nadec’s Approach to Water Management

Nadec recognizes that access to water and sustainable water management are key factors in its continued success, whether in agriculture or manufacturing. The company has carried out several projects and initiatives focused on reducing water consumption and managing wastewater.

Nadec’s Water Management Initiatives in 2023G:

The company has implemented several important measures to reduce water usage and liquid waste, including:

- 1- Partnering with Pure Harvest to implement innovative farming systems that result in reduced water consumption per kilogram of production.
- 2- Signing a memorandum of understanding with the Olive Producers Association to establish cooperation and promote the adoption of best practices, particularly in the field of irrigation.
- 3- Nadec has completed a study on water reclamation within its operations to achieve maximum efficiency and sustainability.
- 4- Planning for the implementation of a wastewater treatment project in 2024G.



Nadec’s Approach to Waste Management

The company’s “New Dawn” strategy focuses on resource efficiency and waste management as an integral part of its sustainability approach, helping to reduce environmental impacts such as carbon dioxide emissions. Nadec’s approach to waste management aims to turn waste into usable natural resources instead of disposing of it.

Nadec’s Waste Management Initiatives in 2023G - Waste Disposal Program:

- 1- In 2023G, the company launched several initiatives, including the recently introduced “Waste Disposal Program” and the “Zero Waste Journey,” which will be expanded over the next five years.
- 2- As part of this initiative, the company’s digitization and automation programs are positively contributing to waste reduction and increased efficiency. Other projects include compostable packaging, biofuels, food waste reuse, and wastewater treatment.
- 3- In 2023G, Nadec signed several agreements related to programs and initiatives aimed at reducing unnecessary waste, including a partnership with “SERC” for the recycling of organic waste.

Environmental, Social, and Governance (ESG) Management



Protecting the environment and ensuring sustainable development are critical issues. With the ever increasing population and consumption of resources, environmental degradation is inevitable unless co-ordinated efforts are made to mitigate the negative impact on the planet. Nadec is committed to a sustainable future by implementing sustainable practices throughout its supply chain.

The concept of sustainability represents a clear direction in Nadec's strategy in all its activities and operations. The company is committed to designing and building working environments that deliver responsible social, business, and environmental performance. Going beyond contractual performance and regulatory compliance, the company exerts efforts to maintain sustainable operations that benefit its customers, partners, employees, and the local communities in which it operates. This is achieved by embracing

a culture of sound health, safety, and environmental management throughout its operations, supply chains, and partnerships.

In line with the Kingdom's goals of achieving net-zero emissions, decarbonizing the economy, and transitioning to a more sustainable future, Nadec has launched an ambitious investment strategy. As part of this strategy, it has initiated the development of a solar photovoltaic energy park, the first of its kind in the Kingdom. The project has a 25-year power purchase agreement with French company ENGIE and has a capacity of 30 megawatts. The solar park features 75,000 dual-axis tracking photovoltaic units, linear inverters, and a fully automated cleaning system, utilizing the latest technologies to increase production capacity and reduce costs. The project is expected to reduce carbon emissions by 53 million kilograms per year.



Planning, Implementing, Improving... Realizing a Sustainable Environment

Environmental Management at Nadec

The ISO 14001 Environmental Management System adopted by Nadec is a set of international standards developed by the International Organization for Standardization (ISO) to boost the environmental performance and management of companies and organizations. The ISO 14001 system enables organizations to develop a structured and effective approach to managing and improving their environmental performance. The following are some key points about the ISO 14001 Environmental Management System implemented by Nadec.

Scope of Application:

The ISO 14001 system applies to all Nadec activities that may affect the environment.

The system can be implemented in a wide range of organizations, including industrial and service companies.

System Structure:

The ISO 14001 system is based on the PDCA (Plan-Do-Check-Act) model for improving environmental performance, and requires the establishment of an environmental policy, the setting of goals and a plan to achieve them, the implementation of these plans, the monitoring of results, and the improvement of processes based on assessments.

Documentation and Evaluation:

Nadec has developed detailed documentation covering all aspects of the environmental management system (EMS), including periodic performance evaluations and compliance checks to ensure continuous improvement.

Environmental Impact Analysis:

Nadec identifies and evaluates the environmental aspects of its activities and products. This involves assessing emissions, consumption and potential environmental impacts.

Regulatory Compliance:

The ISO 14001 system requires the organization to comply with local and national environmental legislation and regulations.

Encouraging Participation and Communication:

The system encourages the active participation of employees and facilitates internal and external communication on environmental issues.

Continuous Improvement:

The ISO 14001 system promotes continuous improvement of Nadec's environmental performance by analyzing data and taking necessary actions. By implementing the ISO 14001 Environmental Management System, Nadec can achieve a number of benefits, including reduced environmental impact, improved regulatory compliance, and an enhanced reputation for environmental responsibility.

Declared Company Commitments

The following are the key environmental initiatives undertaken by Nadec:

Environmental Initiative	Importance
Sustainable Energy	Reducing dependence on fuel consumption Activating the renewable energy and energy efficiency plan
Environment	Implementing food waste reduction plans Reducing the environmental impact of agricultural activities
Safety	Reducing material loss or damage to people and property Establishing a secure system
Water Treatment and Consumption	Reducing water consumption Establishing wastewater treatment for Nadec
Waste Management	Ensuring treatment of all sources of waste

Ongoing Sustainable Investment Efforts

Nadec Community Investment Initiatives

First: Community Contribution Principles

Nadec is committed to initiating impactful programs as an integral part of its ongoing efforts to engage with its community and customers in various events that contribute to their support, in line with its ethical values. The company strives to instill and act upon these values in all its internal and external activities, recognizing the significance of its role in society through participation, sponsorship, and more. This commitment fulfills one of the goals outlined in the Kingdom’s Vision 2030: “Enhancing Corporate Social Responsibility.”

Second: Initiatives to Realize the Company’s Social Investment Objectives

M	Initiative	Location
1	500 food products for the National Center for Palm and Dates	Al-Hofuf
2	400 food products for the Innovation Forum	Riyadh
3	6,000 food products for the Khobar Festival	Al-Kharj
4	650 food products for the Inaiza International Date Forum	Al-Qassim
5	80 food products for the Abdullah bin Rawahah Mosque	Riyadh
6	400 food products for the Suleiman Al-Rajhi Mosque	Riyadh
7	250 food products for the Lubabah bint Al-Harith School	Riyadh
8	150 food products for the Saad bin Abada School	Riyadh
9	540 food products for the Saudi Charitable Society for Diabetes	Riyadh
10	2,160 food products for the Sons of Medical Summer Forum for the Disabled	Madinah

M	Initiative	Location
11	245 food products for School 134	Riyadh
12	Participation in National Day celebrations and provision of 24,000 food products	Riyadh, Jeddah, Eastern Region
13	14 food products for the Civil Development Association	Riyadh
14	350 food products for Almenbar School	Riyadh
15	180 food products for the Mnarat Alsharq School	Dammam
16	600 food products for School 287	Riyadh
17	100 food products for the Shams School	Riyadh
18	200 food products for the Knowledge Research Center	Riyadh
19	250 food products for Islamic Education Schools	Riyadh
20	1,080 food products for the Center for Human Studies Research	Riyadh
21	250 food products for the Rawdh Society	Riyadh
22	800 food products for the “Cat Walk” event	Riyadh
23	250 food products for Al-Rayan College	Riyadh
24	3,350 food products for the Wafa Charitable Society	Riyadh
25	510 food products for School 175	Riyadh
26	540 food products for School 64	Riyadh

M	Initiative	Location
27	500 food products for King Khalid Hospital	Riyadh
28	1,305 food products for the Saudi Gymnastics Union in the Girls Gymnastics Championship	Riyadh
29	550 food products for the First Secondary School	Madinah
30	360 food products for the Fifth Intermediate School	Madinah
31	400 food products for King Saud University	Riyadh
32	510 food products for Al-Anwar Schools	Dammam
33	250 food products for the Sciences Advancement School	Riyadh
34	400 food products for the Civil Development Association	Riyadh
35	609 food products for the Sons Nursery	Riyadh
36	160 food products for the Women's Development Society	Qassim
37	1,680 food products for the Rawafed Summer Forum	Riyadh
38	Sponsorship of the “R7” Running Club event	Riyadh
39	Sponsorship of the Prince Sultan Medical Military City campaign “Awareness of Mental Health”	Riyadh
40	Sponsorship of King Faisal Specialist Hospital event "World Cup Matches"	Riyadh
41	Winter Clothing Initiative	Riyadh

The number of
beneficiaries from
Nadec's social
initiatives
has reached
50,573
people in various
regions of the
Kingdom



Nadec Responsible Marketing Management

In keeping with the framework and methodology of responsible marketing to which Nadec is committed, we ensure compliance with the prevailing regulations in the Kingdom of Saudi Arabia. These regulations involve various laws and policies governing business operations and marketing practices, including those of Nadec. We conduct our activities with a focus on safeguarding consumers and contributing to the improvement of product quality. The following points outline the provisions of responsible marketing regulations in the field of marketing in the Kingdom that form the basis of Nadec's strategy.

01 Consumer Rights Regulations:

This regulation underscores the definition of consumer rights and the corresponding obligations of companies. These include providing accurate and transparent information about products and services and ensuring fair and secure transactions with customers.

02 Personal Information Protection Laws:

These laws help ensure the security and protection of customer information and control the collection and processing of personal data in accordance with local laws and regulations.

03 Marketing through Social Media:

Rules are established for marketing Nadec's products on social media platforms, emphasizing fairness, transparency, and compliance with intellectual property rights laws.

04 Advertising Laws:

Establishing standards for advertisements related to Nadec, ensuring compliance with laws and ethical principles. Emphasis is placed on avoiding deceptive advertisements or those that may harm consumers.

05 Pricing Policies:

These policies govern the pricing of our products, prohibiting price manipulation and ensuring transparency in the display of prices. Misleading advertisements about discounts are also prohibited.

06 Compliance with Quality Standards:

Adherence to these standards ensures that Nadec's products and services meet specified quality and safety standards in accordance with the regulations and standards of relevant regulatory bodies.

07 E-commerce Marketing:

E-commerce marketing at Nadec is regulated to ensure customer protection from illegal practices, with defined rights and obligations for online transactions.

08 Television Advertising Standards:

Television advertising standards are set to prevent consumer deception and ensure compliance with broadcasting and advertising laws.

09 Intellectual Property Rights:

Laws protecting the intellectual property rights of companies regulate the use of trademarks and logos in accordance with the law.

10 Defining Nadec's Responsibilities:

These responsibilities include ensuring the safety of Nadec's products, providing warranties to customers, and complying with certain legal standards.

Positive Contribution to Environmental Protection and Quality of Life

Nadec Energy Management

Embracing Clean and Green Energy

Implementing Nadec’s energy policy in accordance with established guidelines, the adoption of clean and green energy is a key component of Nadec’s strategy. This commitment seeks to contribute to environmental protection and promote sustainable development. Nadec has outlined various steps and policies to realize this objective:

01 Energy Needs Analysis:

Conducting an analysis of current energy consumption and understanding future needs.

Evaluating existing energy sources and identifying areas for improvement.

02 Development of Clean Energy Plan:

Formulating a strategic plan to increase reliance on clean and green energy.

Set time-bound goals and targeted efficiencies to reduce carbon emissions.

03 Investment in Clean Energy Technology:

Supporting investments in renewable energy technologies such as solar and wind.

Considering the upgrading of equipment, systems, and energy-efficient technologies.

04 Raising Awareness Among Nadec Members:

Conducting awareness campaigns on the environmental significance of adopting clean energy.

Encouraging members to take personal measures to conserve energy.

05 Strategic Partnerships:

Collaborating with companies and institutions that specialize in clean energy technologies.

Exploring opportunities for partnerships with renewable energy providers.

06 Compliance with Legislation and Standards:

Committing to comply with local and international legislation related to the environment and energy.

Improving compliance with environmental standards and submitting regular reports.

07 Evaluation and Improvement:

Regularly monitoring performance and assessing the impact of implemented measures.

Making adjustments and improvements based on periodic evaluations.

These measures underscore Nadec’s commitment to sustainability and its positive contribution to environmental protection and the improvement of quality of life.



Commitment and Care in Nadec’s Policies and Approach

Human Rights at Nadec

In the Kingdom of Saudi Arabia, Nadec implements its human rights policies by taking into account local and international laws and regulations, which it adheres to in its policies and approach. Adherence to human rights is an important concern in Nadec’s business operations, especially in a vital sector such as the food and dairy industry.

01 Equality and Non-Discrimination:

Nadec is committed to ensuring equality between all workers and employees without discrimination on the basis of gender, race, religion, or any other grounds.

02 Employee Rights:

Nadec guarantees the rights of its employees, including the right to work in a safe and healthy environment, providing training and development opportunities, and respecting the rights of the organizational framework in which Nadec operates.

03 Community Collaboration:

Nadec promotes community collaboration and implements social initiatives that contribute to improving living conditions and promoting sustainable development in society.

04 Compliance with Human Rights Laws:

Nadec is committed to all local and international laws and regulations related to human rights and ensures compliance with these laws and regulations in all aspects of its operations.

05 Transparency and Disclosure:

Nadec adheres to a policy and approach of transparency in transactions and reporting, providing accurate and comprehensive information about the company’s activities and their impact on human rights.

06 Combating Discrimination and Exploitation:

Measures are taken to combat discrimination and exploitation in all of Nadec’s activities, emphasizing its non-involvement in any activities that violate human rights.

Nadec Provides Care and a Healthy Environment Based on International Standards for Animal Rights

Animal Welfare at Nadec

Nadec is recognized as a leader in the food and dairy industry and is committed to high standards of animal welfare. The company recognizes the importance of respecting and caring for animals and strives to provide a healthy and comfortable environment for them based on the following international animal rights principles:

01 Freedom of Movement:

Nadec strives to ensure that all animals involved in production operations have adequate and appropriate space to roam and move freely within the barn, while providing them with a comfortable and clean environment.

02 Freedom of Behavioral Expression:

At Nadec, we are devoted to providing a natural environment in which animals can express their natural behaviors, whether by providing ample space to move around or by encouraging social interaction between the animals.

03 Freedom from Malnutrition:

Nadec takes a strict approach to ensure that all animals are provided with sufficient and effective food and water, along with rich and balanced nutrition to ensure their health and well-being. Nadec believes that good nutrition is a contributing factor in the production of high-quality food products, and we therefore strive to ensure the highest level of quality. The company’s strategy emphasizes the importance of providing proper nutrition to its animal chain to ensure the quality of the food products produced on our farms.

04 Freedom from Injury and Disease:

Nadec places special emphasis on reducing the risk of injury and disease by providing sustainable healthcare and effective vaccination programs. Necessary medical care is also provided when necessary to provide good veterinary care for the animal chain, thereby increasing their productivity and the efficiency of the disease prevention programs.

05 Freedom from Stress:

Nadec carefully designs animal environments to minimize sources of stress and fear, including keeping surroundings calm and providing safe isolation areas when necessary. This is based on the understanding that animals always require environments that help to reduce stress or the expenditure of vital energy, which helps to increase the efficiency of our products during the operational stage.

Nadec’s strong commitment to animal rights is reflected in its realization of the five global freedoms, demonstrating its dedication to social and environmental responsibility in all aspects of its work.



4 Governance, Transparency and Disclosure

Nadec Organizational and
Administrative Structure

Employees

Investor Relations

Board of Directors

Committees and Their
Main Functions

Executive Management

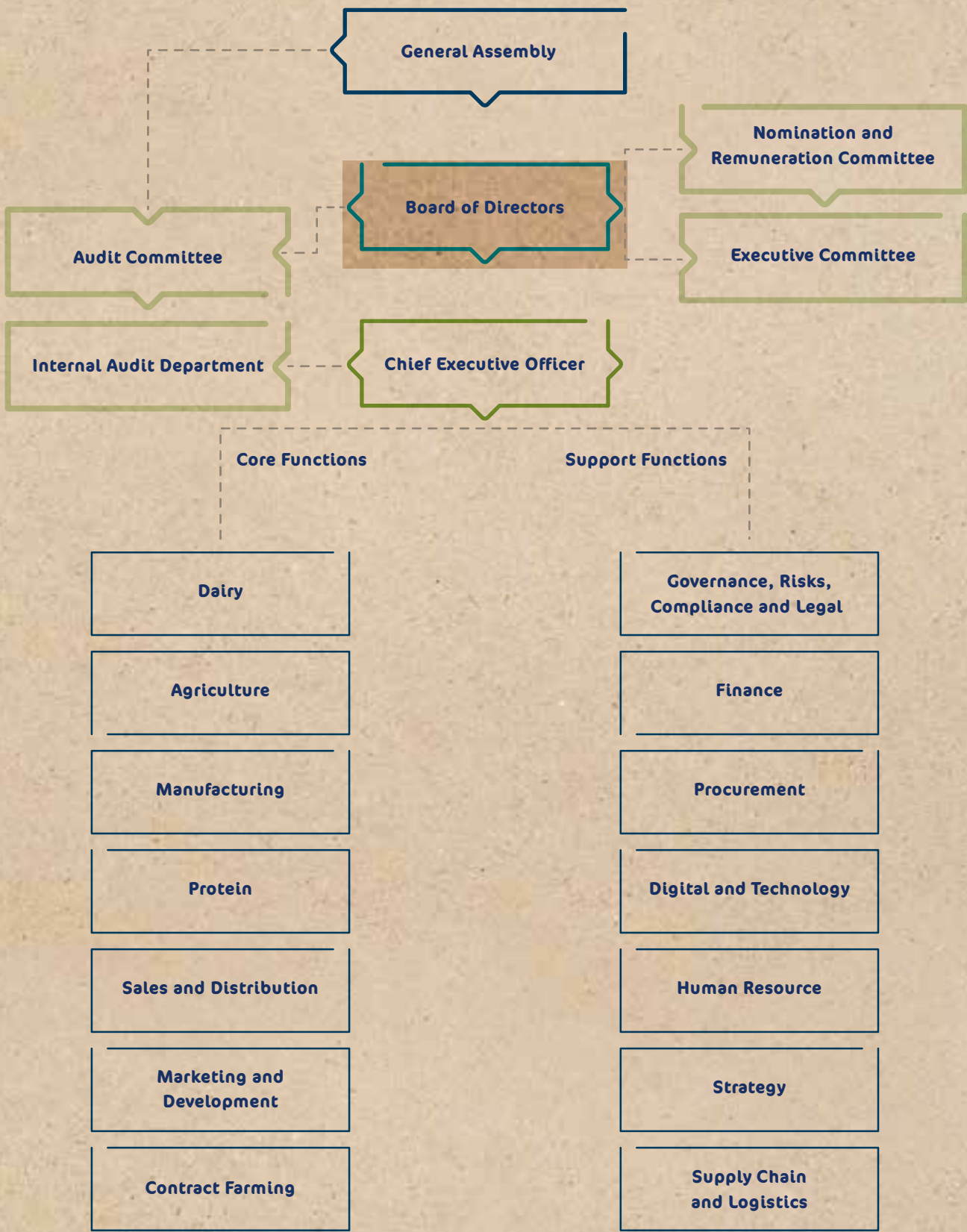
Remunerations

Transactions with Related
Parties and Competing
Businesses

Governance

Internal Audit

Nadec Organizational and Administrative Structure



Board of Directors and Senior Executives

The Board of Directors consists of seven (7) members elected by the Ordinary General Assembly of Shareholders through a cumulative voting process. The roles and responsibilities of the Board are clearly defined in the company's Bylaws and Internal Governance Regulations. Each director, including the Chairman, serves for a maximum term of three (3) years, with the possibility of re-election, subject to the provisions of the company's bylaws. The current term of the Board of Directors commenced on 11 April 2021.

The executive management team has the necessary expertise and skills and operates under the supervision of the Board of Directors. The CEO assumes responsibility for day-to-day operations, ensuring alignment with directives and policies set by the Board to facilitate the achievement of predefined objectives.

Evaluation of Board Performance

The evaluation of the Board of Directors and its committees is conducted in accordance with established governance rules and controls. This process serves to monitor and enhance the effectiveness of the Board and its committees in performing their duties in an optimal manner and in compliance with the Companies Law, the company's Bylaws, and relevant laws and regulations, while adhering to sound corporate governance principles and practices.

Termination of Board Membership

No member of the Board of Directors had their membership terminated during the year 2023.

Appointment of Board Members

During 2023, the following member was appointed to fill a vacant position on the Board of Directors:

Mr. Khaled bin Salem Al-Ruwais was appointed as an independent member of the Audit Committee with effect from 08/04/2023G.



Biographies of Board Members and Senior Executives



Abdulaziz Bin Saleh Al-Rebdi
Chairman of the Board of Directors

Membership Type:

Chairman of the Board of Directors (Non-Executive Member)

Date of Appointment (Current Term):

Commencement of current term: 11 April 2021.

Date of Appointment: 11 April 2021.

Committee Membership:

Chairman of the Executive Committee

Professional Experience and Qualifications (Current):

- Founder and Chairman of the Board - ESR Financial Consultancy Office.
- Chairman of the Board - Arrangement Event Company for Exhibitions.
- Member of the Board of Directors, Chairman of the Nominations and Remuneration Committee and Member of the Audit Committee - The Family Office International Investment Company.
- Chairman of the Board - Naseej for Communication and Information Technology Company.
- Member of the Board of Directors and Chairman of the Audit Committee - Al-Obeikan Glass Company.
- Vice Chairman of the Board - Minerva Foods Company.

Professional Experience and Qualifications (Previous):

- Managing Director - National Agricultural Development Company (NADEC).
- General Director - Lazurde Industrial Investment Group.
- Project Manager - Saudi Industrial Development Fund.
- Project Analyst - Saudi Industrial Development Fund.
- Board Member and Member of the Audit Committee - AL Hammadi Development and Investment Company.
- Board Member - Walaa Cooperative Insurance Company.
- Board Member - Takween Advanced Industries Company.
- Board Member - Abdullah AL-Othaim Markets.
- Board Member - Abdulmohsen AL-Hokair Group for Tourism and Development Company.
- Board Member - Saudi Agricultural and Livestock Investment Company (SALIC).
- Board Member - AL-Obeikan Industrial Group.
- Board Member - Saline Water Conversion Corporation.
- Board Member - Social Development Bank.
- Board Member and Executive Committee Member - Saudi Investment Recycling Company (SIRC).

Educational Qualifications:

Bachelor's Degree in Industrial Management from King Fahd University of Petroleum and Minerals.

Memberships of the board outside of Nadec:

Current Board Memberships	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
Naseej for Communication and Information Technology Company	Inside the Kingdom	Listed Joint-Stock Company	AL Hammadi Development and Investment Company	Inside the Kingdom	Listed Joint-Stock Company
AL-Obeikan Glass Company	Inside the Kingdom	Listed Joint-Stock Company	Walaa Cooperative Insurance Company	Inside the Kingdom	Listed Joint-Stock Company
The Family Office International Investment Company	Inside the Kingdom	Unlisted Joint-Stock Company	Takween Advanced Industries Company	Inside the Kingdom	Listed Joint-Stock Company
Minerva Foods Company	Outside the Kingdom	Listed Joint-Stock (Brazil)	Abdullah AL-Othaim Markets	Inside the Kingdom	Listed Joint-Stock Company
-	-	-	Abdulmohsen AL-Hokair Group for Tourism and Development Company	Inside the Kingdom	Listed Joint-Stock Company
-	-	-	Saudi Agricultural and Livestock Investment Company (SALIC)	Inside the Kingdom	Unlisted
-	-	-	AL-Obeikan Industrial Group	Inside the Kingdom	Unlisted
-	-	-	Saline Water Conversion Corporation	Inside the Kingdom	Saudi Governmental Organization
-	-	-	Social Development Bank	Inside the Kingdom	Financial Institution
-	-	-	Saudi Investment Recycling Company (SIRC)	Inside the Kingdom	Unlisted



Mr. Abdullatif bin Abdullah Al Rajhi
Deputy Chairman of the Board

Membership Type:

Deputy Chairman of the Board (Non-Executive)

Date of Appointment (Current Term):

Commencement of Current Term: 11 April 2021

Date of Appointment: 11April 2021

Committee Membership:

Member of the Nomination and Remuneration Committee

Professional Experience and
[Qualifications (Current):

- Chairman of the Board - Al Rajhi Holding Group.
- Chairman of the Board - Al Rajhi Financial Solutions.
- Board Member - Abdullah Abdulaziz Al Rajhi & Sons Holding Company.
- Founder and President of Saudi Food Association.
- Chairman - Preservation of Grace Association Bahrain.
- Founder and Chairman of Ezoah Charity.
- Founder and Vice Honorary Chairman - Omani Food Bank.
- Board Member - Taalum Association.
- Board Member - Hefz Al Nema Association.

Professional Experience and
Qualifications (Previous):

- Regional Manager for the Eastern Region - Al Rajhi Bank.
- Manager of Visa and MasterCard Credit Card Center (Riyadh) - Al Rajhi Bank.
- Board Member - Bank Audi - Syria.
- Board Member - Abdullah Al Rajhi Charitable Foundation.

Academic Qualifications:

Master's Degree in Business Administration from the American University - Beirut.

Memberships of the board outside of Nadec:

Current Board Memberships:	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
Al Rajhi Solutions Holding	Inside the Kingdom	Unlisted Company	Bank Audi - Syria	Outside the Kingdom	Listed Foreign Company
Al Rajhi Financial Solutions	Inside the Kingdom	Unlisted company	Abdullah Al Rajhi Charitable Foundation	Inside the Kingdom	Charity
Abdullah Abdulaziz Al Rajhi and Sons Holding Company	Inside the Kingdom	Unlisted Company	-	-	-
Saudi Food Bank (Eta'am)	Inside the Kingdom	Charity	-	-	
Bahrain Food Bank	Outside the Kingdom	Foreign Charitable Foundation	-	-	-
Ezoah Charity	Inside the Kingdom	Charity	-	-	-
Oman Food Bank	Outside the Kingdom	Foreign Charitable Foundation	-	-	-
Taalum Association	Inside the Kingdom	Charity	-	-	-
Hefz Al Nema Association	Inside the Kingdom	Charity	-	-	-



Dr. Solaiman Abdulaziz Al-Twaijri
Chief Executive Officer

Membership Type:

Member of the Executive Committee

Professional Experience and Qualifications(Current):

- CEO of the National Agricultural Development Company (Nadec) since 2021G
- Member of the Board of Directors of Walaa Cooperative Insurance Company since 2007G
- Member of the Board of Directors of Amiantit Group since 2021
- Chairman of the Audit Committee, Saudi Fisheries Company since 2023G
- Chairman of the Audit Committee, Prince Mohamed bin Salman Reserve since 2021G
- Member of the Risk and Review Committee, Makkah Region Development Authority since 2021G

Professional Experience and Qualifications (Previous):

- CEO, Saudi Arabian Amiantit and its subsidiaries (2008G - 2021G)
- Managing Director, Saudi Arabian Amiantit (2008G - 2018G)
- General Manager, Al-Othman Company for Agricultural and Plant Production (Nada) (2005G - 2008G)
- Director of Joint Services, Zajoul for Advanced Communication Technology (2003G - 2005G)
- Secretary General, University Higher Education Fund (2001G - 2003G)
- Head of Accounting, King Fahd University of Petroleum and Minerals (2000G-2001G)
- Member of the Audit Committee, Saudi Electricity Company (2018G -2023G)
- Member of the Board of Directors, National Agricultural Development Company (NADEC) (2018G - 2022G)

- Member of the Nomination Committee, National Agricultural Development Company (Nadec) (2018G - 2021G)
- Chairman of the Audit Committee, Chemical Development Company (2012G - 2015G)
- Member of the Audit Committee, Higher Education Fund (2010G - 2012G)
- Member of the Internal Audit Committee, Saudi Organization for Certified Public Accountants (2009G - 2011G)
- Member of the Audit Committee, Riyadh Bank (2005G - 2010G)
- Member of the Executive Committee, Zajoul for Advanced Communications Technology Company (2004 - 2005)
- Member of the Board of Directors, Mulkia Investment Company (2015G - 2020G)
- Chairman of the Audit Committee, Mulkia Investment Company (2015G - 2021G)
- Vice Chairman, Takween Advanced Industries Company (2011G - 2021G)
- Chairman of the Executive Committee, National Agricultural Development Company (Nadec) (2018G - 2021G)
- Member of the Board of Directors, National Electricity Transmission Company (2010G - 2012G)
- Member of the Audit Committee, Alawwal Bank (2018G - 2019G)
- Member of the Nomination Committee, Institute of Financial Accountancy, USA (2014G - 2015G)
- Member of the Board of Directors, Institute of Financial Accountancy, USA (2012G - 2018G)
- Member of the Audit Committee, Institute of Financial Accountancy, USA (2014G - 2018G)

- Member of the Audit Committee, GIB Capital (2012G - 2013G)
- Member of the Audit Committee, Al-Khozama Management Company (2009G - 2013G)
- Chairman of the Audit Committee (2007G - 2015G)
- Chairman of the Board of Directors, Austrian Amiblu Company (2008G - 2018G)
- Chairman of the Board of Directors, International Water Distribution Company (Tawzea) (2008G - 2021G)

Qualifications:

Dr. Solaiman Abdulaziz Al-Twaijri holds a Ph.D. in Accounting from Case Western Reserve University, USA, 1998G; a Master's Degree in Accounting from the University of Illinois, USA, 1994G; and a Bachelor's Degree in Industrial Management from King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, Dhahran, 1990G. He also holds an International Master's Degree in International Sports Law from the Higher Institute of Law and Economics, Spain, 2019G.

Memberships of the board outside of Nadeec:

Current Board Memberships	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
Wala Cooperative Insurance Company	Inside the Kingdom	Listed Company	Amiantit Rubber Industry Co., Ltd	Inside the Kingdom	A Limited liability Company
Amiantit Group	Inside the Kingdom	Listed Company	Amiantit Fiberglass Manufacturing Company Limited	Inside the Kingdom	A Limited liability Company
First Abu Dhabi Investment Bank	Inside the Kingdom	Public Joint Stock Company	Ameron Saudi Arabia Ltd	Inside the Kingdom	A Limited liability Company
-	-	-	Bondstrand Ltd.	Inside the Kingdom	A Limited liability Company
-	-	-	Saudi Arabian Ductile Iron Pipes (SADIP)	Inside the Kingdom	A Limited liability Company
-	-	-	Saudi Arabia Concrete Products (Sacop Ltd)	Inside the Kingdom	A Limited liability Company
-	-	-	Fiberglass Pipe and Ductile Iron Pipe Factory Co., Ltd	Inside the Kingdom	A Limited liability Company
-	-	-	Mulkia Investment Company	Inside the Kingdom	Unlisted Joint-Stock Company
-	-	-	Takween Advanced Industries Company	Inside the Kingdom	Listed Joint-Stock Company
-	-	-	National Grid SA Company	Inside the Kingdom	A Limited Liability Company
-	-	-	Infrastructure Engineering and Contracting Company	Inside the Kingdom	A Limited Liability Company
-	-	-	BWT Saudi Arabia	Inside the Kingdom	A Limited Liability Company
-	-	-	International Water Distribution Company (Tawzea)	Inside the Kingdom	A Limited Liability Company
-	-	-	International Infrastructure Management and Operation Company Ltd. (AMIWATER)	Inside the Kingdom	A Limited Liability Company





Mr. Bader bin Abdulrahman Al Sayari

Board Member

Membership Type:

Non-Executive Board Member

**Date of Appointment
(Current Term):**

Commencement of Current Term: 11 April 2021

Appointment Date: 11 April 2021

Committee Memberships:

Member of the Executive Committee

Member of the Investment Committee (Term ended on 31 December 2021)

**Professional Experience and
Qualifications (Current):**

- Chief Investment Officer - Sulaiman Al Rajhi Holding Company
- Board Member - GP Capital Company
- Board Member and Member of the Executive Committee - Advanced Education Company
- Board Member - National Poultry Company - Egypt
- Board Member - ALEEF Company
- Member of the Investment Committee - Real Estate Development Fund
- Board Member and Chairman of the Compensations and Nominations Committee - National Aquaculture Group (NAQUA)
- Board Member - Sulaiman Al Rajhi International Company

**Professional Experience and
Qualifications (Previous):**

- Chief Investment Officer - Al Azizia Investment Company
- Chief Executive Officer - Mevex Capital Company
- Chief Investment Officer - Al Faisaliah Group
- Chief Executive Officer - Fincorp Saudi Arabia
- Member of the Board of Directors and Chairman of the Investment Committee - United Cooperative Assurance Company.
- Chairman of the Investment Committee - National Agricultural Development Company (Nadec).

Educational Qualifications:

Bachelor's Degree in Accounting from King Saud University.

Memberships of the board outside of Nadec:

Current Board Memberships	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
GIB Capital Company	Inside the Kingdom	Unlisted Company	United Cooperative Assurance Company	Inside the Kingdom	Listed company
Advanced Educational Company	Inside the Kingdom	Unlisted Company	-	-	-
National Poultry Company - Egypt	Outside the Kingdom	Unlisted Company	-	-	-
Aleef Company	Outside the Kingdom	Unlisted Company	-	-	-
Real-Estate Development Fund	Inside the Kingdom	A Saudi Government Institution	-	-	-
National Aquaculture Group (NAQWA)	Inside the Kingdom	Unlisted company	-	-	-
Sulaiman Al Rajhi International Company	Inside the Kingdom	Unlisted Company	-	-	-



Mr. Amr Abdulaziz Aljallal

Board Member

Membership Type:

Independent Board Member

**Date of Appointment
(Current Term):**

Commencement of Current Term: 11 April 2021

Appointment Date: 11 April 2021

Committee Memberships:

Chairman of the Compensations and Nominations Committee

Member of the Executive Committee (Membership ended on 6 October 2022)

**Professional Experience and
Qualifications (Current):**

- Chief Executive Officer - Namara Investment Company - Dr. Sulaiman Al Habib Investment Company

- Chief Executive Officer - Thabat Al A'mal Limited Company
- Chief Executive Officer - Wajahat Al Hamra for Investment Company
- Chief Executive Officer - Qimam Investment Company
- Chief Executive Officer - Wajahat Al Manar for Investment Company
- Chief Executive Officer - Tahaluf Al Habib Investment Company
- Chief Executive Officer - Saki Investment Company
- Member of Board of Directors - Marafiq - Jubail and Yanbu Utilities Company
- Member of Board of Directors - Abdulmohsen Al Hokair Tourism and Development Company
- Member of Board of Directors - Saudi Investment Recycling Company (SIRC)
- Member of Board of Directors and Chairman of the Investment Committee - Saudi Egyptian Industrial Investment Company
- Member of Board of Directors - October Pharma Company

**Professional Experiences and
Qualifications (Previous):**

- Head of Private and Investment Banking - Jadwa Investment Company
- Deputy Head of Investment Banking - Saudi French Capital
- Credit Officer, Corporate Banking Services Management - Samba Financial Group
- Director of Listing and Registration Unit for the Industrial and Services Sector - Capital Market Authority - Various Positions
- Board Member and Member of the Compensations and Nominations Committee - JADA Fund of Funds Company
- Member of the Investment Committee - Saudi Agricultural and Livestock Investment Company (SALIC)

Educational Qualifications:

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

Memberships of the board outside of Nadec:

Current Board Memberships	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
Power and Water Utility Company for Jubail and Yanbu (MARAFIQ)	Inside the Kingdom	Listed Company	Saudi Agricultural and Livestock Investment Company (SALIC)	Inside the Kingdom	Unlisted Joint-Stock Company
Abdulmohsen Al-Hokair Group for Tourism and Development Company	Inside the Kingdom	Listed Company	JADA Fund of Funds Company	Inside the Kingdom	Unlisted joint stock company
Saudi Investment Recycling Company (SIRC)	Inside the Kingdom	Unlisted Joint-Stock Company	-	-	-
Saudi Egyptian Industrial Investments Company	Outside the kingdom	Unlisted Foreign Joint-Stock company	-	-	-
October Pharma Company	Outside the kingdom	Listed Foreign Joint-Stock Company	-	-	-
Hamat Holding Company	Inside the Kingdom	Unlisted Joint-Stock Company	-	-	-
Merak Capital Company	Inside the Kingdom	Unlisted Joint-Stock Company	-	-	-



Mr. Abdulaziz bin Mohammad Alrugaib

Board Member

Membership Type:

Independent Board Member

**Date of Appointment
(Current Term):**

Commencement of Current Term: 11 April 2021

Appointment Date: 5 April 2022

Committee Membership:

Member of the Executive Committee

**Professional Experience and
Qualifications (Current):**

- General Manager and Managing Director - Imtiaz Al Arabiya Company
- Board Member - Hamad Mohammed Alrugaib & Sons Trading Company
- Board Member - Future Fun Trading Company
- Board Member - AlReemah Real Estate Development Company
- Board Member - Herfy Food Services Company
- Board Member - Alimtyaz Alriyadi Company
- Board of Directors - AL-Ahsa Valley Investment Company.

**Professional Experience and Qual-
ifications (Previous):**

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

Educational Qualifications:

Master's Degree in Chemical Engineering from Cornell University, USA, and Bachelor's Degree in Petroleum Engineering from the University of Kansas, USA.

Memberships of the board outside of Nadec:

Current Board Memberships:	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
Hamad Mohammed Alrugaib & Sons Trading Company	Inside the Kingdom	Unlisted Joint-Stock Company	-	-	-
Future Fun Trading Company	Inside the Kingdom	Closed Joint-Stock Company	-	-	-
AlReemah Real Estate Development Company	Outside the kingdom	Closed Joint-Stock Company	-	-	--
Herfy Food Services Company	Inside the Kingdom	Listed Joint-Stock Company	-	-	
Alimtyaz Alriyadi Company	Outside the kingdom	Closed Joint-Stock Company	-	-	-



Mr. Ahmed Saud Shahini

Board Member

Membership Type:

Non-Executive Board Member

Date of Appointment (Current Term):

Commencement of Current Term: 11 April 2021

Appointment Date: 5 October 2022

Committee Memberships:

Chairman of the Audit Committee

Member of the Executive Committee

Professional Experience and Qualifications (Current):

- CEO of Local Investments - Saudi Agricultural and Livestock Investment Company (SALIC)
- Board Member and Chairman of the Nominations and Remunerations Committee - Khair Inorganic Chemical Industries (InoChem)
- Board Member - Shahini Holding Group
- Board Member - Naba Al Saha Medical Services Company

Professional Experience and Qualifications (Previous):

- Advisor to the CEO - Saudi Agricultural and Livestock Investment Company (SALIC)
- Business Development Executive - Shahini Holding Group
- Supply Chain Management - Procter & Gamble
- General Manager - Shahini Distribution Company

Educational Qualifications:

Master's Degree in Business Administration from IMD Business School, Switzerland, and Bachelor's Degree in Industrial Management from King Fahd University of Petroleum and Minerals, Dhahran.

Memberships of the board outside of Nadec:

Current Board Memberships:	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
National Aquaculture Group NAQUA	Inside the Kingdom	Closed Joint-Stock Company	-	-	-
Khair Inorganic Chemical Industries (InoChem)	Inside the Kingdom	Closed Joint-Stock Company	-	-	-
Shahini Holding Group	Inside the kingdom	Limited Liability Company	-	-	-
Naba Al Saha Medical Services Company	Inside the Kingdom	Listed Company	-	-	-



Mr. Ibrahim Muhammad Al-Amer

Board Member

Membership Type:

Independent Board Member

Date of Appointment (Current Term):

Commencement of Current Term: 11 April 2021

Appointment Date: 5 October 2022

Committee Memberships:

Member of the Audit Committee

Member of the Nomination and Remuneration Committee

Professional Experience and Qualifications (Current):

- Founder and CEO - HR-TRUST Office for Management Consulting
- Member of the Remunerations and Nominations Committee - AL-Yusr Leasing and Financing Company
- Board Member - Cipher Cybersecurity Company
- Member of the Remuneration and Nominations Committee of Modern Building Leaders Company MBL.
- Member of the Nominations and Rewards Committee of AlRajhi United Real Estate.

Professional Experience and Qualifications (Previous):

- Senior Executive Vice President of Human Capital - Ma'aden Company
- Deputy Minister for Shared Services - Ministry of Commerce
- Deputy Vice President of Human Resources - Dr. Sulaiman Al Habib Medical Group
- Deputy Vice President of Human Resources - Channels Communication Company
- Deputy Vice President of Human Resources - Al Othaim Holding Company
- Board Member - Ma'aden Waad Al Shamal Company
- Board Member - Cooperative Health Insurance Council
- Advisor to the CEO - Saudi Mining Services Company
- Secretary of the Remunerations and Nominations Committee - Saudi Mining Services Company

Educational Qualifications:

Executive Program from London Business School; Master's Degree in Business Administration from the University of Hull, United Kingdom; and Bachelor's Degree in Accounting from Imam Muhammad ibn Saud University.

Memberships of the board outside of Nadec:

Current Board Memberships:	Inside/ Outside the Kingdom	Legal Entity	Previous Board Memberships	Inside/ Outside the Kingdom	Legal Entity
Cipher Company for Cyber Security	Inside the Kingdom	Limited Liability Company	Ma'aden Wa'ad Al-Shamal Company	Inside the Kingdom	Unlisted company
-	-	-	Council of Cooperative Health Insurance	Inside the Kingdom	Govern-mental institu-tion

Company Responsibilities and Commitments to Employees

The company has a structured plan to ensure the well-being and benefits of its employees, which includes the following:

01 Saudi Employees:

Retirement rights and other social benefits for company employees are covered by the Social Insurance System, which operates as a defined contribution structure. Monthly contributions are made to the system by both employees and employers, calculated as a fixed percentage of salaries.

02 Non-Saudi Employees:

Foreign employees on fixed-term contracts are entitled to end-of-service benefits in accordance with the labor laws of their respective countries of employment. These benefits are determined based on their length of service and final entitlements. Providing these non-funded end-of-service benefits is determined by calculating the total eligible compensation of all employees as at the financial statement date.

Employee Benefits Plan

The company assesses its net obligation for a clearly defined benefits plan by projecting the future benefits that will accrue to employees in current and prior periods. This projected amount is then subtracted from the plan assets along with the fair value of the plan assets. Qualified actuaries use the projected unit credit method to determine the benefit obligation. In cases where a potential asset exists, the recognition of the asset is limited to the present value of economic benefits available in the form of future refunds or reductions in future contributions to the plan, taking into account current financing requirements. The net defined benefit obligation, encompassing actuarial gains and losses and the return on plan assets (ex-

cluding interest and the effect of the asset ceiling, if applicable), is recognized directly in other comprehensive income. The net interest expense or income for the period is calculated using the discount rate from the beginning of the year, taking into account the changes in the net benefit obligation resulting from contributions and benefit payments. These and others expenses relating to defined benefit plans are recognized in the profit or loss statement. Changes in plan benefits that result in changes in service-related benefits are recognized directly in the profit or loss statement. The company recognizes gains or losses arising from the settlement of a defined benefit plan when the settlement event occurs.



Other Long-Term Employee Benefits

The company’s net obligation for other long-term employee benefits represents future benefits to which employees are entitled for their service in current and past periods. These entitlements are discounted to determine their present value. Any difference in the present value of employee entitlements is recognized in the profit or loss statement in the period in which it occurs.

Employee Stock Ownership

The company did not have any existing employee stock ownership plans prior to the filing and offering of the securities subject to this report. None of the company’s employees owns any shares of the company and there are no other arrangements for employee participation in the company’s capital.



Employee Training and Development Programs

At Nadec, employee training and development are cornerstone elements in nurturing the company’s workforce and realizing its vision of sustainable growth. Recognizing employees as an invaluable asset, their skills are enhanced and their abilities cultivated to meet the dynamic demands of the market through ongoing training and advanced development initiatives.

This strategic approach, backed by concerted efforts, has resulted in the formation of a resilient team, emblematic of the company’s unwavering commitment to fostering a stimulating work environment. Nadec’s training and development initiatives not only enhance employees’ performance and productivity, but also seamlessly align with the company’s overarching objectives and strategies.

The company’s commitment to nurturing and equipping its workforce goes beyond mere skill enhancement; it fosters a culture of positivity and camaraderie. By providing avenues for learning and growth, leadership demonstrates a steadfast commitment to fostering continuous employee advancement.

In addition, Nadec’s investment in employee training and development plays a pivotal role in talent acquisition and retention by fostering an environment conducive to both professional and personal growth. These efforts position the company as a frontrunner in sustainable food production.

The “New Dawn” strategy for employee training and development is based on the belief that well-trained employees significantly strengthen the company’s operations and help achieve its goals. This commitment serves as a cornerstone for sustained success and continued advancement, cementing Nadec’s position as a trailblazer in sustainable food production.

Leadership Development Program

This program is designed to effectively develop leadership talent within Nadec and accelerate the professional growth of future leaders, while improving the company’s overall performance, resilience to change, and strategic vision for management.

Implementation of Training Programs

The implementation of the training program involves a careful analysis of training needs and the selection of methods that are aligned with program objectives, ensuring a harmonious balance between departmental requirements and employee aspirations for future growth within the company.

Launch of the E-Learning Platform

In collaboration with LinkedIn Learning, an e-learning platform was launched to enhance employee competencies and inspire self-directed learning, ensuring a continuous path to knowledge acquisition.

Strategic Transformation

Nadec’s strategic transformation seeks to enrich the experience of its young workforce through the provision of professional certifications. These certifications serve to keep them abreast of the latest developments in their respective fields and equip them with the necessary knowledge to enhance their performance.

Sales Interface Development Program

Launching this program involves a comprehensive assessment of employees’ professional competencies, leveraging problem-solving methodologies and leadership skills. This assessment process includes performance-based interviews, group discussions, and analytical evaluations. Tailored development plans are then developed to strengthen individual performance and increase overall productivity.

Training Programs at Nadec

Program type	Number of training courses	Number of Nadec employee participants	Number of working hours spent in training programs	Number of external participants as representatives of the Agricultural Development Foundation	Number of participants as Cooperative Education (COOP) students
Internal programs	23	598	12,626		
Online programs	9	700	724		
E-learning	1,171	101	1,500		
English language	24	59	5,664	88	50
Individual programs	13	13	3,694		
“Agricultural Development Fund” programs	8	-	1,620		
Organizing conferences and exhibitions	6	18	347		
Total	1,254 training courses	1,489 participants	26,175 training hours	88	50

Company Announcements on Tadawul

Nadec has announced a number of strategic events and activities throughout the year, which have been listed on the official website of the Saudi Stock Exchange (Tadawul). Below, we present a brief overview of each of these events and activities, which are classified according to the date, type, and topic of the announcement:

	Date of Announcement	Announcement Type	Address
1	30-01-2023	Notice to Shareholders	Referring to the approved strategic plan 2027, which was announced on December 6, 2022 and intends to enhance the company's leading position in its core business at the local and regional levels, The company is pleased to inform its valued shareholders that a launch ceremony will be held on Monday evening, January 30, 2023 to introduce all stakeholders with its strategic plan 2023-2027. The ceremony will be attended and sponsored by a number of Excellencies, as well as a group of officials, success partners, and company employees.
2	31-01-2023	Notice to Shareholders	Referring to the yesterday's announcement dated January 30, 2023, regarding NADEC's intention to introduce its strategic plan 2023-2027, NADEC is delighted to inform its shareholder regarding the development in launch ceremony of its strategic plan 2023-2027 under the slogan (A New Dawn) held on Monday, January 30, 2023, at the Hilton Hotel - Riyadh Granada, under the sponsorship of His Excellency the Minister of Environment, Water, and Agriculture Eng. Abdulrahman Abdulmohsen A. AlFadley. The ceremony was attended by a number of Excellencies and a group of officials, success partners, and company employees were also present.
3	31-01-2023	Signing a Memorandum of Understanding	Referring to the announcement made by the National Agricultural Development Company (NADEC) on Tadawul website on November 4, 2021, regarding the lasted development of NADEC's signing memorandum of understanding with Pure Harvest Smart Farms Company to build and operate approximately 6 hectares (60,000 square meters) high-tech agricultural greenhouses within the city of Nadec in Haradh, and the company signing a number of agreements and joint services.
4	31-01-2023	Signing a Memorandum of Understanding	The National Agricultural Development Company (NADEC) announces the signing of a memorandum of understanding with the Saudi Investment Recycling Company (SIRC), on Monday 07/08/1444 AH corresponding to January 30, 2023 AD, for the purpose of recycling biowaste to contribute to protecting the environment.

	Date of Announcement	Announcement Type	Address
5	31-01-2023	Signing a partnership agreement	NADEC wishes to announce the signing of the Shareholders Agreement with Leha Agricultural Company on Monday 08 07 1444 H Corresponding to January 30 2023 to establish a limited liability company that will be engaged in the production of potato seeds and multiply its production in the Kingdom of Saudi Arabia with a set capital of SAR 5000000 and a specific ownership percentage for each partner where the proportion of NADEC will be equivalent to 51 percent of the company's capital. In addition the Shareholders Agreement includes terms and conditions that regulate the process of incorporation. Management operation of the Company and the businesses between the two partners. The financial impact will be announced later, and any material developments will be announced in due time
6	19-02-2023	Financial Results	The National Agricultural Development Company (NADEC) announces its annual financial results for the year ended 31 December 2022
7	14-03-2023	Phone Interview	The National Agricultural Development Company (NADEC) announces that it has conducted an Earnings conference call to discuss the annual financial results of the financial year 2022 with Investors and Financial Analysts on 14/03/2023, where NADEC's executive management illustrated the most prominent efforts and achievements of the financial year 2022. Inquiries of all analysts and investors inside and outside the Kingdom were addressed in the call.
8	04-04-2023	Notice to Shareholders	In reference to Nadec's launch of its strategic plan to strengthen its leadership position in food markets at local and regional levels, and to expand its current business operations, develop new markets, expand its product range and enter into new ventures, Nadec aims to become a vertically integrated food company and targets to achieve a 6 billion Saudi Riyal of revenues by the year 2027. To achieve this, a comprehensive plan to enable Nadec to implement its strategic and operational objectives and support its future businesses.
9	09-04-2023	Notice to Shareholders	The National Agricultural Development Company (NADEC) declares the approval of the Board of Directors on 17/09/1444 AH corresponding to 08/04/2023 AD on the resignation of the Audit Committee member, Dr. Amr bin Khaled Kurdi (an independent member from outside the Board) from the Audit Committee membership, the resignation shall be effective from 17/09/1444 AH corresponding to 08/04/2023, and the Board of Directors approved the appointment of Mr. Khaled bin Salem Al-Ruwais (an independent member from outside the Board) as a member of the Audit Committee succeeding the resigned member effective form 17/ 09/1444 AH corresponding to 08/04/2023 AD until the end of the current term of the Audit Committee, which ends on 04/10/2024 AD. This appointment shall be presented to the General Assembly at its first meeting for approval.

	Date of Announcement	Announcement Type	Address
10	12-04-2023	Notice to Shareholders	The Board of Directors of The National Agricultural Development Company (NADEC) is pleased to invite the Company's shareholders to attend the 36th Ordinary General Meeting (First Meeting) on Wednesday 07:00 PM, on 03/05/2023 AD corresponding to 13/10/1444 H via modern technology means.
11	27-04-2023	Notice to Shareholders	Referring to the National Agricultural company (NADEC) announcement in Tadawul on 12/04/2023 corresponding to 21/09/1444 regarding inviting all shareholders to participate and vote in the 36th Ordinary General Assembly Meeting (the first meeting) scheduled to be held at 07:00 PM on Wednesday 03/05/2023 corresponding to 13/10/1444 via modern technology means.
12	03-05-2023	Financial Results	The National Agricultural Development Company (NADEC) announces its financial results for the period ended 31 March 2023 (Three Months)
13	04-05-2023	Results of the Ordinary General Assembly Meeting	The Board of Directors of the National Agricultural Development Company (NADEC) is pleased to announce the results of the 36th Ordinary General Assembly meeting (1st meeting), which was held via modern technology means at 07:00 pm on Wednesday 03/05/2023 corresponding to 13/10/1444 The attendance rate was 42.78 % of the company's total shares, and after completed the Quorum for Convening as per the company bylaws and the company's law, the results of voting on the assembly's agenda were as follows:
14	13-06-2023	Notice to Shareholders	With reference to The National Agricultural Development Company's (NADEC) (the "Company") announcement on 13/09/1444H. (corresponding to 04/04/2023G.) related to the recommendation of its board of directors to increase the Company's capital by offering rights issue at a value of (2,000,000,000) Saudi Riyals, conditional on obtaining the approval of the relevant official authorities and the extraordinary general assembly.
15	25-07-2023	Signing a Memorandum of Understanding	In reference to the announcement of the National Agricultural Development Company (NADEC) on the Tadawul website dated 31/01/2023 AD (corresponding to 09/07/1444 AH) regarding the signing of a memorandum of understanding with the Saudi Investment Recycling Company (SIRC) on Monday 30/01/2023 AD (corresponding to 07/08/1444 AH) for the purpose of recycling biowaste to contribute to protecting the environment.
16	30-07-2023	Financial Results	The National Agricultural Development Company (NADEC) announces its financial results for the period ended 30 June 2023 (Six Months)
17	03-08-2023	Signing a Memorandum of Understanding	The National Agricultural Development Company (NADEC) announces to its valued shareholders that it has signed a memorandum of understanding with the United Feeds Company (a limited liability company - specialized in the field of purchasing, processing, storing, packaging and distributing grain and barley products for animal feed use) in order to explore cooperation in establishing a livestock project specializing in (Sheep and Goats).

	Date of Announcement	Announcement Type	Address
18	20-08-2023	Signing a partnership agreement	The National Agricultural Development Company (NADEC) is pleased to announce to its esteemed shareholders the signing of head of terms with Elion Himmah Environmental Services Company (a limited liability company) specialized in the field of green development. The head of terms aims to establish a joint venture with specific ownership shares for each party from the capital of the company to be established. This joint venture will be responsible for developing projects related to the Saudi Green Initiative, including vegetation development and desertification control, contributing to sustainable development and environmental preservation in alignment with achieving one of the goals of the Saudi Vision 2030.
19	29-08-2023	Notice to Shareholders	Further to the company's announcement published on the Tadawul website on Tuesday 09/07/1444H corresponding to 31/01/2023G, to establish a limited liability company for the production and breeding of potato seeds in the Kingdom of Saudi Arabia - (referred to as "the company")- with a specified capital of 5,000,000 Saudi riyals. The ownership percentages for each party are determined, with NADEC's share being 51% of the company's capital and the possibility of entering a foreign technical shareholder into the company is also considered, with their share to be acquired from the shares of Leha Agricultural Production Company, as per the forthcoming agreement.
20	18-09-2023	Notice to Shareholders	The National Agricultural Development Company (NADEC) announces that it has received a letter from The Saudi Agricultural and Livestock Investment Company (SALIC) one of the main shareholders who owns more than (5%) of the company's capital on 03/03/1445 AD corresponding to 18/09/2023 AH Regarding SALIC Company's intention to complete the process of transferring ownership of shares owned indirectly and depositing them in their direct investment portfolio, totaling (6,290,000) six million, two hundred and ninety thousand shares representing (6.19%) of NADEC's shares. This will result in SALIC Company's total ownership in NADEC to be (38.65%) of the capital.
21	05-10-2023	Notice to Shareholders	Reference to the company's announcement published on the Saudi Exchange website on 24/11/1444 H corresponding to 13/06/2023 AD in relation to the submission of the application for the increase of the Company's capital by way of a rights issue to the Capital Market Authority (the CMA) based on the recommendation of the Board of Directors issued on 13/09/1444 H Corresponding to 04/04/2023 AD, to increase the Company's capital by way of a rights issue for a total amount of (2,000,000,000) Saudi riyals.

	Date of Announcement	Announcement Type	Address
22	08-10-2023	Notice to Shareholders	Referring to the announcement made by the National Agricultural Development Company (NADEC) on Tadawul's website on Wednesday, dated 26/04/1443 H, corresponding to 01/12/2021 AD, regarding the completion of the acquisition deal of the Second Milling Company in Riyadh, Kingdom of Saudi Arabia ("the concerned mill") with OLAM International Limited, Al Rajhi International for Investment Company and Abdul Aziz Al Ajlan & Sons Company for Commercial and Real Estate Investment. ("the alliance members"), whereby all assets of the Second Milling Company ("the concerned mill") were transferred to Food Security Holding Company, a limited liability company ("the Company"). noting that NADEC holds a 10% share with responsibilities as per the agreement to purchase specific products from the Second Milling Company and an agreement through which NADEC provides administrative, marketing, and support services to the Second Milling Company. The company would like to inform its esteemed shareholders that, following the completion of the transfer of all assets of the Second Milling Company ("the concerned mill") to Food Security Holding Company, a limited liability company ("the Company"), the two companies was merged under the name "Second Milling Company."
23	15-10-2023	Notice to Shareholders	The Board of Directors of The National Agricultural Development Company (NADEC) (the "Company") is pleased to invite the Company's shareholders to attend the Extraordinary General Meeting that includes increasing the company's capital (First Meeting) on Sunday at 6:30 PM, on 21/04/1445 AH, corresponding to 05/11/2023 AD, through modern technology means.
24	16-10-2023	Notice to Shareholders	With reference to the approval of the Capital Market Authority to increase the capital of The National Agricultural Development Company (NADEC) (the "Company" or "Nadec") through the issuance of rights issue worth (2,000,000,000) Saudi riyals on 20/03/1445H Corresponding to 05/10/2023AD.
25	29-10-2023	Financial Results	The National Agricultural Development Company (NADEC) announces its financial results for the period ended 30 September 2023 (Nine Months)
26	31-10-2023	Notice to Shareholders	Referring to the National Agricultural company (NADEC) announcement in Tadawul on 30/03/1445H corresponding to 15/10/2023AD regarding inviting all shareholders to participate and vote in the Extraordinary General Assembly Meeting that includes capital increase (the first meeting) scheduled to be held at 6:30 PM on Sunday 21/04/1445H corresponding to 05/11/2023AD via modern technology means.
27	01-11-2023	Phone Interview	The National Agricultural Development Company (NADEC) announces that it has conducted an earnings conference call to discuss the financial results for the third quarter of 2023 with Investors and Financial Analysts which was held on Tuesday 16/04/1445H corresponding to 31/10/2023AD, where NADEC's executive management presented the financial results for the third quarter of the year 2023. NADEC's management also discussed the company's future strategic plans related to utilizing the proceeds from the increase of the Company's capital by way of a rights issue. It is worth noting that the approval of the capital increase is subject to the approval of the extraordinary general assembly of the company and the completion of the relevant regulatory procedures and requirements.

	Date of Announcement	Announcement Type	Address
28	06-11-2023	Extraordinary General Assembly Outcome	The Board of Directors of the National Agricultural Development Company (NADEC) (the "Company") is pleased to announce the results of the Extraordinary General Assembly meeting including the capital increase (first meeting), which was held via modern technology means at 6:30 PM on Sunday 21/04/1445H corresponding to 05/11/2023AD, as the attendance rate was %53.45 of the Company's total shares, and after completed the Quorum for Convening, the results of voting on the assembly's agenda were as follows:
29	07-11-2023	Notice to Shareholders	National Agricultural Development Co. (NADEC) (the "Company") Company announces determining of the period of rights issue trading and subscription in the new shares.
30	09-11-2023	Notice to Shareholders	The National Agricultural Development Co. (NADEC) (the "Company") announces the start of the rights issue trading period and subscription to new shares (Reminder).
31	12-11-2023	Signing a Memorandum of Understanding	The National Agricultural Development Company (NADEC) announces to its valued shareholders the signing of a memorandum of understanding with Del Monte Saudi Arabia Factory Company Ltd. (a limited liability company owned by the multinational company Fresh Del Monte -owns the majority of the company's capital-, a company specializing in the field of growing, producing, and distributing of both fresh-cut and whole fruits and Abdulkader Al Muhaidib and Sons Company) on Thursday 25/04/1445 AH corresponding to 09/11/2023 AD for the purpose of a strategic joint venture, through an establishment of a joint company specializing in fresh products such as fruits, vegetables, fresh juices, potato processing, and their distribution in the Kingdom of Saudi Arabia.
32	16-11-2023	Notice to Shareholders	The National Agricultural Development Company (NADEC) (the "Company") announces a reminder of the last day of rights trading and the last day for the subscription in the new shares.
33	22-11-2023	Rights Issue and Subscription Results	The National Agricultural Development Company (NADEC) (the "Company") announces the results of the rights issues trading and new share subscription, as well as the details of the rump offering.
34	28-11-2023	Results of the remaining subtraction	National Agricultural Development Co. (NADEC) (the "Company") announces the results of the rump offering and the final allocation of the rights issue shares. By the end of the rump offering period, the shares bid amounted to 542.36%
35	10-12-2023	Notice to Shareholders	The National Agricultural Development Company (NADEC) is pleased to inform its shareholders of the opening of nominations for membership in its Board of Directors to elect seven members for the next session starting on April 11, 2024AD until April 10, 2028AD and will last for four years.
36	12-12-2023	Distribution of compensation amounts to rights holders	The National Agricultural Development Co. (NADEC) (the "Company") announces the distribution of the compensation amounts to holders of rights issue who have not exercised their right to subscribe to the new shares.

New Dawn: Maintaining Transparency and Fairness with Investors

Investor Relations Management

Nadec is steadfast in its implementation of disclosure policies and procedures in compliance with relevant regulations and directives, with the overall objective of enriching communication channels with local and international investors. By actively participating in local and international conferences and forums throughout 2023 through its investor relations management framework, the company remains resolute in its commitment to promoting transparency and fairness by providing timely and accurate information. This

proactive approach helps investors make well-informed decisions based on accurate insights provided by the company, including comprehensive disclosures on its performance and endeavors, which are meticulously presented in the Annual Report approved by the Board of Directors. Furthermore, investors are kept abreast of notable developments that have the potential to impact the company's financial position while safeguarding its competitive edge.

Shareholder Rights

In fostering robust relationships with shareholders, investors, and stakeholders, Nadec places great importance on the principles of corporate governance. This commitment includes safeguarding shareholders' rights and fortifying internal controls through the roles of the Board of Directors and its committees. Nadec remains steadfast in its compliance with the Corporate Governance Regulations issued by the Capital Market Authority, as well as other relevant regulations. In addition to diligently reporting its performance and financial results, Nadec adheres to a culture of transparency and disseminates pertinent information to shareholders, the investment community, and stakeholders in accordance with regulatory mandates and international best governance practices. Key focal points encompass:

First: Shareholders' Rights and Communication Mechanism:

In line with its unwavering commitment to upholding shareholders' rights and in compliance with applicable regulations, Nadec has incorporated shareholder rights into its Bylaws and Corporate Governance Regulations, both of which are available on the company's official website.

Second: Enhancing Shareholders' and Investors' Access to Information:

Nadec publishes its financial reports, announcements, and important resolutions through website of the Saudi Stock Exchange (Tadawul) and prominent daily newspapers. In addition, the company ensures transparency by publishing an annual report approved by the Board of Directors. In order to facilitate effective communication with shareholders, Nadec has established a dedicated department to oversee shareholder affairs and respond promptly to their inquiries.

Third: Procedures for Informing Board Members of Shareholder Suggestions and Opinions on the Company and its Performance:

The company communicates shareholder suggestions and opinions about the company and its performance to members of the Board through the following procedures:

- 1- Ongoing submission of shareholder suggestions and opinions (if any) to Board members at the next Board meeting or through any other means of communication that makes it possible.
- 2- Organizing constante meetings with investors (IR Programs) and informing the Board of important proposals submitted by them.
- 3- Board members attend the shareholder assembly meetings. Shareholders present their suggestions and opinions to the Board during the assembly meeting, and the Board of Directors responds to them during the meeting. In addition, the Chairman of the Board of Directors discusses a number of issues and proposals related to the shareholders and the company's performance without the presence of the executives (whenever necessary).



Fourth:
Shareholder Register
Requests:

In 2023, the company’s shareholder register was requested twelve (12) times through the Securities Depository Center (Edaa), and the following is a statement of the request dates and reasons:

Reasons for request	Request date	Number of record requests
1	02/03/2023	Company procedures
2	02/03/2023	Company procedures
3	02/03/2023	Company procedures
4	02/05/2023	Other
5	02/05/2023	General Assembly
6	05/08/2023	Company procedures
7	06/24/2023	Company procedures
8	03/08/2023	Company procedures
9	02/10/2023	Company procedures
10	02/11/2023	General Assembly
11	11/15/2023	General Assembly
12	06/12/2023	Company procedures

Fifth: Dividend
Distribution Policy:

The Board’s proposal on the distribution of dividends to the company’s shareholders are presented for review and approval at the Annual General Assembly meeting in accordance with the following provisions:

- 1- The decision specifies the due date and the date of distribution, as well as the dividend entitlement of the shareholders registered in the shareholder register at the end of the specified date.
- 2- The Ordinary General Assembly may, on the proposal of the Board, allocate a certain percentage of the net profit for the establishment of a statutory reserve for purposes determined by the Assembly.
- 3- The Ordinary General Assembly may decide to establish other reserves to serve the interests of the company or to ensure the distribution of fixed dividends to shareholders as far as possible. The Assembly may also allocate sums from the net profit for the establishment of social institutions for the company's employees or to support existing institutions.
- 4- The remaining amount shall then be distributed to the shareholders as a payment equal to 5% of the company’s paid-up capital, subject to the provisions of the company’s Bylaws, Companies Law, and relevant laws and regulations. The Assembly may also allocate a certain percentage of the remaining net profit as a remuneration for the Board, in proportion to the number of meetings attended by each member.
- 5- If no dividends are distributed for any fiscal year, dividends for subsequent years may not be distributed until the specified percentage for preferred shareholders (if any) for that year has been paid in accordance with the regulations.

If the General Assembly of the company decides to authorize the Board to distribute interim dividends, the Board shall, if it deems it necessary, distribute dividends for the year in question periodically after fulfilling the requirements set forth in the laws and regulations issued by the competent authorities and the provisions of the company’s Bylaws, including, but not limited to, the following:

- 1- The Ordinary General Assembly authorizes the Board to distribute interim dividends by means of an annual renewal resolution.
- 2- The company must have good and regular profitability.
- 3- The company must have adequate liquidity and be able to reasonably forecast its earnings.
- 4- The company must have distributable profits according to its most recent audited financial statements sufficient to cover the proposed dividends after deducting any previously distributed dividends after the date of such financial statements.

Board Meetings and Attendance of Members

The Board of Directors held a total of eleven (11) meetings in 2023, including four (4) in-person meetings and seven (7) meetings conducted by other means, as detailed in the table below. No member of the Board was delegated to attend on behalf of another member during 2023G. The Board devoted ample time to fulfilling its responsibilities to the company, including preparing for and attending Board and committee meetings.

The following table sets forth the attendance record of each member of the Board of Directors at these meetings:

Attendance Record for Members of the Board of Directors for the year 2023												
Member Name		First meeting	Second meeting (by circulation)	Third meeting (by circulation)	Fourth meeting (by circulation)	Fifth meeting (by circulation)	Sixth meeting (by circulation)	Seventh meeting	Eighth meeting (by circulation)	Ninth meeting (by circulation)	Tenth meeting	Eleventh meeting
		20 Jan	30 March	3 April	8 April	14 May	7 June	20 June	18 July	10 Oct	26 Nov	19 Dec
1	Mr. Abdulaziz Saleh Al- Alrebdī	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Mr. Abdul Latif Abdullah Al Rajhi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mr. Badr Abdul Rahman Al Sayari	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Mr. Amr Abdulaziz Aljallal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Mr. Abdulaziz Muhammad Al- Rugaib	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Mr. Ahmed Saud Shahini	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Mr. Ibrahim Muhammad Al- Amer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Measures Taken by the Board of Directors to Keep Members, Particularly Non-Executives, Informed About Shareholder Suggestions and Opinions on the Company and Its Performance:

The Chairman of the Board of Directors informs its members, particularly non-executives, about any suggestions and feedback received from shareholders regarding the company and its performance at the first Board meeting of the year. The Board of Directors has delegated the company to take the necessary measures to facilitate the shareholders in submitting their proposals and feedback through the available communication channels of the Investor Relations Department, which are as follows:

Main Phone: 0112027777

Email: IR@NADEC.COM.SA

Annual General Assembly Meeting:

In accordance with the Board of Directors’ regulations, which stipulate the obligation of Board members to attend General Assembly meetings, the company convened a single Annual General Assembly meeting on 5 March 2023. This underscores the Board’s commitment to interacting with shareholders, receiving their suggestions, and gathering feedback on the company and its performance. Furthermore, an extraordinary General Assembly Meeting on the Capital Increase was held on 11 May 2023.

Member names		General Assembly Meeting	Extraordinary General Assembly Meeting on the Capital Increase
		03/05/2023	05/11/2023
1	Mr. Abdulaziz Saleh Al-Rebdi	✓	✓
2	Mr. Abdullatif Abdullah Al-Rajhi	✓	✓
3	Mr. Bader Abdul Rahman Al-Sayari	✗	✓
4	Mr. Amr Abdulaziz Aljallal	✓	✓
5	Mr. Abdulaziz Mohammad Alrugaib	✓	✓
6	Mr. Ahmed Saud Shahini	✓	✓
7	Mr. Ibrahim Muhammad Al-Amer	✓	✓

Committees and Their Main Functions

Board Committees

The company's Board of Directors has established several committees, based on its needs, circumstances, and conditions, to enable it to perform its duties effectively and to comply with the relevant regulatory requirements. These committees include the "Audit Committee," the "Nominations and Remunerations Committee," and the "Executive Committee". The following is a summary of the structure, responsibilities, and membership of each committee:



Audit Committee

A. Composition of the Audit Committee

The Audit Committee is composed of three (3) members appointed by the Ordinary General Assembly, which approved the establishment of the Audit Committee, defined its tasks and operating procedures, and determined the remuneration of its members. Below is the list of the Audit Committee members:

01	02	03
Ahmed bin Saud bin Abdulaziz Shahini - Chair of the Audit Committee - Non-Executive/Non-Independent Member (appointed by the Board of Directors on 5 October 2022 to replace the previous Chair of the Audit Committee, Saleh bin Hassan Al-Afaleq).	Ibrahim bin Mohammed bin Abdullah Al Amer - Member of the Audit Committee - Non-Executive/Independent Member (appointed by the Board of Directors on 5 October 2022 to replace the previous member of the Audit Committee, Omar bin Hamad Al-Madi).	Khaled bin Salem bin Mohammed Al-Ruwais - Member of the Audit Committee - External Member (appointed by the Board of Directors on 8 April 2023 to replace the resigned member of the Audit Committee, Amro Khaled Abdel Fattah Kurdi).

B. Audit Committee Meetings for the Year 2023

Audit Committee Meetings									
	Member Names	Membership Status	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Seventh Meeting
			22 Jan	12 Feb	14 Feb	2 May	13 June	26 July	24 October
1	Ahmed Saud Shahini	Committee Chair - Non-Executive	✓	✓	✓	✓	✓	✓	✓
2	Ibrahim Mohammed Al-Amr	Member - Independent	✓	✓	✓	✓	✓	✓	✓
3	Amro Khaled Abdel Fattah Kurdi	Member - Independent, External	✓	✓	✓	Membership Ended	Membership Ended	Membership Ended	Membership Ended
4	Khaled Salem Al-Ruwais	Member - Independent, External	Membership Not Started	Membership Not Started	Membership Not Started	✓	✓	✓	✓

C. Responsibilities of the Audit Committee

The responsibilities and duties of the Audit Committee include the following:

1. External Auditors:

- Recommend to the Board of Directors the appointment, dismissal, determination of fees, and evaluation of external auditors, after verifying their independence and reviewing the scope of their work and the terms of their engagement.
- Verify the independence, objectivity, and fairness of the external auditors and the effectiveness of their audit work, taking into account the relevant rules and standards.
- Review the company's audit plan and activities, ensuring that they do not exceed the scope of the audit, and provide feedback thereon.
- Respond to inquiries from the company's external auditors.
- Examine the external auditors' report and their comments on the financial statements and follow up on actions taken in response.
- Checking the external auditors' proposed audit scope and methodology, including coordination of audit efforts with internal audit.
- The committee shall periodically meet separately with the external auditors to discuss any matters that the Audit Committee or the auditors believe should be discussed at special meetings, if necessary.
- The committee has the right, at the request of its members, to meet with the external auditors without the Executive Vice President of Finance being present..

2. Financial Reports:

- Review the interim and annual financial statements prior to their presentation to the Board of Directors and provide an opinion and recommendations to ensure their integrity, fairness, and transparency.
- Provide an expert opinion as to whether the Board of Directors' report and the company's financial statements are fair, balanced and understandable and contain information that enables shareholders and investors to assess the company's financial position, performance, business model, and strategy.
- Revising any significant or unusual matters contained in the financial reports.
- Thoroughly investigate any issues raised by the company's Chief Financial Officer or equivalent, the company's compliance officer, or the auditors.
- Study the accounting principles followed by the company and render any related opinions and recommendations to the Board of Directors.
- Verify accounting estimates for significant events in financial reporting, including a review of accounting issues, preparation of material reports, complex or non-routine transactions, and estimation issues, in addition to considering recent professional and regulatory pronouncements and observing their impact on the financial statements.
- Review the results of the audit process with management and the auditors, including any difficulties encountered.
- Reviewing other sections of the Annual Report and any relevant legislation prior to publication and consider the accuracy and completeness of the information contained therein.

3. Internal Control:

- The Audit Committee should consider the effectiveness of the internal control system, which includes control systems and information technology security.
- Understand the scope of work of the external auditors and internal auditors in reviewing the internal control over financial reporting and obtain reports on significant observations and recommendations, with responses from management.
- Ensure the establishment of systems and controls for internal control, including:
 - Verifying the integrity of financial and accounting systems, including financial reporting systems.
 - Verifying the application of appropriate control systems to measure and manage risk by developing a comprehensive understanding of the risks faced by the company and creating an environment that fosters a risk management culture at the company level and communicating it transparently to stakeholders and relevant parties.
- Preparing a report to the Board that includes its opinion on the efficiency of these systems and its recommendations for addressing significant issues and any other recommendations for the development of these systems, as well as reporting on other activities within its mandate.
- Providing consultation and express opinions on matters relating to control aspects prior to their adoption by the Board.
- Reviewing matters referred to by the Board for recommendation to the Board in light of the committee's supervisory role.

4. Internal Audit:

- Investigate and review the company's internal control, financial systems, and risk management.
- Oversee the performance and activities of the internal auditors and the management of the company's internal audit to ensure the availability and effectiveness of resources necessary to carry out their assigned duties and responsibilities.
- Review internal audit reports and monitor the implementation of corrective actions for any findings.
- Approve the internal audit charter and the policies and procedures manual for internal audit.
- Nominate the Chief Internal Auditor and approve their financial compensation and any decisions regarding their appointment, replacement, or termination of services.
- Revising and approve the budget of the internal audit department with the Chief Internal Auditor, including resource planning, activities, and organizational structure of the internal audit function.
- Evaluate the performance of the Chief Internal Auditor at least once a year and approve their annual bonus and salary adjustment.
- Periodically verify the independence of internal auditors.
- Studying the effectiveness of the internal audit activity, including compliance with the International Professional Practices Framework for Internal Auditing, the internal audit charter, and the fundamental principles.
- The Audit Committee meets separately with the Chief Internal Auditor on a regular basis to discuss any matters that the Audit Committee or the Chief Internal Auditor deems necessary.
- Supervising internal financial investigations, such as fraud and other matters, with the requirement that the Audit Committee submits a report to the Board on such matters.

5. Ensure Compliance:

- Review the findings of regulatory reports and verify that the company has taken the necessary actions in response.
- Review the company's compliance with relevant laws, regulations, policies, and instructions.
- Escalate to the Board any matters deemed to require action and make recommendations as to the actions to be taken.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of any investigations conducted by management, including disciplinary measures (i.e., instances of non-compliance).
- Review the process for reporting on the company's code of conduct and monitor compliance with and enforcement of the code.
- Obtain regular updates from company management and the legal advisor on compliance matters.
- Review contracts and proposed transactions with related parties and provide views on such matters to the Board of Directors.

6. Reporting:

- Prepare regular reports for the Board on the activities of the Committee, its relevant observations, and recommendations.
- Propose to the Board any necessary policies or procedures for stakeholders to follow in making complaints or reporting non-compliant practices.
- Provide open channels of communication between internal auditors, external auditors, and the Board of Directors.
- Prepare an annual report for Board members and shareholders that demonstrates the effectiveness of the company's internal control system and highlights other relevant activities within its scope. The Board commits to depositing sufficient copies of this report at the company's registered office at the time of issuing the notice of the General Assembly meeting so that interested shareholders can obtain a copy. The report shall be read at the assembly and copies of the Audit Committee's reports shall be kept at the company's headquarters for a period of no less than ten (10) years.
- Review any reports issued by the company that are relevant to the responsibilities of the Audit Committee.

7. Other Responsibilities:

- The Audit Committee is responsible for establishing a mechanism by which employees of the company may confidentially report any financial or other irregularities in the reports. The Committee is also responsible for reviewing the implementation of this mechanism through an independent investigation commensurate with the magnitude of the error or irregularity and taking appropriate follow-up action.
- Perform any other activities related to this charter upon request from the Board of Directors.
- Conduct and supervise any special investigations as required.
- Review and evaluate the adequacy of the Audit Committee charter annually, obtaining the approval of the Board of Directors for any proposed changes, and ensuring appropriate disclosure in accordance with laws and regulations.
- Ensure that all responsibilities outlined in this charter are carried out on an annual basis.
- Conduct an annual performance evaluation of the Committee and its members.

Conflict between the Audit Committee and the Board of Directors

In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board rejects the Committee's recommendation with respect to the appointment, removal, determination of fees, or evaluation of the performance of the company's auditors or the appointment of the internal auditor, the Board of Directors must include in its report the Committee's recommendation, together with its rationale and reasons for not accepting it.



Nominations and Remunerations Committee

A. Composition of the Nominations and Remunerations Committee

The Nominations and Remunerations Committee is composed of three (3) members appointed by the Board of Directors on 30/8/1442H, corresponding to 12 April, 2021, upon approval of the formation of the Nominations and Remunerations Committee. Below is the list of the Nominations and Remunerations Committee members:

- 01

Amr bin Abdulaziz bin Abdullah Aljallal: Chairman of the Nominations and Remuneration Committee - Independent.
- 02

Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi: Member of the Nominations and Remunerations Committee - Non-Executive.
- 03

Ibrahim bin Mohammed bin Abdullah Al-Amer: Member of the Nominations and Remuneration Committee - Independent.

B. Meetings of the Nominations and Remunerations Committee in 2023G

Nominations and Remunerations Committee									
Ser	Members' Names	Member-ship Status	First Meeting	Second Meeting	Third Meeting [by circulation]	Fourth Meeting	Fifth Meeting	Sixth Meeting	Seventh Meeting
			20 Jan	8 April	28 May	30 July	23 Sep	9 Oct	29 Oct
1	Amr Abdulaziz Aljallal	Committee Chair - Independent	✓	✓	✓	✓	✓	✓	✓
2	Abdullatif Abdullah Al-Rajhi	Member -non-executive	✓	✓	✓	✓	✓	✓	✓
3	Ibrahim Mohammed Al-Amer	Member - Independent	✓	✓	✓	✓	✓	✓	✓



C. Responsibilities of the Nominations and Remunerations Committee

The responsibilities and duties of the Nominations and Remuneration Committee include the following:

1. Remunerations:

- Develop a clear policy for the remunerations of Board members, committees derived from the Board, and executive management, and submit it for review in preparation for approval by the General Assembly. This policy should be based on performance-related criteria, should be disclosed, and should ensure that its implementation is verified.
- Clarify the relationship between the remuneration granted and the applicable remuneration policy, and disclose any material deviation from the policy.
- Regularly review the remuneration policy to ensure that it remains appropriate in light of any changes in legislation and regulations, the company's strategic objectives and the skills required to achieve them, and to assess its effectiveness in achieving the desired objectives. The Committee should recommend any proposed changes to this policy to the Board.
- Recommend to the Board the remuneration of Board members and its committees, in accordance with the policy approved by the General Assembly of the company.
- Recommend to the Board the remuneration of the executive management of the company, in accordance with the policy approved by the Board.
- Approve the payment of remunerations to the company's employees in accordance with the internal policies of the company.
- Review the recommendations of the CEO regarding the directions and criteria for financial remuneration and other benefits for the executive management, their validity, and their alignment with the adopted policy.
- Prepare an annual report on the remuneration granted to members of the Board, its committees, and the executive management.
- Develop criteria for evaluating the performance of the Board, its members, and its committees derived therefrom and submit such criteria to the Board for approval. The Committee may conduct or oversee evaluations if conducted by a third party. Additionally, the Committee is responsible for proposing mechanisms for the development of the Board and its committees.

2. Nominations:

- Recommend to the Board appropriate policies and criteria for Board and executive management membership to determine the skills and qualifications required. Review these criteria periodically to ensure that they remain appropriate in light of any changes in relevant legislation, regulations, the company's strategic objectives and the skills and qualifications required to achieve them. Ensure that individuals with a history of convictions for crimes that undermine integrity are not nominated.
- Regularly review the Board membership policy to ensure its alignment with changes in legislation, regulations, the company's strategic objectives and the skills and qualifications required to achieve them. Recommend any proposed changes to this policy to the Board.
- Recommend to the Board nominees for Board membership and executive management positions in accordance with the Board membership policy.
- Develop job descriptions for the skills and qualifications required for Board membership and executive management positions.
- Review the organizational structure of the company and make recommendations for any changes.
- Develop job descriptions for executive and non-executive members and independent members.
- Determine the time commitment required from Board members for their Board duties.
- Review cases of conflict of interest for individuals seeking nomination to the Board and make recommendations in this regard.
- Establish and recommend procedures in the event of a vacancy on the Board or any committee thereof.
- Verify the independence of independent members and ensuring the absence of any conflicts of interest if the member serves on the board of another company.
- Review and make recommendations to the Board regarding the competition of a Board member with any of the activities of the company or its competitors in the activities or fields of activity pursued by the company, after receiving a report from the member on the competing activities they wish to pursue, based on the concept of competition and in accordance with the following procedures and criteria:
- Reviewing the Board member's report on the proposed competing activities from a technical perspective.
- Examination of the market or markets in which the competing business or any related products operate.
- Reviewing the relationship between the competing business and the company's strategy and future directions.
- Annually review a Board member's conflict of interest with the company's activities (as approved by the General Assembly) and have the authority to obtain the information necessary to conduct such review.
- Recommend to the Board the reappointment or removal of any member of the Board or of any committee derived from the Board.
- Identify strengths and weaknesses of the Board and propose measures to address them in the best interest of the company.
- Perform such duties as are assigned to it by the Board in connection with its functions.
- Provide appropriate training and orientation to new Board members regarding the company's operations and performance to enable them to perform their duties effectively.
- Consider and review succession plans for the company in general, as well as for the Board, CEO, and executive management positions.



The Executive Committee

A. Composition of the Executive Committee

The Executive Committee consists of five (5) members appointed by the Board of Directors on 30/8/1442H, corresponding to 12 April, 2021 , upon approval of the formation of the Executive Committee. Below is the list of the Executive Committee members:

01

Abdulaziz bin Saleh bin Abdullah Al-Rebdi – Chairmen of the Executive Committee – Non-Executive

02

Bader bin Abdulrahman bin Abdullah Al-Sayari – Member - Non-Executive

03

Ahmed bin Saud bin Abdulaziz Shahini – Member - Non-Executive

04

Abdulaziz bin Mohammed bin Hamad Al-Rageeb – Member - Independent

05

Sulaiman bin Abdullah bin Saleh Al-Twajri – Member - executive

B. Executive Committee Meetings for the year 2023

Executive Committee meetings								
Ser	Member names	Membership status	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth meeting
			17 Jan	4 April	30 May	11 July	22 August	10 October
1	Mr. Abdulaziz Saleh Al-Rebdi	Chairman, Non-Executive	✓	✓	✓	✓	✓	✓
2	Dr. Solaiman Abdulaziz Al-Twajri	Member, Executive	✓	✓	✓	✓	✓	✓
3	Mr. Badr Abdul Rahman Al-Sayyari	Member, Non-Executive	✓	✓	✓	✓	✓	✓
4	Mr. Abdulaziz Mohammed Alrugaib	Member, Independent	✓	✓	✓	✓	✓	✓
5	Mr. Ahmed Saud Shahini	Member, Non-Executive	✓	✓	✓	✓	✓	✓



C. Responsibilities of the Executive Committee

The responsibilities of the Executive Committee include the following:

Executive Tasks

- Recommend any amendments to the company's Bylaws.
- Recommend the vision and strategic objectives of the company.
- Review systems, regulations, policies, and executive programs and make necessary modifications or additions.
- Review annual budget objectives prior to submission to the Board of Directors for approval and monitor their implementation.
- Make recommendations to the Board of Directors regarding the distribution of profits.
- Oversee the preparation of economic and advisory studies.
- Monitor the implementation of the company's integrated information systems programs.
- Supervise the study of financing and the management of the financial needs of the company.
- Make recommendations to the Board regarding loan and mortgage operations.
- Recommend strategic plans and long, medium, and short-term objectives, update and review them periodically, and submit them to the Board of Directors for approval.
- Supervise the study of plans related to the company's current activities, financial status, and competitiveness, and monitor and evaluate these plans.
- Supervise the study of all matters and issues that may affect the image of the company.
- Supervise the study of new projects and investments and make recommendations to the Board of Directors.
- Monitor the implementation of the decisions taken by the Board of Directors and the Executive Committee.
- Monitor the company's financial situation and its operational and marketing policies.
- Submit reports to the Board of Directors on the Committee's accomplishments, decisions, and recommendations.
- Perform any duties or responsibilities assigned by the Board of Directors.
- Review the social responsibility policy and media plan, and review and report to the Board on social work initiatives.
- Represent the Board of Directors at general assemblies of subsidiaries or affiliates.

Investment Responsibilities:

- Review and approve the company's general investment policy, including investment philosophy and strategy, etc.
- Review and prioritize investment opportunities based on established investment evaluation criteria and approve new investments with a maximum value of SAR50 million. For investments exceeding this value, the committee is required to make recommendations to the company's Board of Directors.
- Review and approve acquisition and investment proposals in accordance with the company's overall strategy.
- Monitor the financial performance and integration of the company's investments and all investment transactions, such as acquisitions, entering into joint ventures, and liquidation activities.
- Review and recommend any strategic alliances that the company may enter into.
- Review and approve the company's investment plan.
- Review the company's policy on financial derivatives and all hedging transactions to provide a framework for the company's use of derivatives and hedging, monitor such transactions, and assess the investment risks to which the company may be exposed.
- Submit periodic reports to the Board on the activities of the Investment Committee and related issues and recommendations.
- Directly oversee the company's internal and external investments and make regular reports to the Board of Directors.
- Giving recommendations to the Board regarding the divestment or liquidation of existing investments.
- Approve the corporate governance framework and management mechanisms for subsidiaries and affiliates.
- Approve nomination policies for Board members and executives of subsidiaries and affiliates, including the mechanisms for selecting board members and executives for such companies.
- Submit to the Board for approval relevant recommendations for the appointment of Board members and executives of subsidiaries and affiliates.
- Ensure the integrity of investment procedures and establish controls to safeguard the company's interests, and fully supervise the acquisition or merger stages for each investment opportunity.
- Periodically review the performance evaluation and progress according to the approved plans of the Boards of subsidiaries and affiliates and submit recommendations to the Board.

Name	Current Position	Previous Position	Qualifications	Years of Experience
Dr. Solaiman Abdulaziz Al-Twaijri	Chief Executive Officer	CEO of Saudi Arabian Amiantit Company	- Ph.D. in Accounting - Case Western Reserve University, Cleveland, Ohio, USA. - Master's in Accounting - Illinois State University, USA. - Bachelor's Degree in Industrial Management - King Fahd University of Petroleum and Minerals. - Winner of the Prince Mohammed bin Fahd Award for Scientific Excellence in 1989. - He holds many positions and memberships in prestigious international and local companies. - Expert in finance and accounting.	More than 26 years
Mr. Abdullah Ibrahim Al-Dehimi	Vice President, Governance, Risk, Compliance and Legal	Executive Director of Communications and Corporate Affairs and Secretary of the Board of Directors	- Diploma in Management. - Bachelor's Degree in Business Administration.	More than 16 years
Mr. Saad S. Alhowaimel	Vice President of Information Technology	Director of Information Technology Department	- Master's Degree in Computer Science. - Bachelor's Degree in Computer Engineering	More than 19 years

Name	Current Position	Previous Position	Qualifications	Years of Experience
Mr. Marwan Mohammed Al-Mubarak	Vice President for Internal Audit	Manager of Internal Audit Department	- Master's Degree in Accounting. - Bachelor's Degree in Business Administration	More than 12 years
Mr. Jamal Eddin Malek	Vice President for Operations	General Manager of Product Supply	Bachelor's Degree in Electrical Engineering	More than 38 years
Mr. Hassan Khalil Aqrouq	Vice President for Finance	Chief Financial Officer	- MSc in Finance. - Bachelor's Degree in Science in Finance and Accounting	More than 19 years
Mr. Alistair McGowan Crawford	Vice President - Protein	General Manager, Gulf Region, Horizon Food S/E	- Master's Degree in Business Administration - Bachelor's Degree of Business Studies, Marketing and French Language	More than 20 years
Mr. Marcelo Joseph Wegman	Vice President - Strategy	General Manager (Strategy and Supply Chains), Tyson Foods Europe B.V.	- Master's Degree in Business Administration - Bachelor's Degree of Science in Economics.	More than 20 years

Remunerations Policy

The Remunerations Policy applies to the Board of Directors, its subcommittees, and the executive management of the company. The Remunerations and Nominations Committee is responsible for working with the executive management to ensure the smooth implementation of the policy and to verify the adequacy of the procedures implemented. Any deviations encountered during implementation are meticulously evaluated and reported to the Board for guidance. The essence of the policy therefore consists of the following:

- Incentivizing the Board of Directors, its subcommittees, and the executive management through the provision of remunerations to promote the long-term success and growth of the company.
 - This policy must be consistent with the risks associated with the company’s operations. The company’s internal laws and regulations must be consistent with this policy.
 - The policy shall observe industry practices in determining remuneration, while prudently avoiding unjustified increases in remunerations and benefits.
- The primary objective of this policy is to attract, retain, and motivate professional competence while exercising prudence.
 - All new appointments should be made with due regard to the rules and regulations, in cooperation with the Remunerations and Nominations Committee.
 - Suspension and reimbursement of remuneration should be considered in cases where individuals have provided inaccurate information to prevent the exploitation of job positions for unwarranted gain.

Board Members Remuneration

- The company's bylaws show the mechanism for disbursing the remuneration of the members of the Board of Directors. This remuneration may be a specific amount, an allowance for attending meetings, in-kind benefits, or a certain percentage of the net profits.
- The Nominations and Remunerations Committee annually, when studying the proposed remuneration for the Board and its committees, verifies the annual plans drawn up for the company, the objectives achieved and the efforts made by the members of the Board and its committees during the year.

During the recommendation of the remunerations, the Nominations & Remuneration Committee studied the relation between remunerations granted and applicable remuneration policy that was approved by the General Assembly on 05/11/2023, and the committee did not discover any material deviations from the remuneration policy.

Number of Meetings of Board Members and its Subcommittees

Record of Board and committee meetings									
Ser	Member Names	Membership Status	Number of Board of Directors sessions		Number of Audit Committee Sessions	Number of Remunerations and Nominations Committee sessions		Number of Executive Committee Sessions	Total
			Present	By circulation		Present	By circulation		
1	Mr. Abdulaziz Saleh Al- Alrebdi	Non-executive	4	7	0	0	0	6	17
2	Mr. Abdul Latif Abdullah Al Rajhi	Non-executive	4	7	0	6	1	0	18
3	Dr. Sulaiman Abdulaziz Al-Twajri	Executive	4	7	0	0	0	6	17
4	Mr. Badr Abdul Rahman Al-Sayyari	Non-executive	4	7	0	0	0	6	17
5	Mr. Amr Abdel Aziz Al-Jalal	Independent	4	7	0	6	1	0	18
6	Mr. Abdulaziz Muhammad Al-Raqeeb	independent	4	7	0	0	0	6	17
7	Mr. Ahmed Saud Shahini	Non-executive	4	7	7	0	0	6	24
8	Mr. Ibrahim Mohammed Al-Amer	Independent Member	4	7	7	6	1	0	25
9	Mr. Amr Khaled Abdul Fattah Kurdi	Independent Non-Board Member	0	0	3	0	0	0	3
10	Mr. Khalid Salem Al-Ruwais	Independent Member	0	0	4	0	0	0	4

Remuneration of Members of Board Committees

[illegible]

Statement of Total Remuneration Received by Each Member of the Board's Committees Membership:

Statement	Executive Members	Non-Executive Members	Independent Members	Committee Members	Total
Attendance Allowance	-	64,000	48,000	-	112,000
Board Remunerations	-	1,050,000	750,000	-	1,800,000
In Lieu of Attending Committees	24,000	124,000	128,000	-	276,000
Committee Remunerations	150,000	700,000	500,000	150,000	1,500,000
Total	174,000	1,938,000	1,426,000	150,000	3,688,000

Executive Management Remunerations

- In determining remuneration for the executive management, due consideration must be given to the internal policies of the company to ensure alignment with the intended objectives.
- The allocation of specific remuneration to individual members of the executive management may vary depending on the results achieved during the performance period.
- The maximum limit for executive management remuneration is reviewed annually and any proposed revisions are submitted to the Board of Directors for review and subsequently to the General Assembly for approval.
- These policies are tightly woven into the fabric of the company's strategy and objectives, with due regard to the existing executive management evaluation policy. It is imperative to emphasize that should any discrepancies arise in the stated remunerations of the executive management as a result of inaccurate information or erroneous results, regardless of the underlying reasons, such matters will be escalated to the Board for prudent decision making, while ensuring compliance with relevant regulations to safeguard the rights of the company's shareholders.
- The entitlements and remuneration of the five members of the company's executive management, including in particular the CEO and CFO, who received the highest remuneration for the fiscal year 2023, are set out below.



Interest	Description	Total
Fixed Benefits	Salaries	5,920,919
	Allowances	3,935,655
	In-kind benefits	740,499
	Total	10,597,074
Variable benefits	Periodic remunerations	-
	Profits	-
	Short-term incentive plans	-
	Long-term incentive plans	2,070,846
	Offered Shares (value to be added)	-
	Total	2,070,846
Total Remunerations	End of Service Award	-
	Total Executive Remunerations if any	4,269,730
	Total	16,937,650

Clarification: The company has committed itself to disclose the details of executive management remuneration in total, in line with the statutory requirements contained in subparagraph (b) of paragraph (4) of Article (90) stipulated in the Corporate Governance Regulations, to protect the interest of the company, its shareholders, and its employees to avoid any harm to the company that may result in a competitive result of human capital.

Ownership of Members of the Board of Directors and Executive Management

Members of Board of Directors Committees					
Ser	Name	Fixed Remu- nerations	Total Attendance Allowance	Total Expense Allowance	Total
Review Committee					
1	Mr. Ahmed Saud Shahini	150,000	28,000	0	178,000
2	Mr. Ibrahim Muhammad Al-Amer	150,000	28,000	0	178,000
3	Amro Khaled Abdel Fattah Kurdi	40,274	12,000	0	52,274
4	Mr. Khaled Salem AL-Ruwais	109,726	16,000	0	125,726
Remunerations and Nominations Committee					
1	Mr. Amr Abdulaziz Aljallal	100,000	24,000	0	124,000
2	Mr. Abdullatif Abdullah AL-Rajhi	100,000	24,000	0	124,000
3	Mr. Ibrahim Mohammed AL-Amer	100,000	24,000	0	124,000
Executive Committee					
1	Mr. Abdulaziz Saleh AL-Rebdi	150,000	24,000	0	174,000
2	Dr. Solaiman Abdulaziz AL-Twajjri	150,000	24,000	0	174,000
3	Mr. Badr Abdulrahman AL-Sayyari	150,000	24,000	0	174,000
4	Mr. Abdulaziz Mohammed Alrugaib	150,000	24,000	0	174,000
5	Mr. Ahmed Saud Shahini	150,000	24,000	0	174,000

Relationship between the remunerations granted and the applicable remunerations policy.

When recommending remuneration, the Remunerations and Nominations Committee reviews the relationship between the remuneration granted and the Remunerations Policy adopted by the General Assembly of the company’s shareholders on 5 November 2023. The Committee has not identified any significant deviations from the Remunerations Policy.

Ownership of Members of the Board of Directors and Executive Management

Name of the person with the interest	Start of year		End of year		Net change	Percentage change
	Number of Shares	Debt instruments	Number of Shares	Debt instruments		
Mr. Abdullatif Abdullah AL-Rajhi	89,185	-	264,227	-	-	-

Executive Management Interest, Spouses And Minor Children In The Company's Shares, And Any Changes In Ownership During 2023G

The Name of the Person Who Has the Interest	Beginning of the year		End of the Year		Net Change	Change Percentage
	Number of Shares	Debt Instruments	Number of Shares	Debt Instruments		
	-	-	-	-	-	-

Transactions with Related Parties and Competing Businesses

First:

Transactions with Related Parties: Nadec is committed to reviewing potential conflicts of interest within its Board of Directors and executive management. Conducting transactions with related parties, the company strictly adheres to approved policies, regulations, and applicable laws. Contracts involving a member of the Board of Directors, executive management, or their affiliates, as well as transactions with other related parties, are as follows:

Company	Nature of relationship and name of relevant member	Nature of transaction/ contract	Transaction/ contract amount	Duration of the deal/ contract	Terms of deal/contract
Minerva Foods	Chairman of the Board of Directors - holds the position of Deputy chairman in Minerva Foods Abdulaziz Al-Rebdi	Nadec's procurement of red meat products	3,765,959	year	In accordance with generally accepted contract terms
Arabian Milling and Food Industries Company (previously: Second Milling Company)	Member of the Board of Directors - Representative of Sulaiman Al Rajhi Holding Company (Joint partner) Bader Al-Sayari	Receipt of an amount as compensation for the termination of Nadec's distribution and services agreement[s]	10,000,000	year	In accordance with generally accepted contract terms
Arabian Milling and Food Industries Company (previously: Second Milling Company)	Member of the Board of Directors - Representative of Sulaiman Al Rajhi Holding Company (Joint partner) Bader Al-Sayari	Nadec purchase of raw materials products	27,511,137	year	In accordance with generally accepted contract terms

Second: the competing business:

The member of the Board of Directors (Badr bin Abdul Rahman Al-Sayyari - representative of Sulaiman bin Abdulaziz Al-Rajhi Holding Company which has a project for agricultural and food production similar to some of its activities to what are practiced by (NADEC), and this project has been in existence for years before being elected to the board membership, it was approved by the board of directors of the company & it is recorded in the minutes of board meetings, the assembly is required to vote on it within the items listed on the assembly's agenda.



Governance

Nadec abides by rigorous governance standards to optimize long-term shareholder value, consistent with its unwavering commitment to excellence in all facets of its operations and product offerings. This commitment is underscored by robust strategic planning, risk mitigation strategies, transparency initiatives, and a steadfast commitment to social and environmental responsibility, all in strict compliance with corporate regulatory directives. In addition, Nadec seeks to elevate its comprehensive governance framework and its integral components as key enablers in achieving organizational objectives and advancing sustainability efforts. Additionally, Nadec strives to foster enduring strategic partnerships with its stakeholders, thereby strengthening its operational resilience and enhancing its position in the market.



Governance, Risk, and Compliance

We have thoroughly implemented governance, risk, and compliance measures within the company, following the standards outlined in the OCEG Governance, Risk, and Compliance, in alignment with the Capability Model 3.5 (commonly referred to as the Red Book). Our goal is to establish a robust framework for governance, risk management, and compliance, in strict compliance with relevant laws and regulations. This endeavor is driven by our unwavering commitment to maintaining the highest levels of integrity. We actively engage in governance, risk assessment, and compliance activities, maintaining a constant awareness of potential risks to the company and the imperative of regulatory compliance. Our efforts are designed to eliminate duplication in management and governance roles while improving operational efficiency, thereby ensuring seamless business continuity and bolstering cybersecurity measures.

Governance Management

Nadec's governance management follows the highest international standards, based on frameworks such as ISO 37000:2021 (Corporate Governance). The company's governance protocols are enshrined in the directives outlined in the Companies System issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority. These regulations have been meticulously crafted to align with best practices both domestically and globally. The oversight of the company's operations is carefully monitored by two key departments: Operational Governance and Corporate Governance. It rigorously enforces all charters governing the Board of Directors and its committees, as well as policies governing the evaluation, nomination, and compensation of board members and their committees. Additionally, it enforces other relevant policies to ensure comprehensive governance of all facets of the Board of Directors, its committees, and every department within the company.

Nadec's Governance Department achieved notable milestones in 2023, laying a solid foundation for ethical and transparent operations. Through strategic initiatives and unwavering dedication, we strengthened governance frameworks and internal processes, optimizing operations while ensuring steadfast compliance with regulatory mandates. These concerted efforts culminated in fostering a culture of sound governance that permeates all corners of the company. Key accomplishments for the year include:

Amendment of Company Policies to Align with Corporate Governance Regulations: We meticulously reviewed and updated company policies and charters to harmonize with best practices and regulatory requirements mandated by the Capital Market Authority.

Enhancement of Operational Framework: The development and implementation of various operational policies, coupled with the establishment of standardized operating procedures, facilitated streamlined and regulated business activities.

Defined and Updated Authority Matrix: The refinement of the authority matrix at two distinct levels empowered senior management and employees to carry out their responsibilities with accountability at both the corporate and operational levels.

Focus on Sustainability: The initiation of the development of an inaugural report on Nadec's environmental, social, and governance practices underscores our unwavering commitment to sustainability initiatives.

Streamlined Meeting Effectiveness: Effective management of Board of Directors and committee meetings, characterized by efficient scheduling, preparation, and dissemination of materials, ensured that decisions were communicated and implemented in a timely manner.

Rights Issue Experience: Overseeing the entire rights issuance project, including conducting comprehensive legal due diligence, preparing the issuance application, drafting the prospectus, and updating related documents, ensured the seamless and proper execution of the project and exemplified the company's adherence to its obligations..

Risk Management

Nadec’s risk management system is based on the implementation of the controls described in ISO 31000 and the “Enterprise Risk Management Framework” issued by the COSO sponsoring organizations. The Risk Management Department works diligently to mitigate damages at all strategic and operational levels, specializing in proactive risk mitigation.

In 2023, Nadec saw significant improvement in its risk management capabilities. Through proactive initiatives and meticulous execution, a robust framework was established, resulting in proactive risk reduction and facilitating informed decision making. Nadec adopted a holistic approach that included the development of risk registers for all departments, comprehensive risk analysis, and the use of advanced technology. These measures ultimately strengthened the company’s agility and paved the way for sustainable growth. Key achievements during the year include:

Comprehensive Coverage: Centralized risk registers were meticulously established across all departments, providing a comprehensive view of risks and potential vulnerabilities.

Business Scope Expansion: The initiation of the second phase of risk management focused on the implementation of responsive risk mitigation plans tailored to the identified risks, encompassing effective risk mitigation strategies. In-depth analysis was conducted to refine the risk assessment process and develop robust mitigation strategies.

Contractual Measures: A dedicated department for contract risk management was established to effectively identify and manage contractual risks on an ongoing basis.

Technology-Enabled Governance: The establishment of the Governance, Risk, and Compliance Department leveraged resource planning processes to enhance risk management, process control, automation, and real-time insights.

Data-Driven Decision Making: A visually intuitive dashboard was developed to provide real-time data for risk prediction, enabling informed decisions based on comprehensive risk information.

Fraud Prevention: A comprehensive fraud management policy was formulated, complemented by the establishment of a dedicated department to combat potentially fraudulent activities.

Proactive Analysis: A comprehensive fraud risk analysis was initiated, including scenario development and necessary plans to proactively identify and address potential fraud risks.

Compliance Management

Nadec remains steadfast in terms of its commitments to the highest standards of compliance and business ethics. Our unwavering focus is on strengthening a robust compliance management system through strict adherence to industry best practices and regulatory mandates. By vigilantly monitoring evolving compliance standards and global best practices, Nadec ensures seamless alignment with the dynamic regulatory landscape.

In 2023, Nadec’s compliance department demonstrated exceptional capabilities in proactively safeguarding company operations and meticulously adhering to regulatory requirements. Through the implementation of automated processes, the formation of specialized teams, and the skillful use of technology, we have established a robust and cost-effective compliance framework to mitigate compliance risks. Key accomplishments during the year include:

Enhanced Compliance Risk Monitoring: Development of a comprehensive compliance monitoring program to ensure continuous oversight and early detection of potential risks.

Proactive Compliance Review Plans: Timely completion of internal compliance plan development, demonstrating proactive risk management practices and an unwavering commitment to regulatory compliance.

Internal Compliance and Field Diligence: Regular review and audit of compliance processes across multiple operational areas, resulting in comprehensive reports that validate operational integrity and regulatory compliance.

Low-Cost Awareness: Creation of a robust “Compliance World” database of applicable regulations, resulting in significant cost savings and improved internal knowledge management.

Cultivation of a Self-Assessment Culture: Departmental self-assessments successfully conducted, laying the groundwork for a comprehensive company-wide assessment slated for 2024.

Technology-Driven Compliance: Increased operational efficiency and compliance levels through the development of an internally built “Accreditation Platform” that facilitates quick and effective responses to user requests and inquiries.

Increased Transparency: Development of compliance dashboards for regulatory and internal compliance, providing real-time insights for data-driven decision making.

Commitment to Cybersecurity: Development and implementation of comprehensive cybersecurity policies and procedures, in collaboration with regulatory authorities, to protect digital assets and maintain trust.

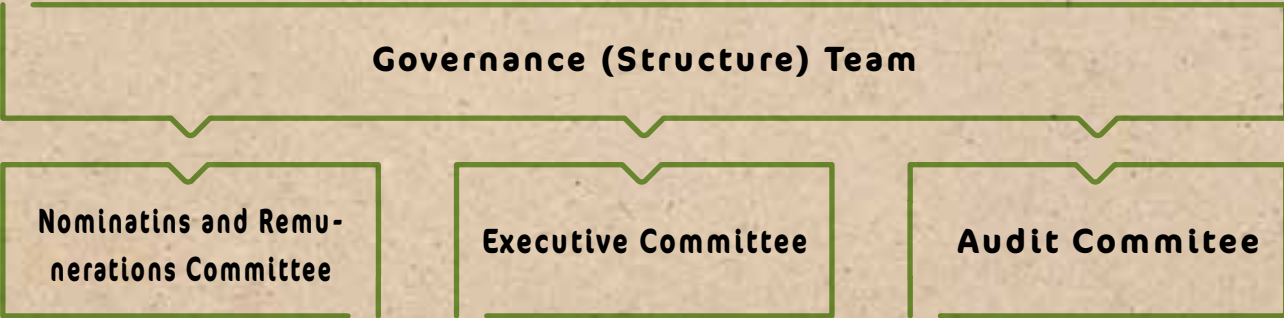
Nadec’s steadfast commitment to cybersecurity epitomizes our dedication to responsible stewardship of digital assets and reflects our adherence to international standards and collaborative engagement with regulatory bodies.

Nadec’s Approved Governance Rules and Policies

To ensure effective corporate governance, the executive management, represented by the Governance, Risk, and Compliance Department, diligently updated and developed corporate charters and policies in 2023. These updates are aligned with the regulations issued by the Ministry of Commerce and the Capital Market Authority, as well as prevailing best practices. The resulting regulations and policies were presented to the Board of Directors for approval or recommendation to the General Assembly at its inaugural meeting, as required by the jurisdiction.

Governance Team Structure

Corporate governance at Nadec extends beyond mere compliance obligations. A meticulously crafted comprehensive framework delineates roles, responsibilities, decision-making processes, and oversight mechanisms. The governance structure contains three specialized committees dedicated to assisting the Board of Directors in fulfilling its governance responsibilities within the company. These committees include the Audit Committee, the Executive Committee, and the Remunerations and Nominations Committee. Regular reviews are conducted to assess the performance of the Board and its committees, thereby enhancing their effectiveness in achieving the company's objectives.



Corporate Governance Policies

The company's governance policies are binding for all executives, employees, and stakeholders, with any modifications subject to the approval of the Board of Directors. These policies encompass shareholder rights and describe mechanisms to facilitate their exercise in accordance with regulatory standards and global best practices. Measures are taken to improve shareholder communication through effective shareholder management and the provision of tools aimed at enhancing the effectiveness of communication.

In pursuit of effective corporate governance, the executive management, represented by the Governance, Risk, and Compliance Department, diligently updated and developed the governance regulations and policies in 2023. These updates are in line with regulations issued by the Ministry of Commerce and the Capital Market Authority, as well as prevailing best practices. Consequently, all governance regulations and policies were approved both the Board of Directors and the General Assembly in 2023.

Commitment to Implementing Governance Policies and Rules

With an unwavering commitment to upholding the rights of its shareholders and stakeholders, the Board of Directors prioritizes the implementation of the provisions outlined in the Corporate Governance Regulations issued by the Capital Market Authority. The company strictly complies with all mandatory provisions, with the following exceptions:

Article/Paragraph	Article/Paragraph Provision	Reasons for non-implementation
Article (37) Training	Establishing necessary mechanisms for members of the Board of Directors and executive management to continuously participate in programs and courses aimed at developing their skills and knowledge in areas relevant to the company's activities.	Guiding Article
Article (67) Formation of the Risk Committee	By decision of the company's Board of Directors, a committee called the "Risk Committee" shall be formed, with its chairman and a majority of its members being non-executive members of the Board of Directors. It is a requirement for committee members to possess a suitable level of knowledge in risk management and financial affairs.	Guiding article
Article (90), Paragraph (B) of Clause Four, Disclosure of Remunerations	Providing the necessary details regarding the remuneration and compensation paid to each individual separately: B. Five senior executives who received the highest remuneration from the company, including the CEO and CFO.	Partially implemented.
Article (92) Formation of a Corporate Governance Committee	In the event that the Board of Directors forms a committee specializing in corporate governance, it shall be delegated to the authorities stipulated in Article 94 of these regulations. The committee shall monitor all matters related to governance implementation and provide the Board of Directors with reports and recommendations at least once a year.	guiding article

Some paragraphs of the regulations remain advisory and may be implemented in the future or upon mandate by the Capital Market Authority, the Ministry of Commerce, or other regulatory and supervisory bodies.

Transparency and Disclosure

Nadec is committed to providing accurate and timely information to all relevant stakeholders on a regular basis by accurately and promptly disclosing all material matters. This includes the company's financial position, performance, and governance practices, as well as compliance with rules regarding the disclosure of information, methods of classifying information, and timing of disclosure. These endeavors are consistent with the provisions outlined in the Companies Law, the Sixth Regulation of Listed Companies Governance issued by the Capital Market Authority, and other relevant regulations and laws, as well as sound corporate governance principles and practices.



Information Disclosed by the Company

- When the company is confidentially provided with such information, and disclosure thereof may result in filing a lawsuit for breach of confidentiality.
- The conditions in which disclosure leads or may lead to harm the commercial interests of the company, its commercial partners or other third parties, and in the conditions in which public interest of disclosure has priority over the public interest of non-disclosure.
- The disclosure of such information results in breach of the principles of personal information protection.
- Personal information of company employees and members of the Board and its committees.
- When such information have legal immunity.
- If disclosure will lead or probably leads to harm a crime investigation procedures or prevent occurrence or detection thereof or realizing justice.

Company Subsidiaries

The National Agricultural Development Company invests in a total of four (4) subsidiary and affiliated companies, namely:

Subsidiary Company Name	Main Activity	Company Headquarters	Year Found-ed	Capital (SAR)	NADEC contribu-tion per-centage	Company’s total reve-nues during the year 2023
National Seed Production Company	Seeds	Riyadh, Kingdom of Saudi Arabia	1406H	29,515,200	13.99 %	The financial statements has not been issued at the time this report was printed.
United Dairy Farms Company	Veterinary medicine warehouse	Riyadh, Kingdom of Saudi Arabia	1408H	7,250,000	8.26%	The financial statements has not been issued at the time this report was printed.
Arabian Mills Compa-ny for Food Products (formerly: Second Milling Company)	Packing and grinding (wheat, groats, semolina, bulgur, fodder)	Riyadh, Kingdom of Saudi Arabia	1442H	513,150,060	14.87%	The financial state-ments has not been issued at the time this report was printed.
National Company for Agricultural Production	Its main activity is agricultural production	Riyadh, Kingdom of Saudi Arabia	1404H	5,000,000	51%	The financial statements has not been issued at the time this report was printed.

Penalties and Fines

No penalties or fines were imposed on the company by the Capital Market Authority or other regulatory and supervisory bodies during the year 2023.

Cases of Bankruptcy and Insolvency of the Board of Directors and Executive Management

As of the date of this publication, there have been no cases of bankruptcy of members of the Board of Directors, the executive management, or the Board Secretary. Additionally, there have been no cases of insolvency in the past five years in which any of the members of the Board of Directors, the executive management, or the Board Secretary was appointed by the insolvent company to a management or super- visory position.

Declarations of the BOD

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

The Opinion of the Audit Committee on the Adequacy of the Internal Control Systems

Recognizing that no control system can provide complete and absolute assurance as to the integrity and effectiveness of the company’s internal control, the Audit Committee, based on periodic reports provided by management, its supervisory role in monitoring the activities and reports of the inter- nal audit department, and the evaluations of the control system performed by external auditors as part of their regular reviews, has not identified any significant shortcomings in the internal control sys- tem that could impact the fairness of the financial statements and warrant the attention of the General Assembly. However, the Committee remains com- mitted to working with executive management to address control procedures that require continuous improvement of controls and internal control sys- tems within the company.

Audit Committee’s Recommendations that Conflict with Decisions of the Board of Directors

There are no recommendations from the Audit Com- mittee that conflict with the decisions of the Board of Directors or that have been rejected by the Board with respect to the appointment or removal of the company’s auditors, determination of their fees, the evaluation of their performance, or the appointment of the internal auditor.

Future Plans

Nadec is committed to implementing its strategic plan, which seeks to fortify its position as a leading company in the local and regional food and consumer goods markets. This endeavor will enable the company to expand its current business and broaden the scope of its products by engaging in new activities. The com- pany works to become an integrated food company with a sales target of SAR6 billion by 2027. To realize this objective, a financial restructuring plan will be for- mulated to enhance the company’s financial resilience to facilitate the implementation of its strategic and op- erational plans and support its future endeavors.



Internal Audit

Internal audit serves as an independent and objective activity aimed at providing consulting services to improve Nadec's operations and add value. It assists Nadec in achieving its objectives through a systematic and disciplined approach to evaluating and improving the effectiveness of its risk management, control, and governance processes.

Nadec's internal audit management uses a risk-based audit approach to prioritize critical areas for review within defined timeframes. The scope of internal audit activities covers all internal control systems and procedures in order to:

- Achieve Nadec's objectives.
- Ensure efficient resource utilization.
- Ensure compliance with policies, procedures, laws, and regulations.
- Safeguard Nadec's assets and interests from various forms of loss, including fraud, violations, or corruption.
- Ensure the integrity and reliability of information and data.

In accordance with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA), the internal audit management adheres to international standards and fundamental principles, definitions, and guidelines for internal audit activities.

Nadec's senior management serves as the management of the internal audit function, acting as the "third line of defense" to maintain independence. It provides functional reports to the Audit Committee of the Board of Directors and administrative reports to the CEO, who considers it the "first and second line of defense." It ensures that appropriate internal control measures are in place to identify the risks faced by the service areas, and the internal audit evaluates the effectiveness of these measures and provides assurance through procedures. It represents a crucial mechanism for controlling, monitoring, and enhancing performance at the company level..

Major Challenges

Nadec faces a number of major challenges that make it difficult for the internal audit to perform all of its tasks in the company. It is always working to develop the plans and policies required to overcome these challenges. Nadec uses these policies and plans to improve performance and maximize results. The main challenges are as follows:

01

Following up on outstanding audit observations.

02

Identifying new and evolving risks.

03

Recruiting qualified, competent, and experienced staff.

04

Understanding Nadec's diverse and complex operations.



Achievements

Nadec has realized a number of achievements at the internal audit level, including, but not limited to, the following:

01

Developing individual development plans for internal audit managers.

02

Establishing a matrix of authorities for internal audit management.

03

Launching an internal audit awareness program in May 2023.

04

Implementing a reporting violations policy.

05

Updating the internal audit charter.

06

Enhancing performance indicators for the internal audit department.

07

Developing a three-year internal audit strategy (2023-2025).

08

Establishing internal tools to monitor and track artificial intelligence operations.

Long-Term Projects

01

Establishing an infrastructure for trend analysis of execution rates for each sector.

02

Continuously monitoring developments in the artificial intelligence sector.

Future Projects

Nadec seeks to improve the performance of the internal audit within a comprehensive future vision. It plans to implement the SAP program specifically for internal audit to leverage data analysis capabilities and the concept of continuous auditing.



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