



الشركة الوطنية للبناء والتسويق
National Building & Marketing Co.

Annual Board Report

For The Year Ended
31.12.2021

Disclaimer

2021 was full of challenges caused by the measures taken to address the Covid 19 epidemic, but the National Company was able to, with Allah help, and through its actions managed to absorb these effects and overcome those challenges and achieve good financial results. Thanks to Allah.

The Board's annual report reflects our vision, faith and commitment to our shareholders and customers to be one of the leading national companies in the industrial, commercial and service sectors.



The BOD report is being issued in 2 languages, however Incase of any discrepancies only Arabic Version will prevail



Read our Annual Board Report on
www.nbm.com.sa

Country Leadership & Mission

"My first goal is for our country to be a successful and leading model in the world at all levels, and I will work with you to achieve this."

Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud



Vision 2030

Our ambition is to build a more prosperous country, in which every citizen finds what he wishes. We are determined to make our country ahead of all other countries...

"I am pleased to show you with the vision of the present for the future, which we want to begin working on today for tomorrow, so that it reflects all our aspirations and reflects the capabilities of our country."

His Royal Highness the Crown Prince, Prince Mohammed bin Salman bin Abdulaziz Al Saud



EXECUTIVE SUMMARY

@NBM, Our motto: Deliver high-quality products at the best competitive prices.

Executive Summary

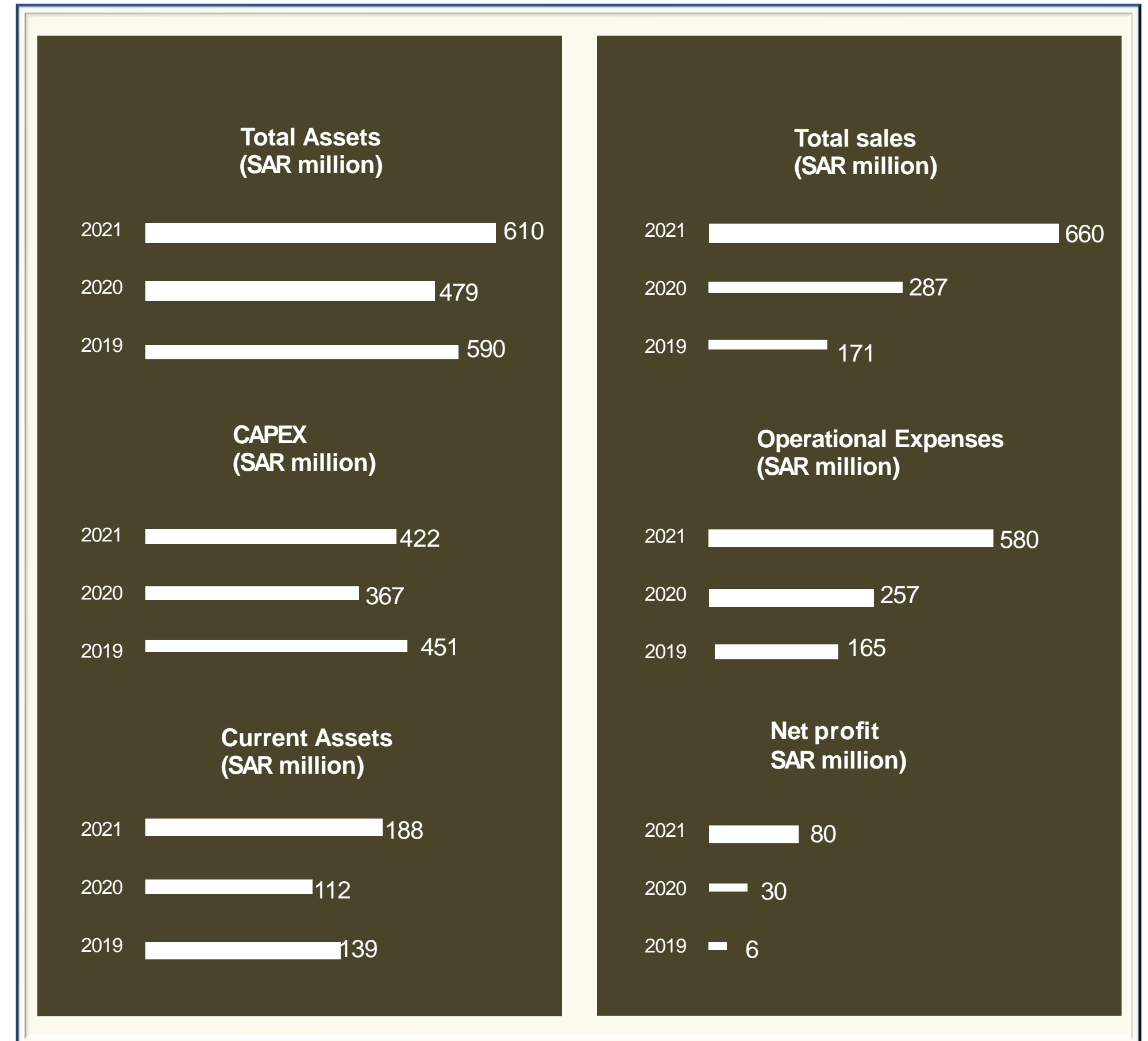
- ❖ During 2021, the company's strategy was to strengthen the existing group of companies and seek new high-profit investments.
- ❖ The management of NBMC strives to strengthen the relationship with existing customers by meeting their demands and maintaining the highest quality standards.
- ❖ Over the years, NBMC has developed successful business relationships with elite companies in Saudi Arabia and we thank them sincerely for their continuous trust.
- ❖ With Continuous evaluation of market trends, the company has adapted to the opportunities available to explore the horizontal expansion in line with the transformations of the economy and to ensure the achievement of its investment objectives.
- ❖ NBMC has kept its focus on operational and business performance. The executive management and its human capital is continuously striving to achieve the strategic goals of the company which are very much aligned with Country's Vision 2030.
- ❖ The company regularly reviews its regulatory systems and operations to gain greater flexibility, competitiveness and enhanced competencies in all business sectors in which it invests.
- ❖ The Board of Directors has great focus to achieve and prioritize social responsibilities. The company has plans to take number of social initiatives in order to enhance its role in the service of our community, and to make noticeable progress in the field of social responsibility.



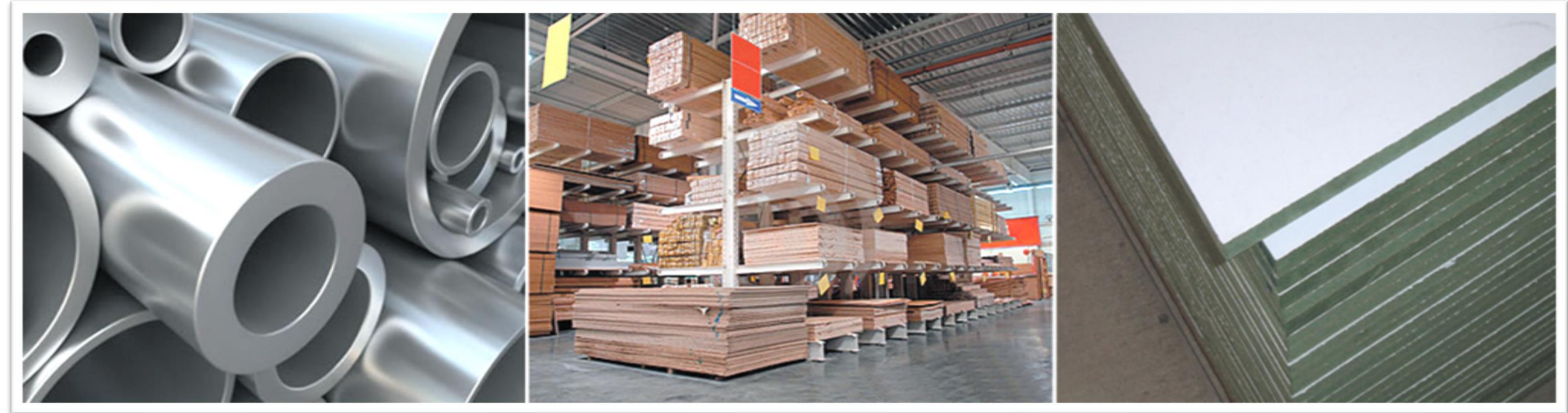
Key Highlights

Key Highlights

- ❑ The Company has been able to continue its progress and has achieved promising financial results in these difficult times. Management is constantly taking strong measures such as cost reduction and related control measures to accommodate any negative impact of the CORONA pandemic.
- ❑ As of December 31, 2021, the capital paid to The National Construction and Marketing Company was SAR 120,000,000, divided into 12,000,000 shares valued at SAR 10 each.
- ❑ The Company's revenues were SAR 660 million as of December 31, 2021, up SAR 373 million (130%) from SAR 287 million in 2020.
- ❑ Net profit for the year after zakat and tax was SAR 80 million compared to a net profit of SAR 30 million in 2020, an increase of 166%.
- ❑ The government's prudent policies and the strength of the Saudi economy as well as the expected returns from the multiple investments initiated by the National Company over the past years, lead us to look confidently and optimistically to the coming years, and we expect the company to achieve good profitability in the coming fiscal year 2022 hopefully.



Company at a Glance



Company at Glance

1. Who We are

- ❖ The National Building and Marketing Company was established in Riyadh as a limited liability company under a commercial register no. 1010153678 on 17/01/1420 H with a capital (500,000 Saudi riyals) and then converted into a Saudi closed joint stock company with a capital (2,000,000) Two million Saudi Riyals.
- ❖ Then transformed into a joint stock company listed under ministerial decision No. (70/S) on 29-3-1435 H, 30-1-2014, and under the company's Article of Association and its latest amendments on 22-5-2017.
- ❖ Then The company's capital was increased in 31.12.2020 to 120,000,000,000 Saudi Riyals divided into 12.000.000 million shares of nominal value per share, of which (10) Saudi riyals, all ordinary cash shares.

2. Company Vision

- ❖ The National Building and Marketing Company seeks to be a company with diverse investments in the industrial, commercial and service sectors.

3. Company Mission

- ❖ Develop property rights and contribute effectively to community services in the private and public interest.

4. Company goals

- ❖ Develop and diversify its investments so that the company is one of the advanced companies that promotes the role of the private sector in the economic development of the Kingdom.

5. The Company's Strategy

- ❖ Enhance the range of existing products in which the company is actively trading, and constantly search for new products with high profitability. To strengthen the relationship with existing customers by meeting their demands and maintaining the highest quality standards.
- ❖ Vertical investment in the activities in which investing by acquiring existing companies that enable them to rapidly expand investment for existing sectors.
- ❖ Continuous evaluation of market trends to adapt to the opportunities available to explore the horizontal expansion of the company is in line with the transformations of the economy to ensure the achievement of investment objectives.
- ❖ Attracting human competencies that enable the company to achieve investment expansion in a professional way based on the use of the best available expertise.

6. Company Activities

- ❖ The current main activity is by the company's commercial register in the wholesale and retail in building materials (iron, timber, industrial, electronic equipment, electronic equipment, stereotypes, office tools, desktops, medical and scientific equipment, hospital supplies, medical laboratories, medical furniture, construction and general contractors for buildings and decorative works) and paints, chemicals, and promotional gifts.

The objectives of the company, according to its articles of association, are as follows:

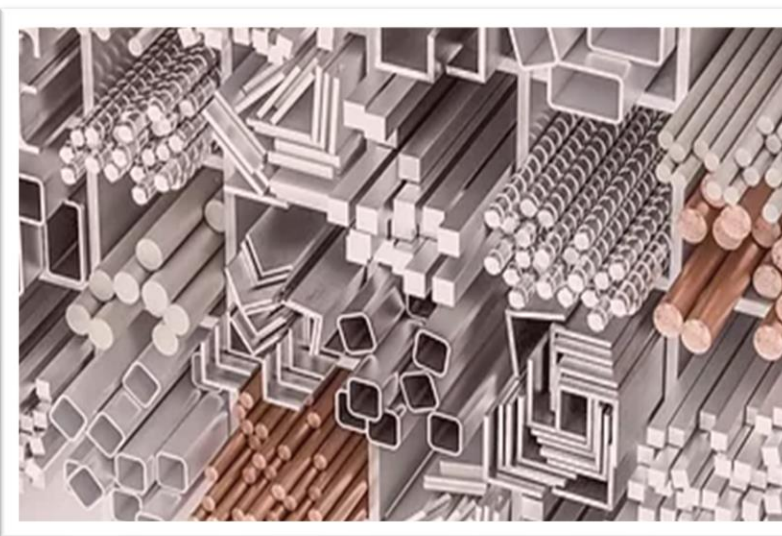
- Wholesale and retail trade in building materials, iron, timber and manual and industrial number.
- Wholesale and retail trade in electronic devices, computers, and spare parts
- Wholesale and retail trade in office tools, office furniture, educational means, and publications
- Wholesale and retail trade in medical and scientific equipment and supplies, hospital supplies, laboratories and medical furniture and maintenance.
- General construction of buildings and decoration work.
- Wholesale and retail trade in paints, printing inks and chemicals.
- Construction, investment, management, operation and maintenance of recreational and tourism facilities and projects.
- Establishment and operation of hospitals, medical facilities and all health care services.
- Establishment and operation of educational facilities such as schools, colleges, universities, and all education services.
- Commercial agencies.
- Establishing, operating, and investing in industrial projects.
- Transport and storage services.
- Accommodation, ownership, management and investment in hotels, entertainment complexes and all tourism projects.
- Purchase of land for the purpose of developing it and build buildings on it for the purpose of selling or leasing for the benefit of the company.

Our Product Portfolio

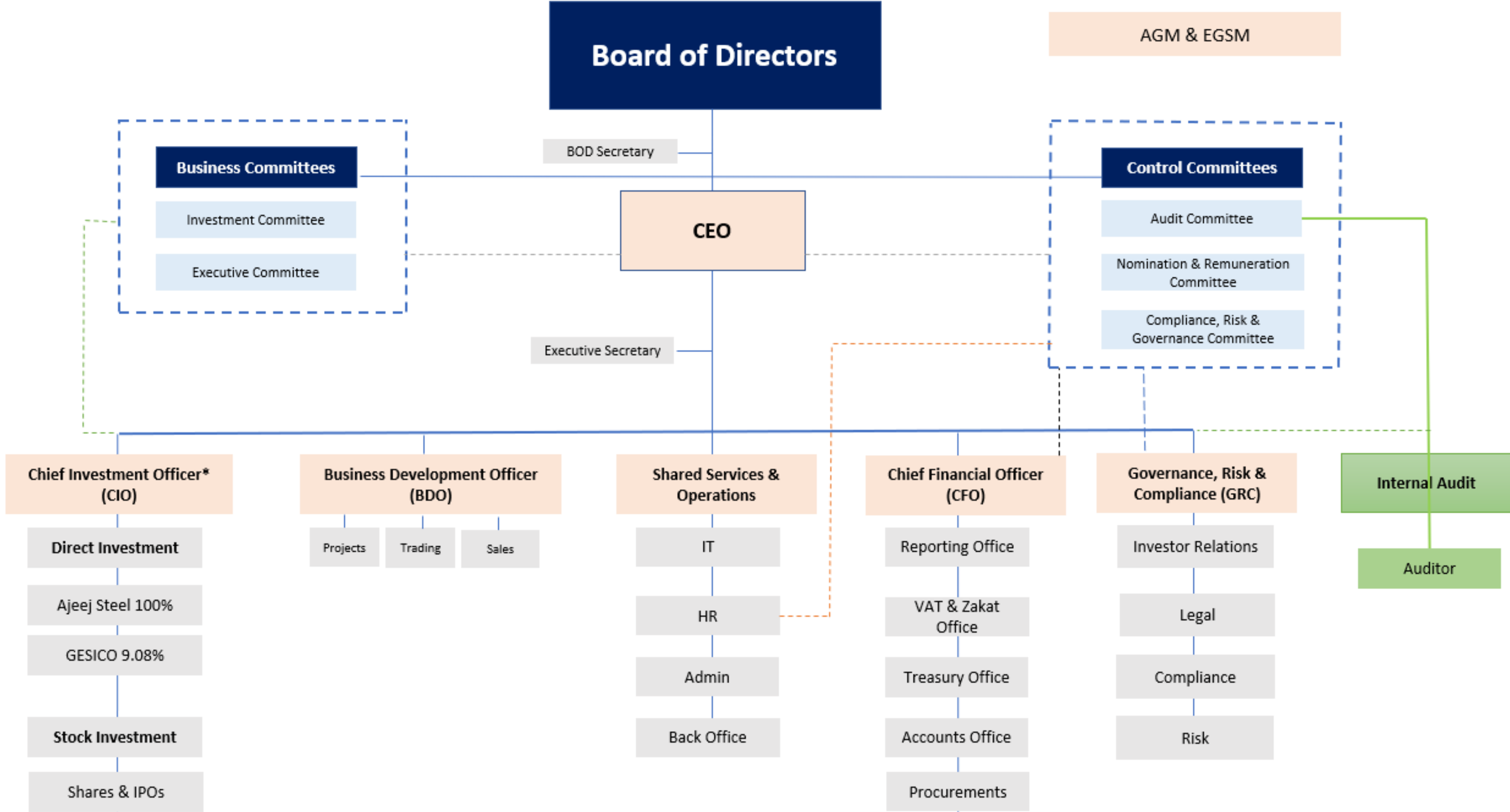
Building Materials



Steel Billets, Rebar Steel, Commercial Steel and Bridges.



Organizational Chart



* Note : CFO will be acting CIO of the company until further notice

Management Review

Over the past year, the Management has focused heavily on improving compliance and governance standards. The company has already contracted with (BDO) to assess the company's compliance with governance and disclosure standards. The Department has made a great effort to address the observations that appeared in the report. Next year 2022, the department will pay more attention to improving compliance with governance, disclosure and transparency standards.

In 2021, the Management developed the executive team to keep pace with the required levels of management and executive professionalism in line with the company's expansion plans.

CHAIRMAN MESSAGE

Respected / shareholders of the National Building and Marketing,

Peace be upon you and God's mercy and blessings be upon you ...,

On behalf of myself and on behalf of the board members of The National Construction and Marketing Company, I am pleased to present you with the company's annual report for the year ended December 31, 2021, which reviews the company's overall performance, business results and investments.

The National Building and Marketing Company is moving towards its 23rd year and has achieved many of its objectives and has drawn up promising plans to develop its investments in line with the ambitious vision 2030, which aims to develop the future of our country at all economic and social levels.

Over the past year, we have expanded horizontally and vertically, developing existing investment activities as well as investing in a number of promising new investment activities that we hope will achieve positive investment results, God willing. Perhaps the company's most important investment, which has had a significant impact on the company's revenues and profits and strengthened the company's assets and financial position over the past year, was the acquisition of AJIJ Steel Manufacturing and investment in the contracting sector. Through this, the company has achieved a rise in operational levels to upgrade retail to the core manufacturing level, thereby shielding the company from market volatility and reducing competition. These trends have been shown through the company's good financial results over the past year (attached to this report), and we hope that we will be successful in achieving the strategic objectives that we have begun so that the company's profits and assets will continue to grow in the coming years.

Over the past year, the company has also had horizontal investments by investing in a number of economic areas, notably the military and technical sectors, which are growing steadily as a result of the changing laws governing these sectors, providing significant investment opportunities for the private sector. We are confident that investing in these sectors will bring the company a huge qualitative leap (in the medium and long term) both in terms of revenue and in terms of net profits and will bring shareholders exceptional benefit, God willing.

In this regard, I would like to take this opportunity extend my sincere thanks and prayers to the custodians of the Two Holy Mosques and to his Highness the Crown Prince for the qualitative transformation taking place in the Kingdom across the economic sectors, which open up unlimited opportunities for national companies to invest in the interest of the citizen and achieve his well-being.

And Allah is the conciliator.

Fahad bin Thuniyan bin Fahad Al Thuniyan



CEO Message

Although the company's results were satisfactory given the financial criteria associated with return on capital and other accounting standards. However, we feel that we are still at the beginning of the road, and that the coming days need additional effort to maintain the company's business gains, which requires the hard work of all members of the management team to overcome the difficulties and challenges.

During the coming year 2022, management aims to strengthen the management measures that control the rhythm between achieving targeted investment results while fully adhering to governance and disclosure standards so that the National Company is one of the distinguished companies at the national level, God willing.

As CEO, I will make every effort to achieve this balance by ensuring that the Company adopts the best management doctrines and continues to raise the efficiency of the management team and enhance it with more outstanding national competencies to ensure the achievement of the company's strategic objectives in the medium and long term.

On this occasion, I would like to express my appreciation to all the Company's employees for their efforts over the challenging period during past year, and thank you to the company's shareholders for their confidence.

And Allah is the conciliator.

Meshal bin Abdulrahman Al Okla



CFO Review

Messrs./Shareholders and Board Members

Good greeting and after:

The company's senior management and executive management restructured and regulated the company's business and switched to a promising investment strategy during 2021, adopted the investment strategy in promising sectors and diversified the company's investment portfolio to reduce operating risks (e.g. the turmoil caused by the measures to combat the Covid-19 pandemic) and achieve financial stability in the company and keep pace with the economic developments taking place in the Kingdom. This trend has had many positives reflected in the company's financial indicators included in this report and the company's audited financial statements, which it is hoped will continue to have a positive impact on the company's results for the coming years, God willing.

Also, one of the most important events over the past year is the restructuring of the company and the organization of its business, the separation of the company from direct operation and investment in the industrial sectors and support and logistics services, including (manufacturing, military industries, chemical industries, real estate development, housing, and information technology). These investments resulted in a positive increase in the company's revenues and profits.

We summarize the most important financial results achieved in 2021 as follows (thousands of riyals):

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020	Change (-) / +	Change percentage (%)
Total Assets	609,808	479,039	130,769	27%
Total Shareholders' Equity	241,411	159,006	82,405	52%
Total Revenues	660,280	286,733	373,547	130%
Comprehensive Net Income	82,405	30,768	51,637	168%
% Comprehensive Net Income	%12.48	%10.73	-	2%
Earnings per share	SR 6.72	S.R 2.54	S.R 4.18	165%

Please see the details of the results through the Financial Analysis Section of the Company's consolidated business results as well as the audited consolidated financial statements for the fiscal year ended December 31, 2021.

Thank you,

Salahuddin Jamil Al Muhammed - CFO



Independent auditor's REPORT AND CONSOLIDATED FINANCIAL STATEMENTS AS OF 31.12.2021

Chartered Accountant Reports

- The chartered accountant's report dated March 27, 2022, shows that the company's consolidated financial statements as of 31.12.2021 are free of any material errors prepared in accordance with IFRS No. 34 approved in Saudi Arabia, and the report did not mention any reservations.

Board recommendations regarding chartered accountant

- The Board of Directors has been recommended on the recommendation of the Review Committee to replace the chartered accountant accredited by the General Assembly of the company for 2021 to end the period for the audit of joint stock companies, and the necessary approvals will be taken at the next General Assembly meeting.

Clarification of any differences from IFRS

- The company was planned to switch to IFRS on 30-7-2017 and has been adopted from 1-1-2018. The company's financial reports issued on 31-12-2018 were the first to be issued in accordance with Saudi Arabia's approved international accounting standards.
- There are no differences in reporting on international standards in application.
- Financial statements and clarifications

The Financial Statements and it's Notes

- Attached herewith the Financial Statements as of 31.12.2021 which contains:
- Independent auditor's REPORT.
- Consolidated Statement of Financial Position.
- Consolidated Statement of profit and Loss and other Comprehensive Income.
- Consolidated Statement of Shareholder's Equities.
- Consolidated Statement of Cash Flow.
- Notes to the Consolidated Financial Statements.

STRATEGIC REVIEW

The year 2021 will be remembered as the recovery year from Covid-19, an unprecedented situation for our economy, business and our people, as it was for the world.

*We thank and praise God for our success in these difficult circumstances.
We have made great strides, but considering that we are still at the beginning of the road.*

Business Strategy

How We do it

- ❑ *Our business is strategically designed to deliver our commitment, quality and trust. It is linked to our ongoing improvements' initiatives as a guiding force for operations across the organization.*
- ❑ *Our business model works on clearly defined roles that allows management and staff to work in accordance with standard operating framework.*

✓ Strengthening the Company's Market Position

- ❑ The company's position is strengthened by expanding in both up and down streams.
- ❑ In the upward direction:

The company is upgrading the supply chain of existing activities as much as possible by reducing the top stations in the supply chain so that the company manufactures/imports an increasing number of raw materials for its industrial/commercial operations by establishing new industrial units or acquiring ready-made factories so that it approaches more than the market decision-making cycle so that it can interact quickly with market variables and participate in event-making and become: "Market maker."
- ❑ In the downward direction:

The company seeks to expand production processes so as to shorten the distance between production and the end consumer. For this purpose, the company is expanding its "Down-Stream Production". This explains the acquisition of AJIJ Steel Industry by the National Company, which has elevated the company's position in the supply chain to the ranks of the main producers of steel, which is a commodity in the company's business, and in the coming years the company will expand the steel industry to produce the largest number of products on its own.
- ❑ In the same direction, the National Company has doubled interest in the contracting sector of the company so that the company's position in the supply chain has been elevated to be a decision maker in the contracting sector, which is an essential element of the market. The company has prepared precise plans to follow up on investment strongly in the contracting and real estate development sector so that the company benefits from the active mobility of this sector in the economy in the coming period.
- ❑ In the downward direction: The company completes the operation of production lines so that it shortens customer levels to reach a distance closer to the final consumer.
- ❑ Also in the lower direction, the company is expanding business operations by trading raw materials and spare parts so that it can achieve better profit margins and better control cost levels in the medium term.

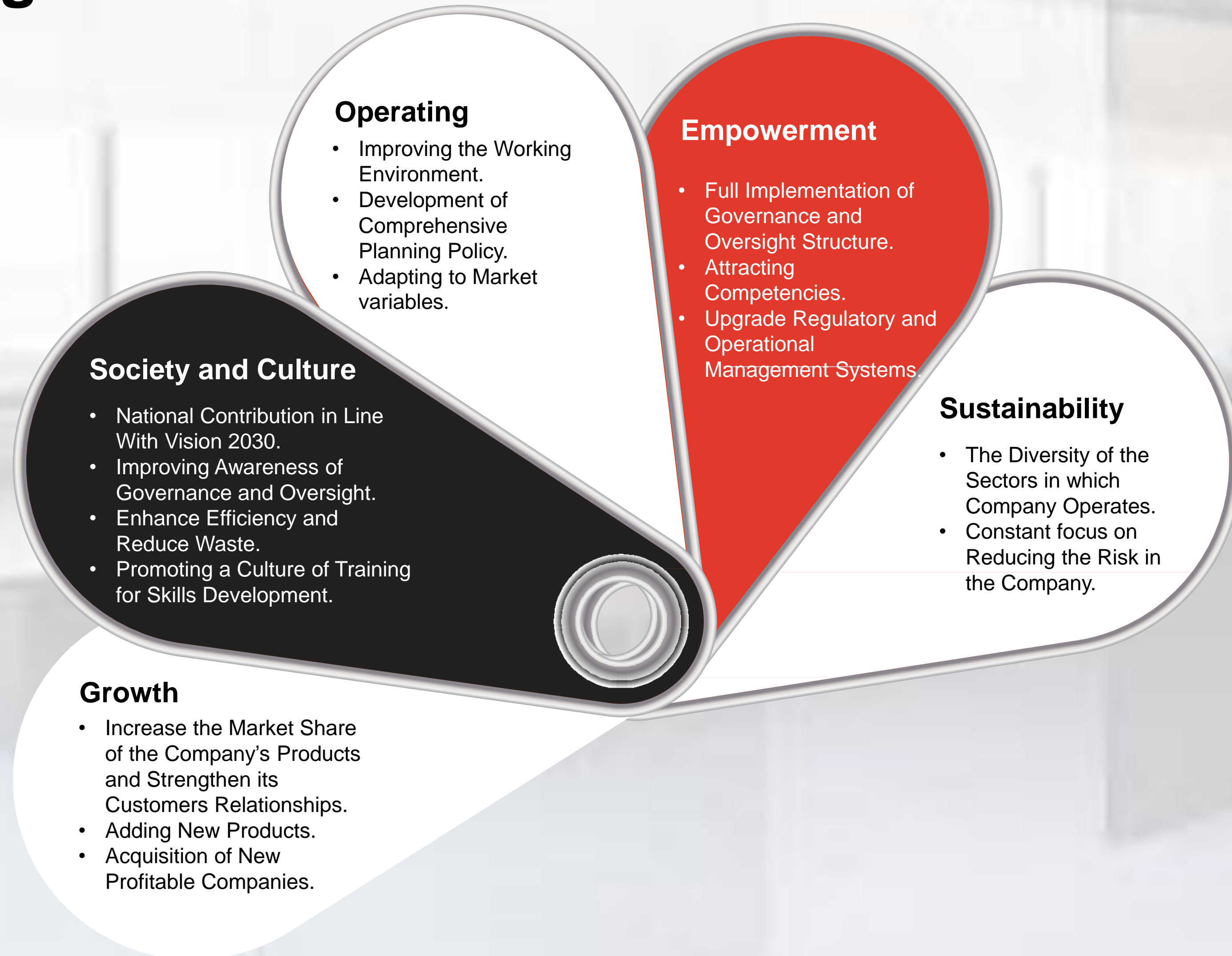
✓ Strategic Diversity

- ❑ The company seeks to expand its business to achieve better stability in the long run. This explains the company's investment in the technology and military sectors.
- ❑ In the medium and long term, these sectors are estimated to make an exceptional contribution to increasing the company's revenues and increasing profitability, as well as strengthening the company's position by expanding its investments in different business sectors.

✓ Strengthening Financial Power

- ❑ The company is restructuring its financial resources to provide sufficient financial resources to operate its existing operations, provide liquidity for its expansion activities and undermine the cost of financing to enhance operating business profits.

Our Strategic Environment



Strategic Priorities - 2021

Governance

- The company's commitment to the principles of transparency and disclosure.
- Compliance with the CMA's governance regulations.
- Activating the role of the Board of Directors and its committees and executive management and identifying their responsibilities and training them on an ongoing basis.
- Continuous emphasis on the effectiveness of internal control, risk management and compliance.
- Adopt best practices in the field of governance with the aim of promoting institutional culture and applying good management of the company.
- Establish the optimal use of the company's available resources.
- Redefining the roles/responsibilities of the board and committees for effectively setting strategy, oversight and monitoring and reporting
- Ensuring the organization is run in an effective and efficient way which delivers **sustainable** growth in value for its shareholders
- Strengthen procedures for supervision/control, oversight, and follow up monitoring/reporting

Customers Communication

- Work to continue supplying our products to different markets without interruption.
- Maintaining the quality of products and services.
- Creating a positive image of the company through constructive communication with clients

Growth

- Focus on increasing profitability of our main activities.
- Working to reduce operating costs.
- Acquisition of highly profitable companies.
- Establishing new companies in sectors with high future growth

Key Performance

Indicators

- ❖ *To deliver on the objectives of our strategy, we have set Key Performance Indicators (KPIs) that ensure our progress throughout our operational timeline.*
- ❖ *The KPIs address our vision and work culture that is quality-based and end-user focused.*
- ❖ *NBMC has long-term objectives and a corporate scorecard for the delivery of its KPI's*

Vision

The National Building and Marketing Company seeks to be the leader in Saudi Arabia in the Basic Industries and Multiple Investments.

Corporate Scorecard

- Net sales increased by 130%.
- Net profit up 12.5%.
- Customer retention rate +90%
- Customer satisfaction rate 100%
- Human capital retention rate 95%

Top Events of The Year 2021

- ❑ Electing the members of the Board of Directors for a new term of 3 years.
- ❑ Appointment of a new executive management for the company (CEO and CFO).
- ❑ Completing the procedures for controlling the Ajeej Steel Production Company after Acquisition.

Q1

- ❑ Establishment of the Flexible Shield Company for Information Technology in partnership with M-Logica.
- ❑ Founding Alma Co. for Military Industries.
- ❑ The establishment of the Arab-Ukrainian Cooperation Council.

Q2

- ❑ Establish a real estate fund with a capital of 100 million riyals in partnership with Growth Capital.

Q3

- ❑ Strengthening the governance structure by adding 3 more committees to the Board of Directors.
- ❑ Hiring a financial and governance expert in the committees.
- ❑ Approval of the company's estimated budget for the year 2022.
- ❑ Establishment of Yuzmash Company for Military Industries.
- ❑ The trial run for the expansion of the factory of Ajeej

Q4

Growth Avenues

In 2021, we worked on building the framework and structure for a systematic approach to soliciting, aiming and focusing on new growth initiatives.



Targeting opportunities

- Creating a Business Development Database
- The Company is eager to study well the market and opportunities for growth and to make the necessary plans before launching any new product
- Expansion into new growth areas, organically and via acquisition
- Technology enhancements, with a focus on digitization for improved communication and operational efficiencies
- Acquisitions and partnerships in existing and new categories
- Going forward, and as the economic environment normalizes we are expecting to a return to growth for the real estate sector in line with our earlier projections for a multi-year upcycle.
- The company has also been focusing on developing human competencies by providing excellent growth and learning opportunities for employees in all sectors of the company



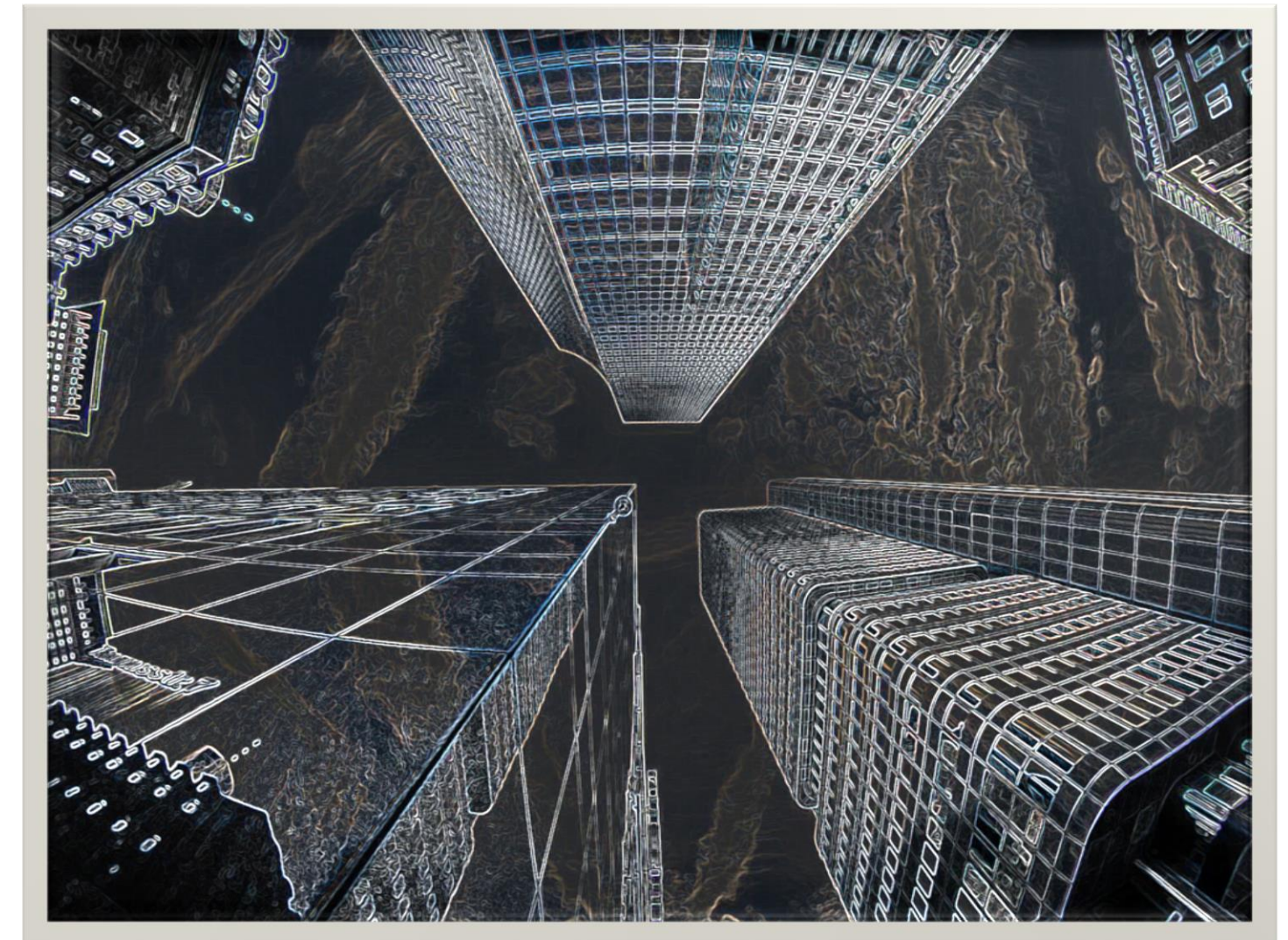
Targeting high quality projects

- Research, identified and rank high quality projects
- Engage with organizations and investors to understand their needs and build relationships



Closing on top targets

- Develop negotiation strategies based on a detailed evaluation of risks and returns
- Articulate and present commercial terms and legal framework
- Negotiate with counterparties
- Close agreements



Our Strategy in Light of the Repercussions of the Corona Pandemic

Although the impact of the CORONA pandemic on the global and domestic economies has extended damage to most business sectors, the company has been able to adopt a strategy of "attacking is the best defense."

The company made bold decisions at a time when most investors were in a state of latent anticipation. These include strengthening the company's executive team (appointing a new CEO and reshaping executive committees), acquiring new business entities (AJEEJ), expanding operating units (contracting) and improving the durability of the company's assets (selling outdated assets), the company's decisions have resulted in a reduction in administrative and operational expenses and increased net profits, which have significantly improved shareholder equity.

With Allah help we have achieved satisfactory results due to the decisions taken by the company in enhancing the confidence of the executive management so that the future of the company can be confidently looked forward to. In the coming years, the company will continue to adopt a "aggressive" investment policy to achieve its strategic objectives.

People & Culture

Our aim is to foster a positive working environment in which everyone is part of the organization's growth, where life and work are defined by the values of the company. We have an internal culture centered around the employee's progress and evolution. A process of continual feedback is well established, delivering constructive guidance for strengthening the working culture.

WE@NBMC

Initiated to drive a deeper communication level, create belonging across NBMC and bring us closer to our values. We always strive to create a positive working environment for our employees.

We aspire to thrive in business while bringing progress and prosperity to our own people and the communities where we operate.

We cultivate talent and leadership to create sound business solutions, to best meet our customer needs, and to develop markets, people and shareholder value.



OPERATING OVERVIEW

During early half of FY2021, the global economy was in rebounding phase and Saudi Market was strongly poised to realize its true growth. Markets in the Middle East rapidly deteriorated once Covid-19 began to spread, curtailing the growth potential that many companies remain in recovery since today.

Our Ambition: To maintain strong performance in terms of profitability and social responsibility so that the company can be a key contributor to achieving the Kingdom's vision 2030 of what is best for the company's shareholders in particular and the citizens of our beloved Kingdom in general.



Projects

Expansion into new growth areas, organically and via acquisition



الشركة الوطنية للبناء والتسويق
National Building & Marketing Co.

Main Projects



Ajeej Steel and Iron Factory Co.

About Ajeej Factory

- ✓ The factory was built in the industrial city of Al-Kharj on an area of 100,000 square meters.
- ✓ The plant started experimental production at the beginning of 2018.
- ✓ The plant has a 25-mega power plant and three production lines. Ajeej produces steel products that are used as raw materials (pallets) for rebar and construction steel.
- ✓ Ajeej is a major supplier of raw materials to some of Saudi Arabia's leading rebar manufacturers.

Factory & Production

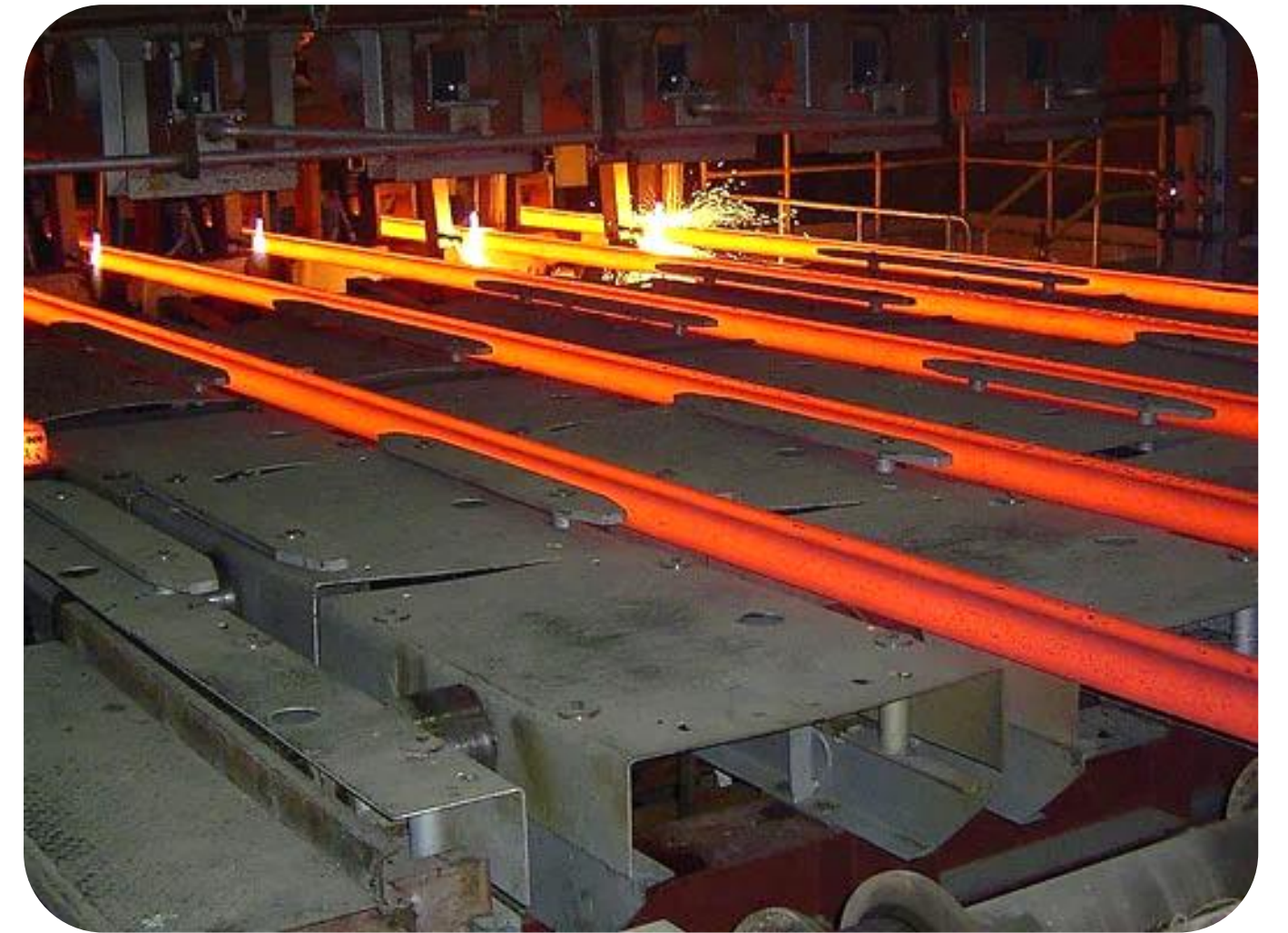
Ajeej Factory has three main production Lines:

- ✓ Steel Ballet's production line with an annual capacity of 300,000 tons.
- ✓ Steel Rebar production line: 300,000 tons annually.
- ✓ Steel-Structure Production Line with an annual capacity of 200,000.

AJEEJ PROJECT

Acquisition Details

- ✓ The company's decline in profits in 2019 was the main reason for the Board of Directors to seek sustainable solutions to shield the company from the sharp economic changes resulting from the government's economic structure. Business entities must adjust their paths in order to adapt to the new economic structure. The Board of Directors considered that the great challenges required significant decisions. For this reason, it decided to address this change by expanding the upstream/downstream path to develop the company's existing sectors, while investing in emerging sectors of the economy.
- ✓ The acquisition of Ajeej is one of the key decisions made in late 2020 that elevated the company's position in the market map to be a market maker rather than a normal trading unit, which gave the company a strategic position to help shield it from sudden market volatility.
- ✓ A memorandum of understanding was signed to acquire Ajeej earlier in 30.11.2020 worth SAR 180 million, with the acquisition to be paid for unscheduled payments over a three-year period.
- ✓ The legal acquisition was completed in the first quarter of 2021.
- ✓ The Ajeej plant was formerly owned by Mr. Fahad bin Thanian Al-Thanian (a related party as a major shareholder and chairman) and the plant was acquired at fair market value where the evaluation was carried out by an independent third-party evaluator.
- ✓ Ajeej, with a capital of 180 million riyals, has a long-term loan granted by the Saudi Industrial Development Fund and the Saudi British Bank. In addition to an operating loan granted by Al Rajhi Bank. Mr. Fahad al-Thanian continued to provide his personal guarantee for these loans.
- ✓ The financial statements of the National Company, including Ajeej, were consolidated in the financial report issued for the year ended 31.12.2021 as its owned 100% by the National Company.



Awards & Achievements

ISO 45001:2018



Certificate of Registration

Ajeej Steel Manufacturing Co.

Street 38 Al Kharj Industrial City 16418, Al Kharj Industrial City, Kingdom of Saudi Arabia

IN REGARD TO

ISO 45001:2018

Occupational Health & Safety Management Systems

For the following scope of activities:

Production of Steel Billet, Steel Rebar, Epoxy Steel Rebar, Section Steel.

INITIAL ISSUE DATE	29 September 2021
LATEST CERTIFICATION DATE	29 September 2021
CERTIFICATE EXPIRY DATE	29 September 2024
SURVEILLANCE AUDIT DUE BY	29 September 2022
CERTIFICATE STATUS	Full

Certificate No.: 14138635

Authorised Signature  For QA Certification





To check this certificate status visit: www.irqao.com

Certified that this is an accredited certificate authorised for issue by QA Certification against defined criteria and in cognisance of ISO 17021:2015 'Conformity Assessment - Requirements for bodies providing audit and certification of management systems'. This certificate and its accredited status is only valid when confirmed by the register listed in the International Register of Quality Assessed Organisations: www.irqao.com

This certificate is the property of QA Certification.

ISO 9001:2015

Certificate of Registration

Ajeej Steel Manufacturing Co.

Street 38 Al Kharj Industrial City 16418, Al Kharj Industrial City, Kingdom of Saudi Arabia

IN REGARD TO

ISO 9001:2015

Quality Management Systems

For the following scope of activities:

Production of Steel Billet, Steel Rebar, Epoxy Steel Rebar, Section Steel.

INITIAL ISSUE DATE	29 September 2021
LATEST CERTIFICATION DATE	29 September 2021
CERTIFICATE EXPIRY DATE	29 September 2024
SURVEILLANCE AUDIT DUE BY	29 September 2022
CERTIFICATE STATUS	Full

Certificate No.: 14138636

Authorised Signature  For QA Certification





To check this certificate status visit: www.irqao.com

Certified that this is an accredited certificate authorised for issue by QA Certification against defined criteria and in cognisance of ISO 17021:2015 'Conformity Assessment - Requirements for bodies providing audit and certification of management systems'. This certificate and its accredited status is only valid when confirmed by the register listed in the International Register of Quality Assessed Organisations: www.irqao.com

This certificate is the property of QA Certification.

ISO 14001:2015



Certificate of Registration

Ajeej Steel Manufacturing Co.

Street 38 Al Kharj Industrial City 16418, Al Kharj Industrial City, Kingdom of Saudi Arabia

IN REGARD TO

ISO 14001:2015

Environmental Management Systems

For the following scope of activities:

Production of Steel Billet, Steel Rebar, Epoxy Steel Rebar, Section Steel.

INITIAL ISSUE DATE	29 September 2021
LATEST CERTIFICATION DATE	29 September 2021
CERTIFICATE EXPIRY DATE	29 September 2024
SURVEILLANCE AUDIT DUE BY	29 September 2022
CERTIFICATE STATUS	Full

Certificate No.: 14138637

Authorised Signature  For QA Certification





To check this certificate status visit: www.irqao.com

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Investments

We have achieved good returns on investments, opening the way for further future expansion with confidence.

Investments

Saudi German Industrial Company “GEISCO”

- ✓ The Saudi-German Industry Company (GESICO) specializes in chemical products for medicines, biodiesel and agrochemical industries.
- ✓ The company has set a strong foothold in the international market by exporting its products to many countries around the world, in addition to the domestic market.
- ✓ The National Building and Marketing Company owns 9.08% of GESICO as at 31.12.2021 through direct investment, as part of its investment diversification strategy. GESICO's net investment value at 31.12.2021 was SAR 16,693,188 compared to SAR 18,406,861 at 31.12.2020.
- ✓ GESICO investment generates SAR 1,918,327 in 2021 and SAR 7,132,051 in 2020 and a profit of SAR 3,632,000 was distributed in 2021.





Market Overview

@NBM, Our motto: Deliver high-quality products at the best competitive prices.

NBMC Commitment



People Focus

Our aim is to improve the well-being of those that are core to our company success



Caring for Country's Economic Development

Improve the lives of those that are vital to our country's economic success.



Sourcing Quality Products

Improve the lives of those that are important to our business success

Our Culture

Best Products, Customer Satisfaction...

Key Market Developments & Challenges in 2021

Key Developments

The prices of building materials in Saudi Arabia jumped to record levels in July 2021 on an annual basis.

Based on the nature of construction materials, the price hike ranged between 4 percent and 40 percent

The price of a ton of national 18 mm steel rebar increased to SR3,505.45 (\$935) up by 29.39 percent during July 2021. Similarly, the price of one meter of national 2.5 mm electric wire increased by 34.15 percent.

Romanian wood witnessed the biggest jump in prices, as it increased by 40.7 percent year-on-year.

The price hike occurred despite a rise in imports to more than SR13 billion. Saudi banks provided about SR13.607 billion to the private sector to finance imports of building materials during the first seven months of this year, compared to SR13.442 billion during the same period last year - a 1.3 percent increase, equivalent to SR165 million

The Key Market Challenges

- ✓ *Materials cost inflation*
- ✓ *Supply chain disruptions*
- ✓ *Financial difficulties of contractors despite Government Support (Liquidity concerns)*
- ✓ *Freight charges rise*
- ✓ *Negotiations between contractor and client are centering around certain material price increases for renegotiation of contract prices and on the logistical time delays on existing contracts*

Marketing Efforts

Growth Drivers

- Applying techniques to achieve growth in key product categories
- Source new products
- Develop New Markets
- Focus on Long-Term partnerships and Contracts

Operational Efficiencies

- Optimize new facilities
- Improve end-to-end supply chain planning
- Pursue efficiency projects
- Focus on central warehousing efforts
- Reduce out-of-stock
- Digital Transformation initiatives

Proficiencies Enhancers

- Full implementation of new organizational structure
- Saudization, to maintain platinum in Nitaqaat rating
- Continuous training initiatives
- leadership development across management grades
- Robust succession planning
- Upgrade systems to manage regulatory and operational changes



Corporate Communication & CSR

Social responsibility programs helped us to be open about ourselves and to assess our impact on society. We constantly ask ourselves if we act responsibly towards our employees, customers, shareholders and the community in which we operate.

Corporate Social Responsibility (CSR) Synopsis

During FY2021, the company focused its attention on several CSR activities; more initiatives are in realization phase; summary of which are as follows.

❖ Educational Support Program

- ✓ *Scholarship to brilliant kids of the employees*
- ✓ *Shortlisting bright student based on merit*
- ✓ *Launched as an yearly activity*

❖ Going Green Initiatives

- ✓ *Planting trees in line with country vision 2030*
- ✓ *Going digital, less paper usage*
- ✓ *Bring plants in all offices*

❖ Food Distribution

- ✓ *Support the deserving of the society*
- ✓ *Distribute the food to the needful*
- ✓ *Yearly program*

❖ Career Development Programs

- ✓ *Contract with 101 Geekology Co. to provide technological training for orphaned and disabled children.*
- ✓ *Two-month programme, each covering 10 children.*
- ✓ *The National Building and Marketing Company will be the official sponsor of this program.*



Financial Review

Overall, 2021 has been a good year for NBM, we have realized solid returns from investments that placed us strategically to serve the market at our enhanced capacity. Continue to rationalize expenditures and increase efficiency, and cash management, which will enable the company to improve its financial position and earn higher returns.



Financial analysis of the results of the company's consolidated business as of 31 December 2021

At NBMC it is our privilege to provide quality products at the best competitive prices.

Financial analysis of the results of the company's consolidated business as of 31 December 2021

We attach to you the consolidated financial statements audited for fiscal year 2021 compared to the consolidated financial lists for fiscal year 2020 (adjusted) as follows:

- Statement of Financial Position,
- Statement of profit and Loss and other Comprehensive Income,
- Statement of Cash Flow,
- Historical analysis of the income Statement and other comprehensive income for 5 financial years,
- The most important notes on the financial statements.

First: Statement of Financial Position

❖ Assets (Thousands of Riyals):

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020	Change (-) / +	Change Percentage (%)
Non-Current Assets	421,715	367,369	54,346	14.79%
Current Assets	188,093	111,670	76,423	68.44%
Total Assets	609,808	479,039	130,769	27.30%

The reason for the rise in current assets is that:

1. Inventory:

Inventory value has increased for several reasons, the most important of which are:

A. **Ajeej Steel Industry** operated additional production lines, necessitating a parallel increase in the volume of raw material inventory to increase production.

B. Raw material prices have increased significantly over the past year, increasing the value of inventory in general.

C. The company decided to beef up inventory to increase its ability to withstand fluctuations in supply chains (as well as price) resulting from the disruption of global shipping lines as a result of the CORONA pandemic.

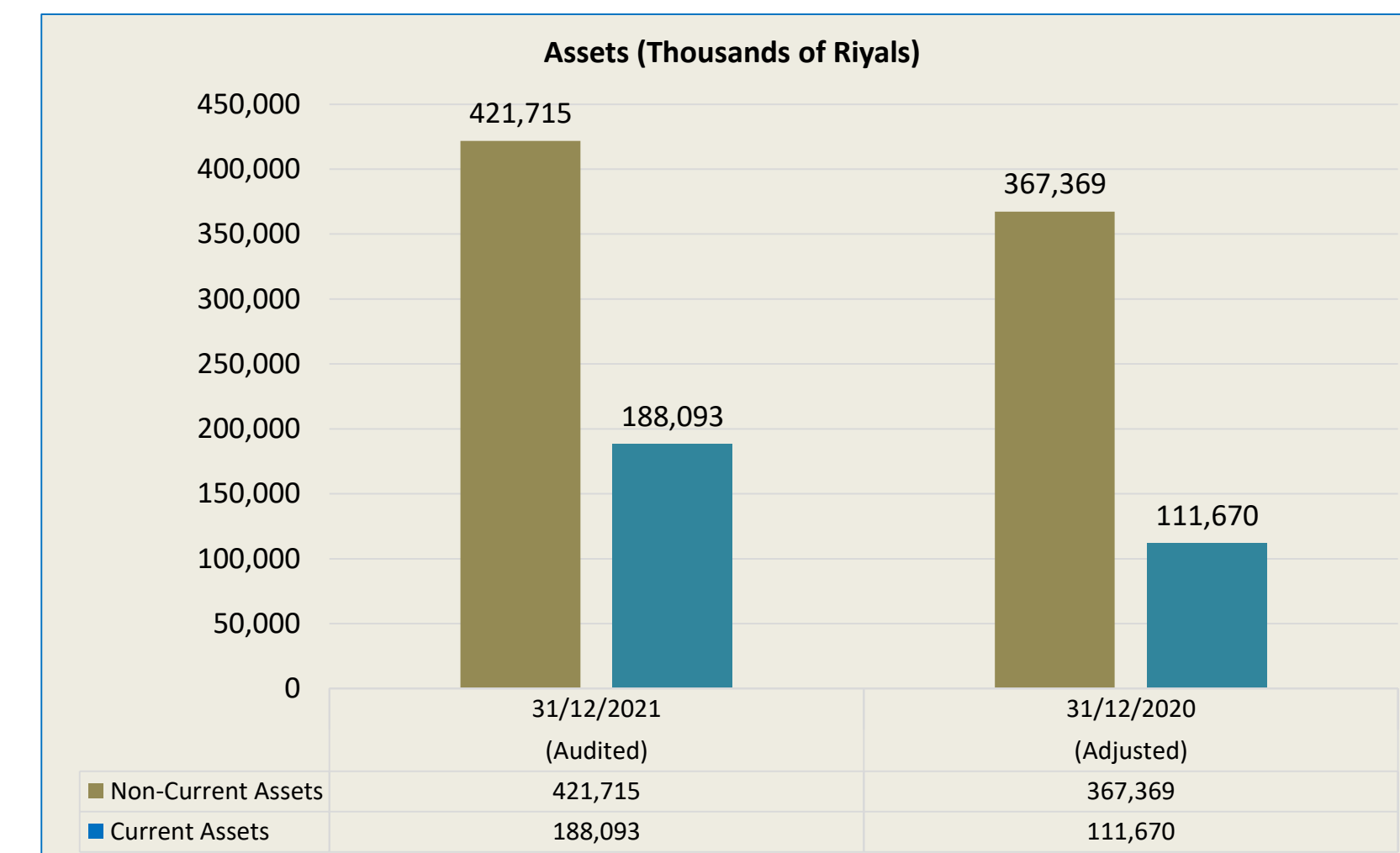
2. Advance payments to suppliers: contractual payments with suppliers to provide the needs of the company's projects, businesses, and activities.

3. Add-on tax: Will be detailed in the most important clarifications section of the financial statements.

4. Related parties: They will be detailed in the most important clarification section of the financial statements.

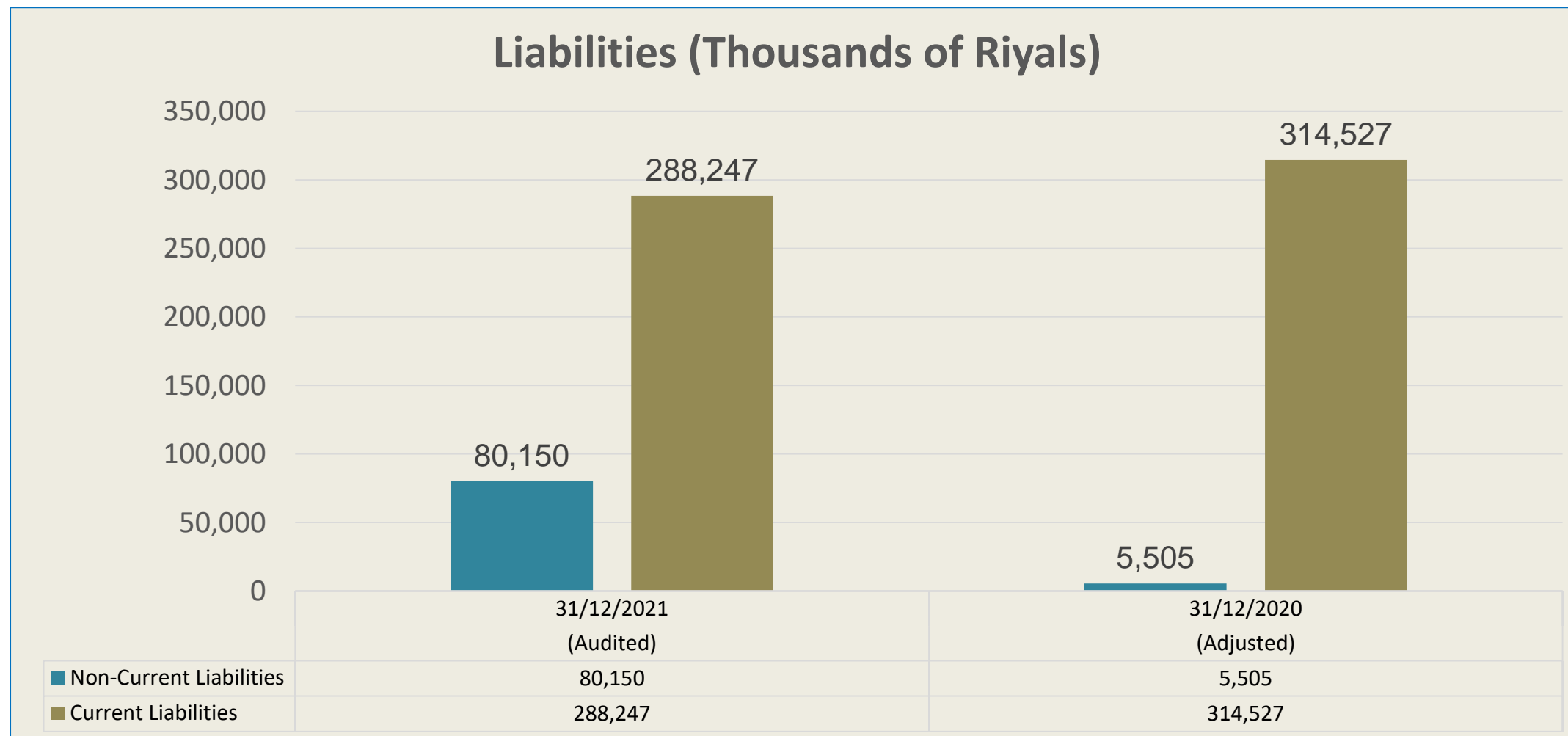
- The reason for the rise in non-current assets is due to:

1. **Right to use the Asset:** The company signed a lease contract for an incomplete educational facility "School" with a Building Development Company (TBC) for 35 years with a total value of sixty-three million, two hundred and twenty-eight thousand riyals including the grace period
2. **Projects in Progress:** The company has established a project to complete an educational facility "school" with a related party The company of Adwaa Al Hedaya National Schools "AHNS" (Closed Joint Stock Company) is a related party to carry out the completion of the educational facility and the project expenditure has been of approximately 19 million riyals and the completion of the work is expected during the second quarter of 2022.



❖ **Liabilities (Thousands of Riyals):**

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020	Change (-) / +	Change percentage (%)
Non-Current Liabilities	80,150	5,505	74,645	1,356%
Current Liabilities	288,247	314,527	(26,280)	(8.36)%
* Total Liabilities	368,397	320,032	48,365	15.11%

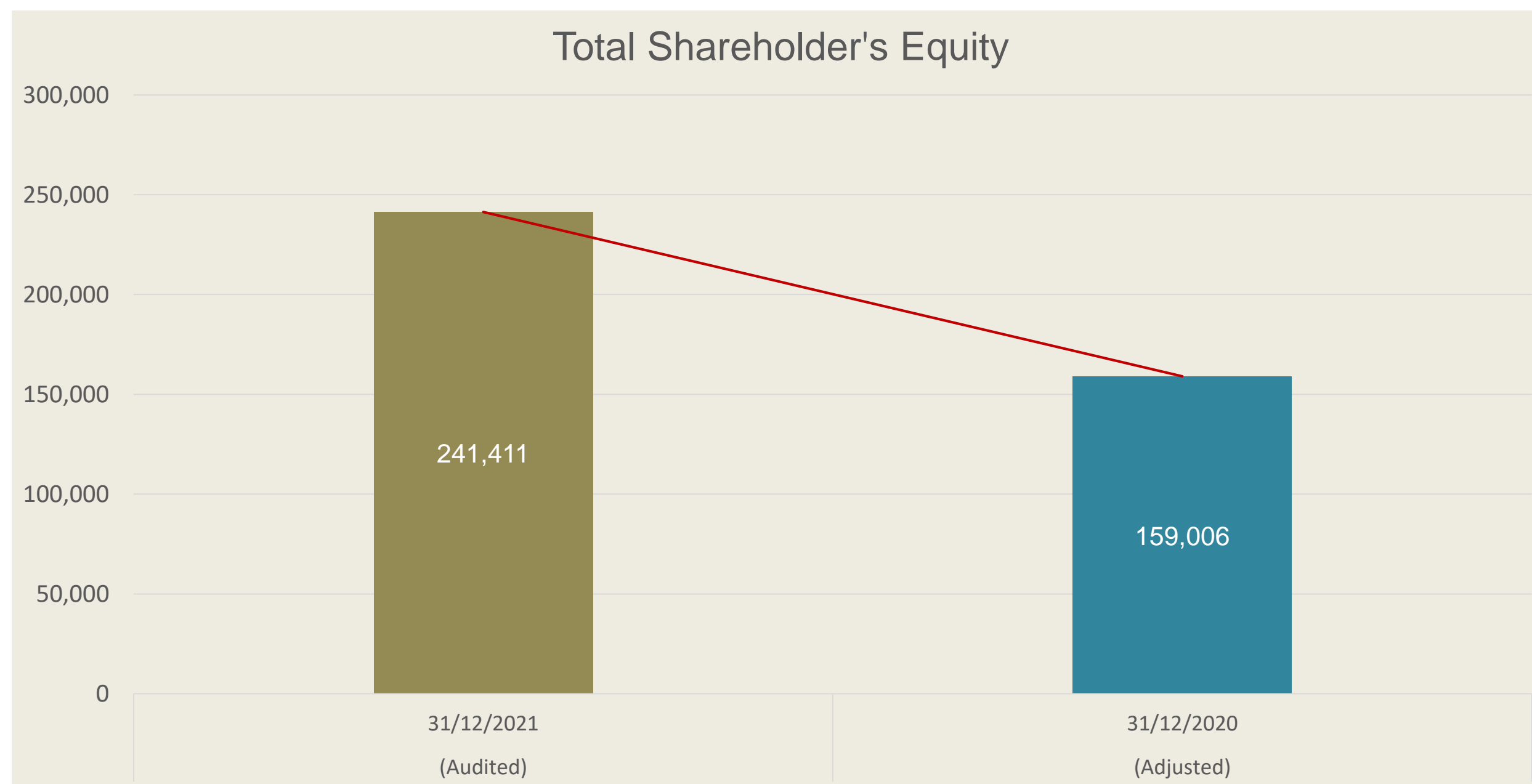


The reason for the higher total Liabilities is:

- The industrial fund loan granted to AJEEJ Steel Industrial Company (subsidiary) was reclassified on the basis of the approval of the Industrial fund on 25 October 2021 to reschedule the balance of the loan granted in four unequal semi-annual installments starting from 16/05/2022 and ending on 30/10/2023 with an amount of SAR 83,569,801 and rated as follows:
 - Long-term loan - Current part Amount of SAR 38,083,801.
 - Long-term loan - Non-Current part Amount of SAR 45,486,000.
- Proof of lease obligations of approximately SAR 30 million where the company signed a lease of an incomplete educational facility "Schools" with the Building Development Company (TBC) for 35 years with a total value of approximately Sixty-three million two hundred and twenty-eight thousand Saudi Riyals, with an annual rent of SAR 1,560,000 to be paid from 05/04/2024.
 - In the date of the financial statements, the current Liabilities exceeded the current assets by SAR 100,153,779 while the financial statements were prepared on the basis of the principle of continuity, where future cash flows were studied during the following 12 months of the financial statements and management concluded that the company has a strong financial position and strong operating performance that enables it to meet its commitments.

❖ **Shareholders' equity** (Thousands of Riyals):

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020	Change (-) / +	Change percentage (%)
Total Shareholder's Equity	241,411	159,006	82,405	51,83%

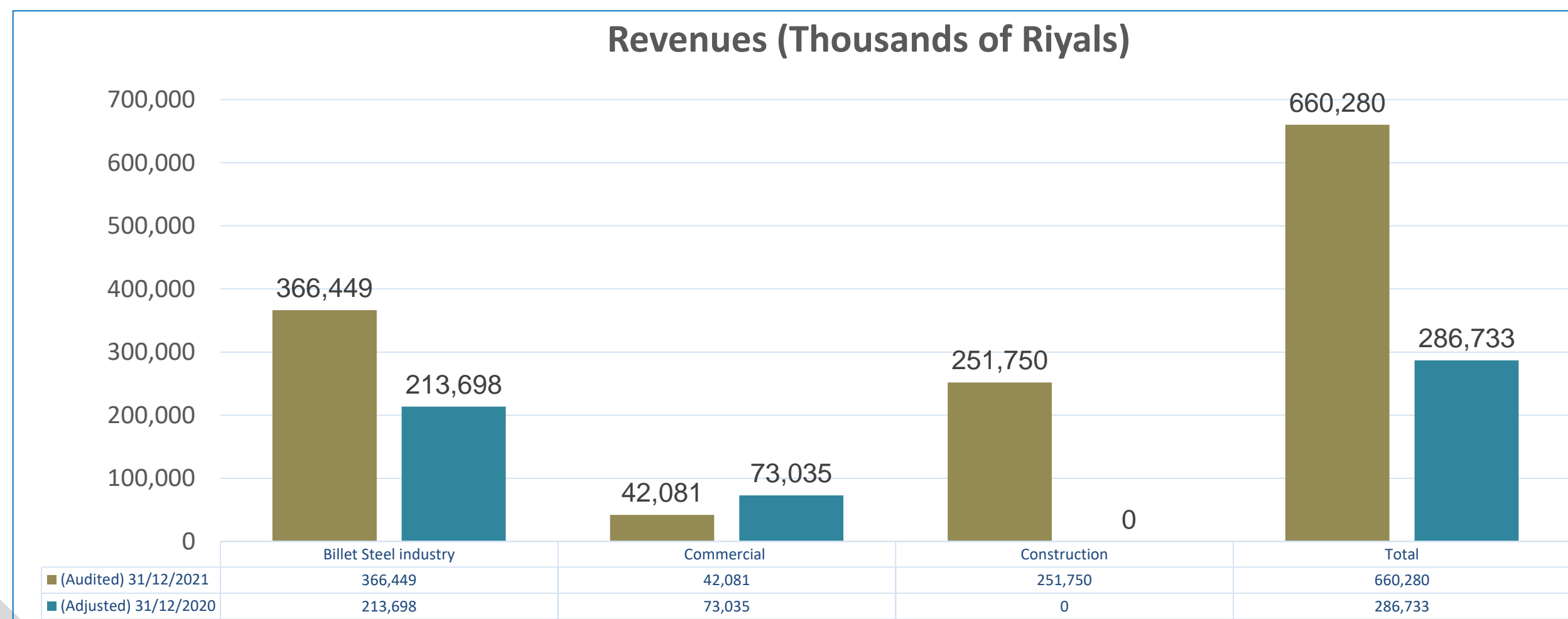


Financial analysis of the results of the company's consolidated business as of 31 December 2021

Second: Statement of profit and Loss and other Comprehensive Income

❖ Revenues by Sector (Thousands of Riyals):

Sector	(Audited) 31/12/2021	(Adjusted) 31/12/2020	Change (-) / +	Change percentage (%)
Billet Steel industry	366,449	213,698	152,751	71.48%
Commercial	42,081	73,035	(30,954)	(42.38)%
*Construction	251,750	-	251,750	100%
Total	660,280	286,733	373,547	130.27%



The reason for the rise in sales is due to the following:

1. The company's acquisition of Ajeej Steel Industry company was fully consolidated with the parent company, contributing to a marked increase in the company's sales for the past year.
2. The company activated the construction sector to take advantage of the active construction movement in the residential sector in the Kingdom over the past year.

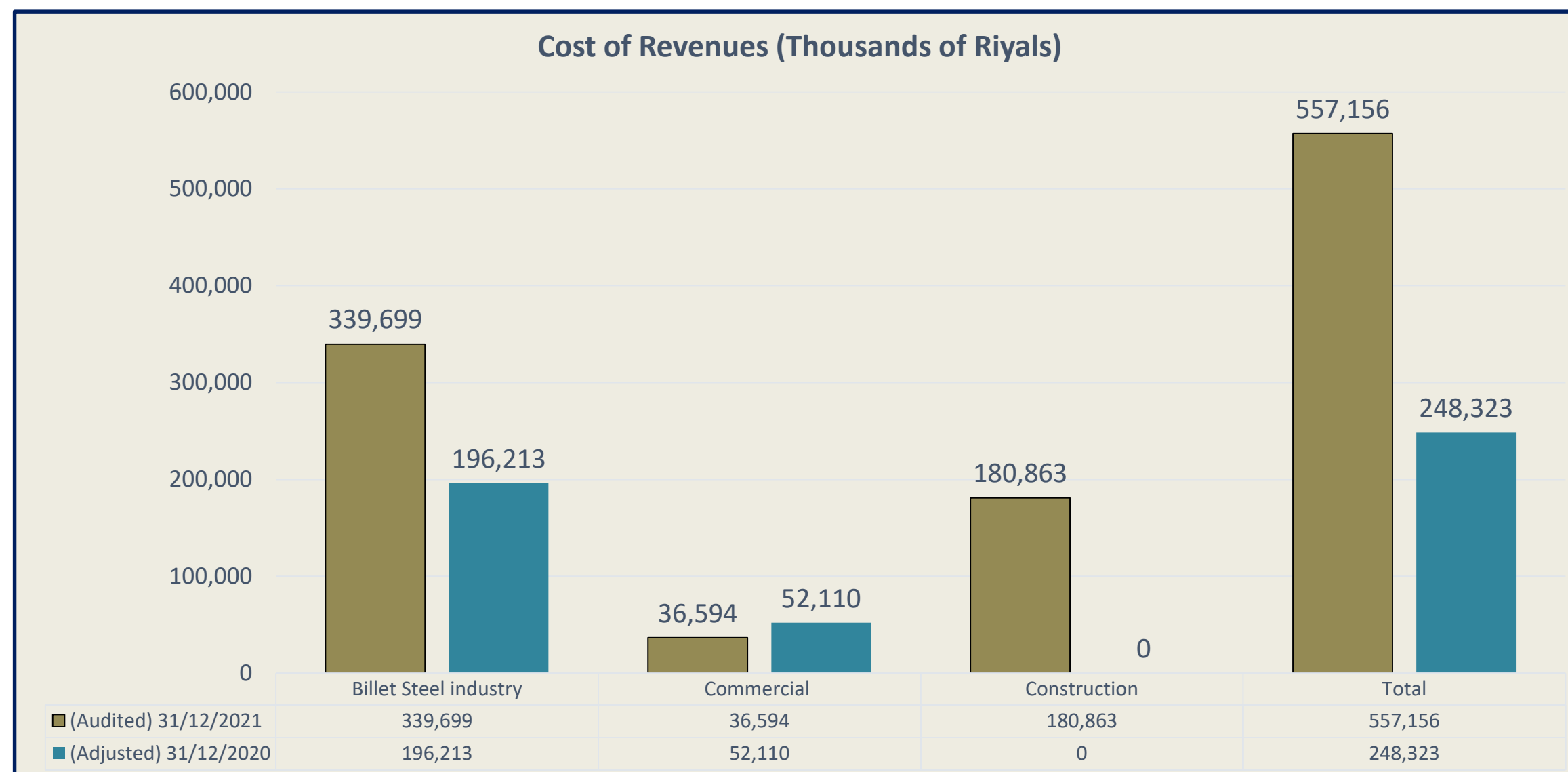
Geographical analysis of the total revenues of the company and the subsidiary during 2021

(Value in "000" Riyals)

Sector	(Audited) 31/12/2021
Central Region	366.449
Eastern Region	293.831
Total	660,280

❖ **Cost of revenue by sector** (Thousands of Riyals):

Sector	(Audited)	(Adjusted)	Change	Change percentage
	31/12/2021	31/12/2020	(-) / +	(%)
Billet Steel industry	339,699	196,213	143,486	73.13%
Commercial	36,594	52,110	(15,516)	(29.78)%
Construction	180,863	-	180,863	100%
Total	557,156	248,323	308,833	124.37%



*** Construction Revenues:**

- Based on the tripartite contract concluded on January 16, 2021, between Al Faizya Real Estate Development Company (first party - related party), Joudat Contracting Company (second party - related party) and the National Construction and Marketing Company (third party) as the first party is the developer of the Al-Jawhara residential project, which has already contracted with the Ministry of Housing on the land of the developer's property.
- The contract includes the obligation of the first party to disburse the extracts under way for implementation so that the value of the extracts is transferred by 15% to the second party and 85% to the third party in exchange for the supply, implementation and supervision of the construction of residential villas as of extract no. (18) representing 65.1m/ 70% of the total sales of the project subject to the contract, and on June 15, 2021, an annex to the contract was made providing for a 15% waiver by the second party to the third party to carry out all the remaining work and obligations of the contract and receive the full value The business, after the adoption of extracts from the legal auditor and the consulting office supervising the construction work and appointed by the project developer, from the developer's real estate security account.
- Based on the above-mentioned contract, the agreement was reached on January 20, 2021, and pursued with the company (developer agent) and RS Infratic Saudi Arabia Limited as a sole contractor to carry out all the work of the said contract.

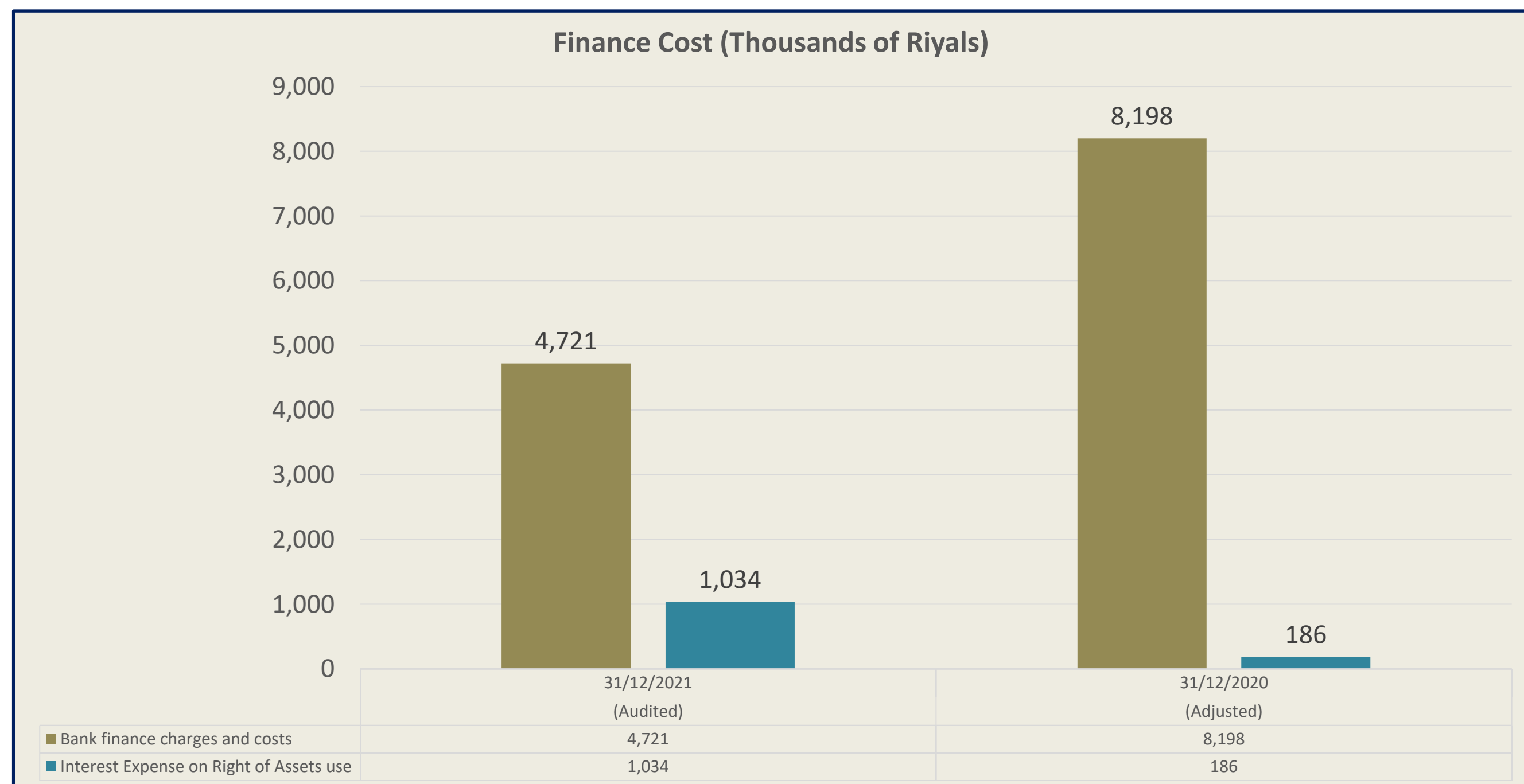
The summary of contract data is as follows:

Cost	Revenues	
508,660,000	644,316,040	Total Contracts
(179,158,922)	(251,750,488)	Less: Total executed from Contracts
329,501,078	392,565,552	Remaining from Contracts

* The total contract value of SAR 775,000,000 is deducted from the previous executor until extract no. 17 of SAR 130,683,960 and is implemented through Joudat Contracting Company, and the company's management expects to complete the project by the end of 2022.

❖ **Financing costs** (Thousands of Riyals)

Statement	(Audited)	(Adjusted)	Change	Change percentage
	31/12/2021	31/12/2020	(-) / +	(%)
Bank finance charges and costs	4,721	8,198	(3,477)	(42.41)%
Interest Expense on Right of Assets use	1,034	186	848	455.91%
Total	5,755	8,384	(2,629)	(31.35)%

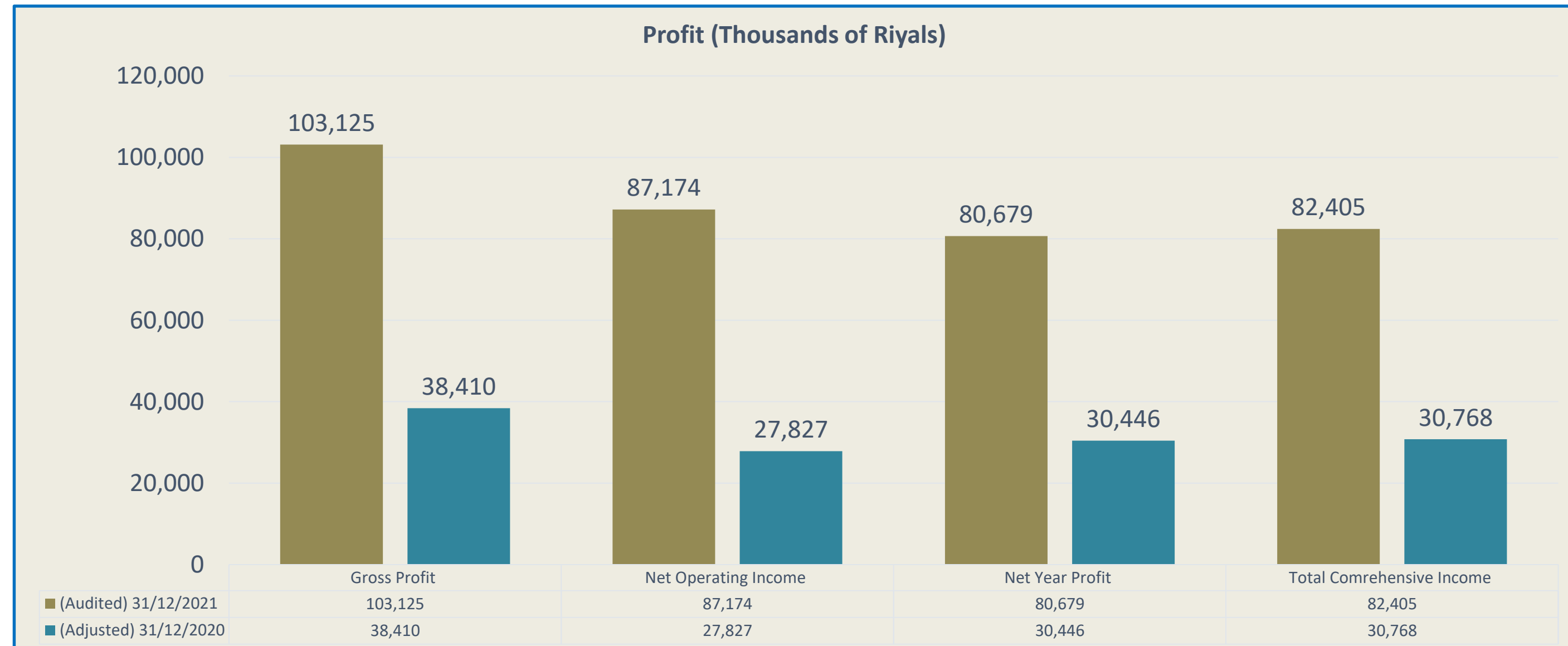


❖ **Profits** (Thousands of Riyals):

The reason for the high net income is due to:

1. Industrial sector sales increased from 213 million riyals to 366 million riyals, an increase of 71.48%
2. Sales of building materials (including construction and commercial) increased from 73 million riyals to 294 million riyals.
3. The company's share of investment profits in fellow companies decreased from 7 million riyals to 2 million riyals.
4. Finance expenses decreased from 8 million riyals to 6 million riyals and 31.35%
5. Gross profit increased from 13.40% to 15.62% due to improved average selling prices and lower raw material prices, which positively affected production costs.

Statement	(Audited)	(Adjusted)	Change (-) / +	Change percentage (%)
	31/12/2021	31/12/2020		
Gross Profit	103,125	38,410	64,715	168.48%
Percentage of Gross Profit %	15.62%	13.40%	-	2.22%
Net Operating Income	87,174	27,827	59,347	213.27%
Percentage of Net Operating Income %	13.20%	9.70%	-	3.50%
Net Year Profit	80,679	30,446	50,233	164.99%
Percentage of Net Year %	12.22%	10.62%	-	1.60%
Total Comprehensive Income	82,405	30,768	51,637	167.83%
Percentage of Total Comprehensive Income %	12.48%	10.73%	-	1.75%



Third: Statement of cash flows

(Thousands of Riyals)

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020
Net income for the year before zakat attributable to shareholders	83,596	31,155
Total Adjustments to Net Income	25,369	23,676
Adjusted Net Income	108,965	54,831
Cash Flow from Operating Activities	(107,035)	(1,697)
Cash Flow (used in) Investment Activities	(44,993)	(26,003)
Cash Flow from Financing Activities	22,579	1,420
Net (Decrease) Increase in Cash Balances	(20,484)	28,551
Cash and Cash Equivalents at the Year Beginning	35,978	7,427
Cash and Cash Equivalents at the Year Ending	15,494	35,978

Fourth: Historical analysis of the income Statement and other comprehensive income for 5 financial years:

❖ Summary of Profit & Loss

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020	(Adjusted) 31/12/2019	(Audited) 31/12/2018	(Audited) 31/12/2017
Revenues	660,280	286,734	170,805	167,123	168,361
Cost of Revenues	(557,155)	(248,323)	(154,921)	(136,076)	(142,494)
Gross Profit	103,125	38,410	15,884	31,047	25,867
%Gross Profit	15.62%	13.40%	9.30%	18.58%	15.36%
Expenses .General and Admin	(15,951)	(10,583)	(7,546)	(3,023)	(2,980)
Net Operating Income	87,174	28,827	8,338	28,024	22,887
% Net Operating Income	13.20%	10.05%	4.88%	16.77%	13.59%
Gain on sale of property and equipment	-	4,500	-	-	-
Investments at fair value	153	-	-	-	-
The company's share in the results of subsidiaries	-	-	-	3,738	4,259
The company's share in the results of associate companies	1,918	7,132	-	-	-
Losses on the sale of investments in subsidiary companies	-	-	-	(4,479)	-
Finance Expenses	(5,756)	(8,384)	(1,277)	(2,977)	-
Other Revenues	107	80	-	548	504
Total Other (Expenses) Revenues	(3,577)	3,328	(1,277)	(3,170)	4,763
Net Profit Before Zakat	83,596	31,155	7,061	24,855	27,650
Zakat Expenses	(2,917)	(709)	(838)	(738)	(855)
Net Income	80,679	30,446	6,223	24,117	26,794
Net Income %	12.22%	10.62%	3.64%	14.43%	15.91%

*Previous year items have been reclassified to match the current year comparison

Other Comprehensive Income:

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020	(Adjusted) 31/12/2019	(Audited) 31/12/2018	(Audited) 31/12/2017
Revaluation of investments at fair value	-	-	-	4,246	-
Remeasurement of employee benefits	1,726	323	-	178	(53)
Total Year Comprehensive Income	82,405	30,768	6,223	28,541	26,741
Total Year Comprehensive Income %	12.48%	10.73%	3.64%	17.08%	15.88%

Fifth: The most important notes on the financial statements:

❖ Transactions with Related parties

The Related parties represent key shareholders, board members, senior management staff of the Group and companies under or significantly influenced by these parties (other Related parties). During this period, the Group conducted transactions with the following related parties: (The terms of those transactions were approved by the Board of Directors). An independent report containing all transactions made during the year will also be presented to the General Assembly of Shareholders at its annual accreditation meeting.

• Due from related parties (Thousands of Riyals):

Company's Name	Relation	(Audited) 31/12/2021	(Adjusted) 31/12/2020
Kaakat Company for Nutrition and Subsistence	Sister Company	1,380	-
Vehicles and Steel Works Company	Sister Company	315	4,594
Doraa Industry Company - Inks Materials Branch	Sister Company	551	-
Flexible Shield Company for Security and Safety	Sister Company	1,417	903
Adwaa AlHedaya Schools Company	Sister Company	37	-
Manazel International Company for Operation and Maintenance	Sister Company	464	22
Flexible Shield Information Technology Company	associate company	102	127
Resins Factory for Industry	Sister Company	4,042	-
Al-Kharj Union Factory Company	Sister Company	5,149	60
Ithraa Holding Company	Sister Company	25	-
Al-Fayezia Real Estate Development Company	Sister Company	8,112	-
Ram Tech Trading Company	Subsidiary	120	-
Alma Military Industries Company	Sister Company	56	-
Jawdat Contracting Company	Sister Company	21,271	607
Total		43,042	6,313

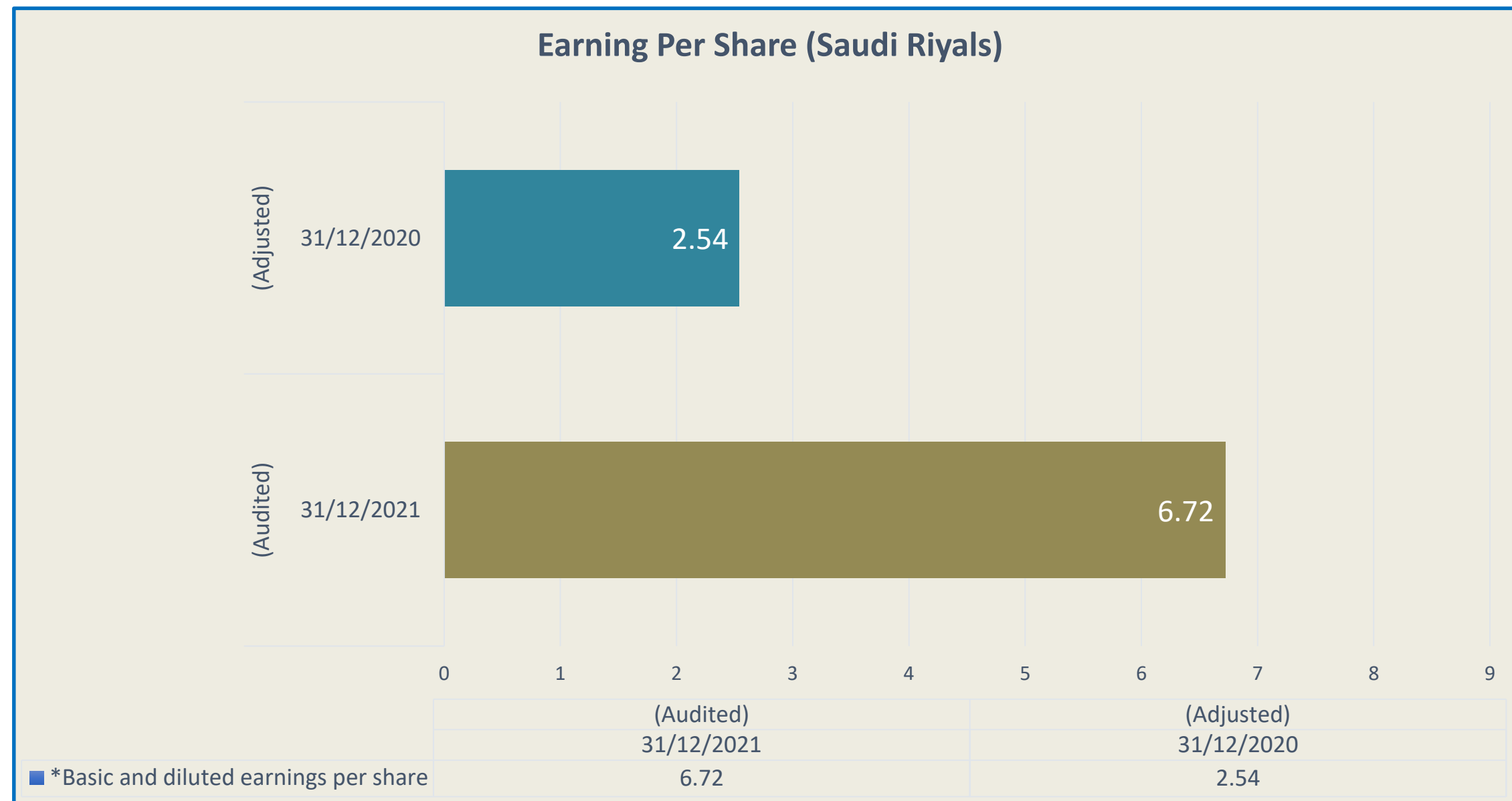
• Due to Related parties

Company's Name	Relation	(Audited) 31/12/2021	(Adjusted) 31/12/2020
Saudi German Industrial Company	Associate Company	7,352	-
Yuzmash Military Company	Subsidiary	51	-
Alma Military Industries Company	Sister Company	-	-
Kaakat Company for Nutrition and Subsistence	Sister Company	-	668
Fahad bin Thuniyan bin Fahad Al Thuniyan	Main Shareholder	6,162	7,735
Total		13,565	8,402

You can see the most important transactions with the relevant parties in detail in explaining number (14) of the audited financial statements for the year ended December 31, 2021.

❖ Earnings per share (SR):

Statement	(Audited)	(Adjusted)
	31/12/2021	31/12/2020
Period Profit	80,679	30,446
Weighted average for number of shares issued	12,000	12,000
*Basic and diluted earnings per share	6.72	2.54



*On 31 December 2020, the Extraordinary Association decided to increase the company's capital by SAR 60 million to SAR 120 million by granting free shares to shareholders from the regular reserve of SAR 3 million and retained profits of SAR 57 million to 12 million shares issued.

*The underlying and reduced earnings per share were calculated by dividing the period attributable to the shareholders' equity in the group on the weighted average number of shares issued

❖ Total Debt Owed by the Company:

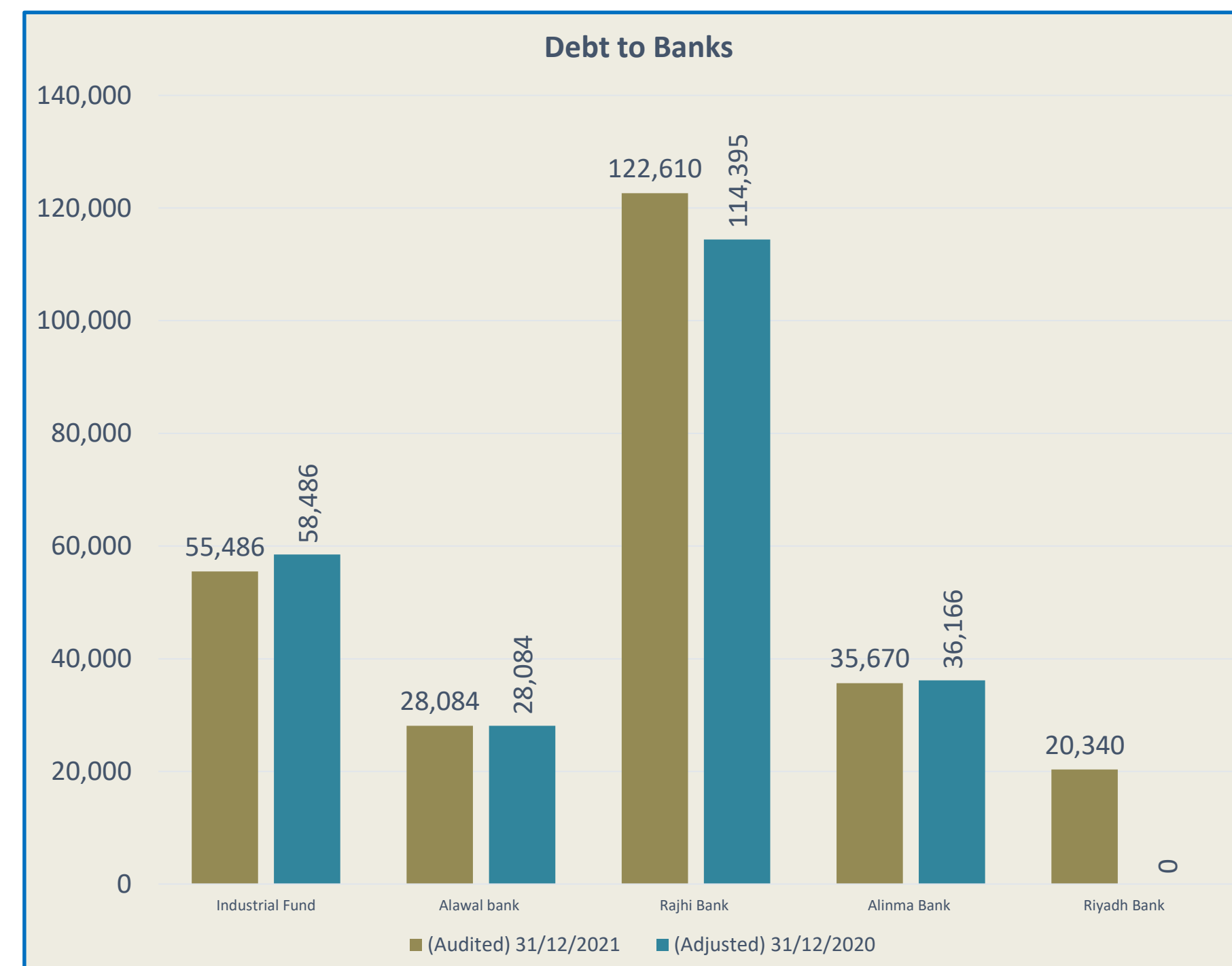
The company's debt to banks is as follows (Thousands of Riyals):

Statement	(Audited)	(Adjusted)	Change	Change percentage
	31/12/2021	31/12/2020	(-) / +	(%)
Industrial Fund	55,486	58,486	(3,000)	(5.13)%
Alawal bank	28,084	28,084	-	-
Rajhi Bank	122,610	114,395	8,215	7.18%
Alinma Bank	35,670	36,166	(496)	(1.37)%
Riyadh Bank	20,340	-	20,340	100%
Total	262,190	237,131	25,059	10.57%

*On 25 October 2021, the Industrial Fund agreed to reschedule the balance of the loan granted to the subsidiary in four unequal semi-annual installments as of 16/05/2022, ending on 30 October 2023 after paying SAR 3 million and the company paid the amount accordingly.

*On 30/06/2021, the parent company obtained a short-term credit facility of SAR 45 million to finance working capital by securing a bond signed by one of the company's main shareholders.

*You can see the details of the credit facilities granted in clarification no. (19) of the audited financial statements for the year ended December 31, 2021.



The company's ZAKAT status:

- The National Building and Marketing Company (Parent) submitted its zakat declaration for the year ended December 31, 2020, and received a restricted zakat certificate ending on 30/04/2022
 - Ajeej Steel Industry Company (subsidiary) submitted its Zakat declaration for the year ended December 31, 2020, and obtained a restricted zakat certificate ending on 30/04/2022
 - On 25/02/2020, the parent company received a Zakat claim for the years 2014/15 for SAR 1,076,310 and the company registered this amount as a claim allocation until it has completed the objection proceedings.
- The following is the movement of zakat allowance for fiscal year 2021 compared to fiscal year 2020 (Thousands of Riyals)

Statement	(Audited)	(Adjusted)
	31/12/2021	31/12/2020
Balance at the Beginning of the Year	709	2,219
Paid During the Year	(971)	(2,219)
Zakat Variances	158	-
Addition During the Year	2,917	709
Balance at the End of the Year	2,813	709

Government Obligations Paid

During the year, the company paid its obligations to various government agencies as follows (Thousands of Riyals):

Statement	(Audited)	(Audited)	(Adjusted)
	31/12/2021	31/12/2021	31/12/2020
	(Due)	(Paid)	(Paid)
ZAKAT	2,197	971	1,725
VAT Fines	2,184	2,184	1,927
GOSI	721	721	292
Governmental Expenses (Including Licenses and Iqama's)	698	698	517
CMA Fines	-	60	-
Total	5,800	4,634	4,461

*The parent company in the group recorded the tax and falls under it a group of subsidiaries and sister companies where the total claims of the parent company of zakat, tax and customs authority amounted to approximately SAR 31 million (of which approximately 24 million riyals are subject to real estate transactions, where the amount of real estate actions being worked on with DZIT due to the objection of the recovery department in the Authority to recover any amount that falls under real estate behavior before the date of the adoption of the real estate developer certificate), clarification no. (13) of the Audited financial statements for the year ended December 31, 2021.

*The VAT adjustment fine was paid after the final examination of the tax returns for 2018, where the tax group was examined by the Zakat, Tax and Customs Authority and the tax status of the tax group was terminated until the end of 2020.

Investments in companies:

Investments in associate companies (Thousands of Riyals):

Statement	Ownership%	(Audited) 31/12/2021	(Audited) 31/12/2020
* German Saudi Industrial Co.	9.08%	16,693	18,407
**Flex Shield Co. for Information Technology	43%	54	-
Total		16,747	18,407

*The German-Saudi Industry Company's classification has been corrected from investments in fair value through other comprehensive income to investments in an associate company because of the influential influence through the members of the board of directors of the parent company and therefore this investment has been proven in the manner of property rights and the necessary adjustments have been prepared, you can see the details of the correction within the clarification no. (30) of the financial statements audited for the year ended 31/12/2021, and the following is the movement of investment in the company:

Statement	(Audited) 31/12/2021	(Audited) 31/12/2021
Balance at the Beginning of the Year	18,407	11,275
Dividends During the Year	-3,632	-
Company's Share of Year Profit	1,918	7,132
Balance at the End of the Year	16,693	18,407

**On 25 November 2020, the capital of Flexible Shield IT Company - a closed joint stock company - was contributed to 43% of the capital of SAR 500,000 and 25% of our contribution value of SAR 215,000 was paid, with the rest of the shares to be paid on schedule. The Commercial Register was issued on 11/02/2021 and the statute on 26 October 2021. Note that the associate company has not been active until the date of the financial statements and therefore there are no profits or losses.

Investments in subsidiaries (Thousands of Riyals):

Statement	% Ownership	(Audited) 31/12/2021	(Adjusted) 31/12/2020
*Ram Tech Trading Company	70%	70	-
**Yuzmash Industrial Company	55%	55	-
Total		125	-

*On 05/12/1442 H, 15/07/2021, Ram Tech Trading Company was established - limited liability - with capital of SAR 100,000 and 70% of the capital was participated with a total amount of SAR 70,000 and the commercial register was issued on 05/08/2021, the initial fiscal year ends on December 31, 2022, so the company's financial statements have not been consolidated and the company has not begun to engage in activity since its inception to date.

**On 17 October 1442 H, 29/05/2021, Yuzmash Industry Company was established - with limited liability with a capital of SAR 100,000 and was participated in 55% of the capital is SAR 55,000 and the commercial register was issued on 23 December 2021, the initial fiscal year ends on December 31, 2022, so the company's financial statements have not been consolidated and the company has not begun to engage in activity since its inception to date.

Paid under the investment account (Thousands of Riyals):

Statement	% Ownership	(Audited) 31/12/2021	(Adjusted) 31/12/2020
Alma Military Industries Company	60%	75	-

*On 08 December 2021, Alma Military Industries, a closed joint stock company, contributed 60% of its capital of SAR 500,000 and 25% of our contribution to Ras was paid. The money of SAR 300,000 to be paid the rest of the contribution to the dates set by the Board of Directors and the commercial register was issued on 04/01/2022 and the statute was not issued until December 31, 2021.

Investment in the financial market - Riyadh's financial portfolio (Thousands of Riyals):

Statement	(Audited) 31/12/2021	(Adjusted) 31/12/2020
Balance at the Beginning of the Year	-	-
Additions During the Year (By Cost)	330	-
Unrealized gain resulting from revaluation during the year	153	-
Balance at the End of the Year	483	-

*On 30/09/2021, the company underwritten aqua power company and the company's share of it was costing SAR 330,000.

*On 09/03/2022, the shares were sold for SAR 660,562 and the company made profits from the sale amounting to SAR 330,562, of which the return on investment was 100.17%.

Debt Ratio:

Capital management (thousands of riyals):

Statement	(Audited)	(Adjusted)
	31/12/2021	31/12/2020
Total Loans	262,314	237,131
Less: Cash and Bank Balances	(15,494)	(35,978)
Net Debt	246,820	201,154
Total Capital	448,232	360,160
Debt Ratio	51%	56%

*The group's objectives in managing capital are to protect its ability to continue as a business with the aim of providing returns to shareholders and benefits to other stakeholders, maintaining a strong capital structure and reducing the cost of capital.

As a result of the debt ratio, the company has good financial capacity to meet its obligations to third parties by maintaining a clear approach to capital management for the fiscal year ended December 31, 2021.



Investor Relations Review

We strongly believe that corporates carry a responsibility towards all stakeholders; employees, investors,

Share Performance

NBMC equity shares are listed on the Saudi Stock Exchange (Tadawul).

As at 31st December 2021, NBMC had **SAR 120,000,000Mn** in Authorized Capital and issued **12,000,000 Shares**



CORPORATE GOVERNANCE

We are proud of the developments we made in our Governance Practices. We have made great efforts to realign our organizational structure to our strategic goals and to promote efficiency and communication throughout the organization.



Governance Overview

At NBMC, we believe in adopting best practices in the field of governance with the aim of promoting institutional culture and applying good management of the company.

1. Board of Directors

The current board of directors of the company, which was elected on 07/03/2021 for 3 years, consists of 5 members, including (2) non-executive members and (2) independent members. (1) Executive member



Fahad bin Thuniyan bin Fahad Al Thuniyan
Chairman, Non-Executive Member

Other Board Memberships

- Board member of Al Yamama Cement Company.
- Board member and managing director of Al-Jabs Al Ahli Company
- Former Nadek Board Member.
- Former board member of the chemical company.



Mohammed Iqbal Daboul
Vice Chairman, Non-Executive Member

- Vice Chairman of the Board of Directors of Saudi-German Industry Company.
- Ex-General Manager of Ajeej Steel Company



Obaid Saad Alsubai
Independent Member

- General Manager of North Cement Company - Head of technical support at the Ministry of Defense
- Ex Director, King Khalid Military City, Construction Office
- Ex Project Manager, Ministry of Defense and Aviation, Military Air Defense Base in Dhahran.



Mohammed bin Isa Aldghelbi
Independent Member

- General Manager of Ben Huaifer Contracting Corporation
- Ex General Manager of Majid Abdullah Aldghelbi Company
- Ex General Supervisor and Project Coordinator Lamek



Meshaal Abdul-Rahman Alokla
CEO, Executive Member

- Ex Project and Partnerships Management – STC
- Ex Relationship Manager for Large Companies - Investment Bank

1.1 Board of Directors Profiles

The company has a board of five members elected by the General Assembly for a period of not more than three years.

Mr. Meshaal Alokla and Mohammed bin Isa Aldghelbi were added to the Board of Directors in 2021.

Mr. Mohammed Al-Awad and Mr. Abdul Rahman Al-Medimig were both discharged from the Board in 2021.

Mr. Iyad Fawaz Taha was appointed as a Secretary of the Board of Directors at the Board meeting held on 12 December 2021.

#	Name	Nationality	Qualification	Position
1	Fahad bin Thuniyan bin Fahad Al Thuniyan	Saudi	Bachelor's Degree in Business Administration	Board - Chairman
2	Mohammed Iqbal Daboul	Syrian	PhD in Engineering Management	Board - Vice Chairman
3	Obaid Saad Alsubai	Saudi	Bhd. Civil Engineering	Independent Board Member
4	Mohammed bin Isa Aldghelbi	Saudi	Bachelor Degree- Law	Independent Board Member
5	Meshaal Abdul Rahman Alokla	Saudi	Master of Business Administration	Executive Board Member - CEO

1.2 Board Members on the Boards of other Joint Stock Companies

Board members participate in the membership or management of other corporate boards:

#	Member Name	Company Name	Nature of Membership
1	Fahad bin Thuniyan bin Fahad Al Thuniyan	- Board member of Al Yamama Cement Company. - Board member and managing director of Al-Jabs Al Ahli Company	- Independent - Executive – (Managing Director)
2	Mohammed Iqbal Daboul	- Board Member of Saudi German Company	- Executive

1.3. Executive Management

#	Name	Position
1	Meshaal Abdul Rahman Alokla	CEO
2	Salahuddin Jamil Mohamed	CFO
3	Iyad Fawaz Taha	Director of Shared Services Department
4	Emad Hammad	Operation Manager of AJIJ Company

Mr. Iyad Taha resigned from the Audit committee and was appointed as director of the Shared Services Department on 12 December 2021.

1.4. Classification of Board Members

#	Name	Classification		
		Executive	Non Executive	Independent
1	Fahad bin Thuniyan bin Fahad Al Thuniyan		✓	
2	Mohammed Iqbal Daboul		✓	
3	Obaid Saad AlSubai			✓
4	Mohammed Isa Aldghelbi			✓
5	Meshaal Abdul Rahman Alokla	✓		

1.5 Number of Board Members' Meetings Held During 2021

S.N	Name	1 st Meeting	2 nd Meeting	3 rd Meeting	4 th Meeting	5 th Meeting	6 th Meeting	7 th Meeting	8 th Meeting	9 th Meeting	10 th Meeting	11 th Meeting
		25/01/2021	01/02/202	7/3/2021	15/3/2021	16/3/2021	30/3/2021	8/4/2021	12/4/2021	15/4/2021	30/6/2021	12/12/202
1	Fahad bin Thuniyan bin Fahad Al Thuniyan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Obaid Saad Alsubai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mohamed Saled Abdulzaziz Alawad	X	X	-	-	-	-	-	-	-	-	-
4	Mohammed Iqbal Daboul	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Mohamed Abdulrahman Ibrahim Almedemig	✓	✓	-	-	-	-	-	-	-	-	-
6	Meshaal Abdul Rahman Alokla	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Mohammed bin Isa Aldghelbi	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓

* Members of the Board of Directors were elected for the current session as of 2021/03/07

2. Board Committees

2.1 Audit Committee

The company's Audit committee consists of 3 members and a secretary, and the following is a statement of the names of the members and the number of meetings held during 2021.

Member Name	Position	1 st Meeting	2 nd Meeting	3 rd Meeting	4 th Meeting
Obaid Saad Alsubai	Committee Chairman	30.3.2021	12.9.2021	7.11.2021	12.12.2021
Mohammed bin Isa Aldghelbi	Member	30.3.2021	12.9.2021	7.11.2021	12.12.2021
* Iyad Fawaz Taha	Resigned Member	30.3.2021	12.9.2021	7.11.2021	12.12.2021
*Mahmoud Sayed	Member	-	-	-	-
Salahuddin Jamil Mohamed	Secretary	-	-	-	12.12.2021

- A new member of the committee was added and attended the last meeting.
- A new member (Sayed Mahmoud) was appointed in place of his predecessor Mr. Iyad Taha, who resigned from the committee at the board meeting held on 12 December 2021, and the appointment of the new member was officially approved with the approval of the General Assembly held on 20 January 2022. Mr. Mahmood Sayed (Pakistan nationality, holds an MBA and various financial professional certificates from the United States of America and has worked as a financial and investment consultant for over 26 years of experience).

The functions and competences of the Audit committee include:

- Supervising the internal audit department to ensure that its tasks are activated.
- Prepare a written report that includes the committee's opinion and recommendations and follow up on the implementation of the necessary corrective measures.
- Submit recommendations to the Board of Directors on the appointment of an independent auditor.
- Review the preliminary and annual financial statements before submitting them to the Board of Directors and expressing opinions and making recommendations on them.
- Review the accounting and financial policies being implemented and express opinions and make recommendations about them.

Summary of the experiences of the members of the review committee:

#	Name	Nationality	Qualification	Position	Experience
1	Obaid Saad Alsubai	Saudi	Bhd. Civil Engineering	BOD Member	- General Manager of North Cement Company - Head of technical support at the Ministry of Defense - Director, King Khalid Military City, Construction Office - Project Manager, Ministry of Defense and Aviation, Military Air Defense Base in Dhahran.
2	Mohammed bin Isa Aldghelbi	Saudi	Bachelor's degree- Law	BOD Member	- General Manager of Ben Huaifer Contracting Corporation - General Manager of Majid Abdullah Aldghelbi Company - General Supervisor and Project Coordinator Lamek
3	*Mahmoud Sayed	Pakistan	Bachelor's degree- Finance, MBA, Various financial professional certificates.	Independent Member	Financial adviser, chief financial officer, and legal officer with more than 22 years of experience.
4	Salahuddin Jamil Mohamed	Jordan	Bachelor's degree- Finance, Various financial professional certificates	CFO	- Head of the financial sector of a group of companies. - Board member of a group of companies.

2.2 Nomination and Remuneration Committee

- The company's N&R committee consists of 3 members and a secretary, and the following is a statement of the names of the members and the number of meetings held during 2021.

Member Name	Position	1 st Meeting	2 nd Meeting
Fahad bin Thuniyan bin Fahad Al Thuniyan	Committee Chairman	27.1.2021	12.12.2021
Obaid Saad Alsubai	Member	27.1.2021	12.12.2021
Mohamed Saleh Mahmoud	Member	27.1.2021	12.12.2021
*Abdullah Alshahrani	Secretary	-	12.12.2021

*A new member of the committee was added and attended the last meeting

The functions and competences of the Nominations and Remuneration Committee include:

- Submit recommendations to the Board on nomination to the Board of Directors. Conduct an annual review of the board of directors and prepare a description of the capabilities and qualifications required for board membership, including determining the appropriate time period for anyone to join the Board.
- Review the structure of the Board of Directors and make recommendations on changes that can be taken in this regard.
- Identify weaknesses and strengths in the Board of Directors and propose ways to address them in a way that benefits the company.
- Annually ensure the independence of the independent members of the Board and ensure that there is no conflict of interest in: if a board member is a member of the board of directors of other companies.
- Prepare and review the company's compensation policy, benefits, bonuses and salaries of employees and consultants.
- Develop clear policies for the remuneration and remuneration of members of the Board of Directors and Senior Management and adopt performance-related standards.
- Establish a wage policy that ensures that salaries and bonuses are sufficient to attract and retain qualified employees in the company, and that they are in line with the salaries paid by similar companies in the market.
- Identify the company's needs for competencies at the level of senior executive management and employees and the basis of their selection.
- Prepare the company's human resources and training policy and review it annually.
- Preparing the rewards policy for the members of the board of directors and its committees and executive management and submitting it to the Board for accreditation.
- Clarify the relationship between the rewards granted and the applicable macaque policy.
- Committee members usually meet twice a year.

Summary of the experiences of the members of the Nominations and Remuneration Committee:

#	Name	Nationality	Qualification	Position	Experience
1	Fahad bin Thuniyan bin Fahad Al Thuniyan	Saudi	Bachelor's Degree in Business Administration	Chairman	-Board member of Al Yamama Cement Company. - Board member and managing director of Al-Jabs Al Ahli Company - Former Nadek Board Member. - Former board member of the chemical company.
2	Obaid Saad Alsubai	Saudi	Bhd. Civil Engineering	BOD Member	- General Manager of North Cement Company - Head of technical support at the Ministry of Defense - Director, King Khalid Military City, Construction Office - Project Manager, Ministry of Defense and Aviation, Military Air Defense Base in Dhahran.
3	Mohamed Saleh Mahmoud	Egypt	Bachelor's Degree in Accounting	Member	- Financial manager of a group of companies and more than 10 years of financial experience.
4	*Abdullah Alshahrani	Saudi	Secondary School	Head of HR.	Human Resources Officer with more than 10 years of experience.

2.3 Compliance and Risk Management Committee

The company's compliance and risk committee consist of 4 members and a secretary, and the following is a statement of the names of the members, the role of the Compliance and Risk Committee has been activated recently and the attendance schedule will be updated immediately after the first committee meeting.

Member Name	Position
Mohammed bin Isa Aldghelbi	Committee Chairman
Meshaal Abdul Rahman Alokla	Member
Iyad Fawaz Taha	Member
Salman Waheed	Member
Hanan Alolayan	Secretary

The functions and competences of the Compliance and Risk Management Committee includes:

- Monitoring, evaluating, and analyzing regulatory risk management and controls.
- Review and confirm information and comply with policies, procedures and laws.
- Work to reduce risks and ensure the effectiveness and strength of the application of governance procedures within the company.
- Make recommendations to enhance the quality of operations, policies and procedures and continue to improve and develop them.
- Coordination with the Saudi Capital Market Authority in this regard.

Summary of the experiences of the members of the Compliance and Risk Management Committee:

Name	Nationality	Qualification	Position	Experience
Mohammed bin Isa Aldghelbi	Saudi	Bachelor's degree- Law	BOD Member	- General Manager of Ben Huaifer Contracting Corporation - General Manager of Majid Abdullah Aldghelbi Company - General Supervisor and Project Coordinator Lamek
Meshaal Abdul Rahman Alokla	Saudi	Master of Business Administration	Executive Manager	- Project and Partnerships Management – STC - Relationship Manager for Large Companies - Investment Bank
Iyad Fawaz Taha	Jordan	Bachelor's degree- Business Administration	Director of Shared Services Department	Experience in management and committee membership for more than 20 years.
Salman Waheed	Pakistan	Bachelor of Finance, MBA	Independent Member	Consultant, financial analyst, risk management, and compliance consultant with more than 15 years of experience.
Hanan Alolayan	Saudi	Bachelor's degree- Law	Head of Compliance and Risk Management Department	Experience in management, risk management and compliance.

2.4 Executive Committee

The company's Executive committee consist of 4 members and a secretary, and the following is a statement of the names of the members, the role of the Compliance and Risk Committee has been activated recently and the attendance schedule will be updated immediately after the first committee meeting.

Member Name	Position
Mohammed Iqbal Daboul	Committee Chairman
Meshaal Abdul Rahman Alokla	Member
Salahuddin Jamil Mohamed	Member
Iyad Fawaz Taha	Member
Hanan Alolayan	Secretary

The functions and competences of the Executive Committee includes:

- Follow-up the implementation and development of the company's financial, administrative, and supervisory policies and regulations and propose appropriate amendments to the Board of Directors.
- Follow up, update, and review the company's long, medium and short-term strategy plans from time to time.
- Follow-up the implementation of the company's discretionary plans and budgets, follow up on actual performance, analyze the causes of deviations, if any, and ask the competent managers to answer them and make recommendations.
- Review of CAPEX Budget approved by the Board of Directors.
- Recommending investment projects, new participation, or acquisition of other companies.
- Review financial statements.
- Meeting with sector leaders, chartered accountant, internal auditor, and anyone involved in monitoring the practical and financial performance of the company and its sectors.
- Follow-up on the implementation of important recommendations from the chartered accountant and internal auditor.
- Conduct studies of investments and make the necessary recommendations.
- Follow-up and review of all important issues relating to judicial cases, emergency cases and claims requiring them to appear in accounting statements.
- Coordination with the Remuneration and Nominations Committee with regard to the nomination of the company's senior executives, experts and consultants.
- Ensure that all reports issued by the company are transparent, fair and objective and useful to its users.

Summary of the experiences of executive committee members:

Name	Nationality	Qualification	Position	Experience
Mohammed Iqbal Daboul	Syrian	PhD in Engineering Management	Vice Chairman	- General Manager of Agij Steel Company -Vice Chairman of the Board of Directors of the Saudi-German Industry Company.
Meshaal Abdul Rahman Alokla	Saudi	Master of Business Administration	Executive Manager	- Project and Partnerships Management – STC - Relationship Manager for Large Companies - Investment Bank
Salahuddin Jamil Mohamed	Jordan	Bachelor's degree- Finance, Various financial professional certificates	CFO	- Head of the financial sector of a group of companies. - Board member of a group of companies.
Iyad Fawaz Taha	Jordan	Bachelor's degree- Business Administration	Director of Shared Services Department	Experience in management and committee membership for more than 20 years.
Hanan Alolayan	Saudi	Bachelor's degree- Law	Head of Compliance and Risk Management Department	Experience in management, risk management and compliance.

2.5 Investment Committee

The company's Investment committee consist of 3 members and a secretary, and the following is a statement of the names of the members, the role of the Compliance and Risk Committee has been activated recently and the attendance schedule will be updated immediately after the first committee meeting.

Member Name	Position
Mohammed Iqbal Daboul	Committee Chairman
Meshaal Abdul Rahman Alokla	Member
Mahmoud Sayed	Member
Salahuddin Jamil Mohamed	Secretary

The functions and competences of the Investment Committee includes:

- Control of the company's investments and investment assets and submit its recommendations to the Board of Directors.
- Follow up on reports related to the company's existing investments.
- Follow-up the implementation of the plans and policies drawn up for the company's investments.
- Notify the Board of Directors of any fundamental changes in investments.
- Review and study the company's potential investments and make recommendations to the Board of Directors.

Summary of the experiences of Investment committee members:

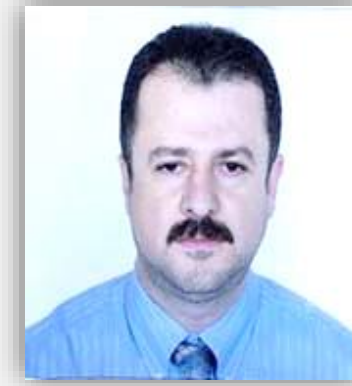
Name	Nationality	Qualification	Position	Experience
Mohammed Iqbal Daboul	Syrian	PhD in Engineering Management	Vice Chairman	- General Manager of Agij Steel Company -Vice Chairman of the Board of Directors of the Saudi-German Industry Company.
Meshaal Abdul Rahman Alokla	Saudi	Master of Business Administration	Executive Manager	- Project and Partnerships Management – STC - Relationship Manager for Large Companies - Investment Bank
Mahmoud Sayed	Pakistan	Bachelor's degree- Finance, MBA, Various financial professional certificates.	Independent Member	Financial adviser, chief financial officer, and legal officer with more than 22 years of experience.
Salahuddin Jamil Mohamed	Jordan	Bachelor's degree- Finance, Various financial professional certificates	CFO	- Head of the financial sector of a group of companies. - Board member of a group of companies.

3. Executive Team



Meshaal Abdul-Rahman Alokla
CEO

- *Ex-Project Specialist - Partnerships Department – STC*
- *Ex-Relationship Manager - Cooperate Department – The Saudi Investment Bank*



Iyad Fawaz Taha

Director of Shared Services Department

- *Experience in managerial and Committees membership for more than 20years.*



Salahuddin Jamil Mohamed
CFO

- *Having more than 15 years of solid experience in Executive Management, Finance & Audit with big and prestige holdings*
- *BOD Member of a Local and International Company.*
- *EX-CFO PWI | Private Wealth Investment Holding Co.*
- *EX- Finance Manager - Nomd Holding Group*
- *Ex-Head of Financial Projects - OBIC | Osool & Bakheet Investment Co.*
- *Supervisor, Advisory - KPMG Saudi Arabia*



Emad Hammad

Factory Manager of AJIJ Company

- *Ex-Operation Manager for many companies*
- *Acting as an operation manager of AJIJ Company.*



Ahmed Taha

Finance Manager of AJIJ Company

- *Worked in deferent companies and has a great experience in Financials.*

4. Equity ownership

Statement of ownership of board members and senior executives of the company's shares

#	Name	Nationality	Shares at the Beginning of the Year	Shares at the Ending of the Year	Percentage of Ownership
1	Fahad bin Thuniyan bin Fahad Al Thuniyan	Saudi	9,592,912	8,092,912	67.44%
2	Mohammed Iqbal Daboul	Syrian	1600	1600	0.133333%
3	Obaid Saad Alsubai	Saudi	-	120	0.0010000%
4	Meshaal Abdul Rahman Alokla	Saudi	-	1	0.0000083%
	Total		9,594,512	8,094,633	67.57%

5. Remuneration and Compensation Policy and System

5.1 Bonus and Compensation Policy, Board of Directors and Committee Members

- The main purpose of providing rewards is to urge the members of the Board of Directors, executive management and committee members to make the company a success, part of which has been linked to the extent of outstanding performance.
- Rewards and compensation are determined based on the level of employment, size of the tasks and responsibilities assigned to the owner.
- Attracting, maintaining, and stimulating competencies.
- This policy is prepared in coordination with the Nominations Committee on the new appointment.
- Reward recognition cases based on inaccurate information are suspended or refunded.

5.2 Approved remuneration for board members by policy:

Name	Wages and Allowances	Annual Remuneration	Attending Sessions Allowance	Other Expenses	Grand Total
Fahad bin Thuniyan bin Fahad Al Thuniyan	-	25.000	2.000	-	27.000
Mohammed Iqbal Daboul	-	25.000	2.000	-	27.000
Obaid Saad Alsubai	-	25.000	2.000	-	27.000
Mohammed bin Isa Aldghelbi	-	25.000	2.000	-	27.000
Meshaal Abdul Rahman Alokla	-	25.000	2.000	-	27.000
Total	-	125.000	10.000	-	135.000

5.3 Statement on the dates of the General Assembly of Shareholders:

Following is a statement on the record of the presence of the board members of the General Assembly of Shareholders during 2021

Name	1 st Meeting 4.3.2021	2 nd Meeting 6.5.2021
Fahad bin Thuniyan bin Fahad Al Thuniyan	✓	✓
Mohammed Iqbal Daboul	✓	✓
Obaid Saad Alsubai	✓	✓
Mohammed bin Isa Aldghelbi	✓	✓
Meshaal Abdul Rahman Alokla	✓	✓

5.4 The remuneration of the members of the Board of Directors that pertains to the year 2021 and was paid to the members of the Board

Name	Expenses Allowance				Variable Remuneration					Fixed Remuneration						
	Expenses Allowance	Grand Total	E.O.S.B	Total	Granted Shares (Value is entered)	long term motivational plans	short term motivational plans	Regular remuneration	% of Profit	Total	The remuneration of the chairman, managing director, or secretary, if he is a member	Rewarding technical, administrative and advisory works	In-kind benefits	Allowance for attending Committees sessions	Allowance for attending BOD sessions	Salaries and Wages
First - Independent Members																
Dr. Obaid Saad Alsubai	-	43,000	-	-	-	-	-	-	-	43,000	-	-	-	8,000	35,000	-
Abdulrahman Ibrahim Almudimig**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mohamed Isa Aldghilbi*	-	43,000	-	-	-	-	-	-	-	43,000	-	-	-	8,000	35,000	-
Total	-	86,000	-	-	-	-	-	-	-	86,000	-	-	-	16,000	70,000	-
Second - Non-Executive Members																
Fahad bin Thunian Althunian	-	35,000	-	-	-	-	-	-	-	35,000	-	-	-	-	35,000	-
Mohamed Iqabal Dabul	-	35,000	-	-	-	-	-	-	-	35,000	-	-	-	-	35,000	-
Total	-	70,000	-	-	-	-	-	-	-	70,000	-	-	-	-	70,000	-
Third - Executive Members																
** Mohamed Saleh Alawad - Ex - CEO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Meshal Abdulrhman Alokla - CEO	-	472,500	-	-	-	-	-	-	-	455,000	-	-	-	-	35,000	420,000
Total	-	472,500	-	-	-	-	-	-	-	455,000	-	-	-	-	35,000	420,000

5.5 Committees Members Remuneration

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings
Audit Committee Members		
1)	Dr. Obaid Al Subai	8,000
2)	Mohammed bin Isa Aldghelbi	8,000
3)	Iyad Taha	8,000
Total		24,000
Nomination & Remuneration Committee Members		
1)	Fahad Al Thunayan	-
2)	Dr. Obaid Al Subai	-
3)	Mohammad Saleh Mahmoud	-
Total		-

Senior Executives	Total	End-of- service award	Total remunerations for Board executives, if any	Aggregate Amount
CEO	420,000	17,500	35,000	472,500
CFO	420,000	17,500	-	437,500
Factory Director	360,000	15,000	-	375,000
Finance Manager	150,000	6,250	-	156,250
Total	1,350,000	56,250	35,000	1,441,250

The Board of the Capital Market Authority issued its Resolution No. 1-35-2018 dated 9/7/1439 corresponding to 3/26/2018, which stipulates the disclosure schedule for execution rewards specified in Annex (1) of the Corporate Governance Regulations of an indicative nature, The executive title is in Annex (1) of the Corporate Governance Regulations.

6. Board of Directors Declarations

The company's board of directors approves the following:

1. That the company's records were properly prepared.
2. The internal control system was properly developed and implemented effectively.
3. There is little doubt about the company's ability to continue its activities

7. Number of company requests for shareholders' register

18/2/2021	Corporate Procedures
04/03/2021	General Assembly
29/04/2021	Corporate procedures
05/05/2021	General Assembly
18/05/2021	Corporate procedures
24/05/2021	Corporate procedures
30/05/2021	Corporate procedures
10/06/2021	Corporate procedures
13/06/2021	Corporate procedures
14/06/2021	Corporate procedures
07/10/2021	Corporate procedures
12/10/2021	Corporate procedures
14/10/2021	Corporate procedures
30/10/2021	Corporate procedures
1/11/2021	Corporate procedures

8. Governance Initiative

Below are the policies that the company has reviewed, adopted or implemented during the current year 2021, continuing the application of a company for governance procedures:

Article No.	Article	Implemented	Partially Implemented	Not Implemented	Reason/Notes
20	Paragraph C, Section 1 (contrary to independence in the member of the Board of Directors....) Paragraph C, Section 10 (contrary to independence in the member of the Board of Directors....)	✓			
28	Contrary to independence the appointment of the CHIEF Executive Officer after the end of his services as Chairman of the Board of Directors	✓			
38	Conditions for the appointment of the Secretary-General of the Council	✓			
39	Training: For board members and executive management		✓		BOD has approved a Third Party for the training. Contract has been signed. Aiming to receive trainings in 2 nd Quarter
41	Evaluating the performance of the Board and its members and committees		✓		BOD has approved a Third Party for the assessment. Contract has been signed. Aiming to receive report in 2 nd Quarter
70 71 72	Formation of the Risk Management Committee and its terms of reference and meetings	✓			
78	Internal Audit Report		✓		
83	Regulating the relationship with stakeholders	✓			
85	Motivating workers with its three paragraphs		✓		
87	Social responsibility		✓		
88	Social Action Initiatives		✓		
95	The formation of the company's governance committee and the addition of investment committees and the Executive Committee.	✓			



Control, Risk & Compliance

Constantly monitoring & striving to mitigate key risks at all levels of the business

Control, Risk, Compliance

1. Risk

The company pays high attention to the potential risks of locally anticipated competition and as a result of continued declining demand and we list the following are some potential risks that do not represent all the risks that the company may face:

Risks related to manufacturing defects

A large part of the company's business is related to the production and sale of building materials and these operations are subject to certain risks related to defects that may occur during production, packaging or transportation, and any defects in products manufactured by the company or failure to comply with the specifications contracted with customers may expose them to the risks of product withdrawals and potential liability claims that will adversely affect the company's business expectations, results of operations and financial position in a substantial way.

Risks of the company's inability to achieve the expansion and implementation strategy:

The company's future performance depends on the effective implementation of its business plans and growth strategies, which include manufacturing new products and expanding existing plants. The roll-out and success of business plans and growth strategies depends on a number of factors, including finding suitable places with favorable lease terms, providing capital and appropriate financing, market conditions and licenses in new markets. Furthermore, any failure to effectively manage the company's expansion plans will lead to increased costs and lower profitability, adversely affecting its growth prospects.

Operational risks and unexpected business stoppages

The company's work is based on the ongoing and effective operations in Riyadh area in both Prince Miteb Industrial where the company performs major distribution work in addition to iron and aluminum factories in Hit and the main stores in Al-Slaili in Riyadh region, where the company's factories include, Operational risks include natural disasters, disruption of important machinery, accidents to key staff, disruption of power and water supplies and disruption of computer equipment.

Risks related to the management structure of the company

The company's organizational structure includes many levels of management, from the company's board of directors and senior executives to division and branch managers. There may be overlapping decisions or due to a lack of management experience in dealing with the company's management structure, resulting in potential negative effects on the company's operations, business expectations, financial position and ability to meet rapid market movement and industry trends.

Risks related to the availability and price volatility of raw materials:

The company's revenues and profits depend to some extent on the prevailing prices of commodities and raw materials, particularly iron, copper, cement and wood. The prices of these commodities depend on global markets driven by global supply and demand, with global markets vulnerable to rapid and widespread volatility. The company will not be able to control the factors affecting commodity prices, given that actual changes in supply and demand, market concerns, speculation by market traders, international economic and political factors can affect prices and the accuracy of the company's assumptions and/or future expectations, which would have a negative and fundamental impact on the company's business, results of operations and financial position in general.

Risks related to demand for products:

The company relies on a certain category of products, such as trade in building materials, armed iron industry, aluminum and busy iron industry, industrial ink production, iron preparation and metal packaging. The company's ability to diversify its product offerings in the future will depend on a number of factors, some of which may be beyond its control, that any reduction in demand for the company's products would lead to a decline in sales that would adversely affect the company's operations, future prospects and overall financial position.

Risks of relying on key suppliers:

The company relies on major local and international suppliers of raw materials, equipment and service needs, the proportion of suppliers analysts represents 60% and the proportion of international suppliers 40%, but the company has long-term agreements with major suppliers, and therefore, if one of the major suppliers decides to end its relationship with the company, the company may have difficulty replacing the supplier with another supplier at the same level of qualification, price and quality. The company competes with other companies for the services of these suppliers and if the company cannot maintain continuous relations with these major suppliers, if the conditions under which the company buys raw materials, goods and services from these suppliers become unfavorable, or the company is unable to implement its obligations under the supply agreements, this will negatively affect the results of the company's operations, future expectations, and its financial position in general.

Customer-related risks:

The company has a diverse customer base with which it is conducted by government and non-governmental agencies. To some extent, they rely on these entities as key clients, and any negative development in the relationship with these entities in the event that some or all entities go to another competitor will result in the loss of key customers, which in turn may adversely affect the company's operations and results of operations.

Transport risks

The company does not have its own transport fleet, and the company relies on external transport service providers to transport its products to its customers, so any disruption in transport services will affect the company's ability to supply its products to its customers.

Risks of relying on key staff:

The company relies on the capabilities and expertise of its executives and other key employees. However, they may not be able to ensure that existing staff are retained or that new staff are attracted. In addition, due to the diversity of the company's business, it may be difficult for the company to recruit or retain qualified individuals with the expertise it requires for its key employees. The loss of key employees, failure to retain qualified staff or failure to identify, recruit and retain other qualified employees in the future can have negative and substantial consequences for the company's results and operations.

Risks related to lawsuits:

In general, the company may establish lawsuits and lawsuits that may be filed by or against it resulting from non-compliance with contracts, responsibilities, payment of dues, disputes with customers or others, if such actions are resolved in the company's interests and will have a negative impact on the company's results and results of operations.

Risks related to violation of regulations and regulations:

Due to the diversity of the company's business, it is subject to the regulations, executive regulations, general rules and instructions and circulars in force in Saudi Arabia. These regulations, rules, laws and regulations may be subject to change. Regulatory changes caused by political, economic, technical and environmental factors can significantly affect the company's operations and financial results. The Company may modify its products or operations to operate in accordance with future changes in these regulations and laws, which will adversely affect the results of the Company's operations, future expectations and financial position in general.

Inventory risk:

Due to the nature of the company's activity, it must maintain the size of a large stock of goods and since the company is subject to price fluctuations, in the event of a decline in those prices, the company may not be able to sell its products in its inventory at the prices originally planned when purchased, which will negatively affect the level of profitability of the company and its financial performance.

2. Sanctions or any precautionary measures against the company

Punishment	Reasons for the violation	The signatory of the sentence	Ways to cure the problem
-	-	-	-

3. Results of the annual review of the effectiveness of internal control of the company

At its meeting on December 12, 2021, the Board approved and approved the internal audit and oversight policy, The Board also approved the recommendation of the review committee and the nominations and rewards committee to appoint Mr. Mohammed Riad as director of the company's internal audit department.



Dividends and Recommendations of the Board of Directors and Committees

1. Dividends and Board Recommendations

Dividend policy:

The company's annual net profit is distributed as follows:

- 1) 10% of the net profit to form the company's regular reserve, and the AGM may decide to stop this when the reserve in question 30% of the paid-up capital is reached.
- 2) For the General Assembly at the suggestion of the Board of Directors to reserve 5% of net profits to form a Conventional reserve.
- 3) For the AGM to decide on the formation of other reserves, to the extent that it is in the company's interest or ensures a fixed dividend as much as possible to shareholders. The Association may also deduct from net profits amounts to establish social institutions for the company's employees or to assist what exists from these institutions.
- 4) The rest is then distributed to shareholders at a rate of 10% of the paid-up capital.
- 5) Taking into account the provisions established in Article 76 of the Corporate System, after the above, 1% of the rest is allocated to reward the members of the Board of Directors, with the entitlement of this bonus commensurate with the number of meetings attended by the member during the previous three years.

Dividends:

- The company has not distributed any dividends during 2021, and dividends will be approved "if any" at the next board meeting.

1. Board approvals and recommendations to the General Assembly

The Board of Directors meeting held on 12 December 2021, which read

- Adoption of the estimated budget for 2022, including existing and future projects and financial status.
- Approval of the appointment of the following names on the recommendation of the Audit committee and the nominations and Remuneration committee:
- Mr. Mohammed Riad appointed as internal auditor in the internal audit department of the company as of (1/1/2021)
- Appointment of Ms. Hanan Al-Olayan as Supervisor of Commitment in the Department of Governance and Commitment as of (1/1/2022)
- Approval of the formation of the following committees and the adoption of their policies and the names of their members on the recommendation of the Committee of Nominations and Remunerations:

The Compliance and Risk Committee and its members:

- Mr. Mohammed bin Isa Aldghelbi.
- Mr. Meshaal Abdul-Rahman Alokla
- Mr. Iyad Taha.
- Mr. Salman Waheed.
- Ms. Hanan Al-Olayan (Secretary of the Committee)

The Investment Committee and its members:

- Engineer / Mohammed Iqbal Daboul.
- Mr. Mashal Abdul Rahman Al-Okla.
- Mr. Mahmoud Sayed.
- Mr. Salahuddin Mohamed (Secretary of the Committee).

The Board of Directors meeting held on 12 December 2021, which read

Executive Committee and its members:

- Engineer / Mohammed Iqbal Daboul.
 - Mr. Mashal Abdul Rahman Al-Okla.
 - Mr. Saladin Mohamed.
 - Mr. Iyad Fawaz Taha.
 - Ms. Hanan Al-Olayan (Secretary of the Committee).
-
- Accepting the resignation of Mr. Iyad Fawaz Taha from his position as a member of the Audit committee, due to his appointment to run the company as director of the Shared Services Department as of its date.
 - Approval of the appointment of Mr. Mahmoud Sayed as an independent member of the Audit committee on the recommendation of the Audit committee and the committee of nominations and remuneration as of its date to succeed the outgoing member Iyad Fawaz Taha, to submit the appointment to the first meeting of the General Assembly to take final approval of the appointment.
-
- Approval of the appointment of Mr. Iyad Fawaz Taha as Secretary of the Board of Directors.
 - Agree to update the following policies:
 - Adopt a policy that evaluates the performance of board members and committees.
 - Adoption of disclosure and transparency policy.
 - Adopting a policy of governance, commitment and risks.
 - Adoption of investment policy.
 - Adoption of a policy of professional conduct and ethical values.
 - Adoption of internal audit policy and internal control system.
 - Adopting politicians who oppose interests.
 - Adoption of the policy of matrix of powers and powers of the members of the Board of Directors and its committees.
 - Adoption of IT and cybersecurity policies.
 - Anti-money laundering and terrorist financing regulations.
 - It has been approved that the next board meeting will be scheduled for 3/2022

The Board of Directors meeting held on January 25, 2021, which stipulated:

- Accepting the resignation of CEO Mohammed Saleh al-Awad, who resigned due to special circumstances.

The Board of Directors meeting held on February 1, 2021, which read

- Mr. Mashaal Abdul Rahman Al-Okla was appointed CEO of the company and will start his work from 08/02/2021.

The Board of Directors meeting held on February 1, 2021, which stipulated

- Accepting the resignation of Chief Financial Officer Mohamed Ibrahim Al-Shabrawi as of 05/02/2021, Mr. Salahuddin Jamil Mohamed was appointed head of the financial sector and will start his work from 04/02/2021.

The Board of Directors meeting held on March 7, 2021, which stipulated,

- Mr. Fahad bin Thanian Al-Thanian appointed chairman of the Board of Directors for the next session as of 07/03/2021
- Mr. Mohammed Iqbal Radwan Daboul appointed Vice Chairman of the Board of Directors for the next session as of 07/03/2021
- The appointment of Mr. Mohamed Issa Aldghelbi as Secretary-General of the Board of Directors
- Mr. Mohammed Iqbal Radwan Daboul and Meshaal Abdul-Rahman Alokla are representatives of the company with the CMA and the Financial Market Company (Tadawul) for all purposes related to the application of regulations.

The Board of Directors meeting held on March 15, 2021, which stipulated,

- Mr. Fahad bin Thanian Al-Thanian continues to be appointed General Manager of Ajeej Steel Industry and Derivatives Company.

Board meeting held on 16/03/2021, which stipulated,

- Cancellation of the memorandum of understanding signed with the German-Saudi Industry Company to buy 50% of the company's shares.

Board of Directors meeting held on 30/03/2021, which stipulated

- Approval and certification of the company's audited financial statements for 2020, and the report of the legal auditor.
- Call for the convening of the Ordinary General Assembly.

Board meeting held on 08/04/2021, which stipulated,

- Agree not to distribute dividends to shareholders for the fiscal year ended December 31, 2020 and recommend it to the General Assembly.

Board meeting held on 12/04/2021, which stipulated,

- Vote to approve the transition to the main financial market and recommend it to the General Assembly.

Board meeting held on 15/04/2021, which stipulated,

- The Chairman of the Board, Mr. Fahad bin Thanian bin Fahd al-Thanian, authorized the signing on behalf of the company in accordance with the text of the 20th of the company's statutes

Signing a memorandum of understanding on 03/05/2021 with Yuzmash International Co., Ltd. to cooperate to establish a factory for the manufacture of military equipment

Board meeting held on 30/06/2021, which stipulated,

- Approval and certification of the company's audited financial statements for the financial period ended 30/06/2021, and the report of the legal auditor.

The AGM meeting held on 06/05/2021, which approved all recommendations made by the Board of Directors and the additional points listed below:

- Discharge of board members for the fiscal year ended December 31, 2020,
- Approval of the Board's report for the fiscal year ended December 31, 2020.
- Approval of financial statements for the fiscal year ended 31 December 2020 and approval of the report of the legal references,
- Approval to pay a bonus of 135,000 board members for the fiscal year ended December 31, 2020,
- Approval of the Board's recommendation after a dividend for the fiscal year ended December 31, 2020.
- Agree to move to the Main Financial Market,
- Approval of the appointment of auditors (Mr. Al-Ayouti & Co.) as accountants and legal auditors.
- Approval of financial transactions with related parties.

Recommendations of the Audit Committee:

- The Audit committee held 4 meetings in 2021,
- The Audit committee prepared the continuous audit plan during the year 2021 and worked on it and prepared and submitted audit reports to the Board of Directors on the review of operational, financial and administrative processes to verify with an acceptable degree of protection of the company's assets and the accuracy of financial and accounting records and the audits did not show substantial weakness, so the company emphasizes the effectiveness of the internal control system.
- The Audit committee also recommended in cooperation with the Nominations and Remuneration Committee the appointment of a new number of committee members and senior executives of the company,

Recommendations of the Nominations and Rewards Committee:

Two meetings were held during the year of the Nominations and Rewards Committee on 27 January 2021 and 12 December 2021.

Below is a statement of the most important recommendations made by the Nominations and Remuneration Committee to the Board of Directors in 2021,

- Recommending of Mr. Fahad Al-Thanian as a member of the Board of Directors.
- Recommendation of Mr. Mohammed Iqbal Radwan Daboul as a member of the Board of Directors.
- Recommendation of Mr. Mohammed bin Isa Aldghelbi, as a member of the Board of Directors.
- Recommendation to appoint Mr. Iyad Fawaz Taha as Secretary of the Board,
- Recommendation for the appointment of the CEO, Mr. Mashal Abdul Rahman al-Okla,
- Recommendation for the appointment of the head of the financial sector Mr. Salah Mohammed
- Recommendation to appoint Ms. Hanan Al-Olayan as Director of the Compliance and Risk Department and as Secretary of the Compliance and Risk Committee and member of the Executive Committee.
- Recommendation to appoint Mr. Mohammed Riad as director of the company's internal audit department.
- The appointment of Mr. Mahmoud Sayed as an independent member of the Audit Committee and the Investment Committee.
- Mr. Salman Waheed is appointed as an independent member of the Compliance and Risk Committee.
- Committee will ask for independent 3rd party Third Party proposals for Board evaluation and assessments and suggest consultant name to the board in the next meeting for approval
- Committee will get Training proposals for the Board and management and suggest to the board in the next meeting for approval
- Committee will ask for the 2022 CSR proposals and suggest the to board in the next board meeting for approval.



Closing Speech

Chairman

Fahad bin Thuniyan bin Fahad Al Thuniyan

Closing Speech

In conclusion, the Board of Directors sincerely thanks and gratitude to the members of the Board and gentlemen of the distinguished shareholders and to the executive management and all employees of the company for the trust they have given to the Board and for their efforts, praising and appreciating the interaction of the company's shareholders. The Board looks forward to further achievements for the company in the coming years.

Chairman

Fahad bin Thuniyan bin Fahad Al Thuniyan





الشركة الوطنية للبناء والتسويق
National Building & Marketing Co.

Annual Board Report

For The Year Ended
31.12.2021