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The National Agricultural Dev. (NADEC) Company

The 34th Ordinary General Assembly Meeting

..... 22 April 2021



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The Ordinary General Assembly Meeting Agenda Sunday, 22 April 2021

- 1 Voting on the Financial Statements as of 12/31/2020.
- 2 Voting on the Auditor's report as of 12/31/2020.
- 3 Voting on Board of Directors' Report as of 12/31/2020.
- 4 Voting on the Audit Committee Report as of 12/31/2020.
- 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 2021, and the first quarter of 2022, and determine their fees.
- 6 Voting on absolving of the Board of Directors members from liability as of 12/31/2020.
- 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 2020 , as of SAR 250,000 for each member.
- 8 Voting on the business and contracts that have been concluded between the company and the Seera Group Holding Company (formerly AL-Tayyar Travel Group Company) according to the agreed terms of the contract in which the Chairman of the Board of Directors Mr. Mazen bin Ahmed Al-Jubeir (non-executive member) has an indirect interest in it, as the Chairman of the Board of Directors Mr. Mazen bin Ahmed Al-Jubeir is a member of the Board of Directors of the Seera Group Holding Company, and these transactions are represented in providing travel services to (Nadec) company, noting that the value of the transaction during the year 2020 is SAR 2,944,109 and the duration of the transaction is annual.
- 9 Voting on the works and contracts that will be concluded between the company and the National Agricultural Company according to the contractual terms recognized by the Vice-Chairman of the Board of Directors. Eng. Ibrahim bin Muhammad AboAbat has an indirect interest in it, as the Vice Chairman, Eng. Ibrahim bin Muhammad AboAbat, is a member of the Board of Directors of the National Agricultural Company, and these transactions are selling olive oil to the Nadec company, the value of the transaction is (NONE) during the year 2020 AD The duration of the transaction is annual.
- 10 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 Dr. Sulaiman bin Abdulaziz Al-Tuwaijri has an indirect interest in it, as a member of the Board of Directors Dr. Sulaiman bin Abdulaziz Al-Tuwaijri 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 2020 is SAR 27,546,635 and the duration of the transaction is annual.
- 11 Voting on the participation of the Vice-Chairman of the Board of Directors, Eng. Ibrahim bin Muhammad AboAbat, in competing businesses with the company's business.



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External Audit Report



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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 2020, 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 2020, 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 Certified Public 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.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Key audit matters (continued)	
Recoverability of Assets pertaining to Sudan Project	
See Note 3 to the financial statements for the accounting policy relating to impairment of non-financial assets and Note 13.3 and 15 to the financial statements for the related disclosures.	
The key audit matter	How the matter was addressed in our audit
During the year, the Company recognized an impairment loss of SR 99.40 million in respect of Sudan Project. Net book value after impairment of Property, plant and equipment and Capital work in progress pertaining to Sudan project as at 31 December 2020 is Nil. The Company's operation in Sudan did not reach the intended level of productivity and showed indication of impairment. Accordingly, an assessment for impairment was carried out by management which included a comparison of the carrying value of the non-financial assets of the cash-generating-unit (CGU) in Sudan to the recoverable amount of the CGU. Due to restrictions in the land lease agreement relating to sale of project's assets, management has used the value-in-use (VIU) model to determine the recoverable amount of the Sudan project, under which the future cashflows relating to the Sudan project were discounted and compared to its carrying amounts. VIU model requires input of several key assumptions, including estimates of future sales volumes, prices, operating costs, terminal value, growth rates and discount rates. This is considered as a Key Audit Matter as there are significant assumptions / judgements involved in the determination of the VIU.	The audit procedures performed in this area, included among others: - Evaluated the identification of the CGU within the Company against the requirements of the applicable accounting standards; - Considered the basis of the valuation methodologies used in determining the VIU of the CGU; - Considered management's assumption that alfalfa will be sold in Sudan's local market; - Evaluated management's key assumptions used in the cashflow projections including estimates of future sales volumes, prices, operating costs, terminal value, growth rates and discount rates used in the VIU model; - Checked the accuracy and completeness of the information produced by management, which was used as the basis of the impairment assessment; and - Evaluated the completeness, accuracy and adequacy of disclosures in the financial statements.

Independent Auditor's Report

To the Shareholders of National Agricultural Development Company (continued)

Key audit matters (continued)	
Accounting for Land as Government Grant	
See Note 3 to the financial statements for the accounting policy relating to government grants and Note 13.2 to the financial statements for the related disclosures.	
The key audit matter	How the matter was addressed in our audit
The Company was granted land under Royal Decree and Ministry of Environment, Water and Agriculture (Ministry) notifications issued in 1981. As per the Royal Decree, the transfer of land title was conditional upon revival of the land by the Company. Up till 1993, the Company capitalized land of SR 120.9 million which it revived. No further revival cost was capitalised in subsequent years. The transfer of the title deeds for the land was pending till 31 December 2019. On 23 June 2020, the Company received a letter from the Ministry stating that under a Royal Decree dated 20 June 2020, the Company had been granted the ownership of the land, and the additional land was recorded at the fair value prevailing at the date of the letter when the recognition criteria of the grant was fulfilled. Based on the Royal Decree, the Company in 2020 has recorded the additional land granted for Al Jouf and Wadi Al Dawasir at its current fair value and has derecognized the unconfirmed land area of Hail from the books which has resulted in a net gain of SR 111.8 million and have increased the carrying value of land by SR 111.8 million. This is considered as a Key Audit Matter as there are significant assumptions / judgements involved in the determination of the accounting treatment of additional revived land and its fair valuation.	The audit procedures performed in relation to accounting treatment of the grant of the land, included: - Inspected the historical correspondence with Ministry specifying the land originally received by the Company and land area revived; - Inspected the correspondence with Ministry received in 2020 confirming the land area granted; - Compared the land area granted with the land area recognised in the books to determine the additional granted land; - Evaluated the accounting treatment adopted by the Company in light of the requirements of the relevant standards; - Checked that the land area as per valuation report agrees with the land area granted to the Company; - Involved our specialist to evaluate the fair value of land provided by the external consultant appointed by the management and assessed the key assumptions used; and - Evaluated the completeness, accuracy and adequacy of disclosures in the financial statements.

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 2020, the Company recognized total revenue of SR 2.30 billion (2019: SR 2.22 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.	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; and - Tested calculation of sales return provision at year end to assess its compliance with Company's policy for sales return provision and historical experience.



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.

For KPMG Al Fozan & Partners
Certified Public Accountants



Dr. Abdullah Hamad Al Fozan
License No: 348

Al Riyadh, 8 Shaban 1442 H
Corresponding to: 21 March 2021





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Audit Committee Report to the General Assembly for the year 2020



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 12/31/2020

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, 2020, 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, 2018, and currently it includes the following members:

Name	Position
Alaa Al-Hashem	Chairman of the Committee and Member of the Board of Directors – Independent
Abdulrahman Al-Sakran	Member of the Committee - Independent
Abdullah Al-Anizi	Member of the Committee - Independent

The Committee convened eight meetings during the year 2020, which included meetings with Company's External Auditor, Internal Audit Department, Executive Management and Consulting Offices, to carry out its duties completely. The following is a summary of the tasks performed by the Committee during the year 2020:

First: External Audit and Financial Reports:

- The Committee assessed the performance of the External Auditor and recommended to the Board of Directors regarding their reappointment and determination of their fees after reviewing the scope of their work and the terms of contracting with them, verifying their independence, and not providing technical or administrative works outside the scope of the audit work.
- Reviewed the audit plan submitted by the external auditor 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 approved 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 and Compliance:

- The Committee reviewed and approved the annual internal audit plan, which was prepared by the internal audit department based on risk assessment. The Committee ensured that it was implemented in accordance with the agreed schedule.
- The Committee 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.
- It was ensured that the implementation of the corrective actions was followed up for the outstanding recommendations contained in the internal audit reports.
- The findings of the information system's audit reports submitted by Ernst & Young were discussed.
- 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.
- 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:

The Committee expresses its opinion on the internal controls of the Company based on the periodic reports submitted to it by the Company's management and through its supervisory role to follow up the work and reports of the Internal Audit Department, which verify the effectiveness of the Company's internal control system and procedures, as well as the evaluation of the control system by the External Auditor. During its periodic review, and otherwise, nothing came to the Committee's attention pertaining to fundamental deficiency in the Company's internal control system that would require it to draw the attention of the General Assembly.

On behalf of the Audit Committee

Alaa Al-Hashem

Chairman of the Audit Committee



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Chairman Declaration Letter Regarding Related Parties



الشركة الوطنية للتنمية الزراعية
The National Agricultural Dev. Co.

Date: 16/03/2021

Dear Respected Shareholders,

Subject: Compliance with article (71 – 72) of the Companies Law and Chapter (6) of Corporate Governance Regulations.

Greetings,

In accordance with article (71-72) 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 2020. Details are tabulated hereunder:

Company	Nature of the Relationship & Name of the Member	Nature of Transaction	Balance as at 31 December 2019 (Debit)	Movement during 2020 Procurement Payments		Balance as at 31 December 2020 (Debit)
Siera Holding Group (Formerly Al Tayyar Group for Travel)	Chairman Mazen Ahmad Aljubeir	Providing travel services to the Company	-	2,944,109	2,944,109	-
Takween Advanced Industries Company	Board Member Sulaiman Abdulaziz Altwaijri	Selling plastic materials to the Company	4,621,210	29,890,512	27,546,635	2,277,333
Al-Watania Agriculture Company	Board Member Ibrahim Muhammad Abuabat	Selling olive oil to the Company	368,232	368,232	-	-

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

Second: In relation to the competitive works practiced by the Members:

The Member/ **Ibrahim Muhammad Abu Abat** is a BoD member and the Managing Director of **Al-Watania Agriculture Company**, which has a project for agricultural and food production that is similar in some of its business to what **NADEC** is practicing, and this project has been in existence for many years, i.e. before his election to be a member, and it has been approved by the Company's BoDs as recorded in the Minutes of Meetings, and the General Assembly shall vote on it along with the items listed in the agenda of the meeting.

Regards,

Chairman.

Mr. Mazen Ahmad Aljubeir





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Limited Assurance Report by The External Auditors



KPMG Professional Services

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Headquarter

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ك.م.بي.إم.جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent Limited Assurance Report

To the Shareholders of National Agricultural Development Company

Upon request of the management of **National Agricultural Development Company** (the "Company"), we have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been prepared, in all material respects, in accordance with 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 2020 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).

Management Responsibility

The Management and the Chairman of the Company are responsible for the preparation and appropriate presentation of the Subject Matter in accordance with the Applicable Criteria. Further, the Company's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted 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.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While 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.



Independent Limited Assurance Report

To the Shareholders of National Agricultural Development Company (continued)

Independence and quality controls

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.

Our 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.

Summary of Procedures

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.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject matter, nor of the underlying records or other sources from which the Subject matter was extracted. Accordingly, we do not express such an opinion

Our procedures included, but are not limited to:

- 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;
- Reviewing of the BOD's minutes of meetings that indicate member notification to the BOD on the business and contracts 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;
- 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 36 to the audited financial statements.



Limited Assurance Conclusion

Restriction of Use of Our report

For KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No. 348

Al Riyadh, 18 Shaban 1442 H
Corresponding to: 31 March 2021





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Chairman of the Audit Committee Letter Regarding External Auditors Offers



الشركة الوطنية للتنمية الزراعية
The National Agricultural Dev. Co.

Date: 09 March 2021

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

Greetings,

Pursuant to the powers vested in the Audit Committee to recommend the BoDs to nominate, dismiss, fix remuneration and evaluate the performance of the Auditor after evaluating their independency, reviewing their scope of work, and contracting conditions pursuant to the Committee's regulations.

Several audit firms were invited to furnish their proposal to audit the financial statements for the year ending on 31st December 2021, reviewing the financial statements for the interim periods ending on 30th June 2021, 30th September 2021 and 31st March 2022. The firms who responded and the specifics of their proposal are tabulated as follows:

Sr	Name of Audit Firm	Interim Financial Statements	Annual Financial Statement	Total	VAT	Total Incl. VAT	Additional Audit for the Group (if any)
1	Dr. Mohamed Al-Amri & Co. (BDO)	165,000	490,000	655,000	98,250	753,250	40,000
2	KPMG Al-Fozan & Partners	195,000	640,000	835,000	125,250	960,250	-
3	PricewaterhouseCoopers (PWC)	270,000	640,000	910,000	136,500	1,046,500	-
4	PKF Al Bassam & Co.	270,000	455,000	725,000	108,750	833,750	-

The other four audit firms that were invited but did not submit their proposals are Ernst & Young, Abdullah Albasri and Co. (Grant Thornton), Baker Tilly MKM and Boodai & Al Omar CPA (B&O).

Therefore, the Audit Committee recommends the BoDs to nominate KPMG or PWC in the Shareholders' General Assembly being two of the Big Four audit firms, with preference to KPMG because it has been conducting audit activities of the Company for many years and is cognizant with the Company's work procedures, regulations, systems and controls.

The prerogative is at your discretion.

Regards,
Chairman of the Audit Committee.
Alaa Alhashem.



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Description of Companies Regarding Related Parties



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Seera Holding Group (Formerly Al Tayyar Travel Group Holding)

Seera Holding Group (Saudi joint stock company) today includes 37 companies under its management, specialized in travel and tourism services and their complementary services.

<http://www.altayyargroup.com>

Al Watania Agriculture Co.

Al-Watania Agriculture Company is an agricultural facility that produces organic fruits and vegetables in addition to many other agricultural products and has livestock projects, including a sheep breeding project with its project in Al-Jawf region - north of the Kingdom of Saudi Arabia. Al-Watania has projects in the field of raising camels and goats in addition to mechanical milking, and this provides Livestock in most of the markets of the Kingdom of Saudi Arabia demand of red meat, fresh milk, and dairy products.

<http://watania-agri.com>

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>