The National Agricultural Dev. Co.

تغـذي حيـاتـك كـل يـوم

Nourishing your life everyday

The 36th Ordinary General Assembly Meeting

3May 2023

Meeting Agenda
The Ordinary General Assembly
Wednesday, 3 May 2023 AD

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1. Reviewing and discussing the financial statements for the fiscal year ending on 31/12/2022.

2. Voting on the company's external auditor's report for the fiscal year ending on 31/12/2022, After discussing it. **(Attached)**

3. Reviewing and discussing the Board of Directors' Report as of 31/12/2022.

4. Voting on the Audit Committee's Report as of 31/12/2022. **(Attached)**

5. Voting on the release of the Board of Directors' members from liability for the fiscal year ending on 31/12/2022.

6. Voting on the disbursement an amount of SAR 1,750,000 as a bonus to the members of the board of Directors for the fiscal year ending on 31/12/2022, It was allocated based on the actual membership period (in months) for those whose memberships expired and those appointed in their stead during the year.

7. Voting on the Board's resolution to appoint Mr. Ahmed bin Saud Shahini (Non-Executive member) as a board member starting from 05/10/2022 to complete the Board term until the end of the current term on 10/04/2024, succeeding the former member Mr. Saleh bin Hassan Al-Afaleq (Non-Executive member). **(CV attached)**

8. Voting on the Board's resolution to appoint Mr. Ibrahim bin Mohammed Alamer (Independent member) as a board member starting from 05/10/2022 to complete the Board term until the end of the current term on 10/04/2024, succeeding the former member Mr. Omar bin Hamad Al-Madhi (Independent member). **(CV attached)**

9. Voting on the Board's resolution to appoint Mr. Ahmed bin Saud Shahini (Non-Executive member) as a member of the Audit Committee (Committee Chairman), starting from 06/10/2022. until the end of the current committee's term on 10/04/2024 to succeed the former committee Chairman Mr. Saleh bin Hassan Al-Afaleq (Non-Executive member) effective from the date of the resolution issued on 06/10/2022, This appointment is in accordance with the Audit Committee charter. **(CV attached)**

10. Voting on the Board's resolution to appoint Mr. Ibrahim bin Mohammed Alamer (Independent member) as an Audit Committee member, starting from 06/10/2022 until the end of the current committee's term on 10/04/2024, to succeed the former committee member Mr.Omar bin Hamad Al-Madhi (Independent member). effective from the date of the resolution issued on 06/10/2022, This appointment is in accordance with the Audit Committee Charter. **(CV attached)**

11 Voting on the Board's resolution to appoint Mr. Khaled bin Salem Al-Ruwais (an independent member from outside the Board) as an Audit Committee member, starting from 08/04/2023 until the end of the current committee's term on 10/04/2024, to succeed the former committee member Dr. Amr bin Khaled Kurdi (an independent member from outside the Board). effective from the date of the resolution issued on 08/04/2023, This appointment is in accordance with the Audit Committee Charter. **(CV attached)**

12 Voting on transactions and agreements made with the Saudi Plastic Company for Packaging Systems, one of Takween Group companies, in which Mr. Saleh bin Hassan Al-Afaleq, a former member of the board of directors, has an indirect interest. These transactions and agreements involve the purchase of plastic materials for various projects of the company (NADEC). Please take note that the transaction has a value of (28,217,191) riyals and will last for a full year in accordance with the contract terms. **(Attached)**

13 Voting on transactions and agreements made with Al-Sharq Plastic Industries Limited Company, one of Takween Group companies, in which Mr. Saleh bin Hassan Al-Afaleq, a former member of the board of directors, has an indirect interest. These transactions and agreements involve the purchase of plastic materials for various projects. (NADEC) noting that the transaction has a value of (7,182,593) riyals and will last for a full year in accordance with the contract terms. **(Attached)**

14 Voting on the company's transactions and agreements with Al-Kifah Holding Company, in which a member of the Board of Directors, Mr. Saleh bin Hassan Al-Afaleq (resigned member), has a direct interest. According to the contract terms, the transaction is worth (8,933,912) riyals and will last for a full year.

15 Voting on the company's transactions and agreements concluded with the Food Security Holding Company (a joint venture) in which a member of the Board of Directors, Mr. Badr bin Abdul Rahman Al-Sayyari, has an indirect interest, and these works are income in exchange for technical services to (NADEC), considering that the transaction's value is (5,808,465) riyals, and according to the accepted contracting terms, and the duration of the agreement is annual. **(Attached)**

16 Voting on the transactions and agreements made between the business and the National Agricultural Holding Company, in which Mr. Badr bin Abdul Rahman Al-Sayyari, a member of the board of directors, has an indirect interest. These agreements include the purchase of olive oil for the (NADEC) company, with the transaction's value being (7,821,290) riyals, and according to the contracting terms.

17 Voting on the transactions and agreements made between the business and the National Agricultural Holding Company, in which Mr. Badr bin Abdul Rahman Al-Sayyari, a member of the board of directors, has an indirect interest. These agreements include the sales of olive oil for the (NADEC) company, with the transaction's value being (383,988) riyals, and according to the contracting terms. **(Attached)**

18 Voting on the participation of the board member Bader bin Abdulrahman Alsayari, who represents Sulaiman bin Abdulaziz Al-Rajhi Holding Company, in a business that competes with the company's business. Sulaiman bin Abdulaziz Al-Rajhi Holding Company is part of the alliance that established the Food Security Holding Company, which acquired the second milling company. **(Attached)**

19 Voting on the participation of the board member Bader bin Abdulrahman Alsayari, who represents Sulaiman bin Abdulaziz Al-Rajhi Holding Company, in a business that competes with the company's business. Sulaiman bin Abdulaziz Al-Rajhi Holding Company has a project for agricultural and food production among its businesses, which is similar to the businesses carried out by Nadec. **(Attached)**

20 Voting on delegating to the Board of Directors the authorisation powers of the General Assembly stipulated in paragraph (1) of Article 27 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.

The Auditor's Report for Year

2022

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of The National Agricultural Development Company (NADEC) (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter
The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed unmodified opinion on those financial statements on 24 Sha'ban 1443H (corresponding to 27 March 2022).

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Biological assets measurement: The Company's assets include biological assets with net book value amounted SAR 763.2 million mostly representing diary herd. IAS 41 "Agriculture" requires biological assets to be measured at fair value less costs to sell, unless the fair value cannot be reliably measured. In case the fair value of biological assets cannot be measured reliably, it is measured at historical cost less accumulated depreciation and accumulated impairment losses, if any. We considered this to be a key audit matter as the carrying value of such assets is material to the financial statements and the fair value cannot be reliably measured. These assets are measured at historical cost and the basis for capitalising the costs is largely dependent on management's judgement supported by internal processes. Refer to note 3 for the accounting policy relating to biological assets measurement and note 16 for the related disclosures.	Our audit procedures included, among others, the following: • We evaluated the management's assumptions for not measuring the biological assets at fair value and discussed the reasonableness of measuring the biological assets at cost by taking into consideration the approach permitted as per the accounting standards and other related practices used for similar entities within the Kingdom of Saudi Arabia; • We have evaluated the design and implementation and tested the operating effectiveness of management's key controls identified relating to the capitalisation of biological assets; • We recalculated the depreciation expenses for the year based on the estimated useful life of biological assets; and • We reviewed the adequacy of disclosures in accordance with the requirements of relevant accounting standards relating to biological assets.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition: During the year ended 31 December 2022, the Company has recognized total revenues of SR 2.69 billion (2021: SR 2.27 billion). The Company's sales arrangements are on point in time basis with the right of return provided to customers in case of expiry of products sold. Revenue recognition is considered as a key audit matter since revenue is a key measure of the Company's performance and the Company may overstate its revenues by underestimating the expected sales returns considering rights available to customers under contractual arrangements. Refer to note 3 for the accounting policy relating to revenue recognition and note 6 for the related disclosures.	Our audit procedures included, among others, the following: • We obtained an understanding of management's control process over revenue recognition and tested the operating effectiveness of management's key internal controls; • We have involved IT Audit specialists to evaluate the design and implementation and tested the operating effectiveness of key controls identified relating to revenue recognition; • We have tested samples of key contractual arrangements with customers including the customer's right to return for products sold; • We have obtained the basis of estimating the sales returns provision and recalculated the accuracy of the sales returns provision; • We have compared the actual sales returns post year end with the sales returns provision and assessed the accuracy of the provision calculated by the management; • We have performed analytical procedures on current year revenues compared with prior year revenues based on segments and product categories; and • We have reviewed the adequacy of disclosures relating to revenues in the financial statements.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Other information included in The Company's 2022 Annual Report

Other information consists of the information included in the Company's 2022 annual report, other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Company's 2022 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors .

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. (366)

Riyadh: 29 Rajab 1444H
(20 February 2023)

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CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Audit Committee Report for Year

2022

In the name of Allah, The Most Gracious and The Most Merciful

The National Agricultural Development Company (NADEC)

Audit Committee Report to the General Assembly

For the year ended 12/31/2022

Honorable Shareholders of National Agricultural Development Company - NADEC

May Allah's peace, mercy and blessings be upon you,

The Audit Committee of the National Agricultural Development Company – NADEC is pleased to present to the Shareholders of the Company its annual report for the financial year ended on December 31, 2022, which outlines its opinion on the adequacy of the internal control system in the Company and the work carried out by the Committee within the scope of its charter, based on relevant statutory requirements.

Composition of the Committee:

The Audit Committee was formed by the Company's General Assembly, in the meeting held on April 11th, 2021, and currently it includes the following members:

Name	Position
Ahmed Saud Shahini	Chairman of the Committee
Ibrahim Mohamed Al Amer	Member of the Committee
Ammr Khaled Kurdi	Member of the Committee- Independent

The Committee convened eight meetings during the year 2022, which included meetings with Company's External Auditor, Internal Audit Department, Executive Management and Consulting firms, to carry out its duties completely. The following is a summary of the tasks performed by the Committee during the year 2022:

بسم الله الرحمن الرحيم

الشركة الوطنية للتنمية الزراعية

(نادك)

تقرير لجنة المراجعة للجمعية العامة

للسنة المنتهية في 2022/12/31م

السادة مساهمي الشركة الوطنية للتنمية الزراعية – نادك المحترمين

السلام عليكم ورحمة الله وبركاته،

يسر لجنة المراجعة بالشركة الوطنية للتنمية الزراعية – نادك أن تقدم لمساهمي الشركة الكرام تقريرها السنوي عن السنة المالية المنتهية في 31 ديسمبر 2022 م والمتضمن رأيها في شأن مدى كفاية نظام الرقابة الداخلية في الشركة ، وما قامت به اللجنة من أعمال تدخل في نطاق اختصاصها، وذلك بناء على المتطلبات النظامية ذات العلاقة.

تكوين اللجنة :

شُكِّلت لجنة المراجعة من قبل الجمعية العامة للشركة المنعقدة بتاريخ 11 ابريل 2021م من الأعضاء التالية أسماؤهم :

الاسم	المنصب
أحمد سعود شاهيني	رئيس اللجنة
إبراهيم محمد العامر	عضو اللجنة
عمرو خالد كردي	عضو اللجنة – مستقل

اجتمعت اللجنة خلال عام 2022م ثمان مرات مع كلاً من مراجع حسابات الشركة وإدارة المراجعة الداخلية والإدارة التنفيذية ومكاتب استشارية وذلك في سبيل القيام بواجبهم على الوجه الأكمل وفيما يلي مُلخص للأعمال التي قامت بها اللجنة خلال عام 2022م:

First: External Audit and Financial Reports:

- Reviewed the audit plan submitted by the external auditor for the financial year 2022 and suggested changes on it.
- The Committee reviewed the results of the Company's Operations and its financial position as stated in the interim and annual financial statements in addition to reviewing the auditor's observations, inquiries, and recommendations, in accordance with the International Financial Reporting Standards (IFRS). The Committee endorsed the reports and submitted its recommendations to the Board of Directors.
- Examined the accounting policies followed and provided its opinion and recommendations to the Board of Directors.
- Examined the accounting estimates in respect of significant matters contained in the financial statements.
- Any financial issues raised by the VP – Finance or the company's auditor were carefully reviewed and analyzed.
- The Committee reviewed any legal issues affecting the Company's Financial Statements.

Second: Internal Audit, Risk Management & Compliance:

- The Committee reviewed and approved the risk based annual internal audit plan. The Committee ensured that it was implemented in accordance with the agreed schedule.
- The Committee monitored and oversaw the performance and activities of the Internal Audit Department and ensured the independence of the internal auditors, the availability adequacy and effectiveness of the resources and the capabilities required to fully perform their duties and tasks assigned to them.
- It was ensured that the implementation of the corrective actions was followed up for the outstanding recommendations contained in the internal audit reports.
- The extent of compliance with the legal and regulatory requirements and the approved policies of the Company were verified.
- The Company's compliance with the relevant laws, regulations, policies, and instructions was ensured.

أولاً: المراجعة الخارجية والتقارير المالية:

- تمت دراسة خطة المراجعة المقدمة من مراجع الحسابات للسنة المالية 2022م وإبداء الملاحظاتِ عليْها.
- قامت اللجنة بمراجعة نتائج عمليات الشركة ومركزها المالي كما ظهرت في البيانات والتقارير المالية الأولية والسنوية، بالإضافة إلى مراجعة ملاحظات واستفسارات مراجع الحسابات وما تم بشأنها، وذلك وفقاً لمعايير المحاسبة الدولية للتقارير المالية (IFRS)، وقد صادقت اللجنة على تلك البيانات والتقارير ورفعت توصياتها لمجلس الإدارة.
- تم دراسة السياسات المحاسبية المتبعة وإبداء الرأي والتوصية لمجلس الإدارة في شأنها.
- تم التحقق من التقديرات المحاسبية في المسائل الجوهرية الواردة في التقارير المالية.
- تم البحث بدقة في أية مسائل مالية يرفعها نائب الرئيس للشئون المالية أو مراجع حسابات الشركة.
- قامت اللجنة باستعراض أية قضايا قانونية ذات تأثير في القوائم المالية للشركة.

ثانياً: المراجعة الداخلية وإدارة المخاطر وضمان الالتزام:

- قامت اللجنة بمراجعة الخطة السنوية للمراجعة الداخلية والتي تم إعدادها على أساس المخاطر، وتم اعتمادها والتأكد من تنفيذها حسب الجدول الزمني المحدد لها.
- قامت لجنة المراجعة بالإشراف والرقابة على إدارة المراجعة الداخلية، والتأكد من استقلالية المراجعين الداخليين والتأكد من توفر وكفاية وفعالية الموارد والإمكانيات اللازمة لأداء الأعمال والمهام المنوطة بها على الوجه الأكمل.
- تم التأكد من متابعة تنفيذ الإجراءات التصحيحية للتوصيات المُعلَّقة الواردة في تقارير المراجعة الداخلية.
- تم التحقق من مدى الالتزام بالمتطلبات القانونية والتنظيمية والسياسات المعتمدة في الشركة.
- تم التأكد من التزام الشركة بالأنظمة واللوائح والسياسات والتعليمات ذات العلاقة.

- Meetings were held on a regular basis with the External Auditor, the Chief Audit Executive, and the Executive Management of the Company.
- Supervising risk management, and assessing the Company's ability to manage those risks, as well as reviewing any matters raised by the internal audit department in this regard.

Opinion of the Audit Committee on the adequacy of internal control system:

Noting that no internal control system can provide a comprehensive and absolute assurances about the soundness and effectiveness of the Company's internal control environment. Therefore, based on the periodic reports submitted by the Company's Management and through the supervisory role of the Committee to follow up the work and reports of the Internal Audit Department, as well as the external auditor's evaluation of the control system through their periodic review, nothing came to the Committee's attention pertaining to significant deficiency in the Company's internal control system that would require it to draw the attention of the General Assembly. Nonetheless, the committee continues to work with executive management to address areas that require continuous improvement at the company.

- تم الاجتماع بصفةٍ دورية مع مراجع الحسابات والرئيس التنفيذي للمراجعة الداخلية والإدارة التنفيذية للشركة.
- الإشراف على إدارة المخاطر، وتقييم قدرة الشركة على إدارة تلك المخاطر كذلك مراجعة أية أمور ترفعها إدارة المراجعة الداخلية بهذا الخصوص.

رأي لجنة المراجعة في مدى كفاية أنظمة الرقابة الداخلية:

علماً بأنه لا يمكن لأي نظام رقابي أن يقدم تأكيدات شاملة ومطلقة عن مدى سلامة وفاعلية الرقابة الداخلية في الشركة، فإنه بناءً على ما تُقدِّمُه إدارة الشركة من تقارير دورية ومن خلال دور اللجنة الإشرافي بمتابعة أعمال وتقارير إدارة المراجعة الداخلية وأيضاً لما يقوم به مراجع الحسابات الخارجي من تقييم للنظام الرقابي من خلال مراجعته الدورية، لم يتضح للجنة المراجعة وجود أي أوجه قصور جوهرية في نظام الرقابة الداخلية بالشركة يستلزم معها القيام بلفت نظر الجمعية العامة بشأنها. ومع ذلك ، تواصل اللجنة العمل مع الإدارة التنفيذية لمعالجة الضوابط الرقابية التي تتطلب التطوير المستمر في الشركة.

أحمد سعود شاهيني

رئيس لجنة المراجعة

Ahmed Saud Shahini

Chairman of the Audit Committee

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Declaration Letter
Regarding Related Parties

Date: 30/03/2023

Dear Respected Shareholders,

Subject: Compliance with Article (71) of the Companies Law and Chapter (6) of Corporate Governance Regulations.

Greetings,

In accordance with the requirements article (71) of the Companies Law issued by the Ministry of Commerce and Investment, and chapter (6) of the Corporate Governance regulations issued by the Capital Market Authority regarding the business and competitive relationship between the Company and its Board of Directors (BoDs), I would like to inform you the following:

First: In relation to the business and contracts with the Board members:

Some of the board members, whose names are listed below, have business relationships with the company, as they are also members of the boards of directors of companies that have had transactions carried out during the year 2022. Details are hereunder:

Company	Nature of the Relationship & Name of the Member	Nature of Transaction	Balance as of 31 December 2021 (Debit/Credit)	Movement during 2022		Balance as of 31 December 2022 (Debit/Credit)
				Procurement	Payments	
Saudi Plastic Packaging Systems (one of Takween group companies)	Previous Board member, Saleh Hassan Al-Afaleq, his membership ended on 04/10/2022	Purchase of plastic materials	(4,405,100)	(28,217,191)	25,117,040	(7,505,251)
Al Sharq Plastic Industries Co. Ltd (one of Takween group companies)	Previous Board member, Saleh Hassan Al-Afaleq, his membership ended on 04/10/2022	Purchase of plastic materials	(1,242,675)	(7,182,593)	6,813,151	(1,612,117)
Al-Kifah Holding Company	Previous Board member, Saleh Hassan Al-Afaleq, his membership ended on 04/10/2022	Purchase of packing materials	(1,837,650)	(8,933,912)	8,622,821	(2,148,741)
Food Security Holding Company	Member of the Board of Directors - representative of Sulaiman bin Abdulaziz Al-Rajhi Holding Company Bader Abdul Rahman Al-Sayari (Joint partner)	Income for technical services	-	5,808,465	5,808,465	-
National Agricultural Holding Company	Member of the Board of Directors - representative of Sulaiman Abdulaziz Al-Rajhi Holding Company Bader Abdul Rahman Al-Sayari	Purchase of olive oil	-	(7,821,290)	7,530,470	93,168
			-	383,988	-	

It is pertinent to note that these transactions were made based on the bids and contracting conditions applicable.

Second: in relation to the competing business practiced by the Board members:

The member of the Board of Directors (Badr bin Abdul Rahman Al-Sayyari - representative of Sulaiman bin Abdulaziz Al-Rajhi Holding Company - holds an executive position in Al-Rajhi Holding Company) and is a member of the alliance that established the Food Security Holding Company, which acquired the Second Milling Company, the vote was approved by the company's board of directors, and recorded in the minutes of the board's meetings. The assembly is required to vote on it within the items listed on the assembly's agenda.

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

Regards,
Chairman.
Mr. Abdulaziz Saleh Alrebdi

Limited Assurance Report by

The External Auditor

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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Limited Assurance Report
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company)

Scope:

We have been engaged by The National Agricultural Development Company (NADEC) (the "Company") to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements endorsed in the Kingdom of Saudi Arabia, here after referred to as the engagement, on the Company's compliance with the requirements of Article (71) of the Companies' Law contained in the Company's attached notification (Appendix A) (the "Subject Matter") which is presented by the Chairman of the Company's Board of Directors ("BOD) to the Ordinary General Assembly on the transactions and contracts in which some members of the Company's BOD have a direct or indirect personal interest for the year ended 31 December 2022.

Criteria applied by the Company:

In preparing the Subject Matter, the Company applied the below criteria ("Criteria"). Such Criteria were specifically designed for the notification submitted by the Chairman of the Company's BOD to the Ordinary General Assembly (Appendix A), as a result, the Subject Matter information may not be suitable for another purpose.

1. Article (71) of the Companies Law issued by the Ministry of Commerce.

2. Notification presented by the Chairman of the Company's Board of Directors to the Ordinary General Assembly (Appendix A) dated 30 March 2023.

Company's responsibilities:

The Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Our responsibilities:

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

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Limited Assurance Report
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company) (Continued)

Our responsibilities (continued):

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') ('Revised') endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with Company on 29 March 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Control:

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, and have the required competencies and experience to conduct this assurance engagement.

Our firm also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed:

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

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Limited Assurance Report
To the Shareholders of The National Agricultural Development Company (NADEC)
(A Saudi Joint Stock Company) (Continued)

Description of procedures performed (continued):
Our procedures included:

- Obtained the notification presented the by the Chairman of the Company's Board of Directors to the Ordinary General Assembly (Appendix A) regarding the transactions and contracts entered between some of the Board of Directors' members directly or indirectly with the Company for the year ended 31 December 2022.

- Obtained the declarations from the Company's Board of Directors' members for the transactions and contracts done with the Company's in which some members of the Company's Board of Directors have a direct or indirect personal interest in them dated 29 March 2023.

- Obtained Board of Directors minutes of meetings that indicates some members' notification to the Board of Directors of transactions and contracts done with the Company in which some members of the Company's Board of Directors have a direct or indirect personal interest in them.

We also performed such other procedures as we considered necessary in the circumstances.

Other Matter:
The attached notification (Appendix A) has been stamped by us for identification purposes only.

Conclusion:
Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to Subject Matter, in order for it to be in accordance with the Criteria applied by the Company referred to above.

for Ernst & Young Professional Services

Rashid S. Roshod
Certified Public Accountant
License No. (366)

Riyadh: 20 Ramadhan 1444H
(11 April 2023)

EY
CR 1010383821
Ernst & Young Professional Services (Professional LLC)

Description of Companies
Regarding Related Parties

Saudi Plastic Packaging Systems Company (a Takween Group company)

The activities of Takween Advanced Industries and its subsidiaries include:
Advanced Fabrics Company (SAAF), UltraPak Limited, Saudi Plastic Packaging Systems Company (PLASTICO) formerly known as Savola Plastic Packaging Limited, Al Sharq Plastic Industries Company Ltd (SHARQ), New Marina Plastic Industries (S.A.E) (New Marina). Each of these companies operates under separate commercial registrations as follows:

- production of disposable polystyrene cups, and other plastic related products.
- production of non-woven plastics.
- production of PET preforms.
- manufacturing and wholesale trading in cartons and plastic containers.
- manufacturing, wholesale, and retail trading in plastic containers, polyethylene cups, rolls, and bags.

https://takweenai.com

Al Sharq Plastic Industries Company Ltd. (Takween Group companies)

The activities of Al Sharq Plastic Industries Company Ltd. (Al Sharq), are as follows: Production of polystyrene cups, lids, and other related plastic products, Production of non-insulated plastics – production of PIT (polyethylene terephthalate) miniature vials prepared in advance, Manufacturing and wholesale of carton and plastic containers. Manufacturing and wholesale and retail trade in plastic containers, polyethylene cups, rolls and bags.

https://takweenai.com

AlKifah Holding

An investment company established in 1970 to drive several investments across a wide range of sectors, such as contracting, construction solutions, real estate development, business solutions, finance, paper products, infection prevention, education, and renewable energy.

https://www.alkifah.com.sa

Food Security Holding Company

Food Security Holding that acquired the business of the second milling company by the alliance members: the National Agricultural Development Company (Nadec), Ajlan & Brothers, Al-Rajhi International for Investment, and (OLAM) International Company, to provide products in the food and feed sectors such as flour products, feed products, and wheat.

https://mc2.com.sa

National Agricultural Holding Company

The National Agricultural Holding Company is an agricultural facility that provides organic fruits and vegetables in addition to many other agricultural products and has livestock breeding projects, including the sheep breeding project in its project in Al-Basita in Al-Jouf region - northern Saudi Arabia - in addition to the national projects in the field of camel and goat breeding in addition to automatic milks, and this livestock provides most of the markets of the Kingdom of Saudi Arabia with its needs of red meat, fresh milk products and its derivatives.

https://watania-agri.com

Curriculum vitae

هيئة السوق المالية
Capital Market Authority

Form No. (1) Resume

a) Personal information of the Nominated Member			
Full name	Ahmed Saud Shahini		
Nationality	Saudi	Date of birth	26/07/1403

b) Academic Qualifications of the Nominated Member				
No.	Qualifications	Specialization	Date of obtaining the qualifications	The issuer of the qualification
1.	BS Degree	Industrial Management	2006	K.F.U.P.M
2.	Executive MBA	Business Administration	2017	IMD
3.				
4.				
5.				

c) Experiences of the Nominated Member	
Period	Experience
2022- Now	Advisor to the CEO of the Saudi Agricultural Investment and Livestock Production Company (SALIC)
2019-2021	Chief Business Development Officer – Shahini Holding Group
2016-2020	General Manager – Shahini Distribution
2007-2015	Several Roles – Shahini Distribution
2005-2007	Logistic Manager – P&G

d) Current membership in the board of directors of other joint stock companies (listed or non-listed) or any other company, regardless of its legal form or the committees deriving from it:						
No.	Company name	Main activity	Membership type (executive, non-executive, independent)	Nature of the membership (in personal capacity, representative of legal person)	Membership of committees	Legal form of the company
1.	InoChem	Industrial	Non- Executive	Representative	NRC	Closed Joint Company
2.	Shahini Holding Group	Commercial. Investment	Non- Executive	Personal Capacity	-	L.L.C
3.	Naba Al Saha for Medical Services	Medical	Non- Executive	Personal Capacity	-	Listed
4.						
5						
6						
7						
8						
9						
10						

هيئة السوق المالية
Capital Market Authority

Form No. (1) Resume

a) Personal information of the Nominated Member			
Full name	Ibrahim Mohammed AL-Amer		
Nationality	Saudi	Date of birth	02/07/1388

b) Academic Qualifications of the Nominated Member				
No.	Qualifications	Specialization	Date of obtaining the qualifications	The issuer of the qualification
1.	Exe. Program	Exe. Leadership	July 2019	London Business School
2.	MBA	Business Administration	July 2004	University of Hull
3.	Bachelor	Accounting	May 1994	Imam University
4.				
5.				

c) Experiences of the Nominated Member	
Period	Experience
From May 2022 to Present	Consultant to the CEO of Saudi Mining Services Company
	Founder and CEO - TRUST-HR Management Consulting Office
Dec 2019 to Apr 2022	Senior Executive Vice President - of Human Capital for Human Resources Ma'aden Company
Dec 2018 to Dec 2019	Deputy Minister of Commerce for Shared Services
Jan 2014 to Nov 2018	Vice President – Human Resources at Dr. Suliman Alhabib Medical Group
Jan 2011 to Jan 2014	Vice President – Human Resources at STC Channel

d) Current membership in the board of directors of other joint stock companies (listed or non-listed) or any other company, regardless of its legal form or the committees deriving from it:						
No.	Company name	Main activity	Membership type (executive, non-executive, independent)	Nature of the membership (in personal capacity, representative of legal person)	Membership of committees	Legal form of the Company
1.	Alyusr Company	Financing	Independent	Personal capacity	NRC	Limited liability
2.	Saudi Mining Services Company	Mining Services	Non-Executive	Non-Executive	NRC	Government
3.						
4.						
5						
6						
7						
8						
9						
10						

هيئة السوق المالية
Capital Market Authority

Form No. (1) Resume

a) Personal information of the Nominated Member			
Full name	Khalid Salem Mohammed AlRowais		
Nationality	Saudi	Date of birth	28/11/1962

b) Academic Qualifications of the Nominated Member				
No.	Qualifications	Specialization	Date of obtaining the qualifications	The issuer of the qualification
1.	Bachelor	Accounting	1984	King Saud University
2.				

c) Experiences of the Nominated Member	
Period	Experience
2019 - 2020	Senior Executive Advisor - Saudi Arabian Mining Company (Ma'aden)
2016 - 2018	Senior Vice President - Phosphate & IM SBU -Saudi Arabian Mining Company (Ma'aden)
2011 -2016	Vice President - Finance -Saudi Arabian Mining Company (Ma'aden)
2008 - 2011	Executive Director and Vice President - Strategy and Planning - Saudi Arabian Mining Company (Ma'aden)
2002 - 2008	Treasurer - Saudi Arabian Mining Company (Ma'aden)
1996 - 2002	Director of Project/Corporate Finance - Saudi Basic Industries Corporation (SABIC)
1984 -1995	Division Head, Banking Control Department - SAMA

d) Current membership in the board of directors of other joint stock companies (listed or non-listed) or any other company, regardless of its legal form or the committees deriving from it:						
No.	Company name	Main activity	Membership type (executive, non-executive, independent)	Nature of the membership (in personal capacity, representative of legal person)	Membership of committees	Legal form of the Company
1	SABIC Agri-Nutrients Company	Agriculture	Independent	Personal Capacity	Nomination and Remuneration Committee	Listed
2	Saudi Investment Bank	Banks	Independent	Personal Capacity	Audit Risk Governance	Listed
3	HASSANA Investment Company	Investment	Non-Executive	Personal Capacity	Audit Risk	Closed Joint
4	Saudi Mining Services Company	Mining	Independent	Personal Capacity	Executive Committee	Closed Joint
5	Saudi Electricity Company	Utilities	N/A	Personal Capacity	Audit Committee	Listed
6	TAWUNIYA	Insurance	N/A	Personal Capacity	Audit Committee	Listed
7	Taqa Company	Petroleum and Mineral Industries	N/A	Personal Capacity	Audit Committee	Closed Joint