

The National Agricultural Dev. Co.



The **38th**

Ordinary General Assembly Meeting

19 March 2024AD

Meeting Agenda

The Ordinary General Assembly

Tuesday, 19 March 2024AD



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- 1 Reviewing and discussing the financial statements for the fiscal year ending on 31/12/2023AD.
- 2 Voting on the company's external audit report for the fiscal year ending on 31/12/2023AD. (Attached)
- 3 Reviewing the Board of Directors' report for the fiscal year ending on 31/12/2023AD.
- 4 Voting on the Audit Committee Report as for the fiscal year ending on 31/12/2023AD. (Attached)
- 5 Voting on paying an amount of SAR 1,800,000 as remuneration to the Board members for the fiscal year ending on 31/12/2023AD.
- 6 Voting on the release of the Board of Directors' members from liability for the fiscal year ending on 31/12/2023AD.
- 7 Voting on appointing the company's auditors from among the candidates based on the Audit Committee's recommendation, to review, and audit the financial statements for the second, third quarters and the annual financial statements for the fiscal year 2024, as well as the first quarter for the fiscal year 2025, and to determine their fees. (Attached)
- 8 Voting on transactions and agreements made between the company and Minerva Foods, which the Chairman of the Board of Directors, Mr. Abdulaziz bin Saleh Al-Rabdi (non-executive), has an indirect interest. These transactions and agreements include the purchase of red meat products for the company (NADEC) for a total amount of (3,765,959) Saudi Riyals, according to the annually agreed contractual terms. (Attached)
- 9 Voting on transactions and agreements made between the company and the Arabian Mills for Food Products Company formerly known as (The Second Milling Company) - a joint venture, in which the Board Member, Mr. Badr bin Abdulrahman Al-Sayari, has an indirect interest. These transactions and agreements include the purchase of raw materials for the company (NADEC) for a total amount of (27,511,137) Saudi Riyals according to the annually agreed contractual terms. (Attached)

- 10 Voting on transactions and agreements made between the company and the Arab Milling Company for Food Products – formerly known as (The Second Milling Company) - a joint project, in which the Board Member, Mr. Badr bin Abdulrahman Al-Sayari, has an indirect interest. These transactions involve compensating for the company (NADEC) for the termination of sales and services agreements, for a total amount of (10,000,000) Saudi Riyals. (Attached)
- 11 Voting on the participation of the Board Member, Mr. Badr bin Abdulrahman Al-Sayari – representing Suleiman bin Abdulaziz Al-Rajhi Holding Company in a business that competes with the company's business. Suleiman bin Abdulaziz Al-Rajhi Holding Company has a project for agricultural and food production among its businesses, which is similar to the business carried out by (NADEC) This project has been in existence for several years, predating his election to the Board. (Attached)
- 12 Voting on delegating to the Board of Directors the authorization 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.
- 13 Voting for election of the Board members from among the candidates for the next term, starting from 11/04/2024, for a duration of four years, ending on 10/04/2028. (CVs of candidates attached)

The Auditor's Report for Year

2023

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 2023, the statements of profit or loss, statement of 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, 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.

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.

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 SR 755.2 million mostly representing dairy 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 15 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.

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 2023, the Company has recognized total revenues of SR 3.19 billion (2022: SR 2.69 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.

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 2023 Annual Report

Other information consists of the information included in the Company's 2023 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 2023 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 Company's 2023 annual report, 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 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 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, the Audit Committee, 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.

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 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, 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.

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


Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)



Riyadh: 11 Sha'ban 1445H
21 February 2024

Audit Committee Report for Year 2023



Rebuilding your life, everyday

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 12/31/2023

بسم الله الرحمن الرحيم
الشركة الوطنية للتنمية الزراعية
(نادك)
تقرير لجنة المراجعة للجمعية العامة
للسنة المنتهية في 2023/12/31م

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, 2023, 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
Khalid Salim Alrowais	Independent Member

The Committee convened seven meetings during the year 2023, 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 2023:

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 2023م 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 :

شُكلت 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
خالد سالم الرويس	عضو اللجنة – مستقل

اجتمعت اللجنة خلال عام 2023م سبع 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 2023م:

First: External Audit and Financial Reports:

- Reviewed the audit plan submitted by the external auditor for the financial year 2023 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 2023م وإبداء الملاحظات عليها.
- 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 للشؤون المالية أو مراجع حسابات الشركة.
- قامت اللجنة باستعراض أية قضايا قانونية ذات تأثير في القوائم المالية للشركة.

ثانياً: المراجعة الداخلية وإدارة المخاطر وضمن 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 والإمكانات اللازمة لأداء الأعمال والمهام المنوطة بها على الوجه الأكمل.
- تم التأكد من متابعة تنفيذ الإجراءات التصحيحية للتوصيات المعلّقة 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.

- تم الاجتماع بصفة 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.

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 which might impact the fairness of the company's financial statements that would require it to draw the attention of the General Assembly. Nonetheless, the committee continues to work with the executive management to address areas that require continuous improvement related to the internal control systems at the company.

رأي لجنة المراجعة في مدى كفاية أنظمة الرقابة الداخلية:

علماً بأنه لا يمكن لأي نظام رقابي أن يقدم تأكيدات شاملة ومطلقة عن مدى سلامة وفعالية الرقابة الداخلية في الشركة، فإنه بناءً على ما تُقدّمه 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 والتي قد تؤثر على عدالة القوائم المالية مما يستلزم معها القيام بلفت نظر الجمعية العامة بشأنها. ومع ذلك، تواصل اللجنة العمل مع الإدارة التنفيذية لمعالجة الضوابط الرقابية التي تتطلب التطوير المستمر للضوابط والأنظمة الرقابية في الشركة.

أحمد سعود شاهيني

رئيس لجنة المراجعة



Ahmed Shahini #39d10c3c

Ahmed Saud Shahini

Chairman of the Audit Committee

The Audit Committee Recommendation Regarding External Auditors Offers

Audit Committee Recommendation	
Recommendation Number	2-177
Date of recommendation	February 2024 14
Nomination of the Audit Committee for the Selection of the External Auditor	

Extract from the minutes of meeting No. 177 dated 14 February 2024

Based on the invitation addressed to a number of external audit offices to examine, review and audit the interim financial statements for the second, third quarters and the annual financial statements for the fiscal year 2024 as well as the first quarter for the fiscal year 2025 for the National Agricultural Development Company (NADEC), we received the following offers:

No	Offer Received	Audit Fees
1	Ernst & Young (EY)	1,434,500 SR
2	KPMG	1,650,000 SR

After reviewing and discussing the proposals received, the Audit Committee recommends selecting one of the above proposals, with the Committee preferring Ernst & Young (EY) for its financial suitability, as well as technically by continuing the same team that reviewed the financial statements for the fiscal year 2023. The matter is before the esteemed Board to decide what it deems appropriate in this regard.

Please accept my sincere greetings,,



Ahmed Shahini #b9dcbe10

Chairman of the Audit Committee
Ahmed Saud Shahini

Declaration Letter Regarding Related Parties



الشركة الوطنية للتنمية الزراعية
The National Agricultural Dev. Co.

Date: 20/02/2024

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), The company's Board of Directors (BoDs), 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 2023. Details are hereunder:

Company	Nature of the Relationship & Name of the Member	Nature of Transaction	Balance as of 31 December 2022 (Debit)	Movement during 2023		Balance as of 31 December 2023 (Debit)
				Procurement	Payments	
Minerva Foods Company	Chairman - holds a vice chairman position at Minerva Foods Company, Abdulaziz Saleh Alrebdi	Purchase of Meat	-	(3,765,959)	6,242,949	2,476,989
Arabian Mills for Food Products Company (formerly: The Second Milling Company)	Member of the Board of Directors - representative of Sulaiman bin Abdulaziz Al-Rajhi Holding Company, Bader Abdul Rahman Al-Sayari (Joint partner)	Compensation for Cancellation of Services Contracts	1,635,760	10,000,000	(10,000,000)	(1,578,865)
Arabian Mills for Food Products Company (formerly: The Second Milling Company)	Member of the Board of Directors - representative of Sulaiman bin Abdulaziz Al-Rajhi Holding Company, Bader Abdul Rahman Al-Sayari (Joint partner)	Purchases of Raw Material		(27,511,137)	24,296,512	

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

Regards,

Chairman.

Mr. Abdulaziz Saleh Alrebdi



Limited Assurance Report by
The External Auditor

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 2023.

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 20 February 2024.

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.

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

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 19 February 2024. 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.

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

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 2023.
- 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 18 February 2024.
- 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


Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Riyadh: 11 Sha'ban 1445H
21 February 2024



Description of Companies **Regarding Related Parties**

First Contracts and Transaction with Related Parties

Minerva Foods

Minerva is considered to be one of the largest companies for producing meat in South America and the second largest exporter in the Republic of Brazil, as it produces more than a million tons of livestock to more than 100 countries around the world.

Minerva Foods invests daily in the modernization of its industrial units, carries out strategic acquisitions, maintains a broad and personalized portfolio of quality products, and has an integrated and efficient distribution logistics.

In 2007 Minerva marked its initial public offering (IPO) and began to be listed in the Brazilian Stock Exchange.

<https://minervafoods.com/en/the-company>

Arab Mills Company for Food Products

Arab Mills Company for Food Products formerly known as the Second Milling Company is considered one of the leading national companies that plays a prominent role in achieving economic development and providing citizens' needs for essential various food products in the Kingdom of Saudi Arabia. It provides products such as flour, feed products, and wheat.

<https://mc2.com.sa>

second Transaction with Related parties and Competing Business

National Agricultural Holding Company

The National Agricultural Holding Company (a subsidiary of the Sulaiman Abdulaziz Al Rajhi Holding Company) was established in 1982. It is one of the agricultural companies 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>