



تغذي حياتك كل يوم
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The National Agricultural Dev. Co. (NADEC)

The **35th** Ordinary General
Assembly Meeting

7 June 2022



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The Ordinary General Assembly Meeting Agenda Tuesday, 7 June 2022 AD

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- 1 Voting on the Financial Statements as of 12/31/2021.
- 2 Voting on the Auditor's report as of 12/31/2021. (Attached)
- 3 Voting on Board of Directors' Report as of 12/31/2021.
- 4 Voting on the Audit Committee Report as of 12/31/2021. (Attached)
- 5 Voting on appointing the company's External Auditor from among the candidates according to the Audit committee's recommendation, in order to examine, review and audit the Financial Statements for the second, third and annual quarters of the Fiscal year 2022, the first quarter of 2023, and the first quarter of 2024, and determine their fees. (Attached)
- 6 Voting on absolving of the Board of Directors members from liability as of 12/31/2021.
- 7 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 2021, as of SAR 250,000 for each member.
- 8 Voting on the business and contracts that have been concluded between the company and Abdullah AlOthaim Markets Co. according to the agreed terms of the contract in which the Chairman of the Board of Directors Mr. Abdulaziz bin Saleh Al-Rebdi (non-executive member) has an indirect interest in it, as the Chairman of the Board of Directors Mr. Abdulaziz bin Saleh Al-Rebdi is a member of the Board of Directors of Abdullah AlOthaim Markets Co, and these transactions are represented in selling Nadec products, noting that the value of the transaction during the year 2021 is SAR 79,413,662 and the duration of the transaction is annual. (Attached)
- 9 Voting on the business and contracts that have been concluded between the company and the Takween Advanced Industries Company according to the customary contracting conditions in which a member of the Board of Directors Mr. Saleh bin Hasan Alafaliq has an indirect interest in it, as a member of the Board of Directors Mr. Saleh bin Hasan Alafaliq is a member of the Board of Directors of Takween Company The advanced industries, these transactions are selling plastic materials to (Nadec) company, noting that the value of the transaction during the year 2021 is SAR 25,600,093 and the duration of the transaction is annual. (Attached)

- 10 Voting on the works and contracts that have been concluded between the company and AlKifah Holding Company on the contractual terms recognized by the member of the Board of Directors Mr. Saleh bin Hasan Alafaliq has a direct interest in it, as as a member of the Board of Directors, Mr. Saleh bin Hasan Alafaliq, is a member of the Board of Directors of AlKifah Holding Company, and these transactions are selling packaging material to the Nadec company, the value of the transaction during the year 2021 AD is SAR 6,896,418 and the duration of the transaction is annual. (Attached)
- 11 Voting on the works and contracts that have been concluded between the company and Al-Watania Poultry Company on the contractual terms recognized by the member of the Board of Directors. Mr. Bader bin AbdulRahman Al-Sayyari has an indirect interest in it, as a member of the Board of Directors, Mr. Bader bin AbdulRahman Al-Sayyari, is representing a related party shareholder in Al-Watania Poultry Company, and these transactions are selling animal feed to the Nadec company, the value of the transaction during the year 2021 AD is SAR 7,689,680 and the duration of the transaction is annual. (Attached)
- 12 Voting on the Board's resolution to appoint Mr. Abdulaziz bin Mohammed Al-Raqeeb as an Independent board member starting from 05/04/2022 to complete the Board term until the end of the current term on 10/04/2024, succeeding the former member Dr. Sulaiman bin Abdulaziz Al-Tuwaijri (Executive member). (CV Attached)
- 13 Approval of authorizing the Board of Directors with the authority of the ordinary General Assembly provided for in paragraph (1), Article (71) of the Companies Law for a period of one (1) year from the date of approval by the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier. Such authorization shall be made in accordance with the conditions stipulated in the regulatory controls and procedures issued in implementation of the Companies Law related to listed joint-stock companies.



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The Auditor's Report for Year 2021



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company

Opinion

We have audited the financial statements of **National Agricultural Development Company** ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, with the paid-up capital of (25,000,000) SAR, (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مساهمة منتقلة، مسجلة في المملكة العربية السعودية، رأسمالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل. المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون كفولينون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المنتقلة والمتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Key audit matters (continued)	
Revenue recognition	
See Note 3 to the financial statements for the accounting policy relating to revenue recognition and Note 6 to the financial statements for the related disclosures.	
The key audit matter	How the matter was addressed in our audit
During 2021, the Company recognized total revenue of SR 2.23 billion (2020: SR 2.30 billion). The Company's sales arrangements are on point of sales basis with the right of return provided to customers in case of expiry of product sold. Revenue recognition is considered as a key audit matter since revenue is a key measure of Company's performance and the Company may overstate revenue by underestimating the expected sales returns considering rights available to customers under contractual arrangements.	The audit procedures performed in this area, included among others: - Obtained an understanding of the process followed by management for recognition of revenue, and assessed the design and implementation and tested the operating effectiveness of management's key internal controls over the revenue recognition process; - Evaluated the Company's revenue recognition accounting policy, including method of estimating the sales return; - Evaluated key contractual arrangements with customers, including customer's right to return products sold by considering relevant documentation and agreements with the customers; - Tested a sample of sales transactions during the year and inspected the underlying goods delivery and acceptance notes to assess compliance with Company's revenue recognition accounting policy; - Tested calculation of sales return provision at year end to assess its compliance with Company's policy for sales return provision, historical experience of sales returns and terms agreed with the customers; - Reviewed the sales returns post year end to assess if the sales return were in line with the estimates and as per the terms of the Contracts with customers; and - Evaluated the adequacy and appropriateness of disclosures relating to revenue and the relevant accounting policies.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The 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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

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

- 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 management.
- Conclude on the appropriateness of management's 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, then 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 of **National Agricultural Development Company** ("the Company").

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

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.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No. 371



Al Riyadh, 24 Sha'aban 1443 H
Corresponding to: 27 March 2022



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Audit Committee Report for Year 2021



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 12/31/2021

بسم الله الرحمن الرحيم

الشركة الوطنية للتنمية الزراعية
(نادك)

تقرير لجنة المراجعة للجمعية
العامة

للسنة المنتهية في 2021/12/31م

**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, 2021, 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 competence, 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
Saleh Hasan Al-Afaleq	Chairman of the Committee and Member of the Board of Directors.
Omar Hamad Almadhi	Member of the Committee and Member of the Board of Directors.
Ammr Khalid Kurdi	Independent Committee Member

The Committee convened eight meetings during the year 2021, which included meetings with Company's External Auditor, Internal Audit Department, Executive Management and Consultants, to facilitate carrying out its duties. The following is a summary of the tasks performed by the Committee during the year 2021:

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 2021م والمتضمن رأيها في شأن مدى كفاية نظام الرقابة الداخلية في الشركة، وما قامت به اللجنة من أعمال تدخل في نطاق اختصاصها، وذلك بناءً على المتطلبات النظامية ذات العلاقة.

تكوين اللجنة :

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

الاسم	المنصب
صالح حسن العفالق	رئيس اللجنة وعضو مجلس الإدارة
عمر حمد الماضي	عضو اللجنة وعضو مجلس الإدارة
عمرو خالد كردي	عضو اللجنة – مستقل

اجتمعت اللجنة خلال عام 2021م 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 ملخص للأعمال التي قامت بها اللجنة خلال عام 2021م:

First: External Audit and Financial Reports

The Committee performed the following activities:

- Evaluated the proposals provided by the audit firms for auditing the company's financial statements of 2022-2023.
- Reviewed the audit plan submitted by the external auditor for the financial year 2021 and suggested changes on it.
- 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) as adopted in the Kingdom of Saudi Arabia. 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.
- Reviewed, analyzed, and provided guidance on financial matters raised by the executive management or the company's external and internal auditors.
- Reviewed legal matters that have a material effect on the Company's Financial Statements and provided recommendations where needed.

Second: Internal Audit, Risk Management & Compliance

The Committee performed the following activities:

- Reviewed and approved the annual internal audit plan, which was prepared based on risk assessment. The Committee ensured that it was implemented in accordance with the agreed schedule.
- Monitored and oversaw the performance and activities of Internal Audit Department, ensured the independence of the internal auditors, and ensured the availability, adequacy and effectiveness of the resources and the capabilities required to fully perform their duties and tasks assigned to them.

أولاً: المراجعة الخارجية والتقارير المالية

قامت اللجنة بالمهام والخطوات التالية:

- تقييم العروض المقدمة من قبل مكاتب المراجعة والمتعلقة بمراجعة القوائم المالية للشركة في 2022م-2023م.
- دراسة خطة المراجعة المقدمة من مراجع الحسابات للسنة المالية 2021م وإبداء الملاحظات عليها.
- مراجعة 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) كما هي معتمدة في المملكة العربية السعودية، وقد صادقت اللجنة على تلك البيانات والتقارير ورفعت توصياتها لمجلس الإدارة.
- دراسة السياسات المحاسبية المتبعة وإبداء الرأي والتوصية لمجلس الإدارة في شأنها.
- التحقق من التقديرات المحاسبية في المسائل الجوهرية الواردة في التقارير المالية.
- مراجعة ومناقشة المسائل المالية التي أثارها الإدارة التنفيذية أو مراجع حسابات الشركة أو رئيس المراجعة الداخلية.
- قامت اللجنة باستعراض القضايا القانونية ذات التأثير الجوهري في القوائم المالية للشركة وإبدت توصياتها حيال ذلك عند الحاجة.

ثانياً: المراجعة الداخلية وإدارة المخاطر وضمان الالتزام

قامت اللجنة بالمهام والخطوات التالية:

- مراجعة الخطة السنوية للمراجعة الداخلية والتي تم إعدادها على أساس المخاطر، وتم اعتمادها والتأكد من تنفيذها حسب الجدول الزمني المحدد لها.
- الإشراف والرقابة على إدارة المراجعة الداخلية، والتأكد من استقلالية المراجعين الداخليين والتأكد من توفر وكفاية وفعالية الموارد والإمكانات اللازمة لأداء الأعمال والمهام المنوطة بها على الوجه الأكمل.
- التأكد من متابعة تنفيذ الإجراءات التصحيحية للملاحظات الواردة في تقارير المراجعة الداخلية.

- Ensured effective follow-up of corrective actions implementation for outstanding recommendations contained in the internal audit reports.
- Discussed the findings of the information system's audit reports submitted by an external consultant (Ernst & Young).
- Verified the extent of compliance with the legal and regulatory requirements and the approved policies of the Company.
- Verified the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Held meetings on a regular basis with the External Auditor, the Chief Audit Executive, and the Executive Management of the Company.
- Supervised risk management, and assessed the Company's ability to manage those risks, as well as, reviewing any matters raised by the internal audit department in this regard.
- Obtained executive management's reasonable assurance as to the adequacy of internal controls set within finance, operations, and all support functions and activities.

- مناقشة نتائج تقارير مراجعة نظم المعلومات والمقدمة من قبل شركة إرنست و يونغ .
- التحقق من مدى الالتزام بالمتطلبات القانونية والتنظيمية والسياسات المعتمدة في الشركة.
- التأكد من التزام الشركة بالأنظمة واللوائح والسياسات والتعليمات ذات العلاقة.
- الاجتماع بصفة دورية مع مراجع الحسابات والرئيس التنفيذي للمراجعة الداخلية والإدارة التنفيذية للشركة.
- الإشراف على إدارة المخاطر، تقييم قدرة الشركة على إدارة تلك المخاطر وكذلك مراجعة أية أمور ترفعها إدارة المراجعة الداخلية بهذا الخصوص.
- الحصول على تأكيد معقول من قبل الإدارة التنفيذية عن مدى كفاية الأنظمة الرقابية الخاصة بالعمليات المالية والتشغيلية والخدمات المساندة في الشركة.

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

Based on the results of planned and additional internal audit tasks conducted by the Internal Audit function, and after the discussion with the External Auditor and Executive Management regarding the interim and annual financial statements for 2021 and internal control systems, nothing came to the attention of the Audit Committee regarding any significant deficiencies in the Internal Control System.

رأي لجنة المراجعة في مدى كفاية أنظمة الرقابة الداخلية:

في حدود نتائج مهام المراجعة الداخلية المخططة والإضافية التي تم تنفيذها من قبل نشاط المراجعة الداخلية وبعد المناقشة مع مراجع الحسابات الخارجي والإدارة التنفيذية حول القوائم المالية الأولية والسبوتية لعام 2021م ونظام الرقابة الداخلية، لم يتبين للجنة المراجعة وجود خلل جوهري في نظام الرقابة الداخلية.

صالح حسن العفالق

رئيس لجنة المراجعة

صالح العفالق

Saleh Hasan Al-Afaleq

Chairman of the Audit Committee



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The Audit Committee Recommendation Regarding External Auditors Offers



Date: 9 May 2022

Messrs: Chairman and Members of NADEC's Board of Directors (BoDs)

Greetings,

Pursuant to the powers vested in Audit Committee to recommend the BoDs to nominate, dismiss, fix remuneration and evaluate the performance of the Auditor after evaluating their independency, reviewing the scope of work, and contracting conditions pursuant to Committee's regulations. Several audit firms were invited to furnish their proposal to audit the financial statements for the year ending on 31st December 2022 and 31st December 2023, reviewing financial statements for the interim periods ending on 30th June 2022, 30th September 2022 and 31st March 2023 and also for the period ending 30th June 2023, 30th September 2023 and 31st March 2024. The firms who responded and the specifics of their proposal are tabulated as follows:

Comparison of Auditing Fees for 2022 (SAR) + Financial Statement for 1st Quarter, 2023

Sr.	Name of Audit Firm	Interim Financial Statement (4 Quarters)	Annual Financial Statement	Total	VAT	Total Including VAT
1	PricewaterhouseCoopers (PWC)	225,000	800,000	1,025,000	153,750	1,178,750
2	Deloitte	270,000	630,000	900,000	135,000	1,035,000
3	Ernst & Young (EY)	210,000	715,000	925,000	138,750	1,063,750
4	Mazars	210,000	210,000	420,000	63,000	483,000
5	PKF Al Bassam & Co.	270,000	450,000	720,000	108,000	828,000

Comparison of Auditing Fees for 2023 (SAR) + Financial Statement for 1st Quarter, 2024

Sr.	Name of Audit Firm	Interim Financial Statement (4 Quarters)	Annual Financial Statement	Total	VAT	Total Including VAT
1	PricewaterhouseCoopers (PWC)	234,000	830,000	1,064,000	159,600	1,223,600
2	Deloitte	285,000	665,000	950,000	142,500	1,092,500
3	Ernst & Young (EY)	231,000	786,500	1,017,500	152,625	1,170,125
4	Mazars	225,000	220,000	445,000	66,750	511,750
5	PKF Al Bassam & Co.	297,000	495,000	792,000	118,800	910,800

Since Abdullah Albasri and Co. (Grant Thornton) was invited but did not submit their proposal and taken into consideration that PricewaterhouseCoopers (PWC) and Deloitte audit firms are providing consultancy services for the company thus they cannot be selected for auditing company financial statements.

Therefore, the Audit Committee recommends the BoDs to nominate EY or PKF in the Shareholder's General Assembly for auditing the company financial statements for the year ended 2022 and 2023, with preference to EY being one of the Big Four audit firms internationally.

The prerogative is at your discretion.

Regards,

Chairman of the Audit Committee

سالم العنلق

Saleh Hasan Al-Afaleq



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Chairman Declaration Letter Regarding Related Parties



الشركة الوطنية للتنمية الزراعية
The National Agricultural Dev. Co.

Dear Respected Shareholders,

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

Greetings,

In accordance with 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 works and contracts with the members:

The Chairman and some of the following directors have a business relationship with the Company because they are members in the BoDs of companies that have had sales transactions with NADEC during 2021. Details are tabulated hereunder:

Company	Nature of the Relationship & Name of the Member	Nature of Transaction	Balance as at 31 December 2020	Movement during 2021		Balance asat 31 December 2021
			(Debit)	Procurement	Payments	(Debit)
-SAR-						
Abdullah Al Othaim Markets	Chairman Abdulaziz Saleh Alrebdi	Sales of Nadeec products	24,821,202	79,413,662	(78,186,518)	26,048,346
Saudi Plastic Packaging Systems	Board Member Saleh Hasan Alafaleq	Purchase of Plastic Materials	(2,277,333)	(25,600,093)	23,472,326	(4,405,100)
Al-Kifah Holding Company	Board Member Saleh Hasan Alafaleq	Purchase of Packing material	(740,920)	(6,896,418)	5,799,688	(1,837,650)
National Poultry Company	Board Member Bader Abdulrahman Alsayari	Purchase of Animal feed	-	(7,689,680)	7,689,680	-

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

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Regards,
Chairman.
Mr. Abdulaziz Saleh Alrebdi



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Limited Assurance Report by The External Auditor



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد 92876
الرياض 11663
المملكة العربية السعودية
سجل تجاري رقم 1010425494

المركز الرئيسي في الرياض

Independent Limited Assurance Report to National Agricultural Development Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of National Agricultural Development Company

We were engaged by the management of **National Agricultural Development Company** (the "Company") to report on the the Chairman's declaration prepared by the Management in accordance with the requirements of Article 71 of the Regulations for Companies, which comprises the transactions carried out by the Company during the year ended 31 December 2021 in which any of the members of Board of Directors of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Regulations for Companies and presented by the Chairman of **National Agricultural Development Company** (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2021 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

Applicable Criteria

We have used the following as the Applicable Criteria:

Article 71 of the Saudi Arabian Regulations for Companies issued by MOC (1437H -2015).

National Agricultural Development Company's Responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management of the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Saudi Arabian Regulations for Companies issued by Ministry of Commerce ("MOC") issued on 22 Safar 1437H (corresponding to 4 December 2015); designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

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كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأسمالها (25,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي القزاف وشركاه مساهمين ومراجعون قفزون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة التابعة لـ كي بي إم جي العالمية المحدودة، شركة تجايزية محدودة بضمان، جميع الحقوق محفوظة.



Independent Limited Assurance Report to National Agricultural Development Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of National Agricultural Development Company (continued)

Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our assurance engagement and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

The 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. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

Procedures Performed

- Obtaining the BOD chairman's list that includes all kind of business and contracts performed by any of the BOD members of the Company either directly or indirectly in the favor of the Company during the year; (Appendix 1);
- Reviewing of the BOD's minutes of meetings that indicate member notification to the BOD on the business and contracts performed / will be performed by the BOD member; and further that the concerned Board Member did not vote on the resolution issued in this regard at the meetings of the BOD and shareholders assembly;
- Obtaining the required approvals on the transactions included in the Chairman's declaration (Appendix 1);
- Obtaining confirmation from the concerned BOD member on the business and contracts performed by the member during the year; and
- Ensuring the total transactions amounts included in the list prepared by the BOD chairman agrees to the total transactions amounts included in the note 35 to the audited financial statements.



Conclusion

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

Restriction of Use of Our report

Our report is released to the Company and MOC on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services

Naif Abdulrahman Edrees
License No. 457

Al Riyadh, 15 Shawal 1443 H
Corresponding to: 16 May 2022



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Description of Companies Regarding Related Parties

Abdullah Al Othaim Markets Co.

The activities of Al-Othaim Trading are whole sale and retail trading for food and nonfood stuff, fish and meat & Home appliances.

<https://www.othaimmarkets.com/whole-sale>

Takween Advanced Industries Co.

Takween Advanced Industries and its wholly owned subsidiaries (the Group) manufacture and sell wide range of plastic packaging products and nonwoven fabrics. Its principal activities are:

- Production of disposable polystyrene cups, lids and other plastic related products.
- Production of non-woven plastics Production of PET pre-forms Manufacturing.
- wholesale trading in, cartons and plastic containers Manufacturing.
- wholesale and retail trading in, plastic containers and polyethylene cups, rolls and bags.

<http://takweenai.com>

Alkifah Holding

The activities of Alkifah Holding focusing primarily on contracting, construction solutions, property development, business solutions, financing, paper production, education and renewable energy.

<https://www.alkifah.com.sa>

Al-Watania Poultry

Al-Watania activities are represented in the poultry production, and also works in other sectors, including the feed production.

<https://alwatania-egy.com>



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Curriculum Vitae



Form No. (1) Resume

a) Personal information of the Nominated Member						
Full name		Abdulaziz bin Mohammad bin Hamad AlRugaib				
Nationality		Saudi		Date of birth		14/10/1982
b) Academic Qualifications of the Nominated Member						
No.	Qualifications	Specialization	Date of obtaining the qualifications		The issuer of the qualification	
1.	Bachelor's	Petroleum Engineering	2005		University of Kansas, USA	
2.	Masters	Chemical Engineering	2009		Cornell University, USA	
c) Experiences of the Nominated Member						
Period		Experience				
2009-2005		Saudi Aramco, Petroleum Engineer				
2011-2009		Bain & Company, Consultant				
Present-2011		Imtiaz AlarabiaCompany, MD				
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.	H. M. Alrugaib Trading Company	Furniture Retail	Non-executive	In personal Capacity	None	CSJC
2.	Future Fun Trading	Entertainment	Non-executive	In personal Capacity	None	CSJC
3.	Alreemah Real Estate Development Company	Real estate Development	Non-executive	In personal Capacity	None	CSJC
4.	Imtiyaz Alriyathi	Fitness Centers	Non-executive	In personal Capacity	None	CSJC
5	Sanaya Najd Investments	Investments	Executive	In personal Capacity	None	One Person Company
6	Innovative Taste Trading Company	Casual Dining	Executive	In personal Capacity	None	LLC
7	Original Taste Trading Company	Casual Dining	Executive	In personal Capacity	None	LLC
8	Eastern Heights Investments	Investments	Executive	In personal Capacity	None	LLC
9	Herfy Food Serves Company	Restaurants	independent	In personal Capacity	Yes	Public
10	Imtiaz Al Arabia	Retail	Executive	in personal capacity	Yes	CSJC