Rights Issue Prospectus of the National Agricultural Development Company (NADEC)

Trading Period: **commencing Thursday 25/04/1445H (corresponding to 09/11/2023G) until the end of Thursday 02/05/1445H (corresponding to 16/11/2023G)**

Subscription Period: **commencing Thursday 25/04/1445H (corresponding to 09/11/2023G) until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G)**

The National Agricultural Development Company (NADEC) is a Saudi joint-stock company registered under Commercial Registration No. 1010018795, dated 26/12/1398H (corresponding to 27/11/1978G), and was transformed into a joint-stock company pursuant to Ministerial Resolution No. 12, issued on 01/02/1401H (corresponding to 09/12/1980G).

Offering of two hundred million (200,000,000) ordinary shares at an offer price of ten Saudi Riyals (SAR 10) per share (hereinafter referred to as the "Offer Price") through an increase of the Company's capital from one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000) to three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000) (an increase of 196.77%) for subscription through a rights issue (hereinafter referred to as the "Offering").

The National Agricultural Development Company (NADEC) (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi joint-stock company converted pursuant to Ministerial Resolution No. 12, dated 01/02/1401H (corresponding to 09/12/1980G), under Commercial Registration No. 1010018795, dated 26/12/1398H (corresponding to 27/11/1978G) and its registered address is P.O. Box 2557, Riyadh 11461, the Kingdom of Saudi Arabia (hereinafter referred to as the "**Kingdom**", "**Saudi Arabia**" or "**KSA**").

The Company's share capital as of the date of this Prospectus is one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000) divided into one hundred and one million, six hundred and forty thousand (101,640,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are fully paid (hereinafter referred to as "**Existing Shares**").

On 12/09/1444H (corresponding to 03/04/2023G), the Company's Board of Directors (hereinafter referred to as the "**Board of Directors**" or the "**Board**") recommended an increase of the Company's capital through a rights offering at a value of two billion Saudi Riyals (SAR 2,000,000,000) (hereinafter referred to as the "**Capital Increase**"), after obtaining all the necessary regulatory approvals, including the approval of the Company's Extraordinary General Assembly on the Capital Increase.

On 21/04/1445H (corresponding to 05/11/2023G), the Company's Extraordinary General Assembly agreed to increase the Company's capital through a rights issue by offering two hundred million (200,000,000) new ordinary shares (referred to hereinafter as the "**New Shares**" or the "**Rights Shares**") at an Offer Price of ten Saudi Riyals (SAR 10) per share, with a nominal value of ten Saudi Riyals (SAR 10) per share. This will increase the Company's capital from one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000) to three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000) and will increase the number of the Company's shares from one hundred and one million, six hundred and forty thousand (101,640,000) shares to three hundred and one million, six hundred and forty thousand (301,640,000) fully paid shares.

Preemptive rights shall be issued as tradable securities (referred to collectively as "**Preemptive Rights**" and each individually as a "**Preemptive Right**") to Shareholders who own shares in the Company at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register maintained with the Securities Depository Center (Edaa) at the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase on 24/04/1445H (corresponding to 05/11/2023G) (hereinafter referred to as the "**Eligibility Date**") (referred to collectively as the "**Registered Shareholders**" and each individually as a "**Registered Shareholder**"). Such rights shall be deposited in the portfolios of Registered Shareholders after the Extraordinary General Assembly Meeting on the Capital Increase (taking into account settlement procedures), at a ratio of 1.9677 rights per 1 share owned in the Company. Each Right shall entitle its holder to subscribe for one share at the Offer Price.

Registered Shareholders and other public investors (hereinafter referred to as the "**New Investors**" or the "**Investors**") who are entitled to trade the rights and subscribe to the New Shares, may trade the rights and subscribe to the New Shares on the Saudi Stock Exchange (hereinafter referred to as "**Tadawul**" or the "**Stock Exchange**"). Both the Trading Period and the Subscription Period shall commence on Thursday 25/04/1445H (corresponding to 09/11/2023G). The Trading Period shall end on Thursday 02/05/1445H (corresponding to 16/11/2023G) (hereinafter referred to as the "**Trading Period**"), while the Subscription Period shall continue until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G) (hereinafter referred to as the "**Subscription Period**"). It should be noted that the Trading Period and the Subscription Period shall commence on the same day. The Trading Period shall last until the end of the sixth day from the start of the period, while the Subscription Period shall last until the end of the ninth day from the start of the same period.

As of the date of this Prospectus, the Company has one Substantial Shareholder who owns 5% or more of the Company's share capital, namely the Saudi Agricultural and Livestock Investment Company (SALIC) (referred to as "**SALIC**" or the "**Substantial Shareholder**"), which owns thirty-nine million, two hundred and eighty-two thousand, three hundred and nine (39,282,309) shares, representing 38.65% of the Company's capital pre-Offering.

Registered Shareholders may trade Preemptive Rights during the Trading Period by selling the acquired Rights in whole or in part or by purchasing additional Rights through the Stock Exchange. New Investors may also purchase Rights through the Stock Exchange and sell the purchased Rights during the Trading Period.

Subscription to the New Shares will be made available during the Subscription Period in one phase as follows:

1. During such period, all Registered Shareholders and New Investors who hold Rights may subscribe for the New Shares.
2. Registered Shareholders may subscribe directly for the New Shares in proportion to the number of Preemptive Rights or part thereof allocated thereto during the Subscription Period. In the event that Registered Shareholders purchase new Preemptive Rights, they may subscribe therewith following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Preemptive Rights).
3. New Investors who purchase Rights during the Trading Period may subscribe for the New Shares following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Rights).
4. Subscription will be made available electronically through investment portfolios on trading platforms and applications where buy and sell orders are placed, as well as through other channels and means available to brokers.

In the event that Institutional Investors do not subscribe to all the Rump Shares, the Rump Shares shall be allocated to the Underwriters who shall subscribe for them at the Offer Price (for further information, please refer to Section 13 "**Subscription Terms and Conditions**" of this Prospectus).

The final allocation of the New Shares will take place no later than Wednesday 15/05/1445H (corresponding to 29/11/2023G) (hereinafter referred to as the "**Allocation Date**") (for further information, please refer to Section 13 "**Subscription Terms and Conditions**" of this Prospectus).

After completion of the Offering and subscription process, the Company's capital will be three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000), divided into three hundred and one million, six hundred and forty thousand (301,640,000) ordinary shares. The Net Offering Proceeds will be used for the purpose of expanding in the dairy, juice and agricultural products sectors, entering new sectors, repaying loans and financing general requirements (for more information, please refer to Section 7 "**Use of Offering Proceeds and Future Projects**" of this Prospectus).

All of the Company's shares are of one class, and no share grants its holder preferential rights. The New Shares will be fully paid and on equal footing to the Existing Shares. Each share grants its holder the right to one vote and each Shareholder in the Company is entitled to attend and vote at Shareholder General Assembly meetings. The holders of the New Shares shall be entitled to any dividends declared by the Company after the issuance date thereof (if any).

The trading of the Company's shares commenced on 09/07/1413H (corresponding to 02/01/1993G), before the automated system for share trading was established in 2001G as an alternative system to the Electronic Securities Information System (ESIS) under the supervision of the then Saudi Arabian Monetary Agency (currently the Saudi Central Bank). On 16/04/1429H (corresponding to 23/02/2008G), the Company announced an increase of its share capital and the number of its listed shares from forty million (40,000,000) shares to sixty million (60,000,000) shares. On 13/04/1435H (corresponding to 13/02/2014G), the Company announced an increase of its share capital and the number of its listed shares from sixty million (60,000,000) shares to seventy million (70,000,000) shares. On 27/04/1436H (corresponding to 16/02/2015G), the Company announced an increase of its share capital and the number of its listed shares from seventy million (70,000,000) shares to seventy-seven million (77,000,000) shares. On 07/04/1437H (corresponding to 17/01/2016G), the Company announced an increase of its share capital and the number of its listed shares from seventy-seven million (77,000,000) shares to eighty-four million, seven hundred thousand (84,700,000) shares. More recently, on 13/03/1441H (corresponding to 10/11/2019G), the Company announced an increase of its share capital and the number of its listed shares from eighty-four million, seven hundred thousand (84,700,000) shares to one hundred and one million, six hundred and forty thousand (101,640,000) shares. The number of the Company's listed shares as of the date of this Prospectus is one hundred and one million, six hundred and forty thousand (101,640,000) ordinary shares, with a nominal value of ten Saudi Riyals (SAR 10) per share. The Company has submitted an application to the Capital Market Authority in the Kingdom (hereinafter referred to as the "**CMA**") for the registration and offering of the New Shares and an application to Tadawul for admission to listing. All the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled, including obtaining the CMA's approval of this Prospectus. It is expected that trading of the New Shares on the Stock Exchange will commence shortly after the allocation of the New Shares (for more information, please refer to page (xiii) "**Key Dates and Subscription Procedures**" of this Prospectus). Trading in the New Shares, after their registration and admission to listing, will be available to citizens and legal residents of the Kingdom, citizens of GCC states and Saudi and GCC companies and investment funds. Qualified Foreign Investors (hereinafter referred to as "**Qualified Foreign Investors**") may trade in the Company's shares in accordance with the Rules for Foreign Financial Institutions Investment (as defined in Section 1"**Terms and Definitions**" of this Prospectus). Strategic foreign investors are also entitled to trade in the shares in accordance with the FSI Rules (as defined in Section 1 "**Terms and Definitions**" of this Prospectus). Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom (hereinafter referred to as the "**Foreign Investors**") are entitled to invest indirectly in the New Shares through the acquisition of the economic benefits of the shares by entering into SWAP Agreements through a Capital Market Institution licensed by the CMA (hereinafter referred to as the "**Capital Market Institutions**") to purchase and trade in the New Shares listed on the Stock Exchange for the benefit of Foreign Investors. It should be noted that under the SWAP Agreements, the Capital Market Institutions will be registered as legal holders of such shares.

Those wishing to subscribe to the Company's shares should carefully read and examine the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" set out in this Prospectus before making a decision to invest in the New Shares.

Financial Advisor and Lead Manager

الرياض المالية
Riyad Capital

Underwriters

الرياض المالية Riyad Capital | الراجحي المالية alrajhi capital | SNB Capital

This Prospectus contains information submitted as part of the application for the registration and offer of securities in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority of the Kingdom of Saudi Arabia (referred to as the "**CMA**") and the application for the listing of securities as per the requirements of the Listing Rules of the Saudi Stock Exchange. The Board Members whose names appear in this Prospectus jointly and severally bear full responsibility for the accuracy of the information contained in this Prospectus and confirm, to the best of their knowledge and belief, having made all possible inquiries and to a reasonable extent, that there are no other facts the omission of which would render any statement contained herein misleading. The CMA and Tadawul assume no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus was issued on

20/03/1445H (corresponding to 05/10/2023G)

Trading Period:
Starting on 09/11/2023
End on 16/11/2023

Subscription Period:
Starting on 09/11/2023
End on 21/11/2023

Offering two hundred million (200,000,000) ordinary shares

Announcement of the Final Allocation
29/11/2023

Important Notice

This Prospectus contains full detailed information regarding the Company and the New Shares being offered for subscription. When applying for the New Shares, Investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which can be obtained by visiting the website of the Company (www.nadec.com.sa), the CMA (www.cma.org.sa) or the Financial Advisor (www.riyadcapital.com).

This Prospectus has been published after obtaining the CMA's approval. It will be made available to the public within a period of no less than fourteen (14) days prior to the date of the Extraordinary General Assembly Meeting on the Capital Increase. If the Extraordinary General Assembly does not approve the Capital Increase within six (6) months of the date of the CMA's approval of the registration and offer of the Preemptive Rights, the CMA's approval shall become void.

The Company has appointed Riyad Capital as financial advisor (hereinafter referred to as the "**Financial Advisor**") and lead manager (hereinafter referred to as the "**Lead Manager**") for the Offering. The Company has also appointed Riyad Capital, Al Rajhi Capital and SNB Capital Company as underwriters (hereinafter referred to as the "**Underwriters**") in respect of the New Shares to be offered for public subscription described in this Prospectus.

This Prospectus contains information submitted in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The Company's Board Members, whose names appear on page (iv) of this Prospectus, jointly and severally bear full responsibility for the validity of the information contained in this Prospectus and confirm, having made all reasonable inquiries and to a reasonable extent, that, to the best of their knowledge and belief, that there are no other facts the omission of which would render any statement contained herein misleading.

While the Company has made all reasonable inquiries to verify the validity of the information included in this Prospectus as at the date hereof, a substantial portion of the information regarding the market and the sector in which the Company operates has been derived from external sources. Although neither the Company, nor the Board Members or any of the Advisors, whose names appear on pages (vi) and (vii) of this Prospectus, have any reason to believe that any of the market or sector information is materially inaccurate, such information has not been independently verified. Thus, no assurance or representation is made with respect to the accuracy or completeness of any such information.

The information included in this Prospectus as at the date hereof is subject to change. In particular, the Company's financial position and share value could be adversely affected by future developments related to inflation, interest rates, taxation, or other economic or political factors beyond the Company's control (for more information, please refer to Section 2 "**Risk Factors**" of this Prospectus). Neither the issuance of this Prospectus nor any oral, written or printed communications regarding the New Shares shall be considered, interpreted or relied upon in any way as a promise or statement regarding future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, its Board of Directors or any of the Advisors to participate in subscription to the New Shares. The information contained in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs of prospective investors in the New Shares. Before making any decision to invest in the New Shares, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor licensed by the CMA in connection with subscription to the New Shares to assess the appropriateness of both the investment opportunity and the information included in this Prospectus with regard to the recipient's individual objectives, financial situation and needs, including the advantages and risks associated with investing in the New Shares. An investment in the New Shares may be appropriate for some Investors but not others. Therefore, prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity or such investor's individual circumstances.

All Registered Shareholders and New Investors who are entitled to trade in the Preemptive Rights and subscribe to the New Shares may trade and subscribe to the Preemptive Rights and the New Shares on the Stock Exchange. Both the Trading Period and the Subscription Period shall commence on 25/04/1445H (corresponding to 09/11/2023G). The Trading Period shall end on Thursday 02/05/1445H (corresponding to 16/11/2023G), while the Subscription Period shall continue until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). It should be noted that the Trading Period and the Subscription Period shall commence on the same day. The Trading Period shall last until the end of the sixth day from the start of the period, while the Subscription Period shall last until the end of the ninth day from the start of the same period.

Registered Shareholders may trade Preemptive Rights during the Trading Period by selling the acquired Preemptive Rights or part thereof, or by purchasing additional Preemptive Rights through the Stock Exchange. New Investors may also purchase Preemptive Rights through the Stock Exchange and sell the purchased rights during the Trading Period.

Subscription for the New Shares will be made available during the Subscription Period in one phase as follows:

- During such period, all Registered Shareholders and New Investors who hold Rights may subscribe for the New Shares.
- During the Subscription Period, Registered Shareholders may subscribe directly for the New Shares in proportion to the number of their shares owned by them. In the event that Registered Shareholders purchase new Preemptive Rights, they may subscribe therewith following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Preemptive Rights).
- New Investors who purchase Preemptive Rights during the Trading Period may subscribe for the New Shares following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new rights).
- Subscription will be made available electronically through investment portfolios on trading platforms and applications where buy and sell orders are placed, as well as through other channels and means available to brokers.

If there are unsubscribed shares after the end of the Subscription Period (hereinafter referred to as the "**Rump Shares**"), the Rump Shares will be offered to a number of institutional investors (hereinafter referred to as the "**Institutional Investors**") at no less than the Offer Price (hereinafter referred to as the "**Rump Offering**" or "**Rump Share Offering**"). Institutional Investors shall submit their bids to purchase the Rump Shares. Such bids will be received from 10:00 a.m. on Sunday 12/05/1445H (corresponding to 26/11/2023G) until 5:00 p.m. on Monday 13/05/1445H (corresponding to 27/11/2023G) (referred to hereinafter as the "**Rump Offering Period**"). The Rump Shares shall be allocated to Institutional Investors in descending order of their bids (provided that such bids are not less than the Offer Price). If multiple Institutional Investors submit the same bid, the shares shall be allocated pro rata to such investors. Fractional Shares will be added to the Rump Shares and will be subject to the same treatment. The Company will receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares. The proceeds from the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offer Price) will be distributed to Eligible Persons, as per entitlement, no later than Monday 27/05/1445H (corresponding to 11/12/2023G).

In the event that Institutional Investors do not subscribe for all the Rump Shares, the Rump Shares will be allocated to the Underwriters who will subscribe for them at the Offer Price (for further information, please refer to Section 13 "**Subscription Terms and Conditions**" of this Prospectus.)

The issuance of New Shares under this Prospectus is contingent on the Company obtaining the necessary regulatory approvals, including the approval of the Shareholders to increase the share capital. If Shareholder approval to increase the capital is not obtained, the issuance of Preemptive Rights and New Shares will not proceed and this Prospectus shall be considered void, upon which the Shareholders will be notified thereof.

Recipients of this Prospectus are required to inform themselves of, and observe, any regulatory and legal restrictions in relation to the trading of the Preemptive Rights and subscription to the New Shares.

Market and Sector Information

The Board Members believe the information and data presented in this Prospectus, including market and sector information obtained from external sources, is accurate and reliable. However, such information has not been independently verified by the Company, its Board Members, Advisors or the Selling Shareholders, and no guarantee can be provided as to its accuracy, validity or completeness.

Financial Information

The Company's audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes thereto have been prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, as well as other standards and versions approved by SOCPA (collectively referred to as "**IFRS-KSA**"). The financial statements for the financial years ended 31 December 2020G and 2021G were audited by KPMG Professional Services (hereinafter referred to as the "**Auditor for 2020G and 2021G**"). The financial statements for the financial year ended 31 December 2022G were audited by Ernst & Young Professional Services (a professional limited liability company) (hereinafter referred to as the "**Auditor for 2022G**", and, collectively with the Auditor for 2020G and 2021G, the "**Auditors**").

Certain financial and statistical information contained in this Prospectus has been rounded to the nearest integer. Accordingly, if the figures in the tables are added, their sum may not correspond to what is mentioned in the Prospectus.

Forecasts and Forward-looking Statements

The forecasts contained in this Prospectus have been prepared using assumptions based on the Company's information according to its market experience, as well as publicly available market information. Future operating conditions may differ from the assumptions used. Consequently, no guarantee or representation is made as to the accuracy or completeness of any such forecasts or estimates.

Certain forecasts and statements contained in this Prospectus constitute or may be considered as "forward-looking statements". Such forward-looking statements can generally be identified by their use of certain words such as "plans", "intends", "proposes", "estimates", "believes", "expects", "is expected", "could", "possible", "likely", "probably", "will", "may" or the negative forms thereof, or other variation of such terms or comparable terminology. These statements reflect the Company's current views regarding future events but do not constitute a guarantee or confirmation of the Company's actual future performance, as there are many factors that could affect the actual performance, achievements or results of the Company and cause them to be significantly different from what is expressly or implicitly included in these statements. The most important risks and factors that could lead to such an impact have been reviewed in more detail in other sections of this Prospectus (for further details, please refer to Section 2 "**Risk Factors**" of this Prospectus). Should any one or more of these factors materialize or any future expectations or statements contained in this Prospectus prove to be incorrect or inaccurate, the Company's actual results may differ materially from those mentioned in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations (OSCOs), the Company must submit a supplementary prospectus if, at any time after the publication of this Prospectus and before the completion of the Offering, it finds that: (a) there has been a significant change in material matters contained in this Prospectus or any document required under the Rules on the Offer of Securities and Continuing Obligations (OSCOs); or (b) any significant matters emerge which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or amend any sector or market information contained in this Prospectus, whether as a result of the emergence of new information or the occurrence of future events, or otherwise. As a result of the foregoing, and due to other risks, uncertainties and estimates, forecasts for future events and conditions set out in this Prospectus may not occur as anticipated by the Company, or at all. Accordingly, Subscribers should examine all forward-looking statements in accordance with such interpretations and should not place undue reliance thereon.

Terms and Definitions

For an explanation of some of the terms and phrases contained in this Prospectus, please refer to Section 1 "**Terms and Definitions**" of this Prospectus).

Type and Format of Figures in the Prospectus

This Prospectus was prepared using Arabic numerals, which are 1, 2, 3, 4, 5, 6, 7, 8, 9 and 0. Certain figures have been formatted to be written in decimal, in which a decimal point is placed to the right of the decimal place with the base value. Each digit to the right of this decimal point has a base value of a tenth (one tenth) of the value of the previous digit on the left. Accordingly, the figure 123.4 represents the number one hundred and twenty-three and four-tenths.

General Provisions

Certain figures in this Prospectus have been rounded to the nearest integer. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Prospectus, Hijri dates are mentioned along with their corresponding Gregorian dates. The Hijri calendar is prepared based on the upcoming lunar cycles, however the beginning of each month is determined by the actual observation and sighting of the moon. For this reason, conversions between the Hijri and Gregorian calendars are often subject to variations of one or a few days. In addition, any reference to "year" or "years" is a reference to Gregorian years, unless otherwise expressly specified in this Prospectus.

Table of Content >

Corporate Directory

Board of Directors

Table (1.1): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Status	Date of Appointment to the Current Session	Representing	Existing Shares held					
								Directly		Indirectly[1]		Total	
								No. of shares	Percentage	No. of shares	Percentage	No. of shares	Percentage
1	Abdulaziz bin Saleh bin Abdullah Al-Rebdi	Chairman	Saudi	60 years	Non-Executive / Non-Independent	29/08/1442H (corresponding to 11/04/2021G)	Public Investment Fund	-	-	39,282,309	38.65%	39,282,309	38.65%
2	Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi	Vice-Chairman	Saudi	56 years	Non-Executive / Non-Independent	29/08/1442H (corresponding to 11/04/2021G)	-	89,185	0.09%	4,023,221	3.96%	4,112,406	4.05%
3	Badr bin Abdulrahman bin Abdullah Al Sayari	Director	Saudi	57 years	Non-Executive / Non-Independent	29/08/1442H (corresponding to 11/04/2021G)	Sulaiman Al Rajhi Holding Company	-	-	4,774,780	4.70%	4,774,780	4.70%
4	Amr bin Abdulaziz bin Abdullah Al-Jallal	Director	Saudi	44 years	Independent / Non-Executive	29/08/1442H (corresponding to 11/04/2021G)	-	-	-	-	-	-	-
5	Abdulaziz bin Mohammed bin Hamad Al Rugaib	Director	Saudi	40 years	Independent / Non-Executive	04/09/1443H (corresponding to 05/04/2022G)	-	-	-	-	-	-	-
6	Ahmed bin Saud bin Abdulaziz Shahini	Director	Saudi	40 years	Non-Executive / Non-Independent	09/03/1444H (corresponding to 05/10/2022G) [2]	-	-	-	-	-	-	-
7	Ibrahim bin Mohammed bin Abdullah Al Amer	Director	Saudi	55 years	Independent / Non-Executive	09/03/1444H (corresponding to 05/10/2022G) [3]	-	-	-	-	-	-	-

* The percentages have been rounded to the nearest integer.

(1) The indirect ownership of the Directors is as a result of the following:

- The Chairman, Abdulaziz bin Saleh bin Abdullah Al-Rebdi, is a representative of the Public Investment Fund, which owns the Saudi Agricultural and Livestock Investment Company (SALIC), which in turn owns 38.65% of the Company's shares pre-Offering.
- The indirect ownership of the Vice-Chairman, Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi, is as a result of (1) ownership of the endowments of Sheikh Abdullah bin Abdulaziz bin Saleh Al-Rajhi, which constitutes 1.4% of the Company's shares, and (2) the ownership of the heirs of Sheikh Abdullah bin Abdulaziz bin Saleh Al-Rajhi, which constitutes 2.56% of the Company's shares.
- The Director Badr bin Abdulrahman bin Abdullah Al Sayari is a representative of Sulaiman Al Rajhi Holding Company, which owns 4.7% of the Company's shares.

(2) The Director Ahmed bin Saud Shahini was appointed by the Board of Directors to replace the previous Director, Saleh bin Hassan Al-Afaleq. Such appointment was approved pursuant to an Ordinary General Assembly resolution dated 13/10/1444H (corresponding to 03/05/2023G).

(3) The Director Ibrahim bin Mohammed Al Amer was appointed by the Board of Directors to replace the previous Director, Omar bin Hamad Al-Madi. Such appointment was approved pursuant to an Ordinary General Assembly resolution dated 13/10/1444H (corresponding to 03/05/2023G).

Source: The Company

Company Address
The National Agricultural Development Company (NADEC) P.O. Box 2557 Riyadh, 11461 Kingdom of Saudi Arabia Tel: +966112027777 Website: www.nadec.com.sa Email: IR@Nadec.com.sa

Company Representatives	
Amr bin Abdulaziz bin Abdullah Al-Jallal Director P.O. Box 2557 Riyadh, 11461 Kingdom of Saudi Arabia Tel: +966118106215 Website: www.nadec.com.sa Email: jallal@nadec.com.sa	**Sulaiman bin Abdulaziz bin Saleh Al Twaijri** Chief Executive Officer P.O. Box 2557 Riyadh, 11461 Kingdom of Saudi Arabia Tel: +966112027770 Website: www.nadec.com.sa Email: dddsulaiman@nadec.com.sa

Board Secretary
Abdullah bin Ibrahim bin Abdullah Al Dehaimi P.O. Box 2557 Riyadh, 11461 Kingdom of Saudi Arabia Tel: +966112027777 Website: www.nadec.com.sa Email: aaldehimi@nadec.com.sa

Stock Exchange
Saudi Tadawul Group (Tadawul) King Fahd Road - Al Olaya 6897 Unit No. 15 Riyadh 12211-3388 Kingdom of Saudi Arabia Tel: +966 11 92000 1919 Fax: +966 11 218 9133 Website: www.saudiexchange.sa Email: csc@saudiexchange.sa

Depository Center
Securities Depository Center Company (Edaa) King Fahd Road - Al Olaya 6897 Unit No. 11 Riyadh 12211 - 3388 Kingdom of Saudi Arabia Tel: +966 11 92002 600 Website: www.edaa.com.sa Email: cc@edaa.com.sa

Advisors

Financial Advisor, Lead Manager and Underwriter
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Note:

All of the above-mentioned Advisors and Auditors have provided their written consent to refer to their names and logos and to include their statements and reports in this Prospectus in the form presented herein, and none of them have withdrawn such consent as of the date of this Prospectus. None of the Advisors, Auditors or their employees forming part of the team serving the Company, or any of their relatives owns any shares or interest of any kind in the Company as of the date of this Prospectus which may affect their independence.

Table of Content >

Offering Summary

This summary of the Offering is intended to provide a brief overview of the information related to the Offering detailed in this Prospectus. However, this summary does not contain all of the information that may be important to potential investors and should be taken into consideration before deciding to invest in the New Shares. Accordingly, those wishing to subscribe to the New Shares should read and review this Prospectus in full, and any decision related to investing in the New Shares should be based on the entirety of this Prospectus. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to making any investment decision relating to the New Shares. Investors must not rely solely on this summary in making their decision.

Company Name, Description and Incorporation	The National Agricultural Development Company (NADEC) is a Saudi joint-stock company registered under Commercial Registration No. 1010018795, dated 26/12/1398H (corresponding to 27/11/1978G), and was transformed into a joint-stock company pursuant to Ministerial Resolution No. 12, dated 01/02/1401H (corresponding to 09/12/1980G). Its registered address is P.O. Box 2557, Riyadh 11461, the Kingdom of Saudi Arabia.
Company Activities	The activities of the Company, as per its Bylaws and Commercial Registration, are as follows: 1- Agricultural and plant and animal food production commercially by scientific methods, such as the cultivation of grains, vegetables, fruits and fodder, the production of raw milk and its derivatives, juices and drinking water, breeding livestock and poultry, et cetera, and marketing the same for commercial purposes. 2- Reclamation of agricultural land for the above purpose. 3- Manufacturing, storing, canning and marketing agricultural products for commercial purposes. In order to achieve its objects, the Company may own real estate, agricultural land and transportation, and establish facilities and maintenance workshops to the extent required by its business. 4- Constructing silos and processing, marketing and distributing flour, baked items, pastries, confectionery and other bakery products for commercial purposes. 5- Importing and exporting agricultural, animal and food products and materials. 6- Leasing, owning, utilizing and maintaining warehouses and food preservation refrigerators. 7- Transporting the Company's agricultural, animal and food products within and outside cities. 8- Construction and repair of irrigation canals, watering channels, main water storage towers, and drilling and maintenance of water wells. 9- Extensions, maintenance and repair of irrigation pipes. 10- Operation of irrigation systems for agricultural projects.
Substantial Shareholder	As of the date of this Prospectus, the Company has one Substantial Shareholder who owns 5% or more of the Company's capital, namely SALIC, which owns thirty-nine million, two hundred and eighty-two thousand, three hundred and nine (39,282,309) shares, representing 38.65% of the Company's capital pre-Offering.
Purpose of the Issuance of Rights Shares	To increase the Company's financial solvency in order to enable it to implement its strategic and operational plans and support its future activities. This will help enhance the Company's leading position in the food markets at the local and regional levels in a way that allows growth of its current business and expansion of its product range by entering into new activities to transform into a fully integrated food company. Such plans align with the Kingdom's strategy for food security, which aims to ensure sustainable supply chains, abundance of foodstuffs and stable prices of foodstuffs in the local market.
Total Expected Offering Proceeds	The total subscription proceeds are expected to amount to two billion Saudi Riyals (SAR 2,000,000,000).
Offering Expenses	It is expected that the Offering Expenses will be twenty million Saudi Riyals (SAR 20,000,000) (for further information, please refer to Section 7 "**Use of Offering Proceeds and Future Projects**" of this Prospectus).
Net Offering Proceeds after Deduction of Offering Expenses	The Net Offering Proceeds are expected to amount to approximately one billion, nine hundred and eighty million (1,980,000,000) after deduction of the Offering Expenses, which are estimated at twenty million Saudi Riyals (SAR 20,000,000).

Proposed Use of Offering Proceeds	The total subscription proceeds are expected to amount to two billion Saudi Riyals (SAR 2,000,000,000). It is expected that the Net Offering Proceeds will amount to approximately one billion, nine hundred and eighty million (1,980,000,000) Saudi Riyals after deduction of the Offering Expenses of twenty million Saudi Riyals (SAR 20,000,000), noting that such amount is indicative. The Company intends to use the Net Offering Proceeds for the purpose of expanding in the dairy, juice and agricultural products sectors and entering new sectors, repaying loans, financing general requirements. The following table shows the expected use of the Net Offering Proceeds (for further information, please see Section 7 "**Use of Offering Proceeds and Future Projects**" of this Prospectus):

Table (1.2): Expected Use of Net Offering Proceeds

Item	Total (SAR)	Percentage
Expansion in dairy, juice and agricultural products sectors	800,000,000	40.4%
Entering new sectors	250,000,000	12.6%
Repayment of loans	730,000,000	36.9%
Financing general requirements	200,000,000	10.1%
Total	**1,980,000,000**	**100%**

* The percentages have been rounded to the nearest integer.

Source: The Company

Material Amendments made to Information Disclosed in the Latest Prospectus	The trading in the Company's shares commenced on 09/07/1413H (corresponding to 02/01/1993G), before the automated system for share trading was established in 2001G as an alternative to the Electronic Securities Information System (ESIS) under the supervision of the then Saudi Arabian Monetary Agency (currently the Saudi Central Bank). The requirement for companies to be listed on the Stock Exchange to prepare a prospectus was stipulated in the Capital Market Law issued by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), which was issued following the date of the Company's listing. Accordingly, no Prospectus or equivalent document was prepared for the Company at such time.
Nature of the Offering	An increase of the Company's capital from one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000) to three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000) through a rights issue.
Company's Share Capital Pre-Offering	One billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000), fully paid.
Company's Share Capital Post-Offering	Three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000).
Total Number of the Company's Shares Pre-Offering	One hundred and one million, six hundred and forty thousand (101,640,000) fully paid ordinary shares.
Total Number of the Company's Shares Post-Offering	Three hundred and one million, six hundred and forty thousand (301,640,000) ordinary shares.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per share.
Total Number of New Shares Offered for Subscription	Two hundred million (200,000,000) ordinary shares.
New Shares as a Percentage of the Company's Capital	The New Shares represent 196.77% of the Company's shares.
Offer Price	Ten Saudi Riyals (SAR 10).
Total Offering Value	Two billion Saudi Riyals (SAR 2,000,000,000).
No. of New Shares Underwritten	Two hundred million (200,000,000) ordinary shares, representing 100% of the total number of New Shares.
Total Offering Value to be Underwritten	Two billion Saudi Riyals (SAR 2,000,000,000).

Target Investor Categories	Target Investor categories include: • Registered Shareholders, namely shareholders who own shares in the Company at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register maintained with Edaa at the end of trading on the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase. • New Investors, other than Registered Shareholders, namely retail investors and Institutional Investors who purchase Preemptive Rights during the Trading Period.
Preemptive Rights	These are negotiable securities that grant their holder the right to subscribe to the New Shares offered after approval of the capital increase. Such securities become a right acquired by all Registered Shareholders. Preemptive Rights may be traded during the Trading Period. Each Preemptive Right grants its holder the right to subscribe for one of the New Shares at the Offer Price. Preemptive Rights will be deposited after the Extraordinary General Assembly Meeting on the Capital Increase and will appear in the portfolios of Registered Shareholders under a new code designated for Preemptive Rights.
Entitlement Ratio	Each Registered Shareholder shall be granted approximately 1.9677 rights for each one (1) Existing Share held thereby on the Eligibility Date. This ratio is the output of dividing the number of New Shares by the number of the Company's Existing Shares.
Number of Preemptive Rights Issued	Two hundred million (200,000,000) Preemptive Rights.
Underwriters	Riyad Capital, Al Rajhi Capital and SNB Capital Company.
Eligibility Date	Shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register maintained with the Depository Center at the end of trading on the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase on 24/04/1445H (corresponding to 08/11/2023G).
Trading Period	The Trading Period shall commence on Thursday 25/04/1445H (corresponding to 09/11/2023G) and shall continue until the end of Thursday 02/05/1445H (corresponding to 16/11/2023G). All Preemptive Rights holders, whether they are Registered Shareholders or New Investors, may trade in the Preemptive Rights during this period.
Subscription Period	The Subscription Period shall commence on Thursday 25/04/1445H (corresponding to 09/11/2023G) and shall continue until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). All Preemptive Rights holders, whether they are Registered Shareholders or New Investors, may exercise their right to subscribe to the New Shares during this period.
Rump Offering	The Rump Shares will be offered to Institutional Investors. Institutional Investors shall submit their bids to purchase the Rump Shares. Such bids shall be received from 10:00 a.m. on Sunday 12/05/1445H (corresponding to 26/11/2023G) until 5:00 p.m. on Monday 13/05/1445H (corresponding to 27/11/2023G). The Rump Shares shall be allocated to the Institutional Investors in descending order of their bids (provided that such bids are not less than the Offer Price). If multiple Institutional Investors submit the same bid, the shares shall be allocated pro rata to such investors. Fractional Shares shall be added to the Rump Shares and will be subject to the same treatment.
Payment of Compensation Amounts (if any)	Cash compensation amounts (if any) will be paid to Eligible Persons who did not sell the rights during the Trading Period or exercise their right to subscribe to the New Shares during the Subscription Period and to those entitled to Fractional Shares no later than Monday 27/05/1445H (corresponding to 11/12/2023G) (for further information, please refer to Section 13 "**Subscription Terms, Conditions, and Instructions**" of this Prospectus). It should be noted that the compensation amounts represent the surplus of the proceeds from the sale of the Rump Shares and Fractional Shares during the Rump Offering Period in excess of the Offer Price.
Eligible Persons	All holders of Preemptive Rights who have not exercised their rights, whether they are Registered Shareholders or New Investors who have purchased rights during the Trading Period.
Listing and Trading of Preemptive Rights	Preemptive Rights will be listed on Tadawul and traded during the Trading Period. Preemptive Rights shall have a separate and independent code from that of the Company's Existing Shares on the Stock Market screen. Registered Shareholders will have several options during the Trading Period, including selling the Preemptive Rights or part thereof on the Stock Exchange, purchasing additional Preemptive Rights through the Stock Exchange, or not taking any action regarding the Preemptive Rights, whether by sale thereof or by purchasing additional Preemptive Rights. During the Trading Period, New Investors will have the right to purchase Preemptive Rights through the Stock Exchange, sell such rights or part thereof, or not take any action regarding the Preemptive Rights that were purchased during the Trading Period. The Capital Market Law will cancel the Company's Preemptive Rights code on the screen of the Stock Exchange after the end of the Trading Period. As such, the trading of Preemptive Rights will stop at the end of such period.

Subscription Method	During the Subscription Period, Eligible Persons may exercise their right to subscribe to the New Shares by electronic subscription through the websites and electronic platforms of brokers that provide such services to the Subscribers, or through any other means provided by the brokers. During the Subscription Period, Eligible Persons may exercise their right to subscribe to the New Shares as follows: 1- Registered Shareholders may subscribe directly to the New Shares in proportion to the number of Preemptive Rights owned by them. In the event that Registered Shareholders purchase new Preemptive Rights, they may subscribe therewith after the expiry of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Preemptive Rights). 2- New Investors who purchase Preemptive Rights during the Trading Period may subscribe for the New Shares following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Preemptive Rights). In the event that none of the Eligible Persons exercises their right to subscribe to the New Shares during the Subscription Period, the New Shares associated with the Preemptive Rights will be offered for subscription during the Rump Offering Period.
Indicative Value of Preemptive Rights	The Indicative Value of Preemptive Rights is the difference between the market value of the Company's share during the Trading Period and the Offer Price. The Stock Exchange will calculate and publish the Indicative Value of Preemptive Rights on its website during the Trading Period with a five-minute delay. Market information service providers will also publish such information so that Investors can view the Indicative Value of Preemptive Rights when placing orders.
Trading Price of Preemptive Rights	This is the price at which Preemptive Rights are traded. Such price is defined by the supply and demand mechanism on the Stock Exchange. As such, it may differ from the Indicative Value of Preemptive Rights.
Allocation Date	The New Shares will be allocated no later than Wednesday 15/05/1445H (corresponding to 29/11/2023G).
Allocation of New Shares	New Shares will be allocated to Eligible Persons based on the number of Preemptive Rights they have correctly and fully exercised. Rump Shares will be allocated to Institutional Investors based on the price of each share offered (provided that the price is not less than the Offer Price). If multiple Institutional Investors offer the same price, the Rump Shares will be allocated proportionally to such Investors. Fractional Shares shall be added to the Rump Shares and will be subject to the same treatment. The Company shall receive the total Offer Price obtained from the sale of the Rump Shares and Fractional Shares. The remainder of the proceeds (i.e., in excess of the Offer Price) shall be distributed among Eligible Persons who did not exercise or dispose of their rights during the Trading Period or the Subscription Period and owners of Fractional Shares, as per entitlement (for further information, please refer to Section 13 "**Subscription Terms and Conditions**" of this Prospectus).
Trading of New Shares	Trading of New Shares on the Stock Exchange shall commence after the completion of all procedures related to the registration, allocation and listing of the New Shares.
Entitlement to Dividends	The New Shares shall be entitled to all dividends declared by the Company for distribution after the issuance date of the New Shares.
Voting Rights	The Company has only one class of ordinary shares and each share grants its holder one vote. Each Shareholder has the right to attend and vote at General Assembly meetings, and none of the Shareholders have any preferential voting rights.
Restrictions on the Trading of Shares and Preemptive Rights	All of the Company's shares are listed on the Stock Exchange and they are not subject to any restrictions that limit their trading. Trading of Preemptive Rights is not subject to any restrictions except for the regulatory restrictions imposed on listed shares and Preemptive Rights in general.
Restrictions on the Trading of New Shares	There are no restrictions imposed on any Shareholders, including the Substantial Shareholder, after completion of the Subscription resulting from the capital increase.
Previously Listed Shares	The Company was one of the first companies to have its shares listed, as trading in its shares commenced on 09/07/1413H (corresponding to 02/01/1993G), before the automated system for share trading was established in 2001G as an alternative to the Electronic Securities Information System (ESIS) under the supervision of the then Saudi Arabian Monetary Agency (currently the Saudi Central Bank). On 16/04/1429H (corresponding to 23/02/2008G), the Company announced an increase of its share capital and the number of its listed shares from forty million (40,000,000) shares to sixty million (60,000,000) shares. On 13/04/1435H (corresponding to 13/02/2014G), the Company announced an increase of its share capital and the number of its listed shares from sixty million (60,000,000) shares to seventy million (70,000,000) shares. On 27/04/1436H (corresponding to 16/02/2015G), the Company announced an increase of its share capital and the number of its listed shares from seventy million (70,000,000) shares to seventy-seven million (77,000,000) shares. On 07/04/1437H (corresponding to 17/01/2016G), the Company announced an increase of its share capital and the number of its listed shares from seventy-seven million (77,000,000) shares to eighty-four million, seven hundred thousand (84,700,000) shares. More recently, on 13/03/1441H (corresponding to 10/11/2019G), the Company announced an increase of its share capital and the number of its listed shares from eighty-four million, seven hundred thousand (84,700,000) shares to one hundred and one million, six hundred and forty thousand (101,640,000) shares. The number of the Company's listed shares as of the date of this Prospectus is one hundred and one million, six hundred and forty thousand (101,640,000) ordinary shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.

Risk Factors	There are certain risks related to investing in New Shares. Such risks can be classified as follows: 1- Risks related to the Company's business. 2- Risks related to the sector in which the Company operates. 3- Risks related to New Shares. These risks have been set out in Section 2 "**Risk Factors**" of this Prospectus, and should be carefully considered prior to making a decision to invest in the New Shares or Preemptive Rights.
Subscription Terms for the New Shares	Eligible Persons wishing to subscribe to the New Shares shall fulfill the relevant subscription conditions (for further information regarding the terms and conditions of the subscription, please refer to Section 13 "**Subscription Terms and Conditions**" of this Prospectus).

Note: The "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to making any investment decision regarding the New Shares under this Prospectus.

Table of Content >

Key Dates and Subscription Procedures

Key Dates

Table (1.3): Expected Offering Schedule

Event	Date
Date of obtaining the CMA's approval on the Company's request to increase its capital by way of a rights issue	On Thursday 20/03/1445H (corresponding to 05/10/2023G)
Approval of the capital increase and determination of the Eligibility Date and Registered Shareholders by the Extraordinary General Assembly	On Sunday 21/04/1445H (corresponding to 05/11/2023G) Registered Shareholders are Shareholders who own shares in the Company on the date of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register at the Depository Center by the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase.
Trading Period	Commencing Thursday 25/04/1445H (corresponding to 09/11/2023G), until the end of Thursday 02/05/1445H (corresponding to 16/11/2023G). During such period, all holders of Preemptive Rights, whether they are Registered Shareholders or New Investors, may trade in Preemptive Rights.
Subscription Period	Commencing Thursday 25/04/1445H (corresponding to 09/11/2023G), until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). During such period, all holders of Preemptive Rights, whether they are Registered Shareholders or New Investors, may exercise their right to subscribe for the New Shares.
Rump Offering Period	From 10:00 a.m. on Sunday 12/05/1445H (corresponding to 26/11/2023G) until 5:00 p.m. on Monday 13/05/1445H (corresponding to 27/11/2023G).
Notification of Final Allocation	Wednesday 15/05/1445H (corresponding to 29/11/2023G).
Payment of Compensation Amounts (if any) to Eligible Persons who did not take action during the Trading and Subscription Periods (by subscribing for the New Shares or selling the Preemptive Rights) as well as those entitled to Fractional Shares	No later than Monday 27/05/1445H (corresponding to 11/12/2023G).
Expected date for the commencement of share trading on the Stock Exchange	Trading in the New Shares will commence once all the legal procedures necessary for listing of the New Shares have been completed. This will be announced later on the Tadawul website (www.tadawul.com.sa).

Note: The schedule and dates set out above are indicative. The actual dates will be announced on the websites of Tadawul (www.tadawul.com.sa), the Financial Advisor (www.riyadcapital.com) and the Company (www.nadec.com.sa).

Key Announcement Dates

Table (1.4): Key Announcement Dates

Event	Announcer	Date
Announcement of the invitation for the Extraordinary General Assembly Meeting on the Capital Increase	The Company	Sunday 30/03/1445H (corresponding to 15/10/2023G).
Announcement of the results of the Extraordinary General Assembly Meeting on the Capital Increase	The Company	Monday 22/04/1445H (corresponding to 06/11/2023G).
Announcement of the adjustment of the Company's share price, deposit of Rights and the Indicative Value of Rights	Tadawul	Monday 22/04/1445H (corresponding to 06/11/2023G).
Announcement of the determination of the Trading Period for the Rights and the Subscription Period for the New Shares	The Company	Tuesday 23/04/1445H (corresponding to 07/11/2023G).
Announcement of the addition of Preemptive Rights to the Company	Edaa	Wednesday 24/04/1445H (corresponding to 08/11/2023G).
Announcement of the start of the Trading Period for the Rights and the Subscription Period for the New Shares	Tadawul	Thursday 25/04/1445H (corresponding to 09/11/2023G).
Reminder announcement of the last trading day for Preemptive Rights, including an indication of the importance of selling Rights for those who do not wish to subscribe	The Company	Thursday 02/05/1445H (corresponding to 16/11/2023G).
Announcement of the subscription results, details of the Rump Offering (if any) and start of the Rump Offering Period	The Company	Wednesday 08/05/1445H (corresponding to 22/11/2023G).
Announcement of the results of the Rump Offering and Notification of Final Allocation	The Company	Wednesday 15/05/1445H (corresponding to 29/11/2023G).
Announcement of the deposit of New Shares in the Investors' portfolios	Edaa	Monday 20/05/1445H (corresponding to 04/12/2023G).
Announcement of the distribution of Compensation Amounts (if any) to Eligible Persons	The Company	Monday 27/05/1445H (corresponding to 11/12/2023G).

Note: The schedule and dates set out above are indicative. The actual dates will be announced on the websites of Tadawul (www.tadawul.com.sa), the Financial Advisor (www.riyadcapital.com) and the Company (www.nadec.com.sa).

How to Apply for Subscription

Subscription to Rights Shares is limited to Eligible Persons, whether they are Registered Shareholders or New Investors. Eligible Persons wishing to subscribe for the New Shares may apply for subscription through investment portfolios on trading platforms and applications that are used for submitting buy and sell orders, or through any other means or channels provided by brokers to the Investors, subject to the following conditions:

- The Eligible Person must have an investment account with one of the brokers providing such services.
- The Eligible Person's details must be up-to-date and must not have changed since their subscription in a recent offering. This includes the addition or removal of any of his or her family members, unless such amendments were notified to and approved by the brokers.

The Company reserves the right to reject, in full or in part, any application for subscription for the New Shares that does not comply with any of the subscription terms or requirements. Subscription applications may not be amended or withdrawn after submission. Once submitted, subscription applications represent a binding contract between the Company and the Eligible Shareholder (for further information, please refer to Section 13 "**Subscription Terms and Conditions**" of this Prospectus).

Questions and Answers on the New Rights Share Offer Mechanism

1- What are Preemptive Rights?

They are tradable securities that grant their holder the right to subscribe for the rights offering upon approval of the capital increase. These securities become an acquired right for all Shareholders registered in the Company's Shareholder register at the Depository Center by the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase. Each Right shall grant its holder eligibility to subscribe for one New Share at the Offer Price.

2- Who are Preemptive Rights granted to?

All Shareholders who own shares in the Company at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register maintained with Edaa at the end of trading on the second trading day following the Extraordinary General Assembly meeting, i.e., the Eligibility Date.

3- When will the Preemptive Rights be deposited?

After the Extraordinary General Assembly has been convened and has approved the capital increase through a rights issue. Preemptive Rights are deposited as securities in the portfolios of the Shareholders registered in the Company's Shareholder register maintained with the Depository Center by the end of the second trading day following the Extraordinary General Assembly. The Rights will appear in their portfolios under a new code designated for Preemptive Rights. These Rights cannot be traded or subscribed for by the Registered Shareholders until the start of the Trading and Subscription Periods.

4- How are Registered Shareholders notified of the deposit of Preemptive Rights in their portfolios?

Registered Shareholders will be notified of the deposit of Rights in their portfolios through an announcement on the Tadawul website, as well as through the Tadawulaty service provided by the Depository Center and via SMS messages sent by brokerage companies.

5- How many Preemptive Rights will be granted to each Registered Shareholder?

The number of rights that will be granted to each Registered Shareholder will depend on the number of shares they own in the Company, as per the Company's Shareholder register maintained with the Depository Center by the end of the second trading day following the Extraordinary General Assembly meeting. The number of Rights granted to each Registered Shareholder will be determined on the basis of the Entitlement Ratio.

6- What is the Entitlement Ratio?

It is the Ratio that enables Registered Shareholders to calculate the number of Preemptive Rights due to them in exchange for the shares they own as of the end of the second trading day following the Extraordinary General Assembly. This Ratio is calculated by dividing the number of New Shares by the number of the Company's Existing Shares. Accordingly, the Entitlement Ratio is approximately 1.9677 Rights for every one (1) share owned by a Registered Shareholder on the Eligibility Date. As such, if a Registered Shareholder owns one thousand (1,000) shares on the Eligibility Date, they will be allocated one thousand, nine hundred and sixty-seven (1,967) Rights in consideration of the shares they own.

7- Will the name and code for the trading of Rights be different from the name and code of the Company's shares?

Yes, the acquired Rights will be added to the Investors' portfolios under the name of the original share, with the addition of the words "Preemptive Rights", and a new code for such Rights.

8- What will the opening price of the Rights be upon the commencement of trading?

The opening price of the Rights will be the difference between the closing price of the Company's shares on the day preceding the day on which the Rights are listed and the Offer Price (the Indicative Value of the Right). For example (using hypothetical prices), if the closing price of the Company's shares was fifteen Saudi Riyals (SAR 15) and the Offer Price was ten Saudi Riyals (SAR 10), then the opening price of the Rights would be five Saudi Riyals (SAR 5).

9- Who is a Registered Shareholder?

Any shareholder who appears in the Company’s Shareholder register at the end of the second trading day following the date of the Extraordinary General Assembly Meeting on the Capital Increase.

10- Can Registered Shareholders subscribe for additional shares?

Yes, Registered Shareholders may subscribe for additional shares by purchasing new rights through the Stock Exchange during the Trading Period.

11- Is it possible for Shareholders to lose their entitlement to obtain Preemptive Rights even if they are entitled to attend the Extraordinary General Assembly and vote on the Rights Issue?

Yes, Shareholders lose their entitlement to obtain Preemptive Rights if they sell their shares on the day of the Extraordinary General Assembly or one business day prior thereto.

12- What is the procedure for subscription?

Applications for subscription may be submitted through the investment portfolios of trading platforms where buy and sell orders are placed, as well as through any other means provided by brokers to the Investors.

13- Is it possible to subscribe multiple times through multiple brokers?

Yes, although the number of New Shares that may be subscribed for through each broker will depend on the number of Preemptive Rights available in each investment portfolio at the respective broker. In any event, it should be noted that the number of New Shares subscribed for may not exceed the number of Preemptive Rights owned at the end of the Trading Period for Preemptive Rights. If the number of New Shares subscribed for exceeds the number of Preemptive Rights owned at the end of the Trading Period, this will result in the cancellation of the subscription application.

14- Can an Eligible Person subscribe for New Shares in excess of the Preemptive Rights owned by them?

No. Eligible Persons cannot subscribe for New Shares in excess of the Preemptive Rights owned by them.

15- If the Company’s shares are owned through multiple investment portfolios, which portfolio will the Preemptive Rights be deposited?

The Preemptive Rights will be deposited in the same portfolio in which the corresponding shares of the Company are deposited. For example, if a Shareholder owns one thousand (1,000) shares in the Company as follows: Eight hundred (800) shares in Portfolio A and two hundred (200) shares in Portfolio B; the total Preemptive Rights that will be deposited will be one thousand (1,000) Preemptive Rights, in consideration of each share having one Right. Accordingly, eight hundred (800) Rights will be deposited in Portfolio A and (200) Rights will be deposited in Portfolio B.

If there are any fractional Rights, they will be combined. If the combination of fractional Rights completes one or more integer numbers, the integer number will be added to the portfolio in which the Investor owns the largest number of Rights.

16- If subscription is made through multiple portfolios, where will the New Shares be deposited?

The New Shares will be deposited in the investment portfolio set out in the first subscription application.

17- Are holders of share certificates entitled to subscribe and trade?

Yes, holders of share certificates are entitled to subscribe, but they will only be able to trade in the Preemptive Rights and subscribe for the New Shares after the certificates are deposited in investment portfolios through brokers or through the Securities Depository Center and after all required documents are submitted.

18- What happens if Registered Shareholders subscribe for New Shares and then sell their Preemptive Rights?

Registered Shareholders who apply for New Shares but subsequently sell their Preemptive Rights and do not purchase Preemptive Rights equal to the number of New Shares subscribed for before the end of the Trading Period will have their entire subscription application rejected if they sell all of their Preemptive Rights. If a Registered Shareholder sells part of their Preemptive Rights, their subscription application will be partially rejected in proportion to the Preemptive Rights sold by the Registered Shareholder. Registered Shareholders will be notified if their application is rejected and the amount of the rejected application will be refunded to the Registered Shareholder through the relevant bank.

19- Can an investor who purchased additional Preemptive Rights trade them again?

Yes, they have the right to sell them and purchase other Preemptive Rights during the Trading Period only.

20-Is it possible to sell a portion of the Preemptive Rights?

Yes, Investors may sell a portion of the Preemptive Rights and use the remaining portion for subscription.

21- When can a Shareholder exercise the Preemptive Rights they purchased during the Trading Period?

After the settlement of the Preemptive Rights purchase (two business days from the date of purchase), provided that subscription to the New Shares takes place during the Subscription Period.

22-Can Preemptive Rights' holders sell such Rights after expiry of the Trading Period?

No, that is not possible. After expiry of the Trading Period, the Preemptive Rights holders will only be able to exercise their right to subscribe for the New Shares (or choose not to exercise such right). If Preemptive Rights are not exercised, Investors may face the risk of incurring a loss or witness a decrease in the value of their investment portfolios.

23-What happens to Preemptive Rights that are not sold or exercised during the Trading or Subscription Periods?

If New Shares are not subscribed for during the Subscription Period, the unsubscribed New Shares (i.e., the Rump Shares) shall be offered to a number of Institutional Investors through the Lead Manager. The compensation amounts (if any) will be paid to the holder of the Preemptive Rights after deduction of the Offer Price. Investors will not receive any consideration if the Rump Shares are sold during the Rump Offering Period at the Offer Price.

24-Who is entitled to attend the Extraordinary General Assembly and vote on the Capital Increase by offering the Rights Issues?

Shareholders who are registered in the Company's Shareholder register maintained with the Depository Center at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase are entitled to attend the Extraordinary General Assembly and vote on the Rights Issue.

25-When will the Share Price be amended as a result of the Company's Capital Increase by offering Rights Issues?

The Share Price will be adjusted by the Exchange before the start of trading on the first day following the day of the Extraordinary General Assembly which approved the capital increase.

26-If an Investor purchases shares in the Company on the day of the Assembly meeting, will they be entitled to obtain the Preemptive Rights arising from the Issuer's capital increase?

Yes, since the Investor will be registered in the Company's Shareholder register two business days from the share purchase date (i.e., by the end of the second trading day following the day of the Extraordinary General Assembly meeting), noting that Preemptive Rights will be granted to all Shareholders registered in the Company's registers at the end of the second trading day after the Extraordinary General Assembly meeting approving the capital increase. However, such Investor will not be entitled to attend or vote at the Extraordinary General Assembly Meeting on the Capital Increase.

27- What are the Trading and Subscription Periods?

The trading and subscription of Rights will commence simultaneously, but the Trading Period will end when at the close of trading on the sixth day, while the Subscription Period shall continue until the ninth day, as stipulated in this Prospectus and the Company's announcements.

28-Is subscription available during the weekend?

No, subscription is not available during the weekend.

29-Can investors other than Registered Shareholders subscribe for the Rights Shares?

Yes, once the Preemptive Rights purchase is completed and settled through the Exchange during the Trading Period, subject to the regulatory restrictions imposed on listed shares in general.

30-Are there any additional fees applicable to trading Preemptive Rights?

Transactions involving the sale and purchase of Preemptive Rights will be subject to the same commissions that apply to shares, but there will be no minimum commission amount.

Further Assistance:

In case of any inquiries, please contact the Company via email at: IR@Nadec.com.sa. For legal reasons, the Company will only be able to provide information contained in this Prospectus. It will not be able to give advice on the merits of the Rights Issue or provide financial, tax, legal or investment advice (for further information regarding the subscription terms and conditions, please refer to Section 13 "**Subscription Terms, Conditions, and Instructions**" of this Prospectus and the rest of the information contained herein).

Summary of Key Information

This summary of key information is intended to provide a brief overview of the information detailed in this Prospectus. However, this summary does not contain all information that may be important to the Registered Shareholders and New Investors and should be taken into consideration before deciding to invest in the New Shares. Accordingly, those wishing to subscribe to the New Shares should read and review this Prospectus in full, and any decision related to investing in the New Shares should be based on the entirety of this Prospectus. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to making any investment decision relating to the New Shares. Investors must not rely solely on this summary in making their decision.

Company Overview

A Saudi joint-stock company registered under Commercial Registration No. 1010018795, dated 26/12/1398H (corresponding to 27/11/1978G), which was transformed into a joint-stock company pursuant to Ministerial Resolution No. 12, issued on 01/02/1401H (corresponding to 09/12/1980G). Its registered address is P.O. Box 2557, Riyadh 11461, the Kingdom of Saudi Arabia.

The Company's share capital as of the date of this Prospectus is one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000), divided into one hundred and one million, six hundred and forty thousand (101,640,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, all of which are fully paid.

Principal Activities of the Company

The principal activities of the Company are concentrated in the food and agricultural sector. The Company's activities, according to its Bylaws and Commercial Registration, are as follows:

1- Agricultural and plant and animal food production commercially by scientific methods, such as the cultivation of grains, vegetables, fruits and fodder, the production of raw milk and its derivatives, juices and drinking water, breeding livestock and poultry, et cetera, and marketing the same for commercial purposes.
2- Reclamation of agricultural land for the above purpose.
3- Manufacturing, storing, canning and marketing agricultural products for commercial purposes. In order to achieve its objects, the Company may own real estate, agricultural land and transportation, and establish facilities and maintenance workshops to the extent required by its business.
4- Constructing silos and processing, marketing and distributing flour, baked items, pastries, confectionery and other bakery products for commercial purposes.
5- Importing and exporting agricultural, animal and food products and materials.
6- Leasing, owning, utilizing and maintaining warehouses and food preservation refrigerators.
7- Transporting the Company's agricultural, animal and food products within and outside cities.
8- Construction and repair of irrigation canals, watering channels, main water storage towers, and drilling and maintenance of water wells.
9- Extensions, maintenance and repair of irrigation pipes.
10- Operation of irrigation systems for agricultural projects.

Company Vision, Mission and Strategy

Vision

To provide products with high nutritional value to consumers in order to achieve the highest levels of satisfaction, with the goal of becoming a regional and global leader in the food and beverage industry. This will positively impact the Kingdom's image and its economic strength, as well as contribute to GDP growth, in line with Saudi Vision 2030.

Mission

Commitment to provide delicious, nutritious and high-quality food products in order to achieve health and happiness for consumers.

Strategy

1- Expansion of the cultivation and production of agricultural crops in open fields and smart greenhouses

To provide high-quality crops to consumers, including fruits and vegetables, by expanding the cultivation and production of agricultural crops in open fields and smart greenhouses. The Company seeks to adopt the latest technologies and partner with technology pioneers in the contract farming sector worldwide in order to support fruit and vegetable farmers throughout the Kingdom. In addition, the Company also seeks to continue producing organic olive oil and remain a leading provider of high-quality agricultural seeds, including wheat and potatoes, to farmers in the Kingdom.

2- Expansion of production and distribution operations and development of existing products

The Company is expanding its production and distribution operations and developing existing products (dairy and juice) to serve consumers in the Kingdom, the GCC states and the Arab region through innovation and investment in supply chains and the use of advanced technologies to enhance the Company's position and raise its market share. In addition, the Company intends to increase its market share with respect to its core product range by leveraging its expertise and distribution capabilities.

Dairy products and their derivatives account for the largest share of the Company's product portfolio, representing approximately 95.9% of its total revenue as of 31 December 2022G. The Company intends to invest in the red meat and vegetable sectors, according to the Company's five-year strategy.

3- Expansion of the Company's operations into new markets

The Company aspires to expand its reach in the target sectors to new markets in the Kingdom, the MENA region and other untapped markets by capitalizing on the opportunities available in such markets, thus enabling the Company to diversify its geographical activity.

4- Entering new sectors

The Company intends to increase its product offering, based on its desire to achieve progressive growth. The Company is evaluating new product categories that suit the tastes of customers in each of the relevant markets. The Company is considering entering new markets for food products, the most important of which is the red meat sector.

5- Developing and increasing the scope of distribution channel operations

Based on the Company's aspirations to expand the presence of its products, the Company intends to invest in developing and increasing the scope of distribution channel operations and concluding new alliances and partnerships.

6- Enhancing capital structure and financing needs

The Company's capital is used systematically, with a strong focus on expansion in new products and development of existing products. The Company intends to reduce the actual cost of financing by diversifying its sources.

Strengths and Competitive Advantages

1- A variety of food commodities that meet the needs of consumers

The Company's agricultural products include crops, fruit, olive oil, vegetables, dairy products, juice and dates. The Company also operates in dairy farms, agricultural production, the manufacturing of dairy and food products, honey production and date processing (for further information regarding the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus). The Company owns four (4) agricultural projects within the Kingdom; in Wadi Al Dawasir, Haradh, Hail and Al Jouf (it should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus). In addition, the Company is constantly reviewing, expanding and developing its product range in line with consumer needs through continuous monitoring of market trends and consumer preferences.

2- A track record of resilient and profitable growth, strong financial performance and a proven track record of growth supported by the Company's leading market position

The Company's revenues increased by 18.6% during 2022G, with revenue growth across all markets and product categories. Net income increased in 2022G to SAR 95.50 million, compared to a loss of SAR 285.0 million in the previous year. During the period between 2020G and 2022G, the Company's sales and adjusted EBITDA grew at a CAGR of 8.2% and 7.8%, respectively.

3- Keeping abreast of developments and responding swiftly to market changes

The Company has the ability to keep abreast of developments and respond to market changes and the requirements of its customers through its factories and modern production lines. Over decades, the Company has been keen to invest in its logistics and distribution infrastructure, enabling it to keep pace with the steady growth of its products.

4- An experienced and highly qualified management team

The Company has a knowledgeable and experienced management team who are familiar with the financial, commercial, operational and regulatory aspects of the food sector. The management team is well equipped to lead the Company through its plans for future growth and expansion.

Market and Sector Overview

Saudi Arabia, as the largest economy in the Middle East, offers significant opportunities for the F&B industry. With a stable economic growth rate and a focus on diversification, non-oil sectors have become increasingly important, accounting for 57% of the GDP in 2022G. The government's commitment to economic transformation through Vision 2030 and the National Transformation Program has paved the way for the growth of the private sector. Strong fiscal policies have resulted in a budget surplus and a low public debt-to-GDP ratio, while the government continues to attract foreign direct investments. The country has also witnessed stable inflation rates and a below-regional-average unemployment rate. Supported by a young and growing population, with a forecasted CAGR of 1.1% between 2022G and 2040G, Saudi Arabia presents a favorable consumer market. Household spending per capita has increased steadily, with a 4% CAGR in 2017G-2022G, and is expected to continue growing at a 3% CAGR in the next 5 years. The F&B industry can capitalize on these favorable conditions and continue growing in the evolving consumer landscape in Saudi Arabia.

The Saudi Arabian F&B market offers a significant investment landscape due to its market size, growth potential, government support, import substitution opportunities, and evolving consumer preferences and market dynamics. Key players in the sector can leverage on a thriving market while contributing to the country's self-sufficiency and food security objectives.

The KSA F&B market is sizeable, standing at SAR 220 billion in 2022G and projected to grow at 6% CAGR from 2022G to 2026G. The country's growing population and rising household consumer expenditure create a favorable environment for market growth. This will be sustained by an increased number of tourists, along with a push from the government to achieve self-sufficiency and food security objectives. Import substitution opportunities exist as the government aims to reduce reliance on food imports and increase local production of key F&B categories. In addition, demand for fresh and healthy products is increasing driven by evolving consumer behaviors. At the same time the retail market is evolving with a stable shift of sales towards modern trade.

NADEC mainly operates in several large food categories such as dairy (including milk, laban, yoghurt, labneh, cream, cheese, and butter), juice and olive oil. The majority of these categories have experienced healthy growth and are expected to maintain a positive increase in the coming years. NADEC also operates in additional growing segments, for example, red meat and agricultural products. These categories are aligned with the Kingdom's food security priorities and represent an emerging opportunity for local production and manufacturing in Saudi Arabia.

Summary of Financial Information

The financial information and key performance indicators shown below should be read in conjunction with the Company's audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes thereto, which were prepared in accordance with IFRS-KSA and audited by the Auditors.

Table (1.5): Summary of Financial Information and KPIs for the Financial Years Ended 2020G, 2021G and 2022G

SAR'000	Financial Year 2020G	Financial Year 2021G	Financial Year 2022G
Income Statement			
Revenue	2,303,059	2,272,325	2,694,248
Cost of revenue	(1,577,220)	(1,641,486)	(1,885,914)
Gross profit	725,839	630,839	808,334
Operating profit/(loss)	84,619	(64,721)	164,134
Operating profit/(loss) after non-recurring items	184,022	(213,315)	147,026
Net income before Zakat	41,370	(245,326)	101,494
Net income	35,655	(285,028)	95,492
Statement of Financial Position			
Current assets	1,100,583	1,145,213	1,114,653
Non-current assets	2,775,056	2,744,517	2,706,854
Total assets	3,875,639	3,889,730	3,821,507
Current liabilities	1,315,142	1,330,031	1,436,860
Non-current liabilities	1,082,219	1,363,886	1,089,501
Total liabilities	2,397,361	2,693,917	2,526,361
Equity	1,478,278	1,195,813	1,295,146
Total liabilities and equity	3,875,639	3,889,730	3,821,507
Statement of Cash Flows			
Net cash from operating activities	443,283	255,558	451,752
Net cash generated from/(used in) investing activities	(216,887)	(324,794)	(243,017)
Net cash generated from/(used in) financing activities	(219,714)	82,441	(177,536)
Cash and cash equivalents at the end of the year	68,714	81,918	112,762
KPIs			
Gross profit margin	31.5%	27.8%	30.0%
Operating profit margin	3.7%	(2.8%)	6.1%
Operating profit margin after non-recurring items	8.0%	(9.4%)	5.5%
Net profit margin before Zakat	1.8%	(10.8%)	3.8%
Net profit margin	1.5%	(12.5%)	3.5%
Return on assets	0.9%	(7.3%)	2.5%
Return on equity	2.4%	(21.3%)	7.7%

Source: The Company's audited financial statements for the financial years ended 2020G, 2021G and 2022G

Summary of Risk Factors

The following shows a summary of the risk factors associated with investing in New Shares. However, this summary does not include all information that may be of interest to Investors. Therefore, whoever wishes to subscribe to New Shares must read and review this Prospectus in full. Any decision related to investing in New Shares shall be based on considering the entirety of this Prospectus. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to making any investment decision relating to the New Shares. Investors must not rely solely on this summary in making their decision.

Risks related to the Company's Business

- Risks related to the Haradh Agricultural Project Plot Deed
- Risks related to Concentration of the Company's Revenues on Sales within the Kingdom
- Risks related to Contamination of Dairy, Food and Juice Products
- Risks related to the Spread of Environmental Epidemics within the Company's Agricultural Projects
- Risks related to Business Interruption and Continuity in the Company's Plants
- Risks related to the Company's Future Revenue Growth Rates and Inability to Implement its Growth Strategy
- Risks related to Suppliers and Supply Chains
- Risks related to the Distribution Network and Product Delivery
- Risks related to Marketing and Sales
- Risks related to the Company's Reputation and Product Quality
- Risks related to the Inability to keep pace with Consumer Demands
- Risks related to the Company's Inability to keep pace with Technical Developments in Production
- Risks related to the Protection of Intellectual Property Rights
- Risks related to the Prices of Raw Materials and Packaging Materials
- Risks related to Developing New Plants and replacing Old Assets
- Risks related to the Success of New Projects
- Risks related to Price Increases of the Company's Products
- Risks related to the Ability to Expand and Increase Production Capacity
- Risks related to Real Estate
- Risks related to Inventory Management
- Risks related to the Collection of Debts due to the Company
- Risks related to the Company's Operations outside the Kingdom
- Risks related to Government Subsidies
- Risks related to Liquidity and Failure to meet Capital Requirements
- Risks related to Increased Operating Expenses
- Risks related to Dependence on Executive Management and Key Employees
- Risks related to Employee Misconduct and Errors
- Risks related to the Company's Material Agreements
- Risks related to Licenses, Approvals and Compliance with Legal Regulations
- Risks related to Information Technology Systems and Cyberattacks
- Risks related to Transactions and Agreements with Related Parties
- Risks related to the Engagement of Directors in Competing Business
- Risks related to Zakat and Tax
- Risks related to Financing
- Risks related to the Inadequacy of Insurance Coverage

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Table of Contents

List of Tables

List of Exhibits


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1. Terms and Definitions

Advisors	The Company's advisors in relation to the Offering, whose names appear on pages (vi) and (vii) of this Prospectus.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control may be direct or indirect.
Al Dahra	AL Dahra Bio Agri.
Allocation Date	The New Shares will be allocated no later than 15/05/1455H (corresponding to 29/11/2023G).
APV	APV Middle East Ltd.
Auditor for 2020G and 2021G	KPMG Professional Services.
Auditor for 2022G	Ernst & Young Professional Services (a professional limited liability company).
Auditors	KPMG Professional Services with respect to the financial years ended 31 December 2020G and 2021G, and Ernst & Young Professional Services with respect to the audit of the financial statements for the financial year ended 31 December 2022G.
Board Chairman or Chairman of the Board of Directors	The chairman of the Company's Board of Directors.
Board Members or Directors	Members of the Company's Board of Directors.
Board or Board of Directors	The Company's Board of Directors.
Board Secretary	The secretary of the Company's Board of Directors.
Book Building Instructions	The Instructions on Book Building and Allocation of Shares in Initial Public Offerings issued pursuant to the CMA Board Resolution No. 2-94-2016G, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 3-102-2019, dated 18/01/1441H (corresponding to 17/09/2019G).
Brokers	Capital Market Institutions authorized by the CMA to deal in securities.
Business Day	Any day on which the Receiving Agents are open for business in the Kingdom (excluding Fridays, Saturdays and any official holidays).
Bylaws	The Bylaws of the Company approved by the General Assembly.
Capital Market Authority (CMA)	The Capital Market Authority of the Kingdom.
Capital Market Institution	A Capital Market Institution authorized by the CMA to engage in securities business.
Capital Market Law (CML)	The Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
Chief Executive Officer	The chief executive officer of the Company
Companies Law	The Companies Law promulgated by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Company or Issuer	The National Agricultural Development Company (NADEC).
Compensation Amounts	The compensation amounts represent the surplus of the proceeds from the sale of the Rump Shares and Fractional Shares during the Rump Offering Period in excess of the Offer Price, which will be paid to those who have not exercised their right to subscribe for the New Shares and holders of Fractional Shares.
Control	As per the definition stated in the Glossary of Defined Terms used in the CMA Regulations, control refers to the ability to influence the acts or decisions of another person, whether directly or indirectly, alone or with a relative or affiliate, through any of the following: (1) holding 30% or more of the voting rights in a Company; or (2) having the right to appoint 30% or more of the members of the governing body. The term "**controller**" shall be construed accordingly.
Corporate Governance Regulations (CGRs)	The Corporate Governance Regulations issued by the CMA Board, pursuant to the Companies Law, by virtue of Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA Board Resolution No. 8-5-2021, dated 25/06/1444H (corresponding to 18/01/2023G).
Doehler	Doehler Food & Beverage Ingredients (Rizhao) Co. Ltd.

Edaa or the Depository Center	The Securities Depository Center Company.
Eligibility Date	The close of trading on the second trading day following the day of the Extraordinary General Assembly Meeting on the Capital Increase, on 24/04/1445H (corresponding to 08/11/2023G).
Eligible Persons	All holders of Preemptive Rights, whether they are Registered Shareholders or New Investors who purchased rights during the Trading Period.
Entitlement Ratio	The output of dividing the number of New Shares by the number of the Company's Existing Shares.
Existing Shares	One hundred and one million, six hundred and forty thousand (101,640,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are fully paid.
Extraordinary General Assembly	An Extraordinary General Assembly meeting of the Shareholders convened in accordance with the Bylaws.
Extraordinary General Assembly Meeting on the Capital Increase	The Company's Extraordinary General Assembly meeting held on 21/04/1445H (corresponding to 05/11/2023G) for the Shareholders to vote on the capital increase of the Company by way of a Rights Issue.
F&B	Food and beverage.
Financial Advisor	Riyad Capital.
Financial Statements	The Company's financial statements for the period covered by this Prospectus, namely the financial years ended 31 December 2020G, 2021G and 2022G.
Financial Year	The financial year of the Company, which runs from 1 January to 31 December of each financial year.
First Dairy Plant	The Company's first plant for fresh milk and dairy products.
FMT	FMT S.r.l.
Foreign Investors	Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom.
Fractional Shares	The fractions of the New Shares to be aggregated and offered as part of the Rump Shares during the Rump Offering Period.
G	Gregorian calendar.
GDFI Haradh	GDFI Haradh for Energy.
General Assembly	An Extraordinary General Assembly or an Ordinary General Assembly, and "**General Assembly**" shall mean any general assembly of the Company.
Glossary of Defined Terms used in the CMA Regulations	The Glossary of Defined Terms used in the CMA Rules and Regulations issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 5-8-2023, dated 25/06/1444H (corresponding to 18/01/2023G).
Goknur	Goknur Gida Maddeleri Enerji Imalat Ihracat Ithala Ticaret ve Sanayi Anonim Sirketi.
Government	The Government of the Kingdom of Saudi Arabia, and the term "**Governmental**" shall be construed accordingly.
Gulf Cooperation Council (GCC)	The Cooperation Council for the Arab States of the Gulf, whose member states are the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar and the United Arab Emirates.
H	Hijri calendar.

Institutional Investors	These include a number of Investment Institutions, as follows: 1- Public and private funds that invest in securities listed on the Exchange, if permitted by the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the IFRs and the Book Building Instructions; 2- Capital Market Institutions authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting an application for participation; 3- Clients of a Capital Market Institution authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book Building Instructions; 4- Legal persons entitled to open an investment account in the Kingdom and an account with the Securities Depository Center, including foreign legal persons who may invest on the Exchange on which the shares of the Issuer will be listed, subject to the regulations for listed companies' investment in listed securities on the Exchange stipulated in CMA Circular No. 6/05158/6, dated 11/08/1435H (corresponding to 09/06/2014G), pursuant to CMA Board Resolution No. 9-28-2014, dated 20/07/1435H (corresponding to 19/05/2014G); 5- Government entities, any supranational authority recognized by the CMA, the Exchange or any other financial market recognized by the CMA or the Securities Depository Center; 6- Government-owned companies, directly or through a private portfolio manager; and 7- GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
International Financial Reporting Standards (IFRS) or IFRS-KSA	The International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
Investment Funds Regulations (IFRs)	The Investment Funds Regulations (IFRs) issued by CMA Board Resolution No. 1-219-2006, dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA Board Resolution No. 2-22-2021, dated 12/07/1442H (corresponding to 24/02/2021G).
Investors or New Investors	Retail investors and Institutional Investors, other than Registered Shareholders, who purchase Preemptive Rights during the Trading Period.
K4	K4 General Trading & Contracting Co.
Kingdom, Saudi Arabia or KSA	The Kingdom of Saudi Arabia.
Labor Law	The Labor Law promulgated by Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	Riyad Capital.
Legal Advisor	The Law Firm of Latham & Watkins LLC.
Listing	Admission of the New Shares of the Company to listing on the Stock Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 1-108-2022, dated 23/03/1444H (corresponding to 19/10/2022G).
MHRSD	The Ministry of Human Resources and Social Development of the Kingdom.
Ministry of Commerce (MoC)	The Ministry of Commerce of the Kingdom.
Net Proceeds or Net Offering Proceeds	The total net offering proceeds after deduction of the Offering expenses.
New Shares or Rights Shares	The shares to be issued by the Company for the purpose of the capital increase, amounting to two hundred million (200,000,000) ordinary shares.
Notification of Final Allocation	The final notification of the number of shares allocated to each Eligible Person without any fees or withholdings, which shall be sent no later than 15/05/1445H (corresponding to 29/11/2023G).
Offer Price	Ten Saudi Riyals (SAR 10) per share.
Offering	The offering of two hundred million (200,000,000) new ordinary shares for subscription by way of a Rights Issue at an Offer Price of ten Saudi Riyals (SAR 10) per share.
Offering Expenses	The fees of the Financial Advisor, Lead Manager, Underwriters, Legal Advisor, Public Accountants, Receiving Agents and Financial Due Diligence Advisor, as well as marketing, printing, distribution and translation fees and other expenses related to the Offering.
Official Gazette	Umm Al-Qura newspaper, which is the Official Gazette of the Kingdom of Saudi Arabia.

Ordinary General Assembly	An Ordinary General Assembly meeting of the Shareholders convened in accordance with the Bylaws.
Preemptive Rights	Tradable securities that grant their holder the right to subscribe to the New Shares upon approval of the capital increase. These rights are acquired by all Registered Shareholders, and each Right grants its holder entitlement to subscribe for one New Share at the Offer Price. The Rights will be deposited after the approval of the Extraordinary General Assembly on the Capital Increase and will appear in the accounts of Registered Shareholders under a new code designated for Preemptive Rights. Registered Shareholders will be notified of the deposit of the Rights in their portfolios.
Prospectus	This Prospectus, which has been prepared by the Company in connection with the Offering.
Public	Any person other than those listed below: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- directors and senior executives of the Affiliates of the Issuer; 5- directors and senior executives of the Substantial Shareholders of the Issuer; 6- any relatives of the persons referred to in 1, 2, 3, 4 or 5 above; 7- any company controlled by any person referred to in 1, 2, 3, 4, 5, or 6 above; and 8- persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.
Pure Harvest	Pure Harvest Smart Farms.
Qualified Foreign Investor (QFI)	A qualified foreign investor under the Rules for Foreign Financial Institutions' Investment.
Registered Shareholders	Shareholders who own shares on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register at the end of trading on the second trading period following the Extraordinary General Assembly Meeting on the Capital Increase on 24/04/1445H (corresponding to 08/11/2023G).
Related Party	In the context of this Prospectus and as per the Glossary of Defined Terms used in the CMA Regulations, the term "**Related Party**" or "**Related Parties**" includes the following: a- Affiliates of the Issuer; b- Substantial Shareholders of the Issuer; c- Directors and Senior Executives of the Issuer; d- directors and senior executives of the Affiliates of the Issuer; e- directors and senior executives of the Substantial Shareholders of the Issuer; f- any relative of the persons referred to in a, b, c, d, or e above; and g- any company controlled by any persons referred to in a, b, c, d, e, or f above.
Relatives	Husbands, wives and minor children. For the purposes of the CGRs: • Fathers, mothers, grandfathers, grandmothers and their ascendants. • Children, grandchildren and their descendants. • Full brothers and sisters, paternal half-brothers and sisters and maternal half-brothers and sisters. • Husbands and wives.
Rights Issue	The offering of New Shares, for which the Company's Shareholders have the right to subscribe in proportion to their shareholding.
Rules for Foreign Financial Institutions Investment	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the CMA Board Resolution No. 1-42-2015, dated 15/07/1437H (corresponding to 04/05/2015G), as amended by the CMA Board Resolution No. 3-65-2019, dated 14/10/1440H (corresponding to 17/06/2019G).
Rules on the Offer of Securities and Continuing Obligations (OSCOs)	The Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G).
Rump Offering or Rump Share Offering	The Rump Shares will be offered to a number of institutional investors, provided that such institutional investors submit bids to purchase the Rump Shares. Bids will be received from 10:00 a.m. on Sunday 12/05/1445H (corresponding to 26/11/2023G) until 5:00 p.m. on Monday 13/05/1445H (corresponding to 27/11/2023G). The Rump Shares shall be allocated to Institutional Investors in descending order of their bids (provided that such bids are not less than the Offer Price). If multiple Institutional Investors submit the same bid, the shares shall be allocated pro rata to such investors. Fractional Shares shall be added to the Rump Shares and will be subject to the same treatment.

Rump Offering Period	The period commencing 10:00 a.m. on Sunday 12/05/1445H (corresponding to 26/11/2023G) until 5:00 p.m. on Monday 13/05/1445H (corresponding to 27/11/2023G).
Rump Shares	New Shares, including any Fractional Shares, which are not subscribed for by the end of the Subscription Period.
SALIC	The Saudi Agricultural and Livestock Investment Company (SALIC).
SAR or Saudi Riyals	The Saudi riyal, which is the official currency of the Kingdom of Saudi Arabia.
Saudi Aramco	The Saudi Arabian Oil Company (Saudi Aramco).
Saudi Organization for Chartered and Professional Accountants (SOCPA)	The Saudi Organization for Chartered and Professional Accountants in the Kingdom (formerly known as the Saudi Organization for Certified Public Accountants (SOCPA)).
Second Dairy Plant	The Company's second plant for dairy and fresh milk products.
Senior Executives or Executive Management	Any natural person assigned, individually or jointly with others, supervisory or management functions by the Company's Board of Directors or by a Director, and who reports directly to the Board of Directors, a Director or the CEO.
Shareholder	Any holder of shares in the Company.
Stock Exchange, the Exchange or Tadawul	The Saudi Exchange Company.
Subscribers or Subscriber	All or any of the persons who subscribe for the New Shares.
Subscription Period	The period commencing Thursday 25/04/1445H (corresponding to 09/11/2023G), until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). During such period, all holders of Preemptive Rights, whether they are Registered Shareholders or New Investors, may exercise their right to subscribe for the New Shares.
Subscription Terms and Conditions	The subscription terms and conditions mentioned in Section 13 "**Subscription Terms and Conditions**" of this Prospectus.
Subsidiary	Al-Taqawi National Company for Agricultural Production, a company incorporated and based in the Kingdom under Commercial Registration No. 1010867109, dated 17/08/1444H (corresponding to 09/03/2023G), in which the Company owns 51% of its capital as of the date of this Prospectus.
Substantial Shareholder	The Substantial Shareholder in the Company as of the date of this Prospectus is the Saudi Agricultural and Livestock Investment Company (SALIC), which owns thirty-nine million, two hundred and eighty-two thousand, three hundred and nine (39,282,309) shares, representing 38.65% of the Company's capital pre-Offering.
Tarla	tarla bitkileri üreticileri merkez birliği iktisadi işletmesi.
Tetra	Tetra Pak Manufacturing Company Ltd.
TMG	TMG Impianti SPA.
Trading Period	The period commencing Thursday 25/04/1445H (corresponding to 09/11/2023G), until the end of Thursday 02/05/1445H (corresponding to 16/11/2023G). During such period, all holders of Preemptive Rights, whether they are Registered Shareholders or New Investors, may trade in Preemptive Rights.
UAE	The United Arab Emirates.
Underwriters	Riyad Capital, and Al Rajhi Capital and SNB Capital Company.
Underwriting Agreement	The Underwriting Agreement concluded between the Company and the Underwriters in connection with the Offering.
ZATCA	The Zakat, Tax and Customs Authority of the Kingdom.

2. Risk Factors

Prospective investors should carefully consider all of the information contained in this Prospectus, including the risk factors listed below, before deciding to invest in Preemptive Rights or the New Shares. The risks described below are those that the Company currently believes could affect it and any investment in the Offer Shares. The risks mentioned below do not necessarily represent all the risks that may affect the Company or are associated with investing in the Offer Shares. There may be other risks and uncertainties that the Company is currently unaware of, or that the Board Members believe are not currently significant. The occurrence or realization of any such risks and uncertainties may materially and adversely affect the Company's business, financial position, results of operation and future prospects. As a result, the price of the shares may decline, the Company's ability to distribute dividends among the Shareholders may be impaired and Investors may lose all or part of their investment in the shares.

The Board Members declare that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus - other than as disclosed in this section - that may affect Investors' decisions to invest in the Preemptive Rights or the New Shares.

All prospective investors who wish to invest in the Preemptive Rights or the New Shares should assess the risks and benefits of such investment in general, and the economic, regulatory and market environment in which the Company operates in particular. Investment in the Preemptive Rights or the New Shares is only suitable for investors who are capable of evaluating the investment risks and have sufficient resources to bear any loss which may result from such investment. Prospective investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA prior to investing in the Preemptive Rights or the New Shares.

The risks set out below are not arranged in an order that reflects their importance or their expected impact on the Company. There may be other risks which are unknown to the Company, or which the Company currently considers to be immaterial, which could have the same effects or consequences mentioned in this Prospectus. Accordingly, the risks described in this section or in any other section of this Prospectus may not include all the risks that could affect the Company, its operations, activities, assets or the markets in which it operates and/or do not indicate all the risks involved in investing in the Preemptive Rights or the New Shares.

2.1 Risks related to the Company's Business

2.1.1 Risks related to the Haradh Agricultural Project Plot Deed

The Company is undertaking an agricultural project on a plot with a total area of 375.5 million square meters in Haradh, Al Ahsa (for further information regarding the Haradh Agricultural Project, please refer to Section 4.3.3 "**Overview of the Company's Agricultural Projects and Production Plants**" of this Prospectus), which was granted to the Company by virtue of Council of Ministers' Resolution No. 151, dated 05/09/1401H (corresponding to 06/07/1981G) and Royal Decree No. M/41, dated 17/10/1401H (corresponding to 17/08/1981G). The Haradh Agricultural Project features a number of the Company's cattle farms and dairy plants, in addition to farms of potato farms, wheat fields and other agricultural crops. The Company's revenues generated from the sale of Haradh Agricultural Project products accounted for 90%, 93%, and 94% of the Company's revenues for the financial years ended 31 December 2020G, 2021G and 2022G, respectively. A dispute arose between the Company and the Saudi Arabian Oil Company (Saudi Aramco) (hereinafter referred to as "**Saudi Aramco**") over 125 square kilometers of the Haradh Agricultural Project plot, which was to be allocated for gas pipeline installation, drilling operations and right-of-way between pipelines. In 1426H, a lawsuit was filed by the Company against Saudi Aramco at the Khobar General Court. The court issued a ruling ordering Saudi Aramco to relinquish its ownership and control over the Company's plot. Although the ruling became res judicata, the Company was unable to effectuate it after several attempts. Saudi Aramco also filed a lawsuit demanding the cancellation of the Company's title deed for the Haradh Agricultural Project plot. A judgment was issued by Haradh Court rejecting the lawsuit due to the validity of the deed. The case was then referred to Court of Appeal and His Majesty the King through the Ministry of Justice. Thereupon, the Court of Appeal approved the deed and the case was referred to the Supreme Court, which upheld the ruling of the Court of Appeal. Royal Decree No. 60415 was issued on 11/11/1441H, requiring the Supreme Court to review its ruling by a reconstituted circuit in order to achieve the desired outcome. The Third Circuit of the Supreme Court issued Award No. 423056, dated 13/01/1442H, which provided for cancellation of its previous ruling approving the deed, the reversal of the award of the Court of Appeal, the cancellation of Title Deed No. 87 pertaining to the Haradh Agricultural Project, the revision of the deed and the service of a copy to both parties. As of the date of this Prospectus, such judgment has not been enforced as the Company's business has not been withdrawn from the Haradh Agricultural Project, and the Company has submitted to the relevant authorities to follow up on this dispute. The enforcement of the judgment will have an adverse impact on the Company's overall revenues, which in turn would have an adverse effect on the Company's business, financial position, results of operations and future prospects.

2.1.2 Risks related to Concentration of the Company's Revenues on Sales within the Kingdom

The Company's agricultural projects and production plants are located within the Kingdom (for further information regarding the Company's agricultural projects, please refer to Section 4.3.3 "**Overview of the Company's Agricultural Projects and Production Plants**" of this Prospectus). The Company distributes its products inside and outside the Kingdom in the MENA region (for further information regarding the Company's geographical presence and its operations outside of the Kingdom, please refer to Section 4.3.6 "**Geographical Presence" of this Prospectus and Section 4.4 "The Company's Business and Assets Outside the Kingdom**" of this Prospectus). As of 31 December 2020G, 2021G and 2022G, the Company generated 89.1%, 89.1%, and 89.8% of its total revenues, respectively, from sales within the Kingdom. Accordingly, if the Kingdom is affected by any economic, political or regulatory risks, or other factors that may lead to a deterioration in the economic or political conditions or a decline in the level of consumer spending in the Kingdom, this will negatively affect the Company's total revenue, which would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.3 Risks related to Contamination of Dairy, Food and Juice Products

The Company's main product offerings are dairy products, juices and other food products (for further information on the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus). Food products such as cheese and milk may contain pathogenic microorganisms, including waxy organic bacteria, which are found in the environment and soil and on vegetables. Escherichia coli and Salmonella bacteria may also be found in juice-producing fruits. The concerns lie in the possibility of its presence in cheese, dairy products, vegetables and juice produced or cultivated by the Company as a result of the cultivation and manufacture of foods and juices. In addition, products may be exposed to contamination due to the use of imported materials such as metals, plastics or other materials used in the Company's plants during the production of those dairy products, foods and juices. Furthermore, the Company's products may be affected by contaminated or imported materials after being shipped by suppliers or third parties. The Company may be held liable for the same, whether the fault is on the part of the Company, its customers, consumers or other parties. In addition, the spread of news regarding the presence of contaminated products, diseases or deaths resulting from pollution will have an adverse and material impact on the Company's business and reputation.

The Company could be forced in the future to withdraw its products from the market or close some of its plants or agricultural projects, either partially or completely, whether on a temporary or permanent basis, if its products are contaminated or damaged by the Company or by external parties. This could lead to claims against the Company, resulting in it incurring huge losses such as the destruction of product stock, a decline in sales, or the loss of consumers due to the unavailability of the product or because of negative publicity that could harm the Company's reputation and consumers' trust in its products. The Company's non-compliance with the applicable health and food safety regulations issued by the relevant regulators may result in the closure of the Company's plants and agricultural projects. The occurrence of any of the above factors will have a material adverse impact on the Company's business, financial position, results of operations and future prospects.

2.1.4 Risks related to the Spread of Environmental Epidemics within the Company's Agricultural Projects

The Company relies on its agricultural projects in the production of dairy and the cultivation of food products and agricultural crops such as olives, wheat, fruits and vegetables (for further information regarding the Company's agricultural projects, please refer to Section 4.3.3 "**Overview of the Company's Agricultural Projects and Production Plants**" of this Prospectus). As such, the Company's agricultural projects are considered an important element of its business results. However, the Company's agricultural projects are exposed to epidemics that lead to severe damage such as the destruction of the entire agricultural crop. Some of these epidemics are seasonal, such as plant diseases that usually occur in the spring due to the mild climate and high humidity, while others are prevalent throughout the year. For example, fungi may spread in the Company's agricultural projects which could spoil the soil or plants, or viruses may be transmitted to plants by insects, fungi or worms, leading to diseases affecting fruit trees and vegetable crops. Environmental epidemics may also spread due to ambient conditions and thus affect the growth conditions of plants, such as high or low temperatures, which have a negative effect on moisture and oxygen levels, the presence of toxic substances in the soil or the atmosphere and an excess or deficiency of essential minerals. If agricultural crops are exposed to any of the diseases that may affect them, this could lead to their complete destruction due to the rapid transmission of such diseases among plants. The occurrence of any of the aforementioned ambient conditions usually affects all plants and agricultural crops, which would lead to them wilting. Accordingly, the occurrence of such epidemics may reduce the Company's production of its products to such an extent that it cannot meet demand and is forced to incur substantial losses, as well as additional costs for remedying the situation and/or restarting agricultural operations. This would have a material adverse impact on the Company's business, financial position, results of operations and future prospects.

2.1.5 Risks related to Business Interruption and Continuity in the Company's Plants

The Company conducts its activities through four (4) agricultural projects and three (3) plants for the production of milk and its derivatives, juices and olive oil (for further information regarding the Company's agricultural projects and production plants, please refer to Section 4.3.3 "**Overview of the Company's Agricultural Projects and Production Plants**" of this Prospectus). The Company's plants are subject to operational risks, such as unexpected breakdowns, equipment failure, industrial accidents, fires and power or water outages. If there is any disruption or material failure in the Company's plants due to a partial or total power or water outage, or because of a fire or any unexpected mechanical failure of the equipment, this would lead to either a temporary or long-term suspension of production operations in the Company's plants or a decrease in their productivity, which would reduce the Company's productivity to the extent that it fails to meet demand. The occurrence of any of the above would have an adverse and material impact on the Company's business, financial position, results of operations and future prospects.

2.1.6 Risks related to the Company's Future Revenue Growth Rates and Inability to Implement its Growth Strategy

The Company's revenues are derived from sales of its dairy products and derivatives, olive products and other food products (for further information on the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus). The Company witnessed an increase in its revenues from two billion, three hundred and thirty-three million, two hundred and one thousand, six hundred and sixty-four Saudi Riyals (SAR 2,333,201,664) in the financial year ended 31 December 2020G to two billion, six hundred and ninety-four million, two hundred and forty-seven thousand, seven hundred and thirteen Saudi Riyals (SAR 2,694,247,713) in the financial year ended 31 December 2022G, with a CAGR of 8.2% during such period. However, revenue growth rates and financial performance may not be indicative of the Company's future performance. The Company's revenues and profits may not continue to grow in line with their historical rates and it may not be able to achieve such rates in the future. The Company's growth rate may decline in the future due to several factors, including, inter alia, a slowdown in demand for the Company's products, having to reduce the prices of its products to keep pace with the competitive market environment, the inability of the Company to adequately develop its current business sectors or expand into new business sectors, being influenced by any of the factors affecting the dairy and food products sector, intensified competition in the market leading to a decrease in the Company's market share, the growth of the overall market without the Company being able to capitalize on growth opportunities, increased costs of the Company's business and an increase in investments made by the Company, which may not result in increased revenue or growth. Any decline in the Company's growth rate will have an adverse and material impact on the Company's business, results of operations, financial position and future prospects.

The Company also regularly evaluates its expansion plans in implementation of its strategy (for further information regarding growth and the Company's strategy, please refer to Section 4.2.4 "**Strategy and Future Prospects**" of this Prospects. There are various risks associated with the expansion and growth of the Company's business, including, inter alia, the extent to which the Company can obtain additional financing and the resulting effects on the Company's financial position; the Company's ability to integrate its expansion works, such as any new agricultural plants or projects, into the Company's operations; and the extent to which it is able to efficiently manage expansions and respond to changes and industry developments in the dairy and food products sector in a cost-effective and timely manner, as well as its ability to attract and train key personnel. If the Company is unable to exploit growth opportunities through expansion and implementation of its future growth strategy, or if it is unable to adequately manage expansions, this would have a material adverse effect on its business, financial position, results of operations and future prospects.

2.1.7 Risks related to Suppliers and Supply Chains

The Company relies on certain major suppliers for raw materials and packaging materials (for further information on the Company's material supply agreements, please refer to Section 10.5.1 "**Supply Agreements**" of this Prospectus). The Company relies on a specific supplier base for its current activities, but the availability of such suppliers for future activities may not be guaranteed. The Company's suppliers may be exposed to business disruptions, such as weather conditions or transport conditions which affect the delivery of products, or such suppliers may experience interruptions for reasons including the spread of epidemics, particularly if the Company's suppliers are located in geographical areas far from the Company. If there are any changes in the terms, prices, or quality of the supplied materials or sudden interruptions in supply for any reason, or if the supply chains are affected by any political, economic or climatic conditions, this would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.8 Risks related to the Distribution Network and Product Delivery

The Company relies on both its own fleet and external companies for the distribution and delivery of its products from its plants and agricultural projects to sales points inside and outside the Kingdom (for further information on the Company's material transportation and logistics agreements, please refer to Section 10.5.5 "**Transportation and Logistics Agreements**" of this Prospectus). The Company has contractual relations with these external companies that are valid as of the date of this Prospectus. Accordingly, the cancellation or termination of distribution agreements by the distributor, non-compliance of distributors with the terms of such agreements or the increase of delivery prices by distributors in the event that the Company's fleet suffers any accidents or breakdowns, or if there is a sudden interruption in distribution due to uncontrollable reasons, such as the spread of epidemics or natural disasters, this could lead to delays in the delivery of products to consumers, which may lead to damage to products. Consequently, the Company would incur huge losses that may affect the Company's revenues (for further information on epidemics and natural disasters, please refer to Section 2.2.12 "**Risks related to Epidemics**" and Section 2.2.15 "**Risks related to Floods, Earthquakes and Other Natural Disasters**" of this Prospectus). In the event that delays or disruptions are caused by the contracted distribution companies, the Company may not be able to pass the costs on to those companies or obtain compensation from them. The occurrence of any interruption or disruption in the delivery of products will negatively and directly affect the Company's business and operating results, which will lead to a decline in the Company's sales or profitability, which in turn would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.9 Risks related to Marketing and Sales

The Company allocated amounts of ninety-five million, eight hundred and four thousand, five hundred and eighty-nine Saudi Riyals (SAR 95,804,589), sixty-five million, one hundred and seventy-one thousand, two hundred and twenty Saudi Riyals (SAR 65,171,220) and forty-three million, twenty-six thousand and ninety-one Saudi Riyals (SAR 43,026,091) for marketing programs for the financial years ended 31 December 2020G, 2021G and 2022G, respectively, equivalent to 4.2%, 2.9%, and 1.6% of sales and distribution expenses for the same period, respectively. Marketing plans often take a relatively long time to achieve their intended goals. However, such marketing programs may not succeed or may be insufficient. Accordingly, the Company may resort to intensifying such programs or replacing them with other programs and thus incur additional financial costs. The Company is also subject to legal and regulatory restrictions regarding the marketing and branding of its products, which may limit its marketing efforts. The Company must also keep pace with the rapidly changing media environment and advertising and marketing channels. In the event that the costs allocated to the marketing programs are insufficient in achieving the desired objectives, or if the Company's marketing and public relations efforts are ineffective or inconsistent with the current media environment, the Company's competitive position, reputation and market share may be affected. This in turn may lead to a decrease in sales and profits, which will have an adverse and material impact on the Company's business, financial position, results of operations and future prospects.

2.1.10 Risks related to the Company's Reputation and Product Quality

The Company's business relies heavily on the reputation and quality of its dairy products and their derivatives, in addition to its juices and other food products (for further information on the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus). Therefore, the existence of any doubts, whether real or imaginary, regarding the quality and food safety of the Company's products or the Company's compliance with food regulations and requirements, whether such doubts are based on facts or incidents that are not directly related to the Company, would adversely affect the Company's reputation and consumers' trust in its products, which would affect the Company's sales and revenues. In addition, the Company's inability to provide or maintain the quality of products offered to consumers would have a negative and material impact on its brand and reputation and may expose it to negative publicity that would cause damage to its reputation, leading to a decline in the level of consumer demand for its products or consumers avoiding its products altogether, or, in some cases, it may expose the Company to lawsuits. If the Company's reputation is negatively affected for any reason, this would lead to a decrease in the Company's sales and a decline in demand for its products, which would have an adverse and material impact on the Company's business, results of operations, financial position and future prospects.

2.1.11 Risks related to the Inability to keep pace with Consumer Demands

The Company's success with respect to dairy, food products and juices it provides (for further information on the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus) depends on its ability to present them in a way that attracts consumers and fulfills the changing desires and preferences of consumers. These desires and preferences are influenced by several factors, such as product availability and quality, public trust in the brand, product packaging, brand promotion activities and the product marketing mechanism. Consumer perceptions may be influenced by negative publicity and rumors regarding food and juice production, in conjunction with the increasing role of social media and digital advertising methods. Negative stereotypes can also influence the Company's reputation, products and brand, as their impact is long-lasting. This can lead to consumers losing confidence in the Company's products. If the Company is unable to address any potential negative publicity regarding its products in general in a timely, swift and effective manner, or if it is unable to identify changes in the desires and preferences of consumers, this may lead to a decrease in demand for its products and a decline in the prices of such products, which would materially and adversely affect the Company's business, financial position, results of operations and future prospects.

In addition, the Company may introduce new or improved products from time to time to fulfill changing consumer desires and preferences and may incur high costs in developing or marketing such products. If the Company's products fail to meet such desires and preferences, these products and the Company's approved marketing strategy will be unsuccessful, which would materially and adversely affect the Company's business, financial position, results of operations and future prospects.

2.1.12 Risks related to the Company's Inability to keep pace with Technical Developments in Production

The Company uses advanced techniques and technology systems in the production of its products. However, technology is constantly evolving and the Company must keep pace with such developments. Accordingly, the Company must make frequent improvements to its products and the technologies it uses. The Company may not be able to introduce new technologies swiftly or implement its systems on its products. Moreover, the Company cannot guarantee that employees will respond quickly to adapt to such technologies. Keeping abreast of developments in technology requires the Company to spend significant amounts and invest considerable time in understanding and training employees on these technologies. This may affect production processes, as employees may not be able to employ such technologies effectively or in a timely manner. If the Company is unable to keep pace with technical developments in production, this may affect the Company's revenues and profitability, which would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.13 Risks related to the Protection of Intellectual Property Rights

The Company markets its products and services by way of its long-standing reputation in the market which is associated with its well-known brand. The Company's well-established name and well-known trademark grant it a competitive advantage over its competitors. The Company has registered eighteen (18) trademarks in the Kingdom and twenty-eight (28) trademarks outside the Kingdom in the United Arab Emirates (hereinafter referred to as the "**UAE**"), the Kingdom of Bahrain, the State of Kuwait, the Hashemite Kingdom of Jordan, the Republic of Iraq, the Republic of Djibouti, the Republic of Yemen, the Islamic Republic of Pakistan, the Sultanate of Oman, the Syrian Republic, the Arab Republic of Egypt, the State of Palestine, the State of Libya, the Kingdom of Morocco, the Republic of Turkey, the State of Qatar, the Republic of Tunisia, the Republic of Lebanon and the Republic of Sudan (for further information regarding the Company's trademarks, please refer to Section 10.9 "**Intangible Assets**" of this Prospectus). The Company is keen on protecting its trademarks by registering them with the official authorities and renewing their registration. This is to prevent third parties from infringing on the Company's property rights or using them illegally, which would damage the Company's reputation and thus reduce the level of demand for its products. The Company also monitors the registration and use of any trademarks that are similar to its own trademarks and objects to such registrations or uses, in order to protect its reputation and thus the results of its operations and the level of demand for it. If the Company's reputation is affected, this would adversely and materially affect the Company's business, results of operations and financial performance. Any breach of the Company's intellectual property rights or illegal use of the Company's trademarks would affect the Company's reputation and lead to lawsuits and claims before the competent courts for the protection of such rights. Recourse to legal proceedings is a costly process that requires significant time and effort on the part of the Company. If the Company fails to protect its trademarks effectively, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.14 Risks related to the Prices of Raw Materials and Packaging Materials

In the production of agricultural crops, milk, cheese and juices, the Company relies on certain raw materials such as fodder, seeds, fertilizers and plastic bottles which it obtains through the agreements it concludes with its suppliers. Orders for such raw materials are placed through direct supply and purchase orders and requests in accordance with those agreements (for further information on the Company's material supply agreements, please refer to Section 10.5.1 "**Supply Agreements**" of this Prospectus). The cost of consumed materials amounted to one billion one-hundred and twelve million, one-hundred and twenty-three thousand and two-hundred and fifty-six (1,112,123,256) Saudi Riyals, one billion two-hundred and thirty million, nine-hundred and thirty-nine thousand and six-hundred and seventy-six (1,230,939,676) Saudi Riyals and one billion four-hundred and eighty-three million, two-hundred and seventy-seven and two-hundred forty-seven (1,483,277,247) Saudi Riyals for the financial years ended 31 December 2020G, 2021G and 2022G, respectively, representing 71%, 75% and 79% of the overall cost of sales for the same periods, respectively. The Company's operations may be directly affected in the event of any delays in those supplies or any changes in their availability or the discontinuation of such supplies. Furthermore, any increase in the prices of raw materials used by the Company in production will affect the results of the Company's operations, since the Company's profitability will decrease if its operating costs increase. If the Company cannot reduce its other operating costs or if it is unable to pass such costs on to consumers due to competitive reasons, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.15 Risks related to Developing New Plants and replacing Old Assets

The Company has three (3) plants for the production of milk and its derivatives, juices and olive oil (for further information on the Company's plants, please refer to Section 4.3.3 "**Overview of the Company's Agricultural Projects and Production Plants**" of this Prospectus). Such plants have depreciated over time and the Company may have to replace them in the future, since the Company's competitiveness, success and growth depend on its ability to replace or renew the assets required to operate the plants and other additional facilities. This may increase the Company's capital expenditure significantly. In addition, the Company may need to construct new plants to accommodate the increased production volume it seeks. There are a number of risks and challenges associated with the Company's ability to complete the development of new plants in a timely manner and within the planned budget. In particular, completing the construction of a new plant requires an accurate estimate of the size of the market and the extent of the economic feasibility of establishing such plant, as well as obtaining the necessary permits and approvals from the relevant Government authorities, which the Company cannot guarantee it shall obtain. The Company's establishment of a new plant also depends on its ability to secure the financing necessary to complete the construction process. The Company may fail to assess the economic feasibility of establishing new plants and may not be able to obtain the necessary permits and approvals to operate these new plants. In addition, the Company may be unable to complete construction on time or locate industrial plots that can be leased to expand its operations, or it may be unable to efficiently manage the new plants or achieve the anticipated benefits. In addition, the Company may not be able to replace or renew old assets. Accordingly, the occurrence of any of the aforementioned factors would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.16 Risks related to the Success of New Projects

By increasing its capital through the rights issue subject matter of this Prospectus, the Company intends to expand its projects by investing in areas beyond its core business sectors, such as the red meat, fruit, and vegetable markets in the Kingdom (for further information, please refer to Section 7 "**Use of Offering Proceeds and Future Projects**" of this Prospectus). It should be noted that there are several factors beyond the Company's control which, if they were to occur, could lead to delays in the execution of the Company's future projects, affect their success, or suspend their execution, either temporarily or permanently. Such factors include, for example, obtaining government approvals and licenses, compliance by contractors, concluding agreements with other parties and the availability of manpower, in addition to other factors leading to temporary or permanent work suspension. Moreover, the Company may not succeed in marketing campaigns to market its new projects and thus, the Company may not achieve the desired benefit from these projects as planned. This will adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.17 Risks related to Price Increases of the Company's Products

The Company's revenues are comprised of the sale of its dairy products, olive products and other food products (for further information on the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus). If the prices of food-related commodities increase in the future, the Company may not be able to absorb such price increases. If the prices at which the Company purchases its goods from suppliers rise, the Company may need to pass all, or a substantial portion, of those additional costs onto its customers in order to maintain its profit margins. However, the Company may be unable to increase the sale price of its items to meet the price increases imposed by the Company's suppliers, whether in whole or in part, particularly if the Company's main competitors decide not to apply such price increases. In addition, based on fluctuations in commodity prices for foodstuffs in the international markets, the local market conditions in the Kingdom may force the Company to reduce the prices of its products. Accordingly, if market conditions require the Company to reduce the sale price of its products below cost, the Company may not be able to absorb the impact of the reduction. This would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.18 Risks related to the Ability to Expand and Increase Production Capacity

The expected future growth of the Company depends on the success of its expansion strategy, the modernization of its existing activities and the expansion of its existing activities. The Company's inability to execute its expansion plans or the failure of such expansion plans would negatively affect future growth opportunities, which in turn would affect the Company's financial position and the results of its operations. In addition, if the Company's expansion plans include increasing its production capacity, the Company may not be able to implement such plans successfully, since it may not be able to obtain the necessary licenses and approvals to increase its production capacity or it may be unable to develop new plants or replace its current assets with other assets of higher production capacity (for further information regarding the risks associated with the same, please refer to Section 2.1.15 "**Risks related to Developing New Plants and replacing Old Assets**" of this Prospectus). Accordingly, in the event that the Company cannot expand or increase its production capacity in whole or in part, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.19 Risks related to Real Estate

As of 31 December 2022G, the Company has lease contracts related to its operational activities with various individual lessors and municipalities, including Al-Dilam and Al-Jouf Municipality and the Chamber of Commerce in Riyadh. The length of leases typically ranges from one to ten (10) years, with the option to renew for similar periods by written agreement (for further information regarding leases, please refer to Section 10.8.2 "**Real Estate Leased by the Company**" of this Prospectus). The Company's lease costs amounted to ten million, five hundred and seventy-eight thousand, one hundred and five Saudi Riyals (SAR 10,578,105), nine million, four hundred and fifty-one thousand, three hundred and forty-two Saudi Riyals (SAR 9,451,342) and nine million, two hundred and twenty-six thousand, five hundred and forty-three Saudi Riyals (SAR 9,226,543) in the financial years ended 31 December 2020G, 2021G and 2022G, respectively, accounting for 1.61%, 1.5%, and 1.47% of the total operating costs for the same periods, respectively. If the Company is unable to generate sufficient cash flows from operating activities or from funds borrowed under financing agreements or other sources, it will not be able to fulfill its obligations under the leases. In addition, if the Company is unable to maintain its current leases, either due to its inability to pay or due to a delay in payment, or if it breaches its obligations under such leases or enters into new leases at high rates or on unfavorable terms, this would require it to provide additional financial and administrative resources. The occurrence of any of the foregoing factors will adversely and materially affect the Company's business, financial position, results of operations and future prospects.

The Company also relies on the real estate it owns to operate its farms and plants in the Kingdom (for further information regarding the plots owned by the Company, please refer to Section 10.8.1 "**Real Estate Owned by the Company**" of this Prospectus). It is worth noting that, in accordance with the circular of the Ministry of Justice No. 8082/T/13 dated 09/08/1441H (corresponding to 02/04/2020G), the Ministry of Justice has launched the electronic real estate deed service with the aim of eliminating the paper printing of title deeds, and preserving its information electronically with the possibility of viewing the relevant information electronically. Government agencies and private institutions can link directly with the Ministry of Justice's systems to inquire about the real estate deed, eliminating paper transactions. As of the date of this Prospectus, the Company has not yet completed the electronic registration of the title deeds for its plots in Al Kharj and Riyadh in Al Sulay district. These plots are used as a distribution center for the Company's products. The existence of deeds which have not been documented electronically may result in major disputes regarding ownership and the right to dispose of the real estate assets owned under such deeds due to the possibility of the existence of other deeds, other unknown owners or rights on the property according to other documents that were not established in the deed. Deeds that are not electronically documented are susceptible to loss, ruin, alteration, modification and other matters that may affect them and render them invalid or incorrect. If any of these risks materialize in relation to the Company's plot title deeds in Al Kharj and Riyadh in Al-Sulay district, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.20 Risks related to Inventory Management

In the production of dairy and its derivatives, juices and other food products, the Company relies on its experience and knowledge of demand forecasts for its products to manage its inventory of ingredients. Substantial unexpected changes may occur in the demand for the food products that the Company, since demand may be affected by new product launches, changes in product cycles, pricing or consumer spending patterns and new competitors entering the market, among other factors. As a result, consumer demand for the Company's products may decrease. Accordingly, if the Company is unable to accurately estimate the volume of products sought by consumers or if it is unable to manage production quantities appropriately, more food products may be produced than consumers may demand, leading to an increase in inventory levels. The Company's total inventory for the financial years ended 31 December 2020G, 2021G and 2022G amounted to five hundred and seventy-two million, six hundred and fifty-four thousand, six hundred and thirty-one Saudi Riyals (SAR 572,654,631), five hundred and thirty-five million, fifty-four thousand, nine hundred and seventeen Saudi Riyals (SAR 535,054,917) and five hundred and eighty-four million, eight hundred and one thousand, seven hundred and eleven Saudi Riyals (SAR 584,801,711), respectively, accounting for 14.78%, 13.76%, and 15.30% of the Company's total assets for the same periods, respectively. The Company allocated eighteen million, fifty-five thousand, five hundred and forty-eight Saudi Riyals (SAR 18,055,548), forty-six million, eight hundred and ninety-eight thousand, eight hundred and thirty-six Saudi Riyals (SAR 46,898,836) and seventeen million, three hundred and seventy-six thousand, six hundred and eighty-five Saudi Riyals (SAR 17,376,685) as provisions for inventory for the periods mentioned, respectively. The total waste of inventory for the financial years ended 31 December 2020G, 2021G and 2022G amounted to one hundred and eight million, four hundred and fifty-five thousand, seven hundred and four Saudi Riyals (SAR 108,455,704), one hundred and eight million, eight hundred and sixty-three thousand, one hundred and fifty-four Saudi Riyals (SAR 108,863,154) and one hundred and ten million, three hundred and thirty-one thousand, one hundred and eighty-four Saudi Riyals (SAR 110,331,184), respectively, accounting for 14.9%, 17.4%, and 13.6% of the total revenues for the same periods, respectively. In addition, increased inventory and inventory mismanagement may lead to the possibility of the expiration of food products, particularly dairy and cheese, due to their rapid spoilage, which may force the Company to reduce prices in order to sell its stock before the expiration date. This will adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.21 Risks related to the Collection of Debts due to the Company

The total debts owed to the Company, excluding amounts due from Related Parties, amounted to two hundred and fifty-seven million, four hundred and eighty-seven thousand, five hundred and ninety-seven Saudi Riyals (SAR 257,487,597), two hundred and twenty-eight million, seven hundred and ninety thousand, seven hundred and eighty-eight Saudi Riyals (SAR 228,790,788) and three hundred and forty-nine million, six hundred and eighty thousand, two hundred and seventy-one Saudi Riyals (SAR 349,680,271) as of the financial years ended 31 December 2020G, 2021G and 2022G, respectively. Provisions for doubtful debts that were allocated against the total receivables amounted to four million, three hundred and nine thousand, eight hundred and seventy-eight Saudi Riyals (SAR 4,309,878), five million, two hundred and thirty thousand, five hundred and thirty-nine Saudi Riyals (SAR 5,230,539) and four million, five hundred and thirty thousand, three hundred and forty-six Saudi Riyals (SAR 4,530,346) as of the financial years ended 31 December 2020G, 2021G and 2022G. (For further information, please refer to Section 6.7.2 "**Balance Sheet**" of this Prospectus).

As of 31 December 2022G, the debts owed to the Company that were overdue (excluding debts due to the Company from Related Parties) are estimated at ninety-six million, five hundred and twenty-two thousand, nine hundred and sixty-three Saudi Riyals (SAR 96,522,963), or 27.06%, of the total debts owed to the Company. For the financial years ended 31 December 2020 and 2021, overdue debts owed to the Company were estimated at eighty-four million, seventy-four thousand, six hundred and ninety Saudi Riyals (SAR 84,074,690) and eighty million, three hundred and forty-three thousand, two hundred and ninety-two Saudi Riyals (SAR 80,343,292), or 32.65% and 35.12%, of the total debts owed to the Company, respectively (For further information, please see Section 6.7.2 "**Balance Sheet**" of this Prospectus). In the event the Company's debtors experience difficulties in the results of their operations and their financial conditions, this will lead to them defaulting on their debts to the Company and may lead to the insolvency of such debtors or them being declared bankrupt. Any failure to repay such debts, or the bankruptcy or insolvency of the Company's debtors, could adversely and materially affect the Company's business, financial position, results of operations or future prospects.

In addition, the Company may be forced to accept alternative payment terms from distributors in certain circumstances and at certain times. Such terms may grant the right to late payment, which could cause the Company to incur financial losses if the terms are not met. The scale of the financial losses that the Company may incur depends on the extent to which these circumstances are linked to large receivables that cannot be paid when they fall due or at all. If the Company is unable to collect the amounts due from its debtors, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.22 Risks related to the Company's Operations outside the Kingdom

The Company distributes its products inside and outside the Kingdom in the MENA region and its operations outside of the Kingdom (for further information regarding the Company's geographical presence, please refer to Section 4.3.6 "**Geographical Presence**" of this Prospectus and Section 4.4 "**The Company's Business and Assets Outside the Kingdom**" of this Prospectus). As of 31 December 2020G, 2021G and 2022G, the Company achieved 10.9%, 10.9%, and 10.2% of its total revenues, respectively, from sales outside the Kingdom. As such, the Company is subject to risks associated with conducting business outside the Kingdom, including the following:

- Potential tax implications, including from changes in tax policies or incorrect implementation of such policies;
- Compliance with the various and ever-changing laws, regulations and judicial systems adopted in the countries in which the Company conducts its business; compliance with a wide range of foreign laws, treaties and regulations; and unexpected changes in regulatory requirements;
- Rapid changes in governmental, economic and political policies; instabilities; political and civil unrest; acts of terrorism; epidemics and other similar events;
- Consumer preferences that may differ from those of consumers within the Kingdom;
- Intense price competition with products imported from other countries;
- Lack of clarity on the legality and enforceability of certain contractual rights and provisions; and
- Restrictions imposed on transferring profits generated from businesses outside the Kingdom to the Company.

The Company's inability to efficiently manage the market risks and operational risks associated with its operations outside the Kingdom may limit the future growth of the Company's business, increase its operational costs or expose the Company to losses as a result, which would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

It is also worth noting that the Company undertakes its business in the State of Kuwait through its agent, under an agency agreement concluded with K4 General Trading & Contracting Co. (hereinafter referred to as "**K4**") (for further details regarding the agency agreement concluded in the State of Kuwait, please refer to Section 10.5.3 10.5.3(1) "**Commercial Agency Agreement with K4**" of this Prospectus). Pursuant to such agreement, K4 operates as the Company's commercial agent in the State of Kuwait and is responsible for all services and administrative works before governmental and non-governmental authorities in the State of Kuwait, while the Company is liable for managing all operational marketing and sales services for its products and for incurring the related expenses. The agreement stipulates that all property and assets owned by the Company in the State of Kuwait must be registered in the name of K4 whenever the applicable laws so require, noting that the actual ownership rests with the Company. K4 may not perform the obligations imposed on it by the relevant agreement, which include obtaining the necessary licenses from the government authorities. If this were to occur, the Company may be exposed to legal penalties. The Company may also incur losses if K4 does not comply with any of the obligations imposed on it. Moreover, the Company may not have recourse against K4 to claim for such losses, which would adversely affect the Company's business, results of operations, financial position and future prospects.

2.1.23 Risks related to Government Subsidies

Pursuant to Royal Decree No. A/136, dated 19/08/1432H (corresponding to 20/07/2011G), the Kingdom's Government provided support dedicated to reducing the cost of meat, poultry, dairy and other products for citizens by subsidizing green fodder and its inputs at varying rates and amounts according to the type of fodder component as per the Resolution of His Excellency the Minister of Environment, Water and Agriculture No. 1441/1/291035, dated 24/04/1441H (corresponding to 21/12/2019G). As of the financial years ended 31 December 2020G, 2021G and 2022G, the subsidies provided by the Ministry of Finance to import subsidized feed ingredients amounted to fifty-four million, four hundred and nine thousand, five hundred and fifteen Saudi Riyals (SAR 54,409,515), fifty million, seven hundred and fifteen thousand and six Saudi Riyals (SAR 50,715,006) and thirty-four million, three hundred and eighteen thousand, seven hundred and twenty Saudi Riyals (SAR 34,318,720), respectively. This Government subsidy is usually collected within one month from the date on which proof of payment is submitted. The Company relies on these subsidies in its operations, as these subsidies accounted for 3.45%, 3.09%, and 1.82% of the total cost of the Company's revenues for the financial years ended 31 December 2020G, 2021G and 2022G, respectively. Therefore, any stoppage, suspension, reduction or delay in the delivery of the subsidies that the Company benefits from will adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.24 Risks related to Liquidity and Failure to meet Capital Requirements

The Company needs to make permanent investments to support the growth of its business. The Company may need additional funds to address the challenges it may face in relation to its business, as well as to implement its growth strategy, increase its market share in its current markets, expand in other markets or to expand its product base. The liquidity resulting from the Company's current operations and financial resources may not be sufficient to fund this growth strategy. Hence, the Company may seek to increase its capital or it may incur additional indebtedness. For various reasons, including any non-compliance with undertakings under existing or future lending arrangements, additional financing or the refinancing of existing lending arrangements may not be available when needed, or may not be available on terms favorable to the Company, if at all. Increased indebtedness may expose the Company to additional risks such as increased interest rates, which would lead to an increase in the Company's expenses and a decrease in its net profits, making it more vulnerable to risks related to adverse fluctuations in the market and the general economic situation. A high level of indebtedness may limit the Company's ability to make strategic acquisitions, force it to perform non-strategic operations to sell or dispose of assets, or limit its ability to obtain additional financing. In addition, the terms of the Company's indebtedness usually involve undertakings that place restrictions on the Company's business. If the Company fails to obtain sufficient financing when required, or it fails to obtain financing on terms that are favorable to it, or if the Company becomes unable to pay its debts when they fall due, this would negatively affect the Company's ability to conduct its business or achieve its planned growth rate, which in turn would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2.1.25 Risks related to Increased Operating Expenses

The Company's performance depends on its ability to price its products in a way that maintains profitability and its ability to accommodate any increase in costs in respect of products offered to its customers by proportionately increasing the relevant prices. The costs of the Company's operations amounted to six-hundred and forty-one million, two-hundred and nineteen thousand and nine-hundred and twenty-eight (641,219,928) Saudi Riyals, six-hundred and ninety-five million, five-hundred and fifty-nine thousand and seven-hundred and sixty-four (695,559,764) Saudi Riyals and six-hundred and forty-four million, one-hundred and ninety-nine thousand and five-hundred and twenty-five (644,199,525) Saudi Riyals, for the financial years ended 31 December 2020G, 2021G and 2022G, representing 28%, 31% and 24% of the Company's revenues for the same periods, respectively. The Company may not be in a position to increase the prices of its products to keep pace with any increases in costs, as prices generally depend on market conditions and the Company's pricing strategy. On the other hand, the Company cannot fully control its costs as they are subject to a number of factors that may affect them, such as economic factors, the regulatory environment and other factors including, inter alia, increases in the costs of utilities and labor, and contract costs for contracts concluded by the Company with external service providers. If product costs increase and the Company is unable to raise the prices of these services or products to keep pace with such increases, the Company's profitability would be adversely affected, which would lead to a decrease in its cash flows, profit margins and the inability of the Company to carry out future expansions. This would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.26 Risks related to Dependence on Executive Management and Key Employees

The success of the Company depends on the performance of its Executive Management and other key employees on whom the Company relies for their extensive experience in the sector and their contributions to the development of its operations (for further information on the Company's Executive Management, please refer to Section 5.4 "**Executive Management**" of this Prospectus). There is also intense competition among companies to recruit senior management and key employees. As such, the Company may not be able to retain its current employees or attract new qualified employees. It is possible that the Company will need to invest large financial and human resources to attract and retain new employees, and it may not reap returns from these investments. If the Company loses any members of its Senior Management or key employees, this would hinder or delay the implementation and achievement of its strategic objectives and divert the attention of the management towards searching for qualified replacements, which would adversely affect the Company's ability to manage its business effectively and efficiently. In addition, Senior Management members or key employees may resign at any time. If the Company is unable to recruit and retain key executives and employees who are highly skilled in the appropriate fields, this would have a negative impact on its business, financial position, results of operations and future prospects.

2.1.27 Risks related to Employee Misconduct and Errors

Employee misconduct and errors may lead to the Company being in violation of the applicable laws, which may lead to the imposition of regulatory penalties on the Company by the competent authorities. These penalties may vary based on misconduct or error and may result in financial liability or reputational damage to the Company. Examples of employee misconduct and errors include:

- Unauthorized or accidental disclosure of confidential information or trade secrets to customers, competitors, or the market;
- Culturally inappropriate behavior;
- Engaging in fraudulent, deceptive or inappropriate actions or activities while marketing the Company's products to the public;
- Failure to comply with the applicable laws or internal controls and procedures; and
- Failure to properly document transactions in accordance with the Company's standard documentation and processes, failure to take the appropriate statutory advice regarding non-standardized documents, or failure to obtain appropriate internal authorization.

The Company's corporate governance and compliance policies may not be sufficient to protect it from the inappropriate conduct of its employees. If the Company's employees commit any misconduct or errors that lead to the incurrence of financial obligations and/or penalties, this would adversely affect the Company's business, results of operations, financial position and future prospects.

2.1.28 Risks related to the Company's Material Agreements

The Company has concluded numerous material agreements, including supply agreements, machinery production line purchase agreements, agency agreements, distribution agreements, transportation and logistics agreements, NADEC City agreements, customer agreements and energy saving agreements. These agreements are essential to the Company's business activities, as they allow the Company to operate its business segments properly (for further details regarding the Company's material agreements, please refer to Section 10.5 "**Material Agreements**" of this Prospectus). The contracting parties that work with the Company under many of its material agreements are not contractually obligated to renew these agreements, enter into new agreements with the Company or continue to operate under such agreements. It is also worth noting that the Product Transportation Agreement with G&P Logistics stipulates that G&P Logistics has the right to terminate such agreement at any time without providing a justification. The Petroleum Product Sale Agreement for Local Use concluded with Saudi Aramco also includes non-compete restrictions, pursuant to which the Company may not purchase any other petroleum products from any other entity without the prior written consent of Saudi Aramco. The Harvest Agreement with Pure Harvest Smart Farms (hereinafter referred to as "**Pure Harvest**") also includes non-compete restrictions, pursuant to which the Company may not purchase certain products supplied by Pure Harvest (including tomatoes, cucumbers, peppers and chili peppers) from any other entity, unless Pure Harvest fails to provide the relevant product with the specifications required by the Company within a month. The Partners' Agreement with Leha Agriculture includes restrictions that prevent the Company from undertaking any business or activities that compete, directly or indirectly, with the business of Al-Taqawi National Company for Agricultural Production for the duration of the Company's ownership in Al-Taqawi National Company for Agricultural Production and for a period of two years after selling its shares in the company. Additionally, any of the parties may compete with the business of Al-Taqawi National Company for Agricultural Production for any type of potato seeds as long as it does not fall within the scope of Al-Taqawi National Company for Agricultural Production's business, provided that the other party is notified of such intent to compete. Al-Taqawi National Company for Agricultural Production must submit this within thirty (30) days to its general assembly to decide on the type of potato seeds to be produced by Al-Taqawi National Company for Agricultural Production, and in the absence of a decision within thirty (30) days, the relevant party may continue the production. The Harvest Agreement concluded with Pure Harvest also contains restrictions pursuant to which the Company may not export the products supplied by Pure Harvest outside the Kingdom. The restrictions in these agreements may limit the Company's ability to contract with third parties to meet the its needs. If such parties decide to terminate any or all of these agreements at any time or for any reason, or they refuse to renew them on terms suitable for the Company, or if they refuse to renew them altogether, the Company may not be able to offset any losses incurred due to the termination of any of the material agreements or find alternative service providers to operate its platforms and products within its business segments on favorable terms or at all, which could lead to disruption of its business segments and adversely affect the Company's revenues and profitability. In addition, the Company may breach the terms and conditions of its material agreements or such agreements may, in the future, comprise commercial terms that include additional restrictions to the terms of the existing agreements. This may affect the Company's ability to operate its business segments or affect its revenues and profitability, which may adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.29 Risks related to Licenses, Approvals, and Compliance with Legal Regulations

The Company is required to obtain and maintain various regulatory permits, licenses and approvals in connection with its current and future activities. These licenses include, inter alia, the commercial registration certificate issued by the Ministry of Commerce, the Chamber of Commerce membership certificate, the Saudization certificate, the Zakat and income certificate, the value-added tax and social insurance registration certificate and various permits issued by the Ministry of Environment, Water and Agriculture, the Ministry of Industry and Mineral Resources, and the Ministry of Municipal and Rural Affairs and Housing, the Food and Drug Authority, the General Authority for Meteorology and Environmental Protection and the Saudi Authority for Industrial Cities and Technology Zones. The procedures for obtaining these licenses, certificates, permits and approvals are often lengthy, and the majority of them are subject to conditions under which they may be terminated or suspended if the licensee does not comply with certain requirements (for further details regarding the licenses and certificates obtained by the Company, please refer to Section 10.4 "**Key Licenses**" of this Prospectus).

As of the date of this Prospectus, the Company has two (2) expired licenses that it is in the process of renewing, one (1) trade license from the Ministry of Municipal, Rural Affairs and Housing for the Company's branch in Jeddah, and one (1) dormitory license from the Ministry of Municipal, Rural Affairs and Housing for the Company's branch in Riyadh. In addition, the Company is still awaiting the issuance of licenses from the Food and Drug Authority for food establishments in connection with its branches in Al Namas, Al Muzaylif, as well as the issuance of environmental license for its branch in Haradh (it is worth noting that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus). It is worth noting that the Company does not currently have a commercial registration certificate for its business in the city of Hafr Al Batin. However, the Company is actively pursuing the issuance of such certificate (for further information regarding the licenses and certificates obtained by the Company, please refer to Section 10.4 "**Key Licenses**" of this Prospectus). The Company may be subject to penalties and fines if it continues to carry out its activities without renewing the above licenses. Furthermore, when renewing or amending the scope of a license, certificate or permit, the competent authority may not agree to such renewal or amendment, and may impose conditions that adversely affect the Company's performance if it agrees to renew or amend such documents. If the Company is unable to maintain, obtain or renew the relevant licenses, permits and approvals, its ability to achieve its strategic objectives may be impaired, and it may be forced to close its plants and facilities that lack operational licenses or be subject to financial penalties, which would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.30 Risks related to Information Technology Systems and Cyberattacks

The Company relies on information technology for the operation of equipment in its agricultural projects and factories (for further information on the Company's agricultural projects, please refer to Section 4.3.3 "**Overview of the Company's Agricultural Projects and Production Plants**" of this Prospectus). The Company depends on the efficiency of such systems for the effective management of its business. Any potential failure to manage these systems would adversely and materially affect the Company's business, financial position, operations results and future prospects. The Company's information technology systems may be subject to damage from computer viruses, natural disasters, intruder or hacker attacks, hardware or software failures, power fluctuations, cyberterrorism and other similar disruptions. In addition, breach of the Company's cybersecurity measures may result in the loss, destruction or theft of confidential or proprietary data, which could expose the Company to liability or cause material losses to the Company's suppliers or dealers. Similar risks exist with respect to third parties which may possess confidential data of the Company, such as its IT support service providers, third-party entitlement administrators and other administrative services used by the Company, as well as the Company's professional advisors, banks and financial institutions with which the Company deals. If the Company is exposed to any of the above risks, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

2.1.31 Risks related to Transactions and Agreements with Related Parties

In the ordinary course of its business, the Company deals with Related Parties. It has entered into six (6) agreements with Related Parties, which include agreements to obtain technical services and agreements for the purchase and sale of food products (for further information regarding transactions with Related Parties, please refer to Section 10.6 "**Material Agreements with Related Parties**" of this Prospectus). Transactions payable to Related Parties amounted to two million, two hundred and seventy-seven thousand, three hundred and thirty-three Saudi Riyals (SAR 2,277,333), six million, two hundred and forty-two thousand, seven hundred and fifty Saudi Riyals (SAR 6,242,750) and eleven million, two hundred and sixty-six thousand, one hundred and nine Saudi Riyals (SAR 11,266,109) for the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 1.32%, 1.77%, and 1.94% of the total net revenues for the same periods, respectively. Meanwhile, receivables due from Related Parties amounted to nil (SAR 0), twenty-six million, forty-eight thousand, three hundred and forty-six Saudi Riyals (SAR 26,048,346) and ninety-three thousand, one hundred and sixty-eight Saudi Riyals (SAR 93,168) for the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 0%, 3.49% and 0.23% of the total liabilities for the same periods, respectively. The conclusion of contracts and transactions with Related Parties is subject to the provisions of the applicable laws and regulations. In accordance with the Companies Law, any transactions in which any Company Director has a direct or indirect interest must be submitted to the General Assembly for approval, unless such transactions and agreements are granted (a) on the basis of public tenders and/or (b) are related to personal needs of the relevant Board Members, provided they are concluded on a purely commercial basis and fall within the ordinary course of the Company's business. It is prohibited for any Director who has an interest in such transactions to vote thereon, whether at the level of the Board of Directors or the Shareholders' Assemblies. The Company obtained the approval of the General Assembly on 13/10/1444H (corresponding to 03/05/2023G) regarding the transactions and agreements in force with Related Parties in which the Directors have a direct or indirect interest. If the Company's Board of Directors or General Assembly decides not to approve similar transactions in the future, the Company may be exposed to the risk of objections to such transactions or their invalidation. In addition, if transactions with Related Parties are not concluded in the future on a purely commercial basis, this would adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.32 Risks related to the Engagement of Directors in Competing Business

The Director Badr bin Abdulrahman bin Abdullah Al Sayari is in competition with the Company due to him having an interest in Sulaiman Bin Abdulaziz Al-Rajhi Holding Company and the Second Milling Company, which competes with the Company in one of its branches of activity, since Sulaiman Bin Abdulaziz Al-Rajhi Holding Company has a project for agricultural and food production, which is considered business in competition with the Company. The Second Milling Company also engages in business competitive with that of the Company, since it produces flour derivatives and a number of related products. On 13/10/1444H (corresponding to 03/05/2023G), the Company's General Assembly approved the engagement of the Director, Badr bin Abdulrahman bin Abdullah Al Sayari, in such competing business. This may lead to the existence or emergence of a direct or indirect conflict of interest, as the Director may obtain the Company's internal information and use it for his own interests or contrary to the interests and objectives of the Company. If the Director involved in the conflict of interest adversely impacts the Company's decisions or uses the Company's information available to him in a way that harms the Company's interests, this would have a material and adverse effect on the Company's business, results of operations, financial position and future prospects.

2.1.33 Risks related to Zakat and Tax

The Company is subject to the Zakat and tax requirements in the Kingdom, as per the regulations of ZATCA. The Company obtained its final Zakat assessments from ZATCA for all years up to 2023G and its final tax assessments from ZATCA for all years up to 2018G. The Company's Zakat and tax status is still under review by the ZATCA for the year 2023G and beyond. The Company has submitted Zakat and tax returns for the financial years up to 2023G, and has paid its Zakat and tax dues within the required timeframe. The Company also obtained the final Zakat certificate for the Zakat return submitted for the financial year ended 31 December 2022G, which is effective until 21/10/1445H (corresponding to 30/04/2024G). However, there is a risk that ZATCA may revert to any year within the previous five (5) years if there is no Zakat assessment and ZATCA challenges the returns submitted in accordance with the Executive Regulations for the Collection of Zakat issued by Ministerial Resolution No. 2217, dated 07/07/1440H (corresponding to 14/03/2019G). In such case, ZATCA may require the Company to pay additional Zakat amounts, and the Company will bear any future claims, Zakat differences or tax claims for previous years. Any differences in ZATCA's assessment of the Company's Zakat would have an adverse and material effect on the Company's business, results of operations, financial position and future prospects.

The Company allocated provisions for Zakat, including provisions for disputed amounts, totaling thirty-three million, three hundred and ninety-two thousand, five hundred and ninety-nine Saudi Riyals (SAR 33,392,599), seventy-two million, two hundred and fifty thousand, four hundred and fifteen Saudi Riyals (SAR 72,250,415) and seventy-seven million, one hundred and sixty-one thousand, one hundred and thirty-five Saudi Riyals (SAR 77,161,135) in the financial years ended 31 December 2020G, 2021G and 2022G. However, the final Zakat and tax results may differ from the amounts specified, recorded and estimated, for which provisions were allocated by the Company. This may adversely and materially affect the Company's business, results of operations, financial position and future prospects.

2.1.34 Risks related to Financing

1- Current Financing and Credit Facilities

As of the date of this Prospectus, the Company has entered into ten (10) key financing agreements with Riyad Bank, Saudi Awwal Bank, the Agricultural Development Fund, Arab National Bank and Al Rajhi Bank (for further information, please refer to Section 10.7 "**Financing Agreements**" of this Prospectus). These financing agreements include certain undertakings and cases of breach, such as changes in control or ownership of the Company or the issuance of new shares without the bank's prior written approval, as stipulated in the financing agreements concluded with Riyad Bank, Arab National Bank and Al Rajhi Bank. The Company submitted a letter dated 22/11/1444H (corresponding to 11/06/2023G) notifying Riyad Bank, Arab National Bank and Al Rajhi Bank of the Offering which will result in a change in the Company's ownership structure, and each of them provided their respective consents. Certain financing agreements also limit the Company's ability to distribute dividends without the prior written approval of the bank pursuant to the financing agreements concluded with it, as stipulated in the financing agreement concluded with Al Rajhi Bank and the Arab National Bank. The Company has mortgaged inventory with a total value of two hundred and ninety-six million, one hundred and seventy-five thousand Saudi Riyals (SAR 296,175,000) in favor of the Agricultural Development Fund according to the financing agreement concluded with it, in addition to mortgaging the plot owned by the Company located in Al Sulay district in Riyadh in favor of Saudi Awwal Bank (for further information regarding the Company's real estate, please refer to Section 10.8.1 "**Real Estate Owned by the Company**" of this Prospectus). The Company's failure to fulfill any of its obligations under these financing agreements will result in a breach under which the lender is entitled to terminate the financing agreement and demand the payment of all due amounts. This may also lead to the acceleration of the repayment of any other debts under other financing agreements. If creditors decide to expedite the date of payment of the debts due to them, the Company may not have sufficient assets to repay such debts, which may prompt the Company to declare bankruptcy or liquidation or urge creditors to enforce any of the guarantees provided by the Company, including on the inventory and plot mortgaged in favor of the financing entities. The occurrence of any of the above-mentioned factors will have an adverse and material impact on the Company's business, results of operations, financial position and future prospects.

2- Future Financing and Credit Facilities

In the future, the Company may need to obtain financing from commercial banks and/or government lenders or other financiers to cover its working capital requirements or implement its future growth plans. The Company's ability to obtain loans and facilities from lenders at lower costs or on favorable terms depends on its future financial position, global economic conditions, financial market conditions, interest rates, availability of credit from banks or external lenders and the confidence of lenders in the Company. The Company may not be able to obtain such financing on reasonable terms or at all for any reason, such as restrictions imposed on any current financing, or lenders' views on the Company, or the future results of the Company's operations, financial position and cash flows. Borrowing at variable interest rates may also cause the Company to be vulnerable to increases in interest rates and/or commission rates (which may be significantly affected by factors beyond the Company's control, such as monetary and tax policies and global economic and political conditions), and the Company may not be able to obtain such financing on reasonable terms or at all when necessary. Any fixed or variable increase in interest or commission rates imposed by banks or other lenders will lead to higher financing costs incurred by the Company, which will negatively affect its future profits and its ability to pay and fulfill its obligations towards lenders. As a result, the Company may not be able to take advantage of business opportunities, such as acquisition opportunities, or react to changes in market or industry conditions. The occurrence of any of the above-mentioned cases could have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.1.35 Risks related to the Inadequacy of Insurance Coverage

The Company maintains insurance coverage for its operations through several types of insurance policies, including medical insurance for the Company's employees, money insurance, marine cargo insurance, motor insurance, general liability insurance, land transit insurance, fidelity guarantee insurance, directors and officers liability insurance, plant and equipment insurance, and sabotage and terrorism insurance (for further information regarding the insurance policies issued to the Company, please refer to Section 10.10 "**Insurance**" of this Prospectus). The insurance policies maintained by the Company may not sufficiently cover all the risks to which it is exposed, and the limits of the insurance coverage under such policies may be insufficient to cover the losses that the Company may incur in connection with the insured risks. The Company may not be able to substantiate its claims according to the applicable insurance policies due to exclusions or limitations to the insurance coverage, such as the insurance coverage being limited to certain types of accidents, which will cause the Company to compensate for losses resulting from any other accidents itself. The Company may also be affected by a number of risks that are not covered by insurance or are covered at unreasonable prices. There may be future accidents that the Company did not insure to cover potential losses or are not covered by the insurance at all, which may have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

In addition, the Company's claims may exceed the value of its insurance policies and the scope of their coverage, or the insurance may not cover the damage in question. Also, claims submitted by the Company may be rejected by the relevant insurance company. Moreover, the Company may not be able to obtain adequate insurance coverage due to increased premiums or unavailability of coverage (due to increased premiums, deductions or co-insurance requirements). It should be noted that four (4) insurance policies issued in the name of the Company in relation to medical insurance for the Company's employees have expired. The Company may not be able to renew its existing insurance policies on the same terms or at a favorable rate. The occurrence of any of these factors would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.1.36 Risks related to Litigation

The Company may be exposed to litigation, claims and other judicial proceedings related to its business operations in the future, including from consumers, suppliers and employees. As of the date of this Prospectus, the Company is subject to twenty-five (25) lawsuits as a plaintiff, with a potential total financial impact of fifteen million, one hundred and eighteen thousand, three hundred and eighty-three Saudi Riyals (SAR 15,118,383), in connection with financial claims, labor claims, insurance claims, embezzlement claims and vehicle ownership claims. The Company is also subject to thirty-two (32) lawsuits as a defendant, with a potential financial impact of thirteen million, one hundred and ninety thousand, seven hundred and twenty Saudi Riyals (SAR 13,190,720), in connection with one commercial claim and labor claims (for further information regarding litigation, please refer to Section 10.11 "**Litigation**" of this Prospectus). The Company cannot predict the outcome of these claims, and any unfavorable outcome may have an adverse impact on the Company's business, results of operations, financial position and future prospects. In addition, the Company is unable to anticipate the costs of such claims brought by or against it, or the final outcome of claims or judgments, including penalties and damages. Therefore, any unfavorable judicial award would have a material and adverse impact on the Company. If the Company is exposed to a negative judicial or quasi-judicial award requiring payment of large amounts of compensation that exceed the Company's financial capacity, this would have an adverse impact on the Company's business, results of operations, financial position and future prospects.

2.1.37 Risks related to Compliance with the Companies Law and the CGRs

In the management and conduct of its various operations and activities, the Company is governed by the provisions of the Companies Law and the CGRs. The Companies Law and the CGRs impose certain corporate governance requirements that the Company must comply with. The Company will need to take certain actions to comply with such requirements. The Companies Law and the CGRs impose severe penalties for violation of the mandatory rules and provisions. Hence, the Company may be subject to such penalties, including monetary fines and/or imprisonment. For example, the Companies Law stipulates that any director, officer, board member, auditor or liquidator who records false or misleading statements shall be punished by imprisonment for a period not exceeding three (3) years and a fine not exceeding 5 million Saudi Riyals. Furthermore, it should be noted that the Companies Law was promulgated by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), and entered into force on 26/06/1444H (corresponding to 19/01/2023G). The Company has not fully assessed the impact of the new Companies Law on its operations and may incur additional costs to take the necessary procedures to ensure compliance therewith. If the Company fails to comply with these provisions and rules, this would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.1.38 Risks related to Internal Control Systems

The Company is required to have effective internal control systems that ensure micro-governance within the Company. The Company's Ordinary General Assembly approved its internal governance regulations on 13/10/1444H (corresponding to 03/05/2023G). The Company exercises internal control over its business through the application of its internal governance regulations. The Corporate Governance Manual includes regulations derived from the CGRs issued by the CMA. The Company's success in properly implementing the corporate governance rules and procedures depends on the awareness and understanding of such rules and the proper implementation thereof by the Board of Directors, its Committees and Senior Management, especially with regard to the Board independence requirements, conflicts of interest and disclosure requirements. Failure to comply with the mandatory provisions of the CGRs issued by the CMA may lead to the imposition of regulatory penalties on the Company, which would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects. The Company established the Audit Committee pursuant to a resolution of the Board of Directors dated 10/03/1444H (corresponding to 06/10/2022G), which was approved by a resolution of the Ordinary General Assembly dated 13/10/1444H (03/05/2023G). The Company also established the Nomination and Remuneration Committee pursuant to a resolution of the Board of Directors dated 10/03/1444H (corresponding to 06/10/2022G) (for further information regarding the Company's Board Committees, please refer to Section 5.3 "**Board Committees**" of this Prospectus). If the members of such committees do not perform their duties and adopt a framework that guarantees the protection of the Company's interests and those of its Shareholders, this will affect the Company's compliance with the CGRs and continuous disclosure requirements and the ability of the Board of Directors to monitor the Company's activities through such committees, which would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.2 Risks related to the Sector in which the Company Operates

2.2.1 Risks related to Competition

The Company competes in the MENA region with other companies who produce dairy and food products. Competitive factors include price, product quality, brand spread, innovation, expansion of production lines and customer service. Competition may be more intense for the Company's business outside the Kingdom, as local companies may gain greater market share and the trust of local consumers. Competitive factors differ in various key consumer markets. In the dairy and food products market, competition is based on continuous quality, product development, customer service and price. In the retail market, competition is based on product quality, brand reputation, price and supply chain. The Company may not be able to maintain or enhance its position in the market or its overall share of the food service market due to the fact that some of the Company's competitors have financial and marketing resources that exceed the Company's resources. In addition, higher competition may result in lower prices, increased sales offers and incentives, lower gross profit margins, higher sales expenses, increased marketing program costs and increased expenditure for expanding marketing channels. The Company's competitors, including new companies, may offer products that are superior to the Company's products in terms of market acceptance, price and quality. If the Company is unable to address these competitive challenges, this will materially and adversely affect the Company's business, financial position, results of operations and future prospects.

2.2.2 Risks related to Consumer Behavior and Spending Levels

Consumer needs and market trends in the Kingdom are witnessing rapid changes, as consumer acceptance of new products is subject to a number of factors, including prevailing economic conditions, disposable income, different lifestyles, and price levels, among other factors. Moreover, certain products offered by the Company may not be widely accepted by consumers. The success of the Company's operations depends on its continued ability to produce products that meet consumer needs. In addition, fluctuations in economic factors beyond the Company's control may affect consumer spending levels and demand for the Company's products. Such factors include consumers' ability to borrow, interest rates, unemployment rates, salary levels, taxes and water and electricity consumption costs. A decline in general economic conditions, wages or availability of consumer credit, or an increase in interest rates and tax rates, including the imposition of VAT, or the occurrence of political events that could reduce consumer spending in any of the geographic areas in which the Company operates, specifically in the food sector, could have an adverse impact on the sales of the Company's products. In addition, some competitors may reduce the prices of their food products and promote them in such circumstances, which in turn would lead to increased pressure on the Company. Any decline in the number of consumers or their spending levels as a result of any of the aforementioned factors would have a material adverse impact on the Company's business, financial position, results of operations and future prospects.

2.2.3 Risks related to the Economic Conditions of the Kingdom and the Global Economy

A large portion of the Company's operations and customer base are located in the Kingdom and the MENA region. Thus, the Company's performance, results of operations and growth prospects may be affected by the general economic conditions in the Kingdom, the MENA region and globally. The Kingdom's economy is highly dependent on oil revenues, which play an important role in the Kingdom's economic plan and GDP. Any decline in oil prices will lead to an economic slowdown and/or a slowdown in Government spending plans, which may affect all sectors of the Kingdom's economy, which in turn will have an adverse impact on the Company's business, results of operations, financial position and future prospects. Any major unexpected changes in the economic environment of the Kingdom or any other countries in the MENA region, including, inter alia, normal or unexpected fluctuations in markets, economic stagnation, insolvency, high unemployment rates and other developments, will also materially and adversely affect the Company's business, results of operations, financial position and future prospects.

2.2.4 Risks related to Political Stability and Security Concerns in the MENA Region

The Company's core operations and customer base are located in the MENA region (for further information regarding the Company's geographical presence and its operations outside of the Kingdom, please refer to Section 4.3.6 "**Geographical Presence**" of this Prospectus and Section 4.4 "**The Company's Business and Assets Outside the Kingdom**" of this Prospectus). The MENA region is exposed to a number of geopolitical and security risks. Any geopolitical events or any future developments in the geopolitical situation may contribute to instability in the MENA region and surrounding areas (which may or may not directly involve the countries in which the Company operates). Therefore, investments in the MENA region are characterized by a high level of uncertainty. Any unexpected changes in the political, social or other conditions in the countries of the MENA region, or any terrorist attacks or acts of sabotage in the future targeting any of the countries in which the Company operates or any other countries in which the Company may wish to expand, may adversely affect the markets in which the Company operates and its ability to retain existing consumers and investments or to attract new consumers or investments in the future, which in turn would have an adverse impact on the Company's business, results of operations, financial position and future prospects.

2.2.5 Risks related to Changes in the Regulatory Environment and Government Policies

The food sector is subject to many laws and regulations which are in force in the Kingdom and other countries in which the Company operates in relation to food production, processing, packaging, storage, distribution, promotion and labeling, as well as the quality and safety of food products. The Company is subject to the supervision of a number of Government authorities in the Kingdom, including, inter alia, the Ministry of Industry and Mineral Resources, the CMA, the Ministry of Commerce, the Saudi Authority for Industrial Cities and Technology Zones, the Saudi Food & Drug Authority and the Ministry of Environment, Water and Agriculture. As a result, the Company is subject to the risks of changes in the laws, regulations, circulars and policies in force in the Kingdom. The regulatory environment in the Kingdom is witnessing the issuance of a number of laws and regulations, making it more vulnerable to change and development. The costs of compliance with such laws may be considered high. In the event of any changes to the current laws or regulations, or if new laws or regulations are passed, this may lead to the Company incurring additional unexpected financial expenses in order to achieve compliance with such regulations. The Company's lack of awareness of new laws and regulations or its understanding of existing laws or regulations may materially affect the Company's business and operations. The Company could be exposed to fines and penalties if it does not comply with the provisions of such laws and regulations or if it does not apply the licensing requirements, which may change from time to time. This may increase the Company's costs or harm the Company's reputation, and may in turn reduce the Company's competitive position or demand for its products. Additionally, the Company's loss or inability to obtain the necessary permits could lead to delays in meeting consumer demand, introducing new products or implementing its approved growth plan, or render it unable to implement such plan. This would have a material and adverse impact on its business, financial condition, results of operations and future prospects.

The Company's operations are also governed by regulations overseen by the General Authority for Meteorology and Environmental Protection, which are related to, inter alia, the impact of the materials used on the environment and handling and disposal of waste. Failure to comply with such regulations may result in negative consequences in the form of fines or impact on the Company's reputation. The detection of future cases of contamination in or near the Company's property may lead to the Company incurring additional expenses. This would have a material and adverse impact on its business, financial position, results of operations and future prospects.

In addition, the food sector is supported by the Kingdom's Government and subsidies from the Ministry of Finance to import alfalfa and wheat straw. For example, agricultural land was granted and allocated to certain companies in the Kingdom for them to revive and establish agricultural projects on such land pursuant to Allocation Resolution No. 1506/4/1 dated 17/03/1401H (corresponding to 24/01/1981G). By virtue of Royal Decree No. F/41, dated 17/10/1401H (corresponding to 17/08/1981G), and in accordance with Council of Ministers Resolution No. 288, dated 30/05/1440H (corresponding to 05/02/2019G), which provided for granting the Company ownership of plots, and based on the Minutes of the Central Committee for the Distribution of Uncultivated Land No. 2141, dated 27/04/1440H (corresponding to 03/01/2019G), it was recommended that the Company be granted ownership of a plot with an area of 72 million square meters located in Busaita in the Al Jouf region and a plot with an area of one hundred and ninety-three million, eighty-two thousand, three hundred (193,082,300) square meters in the Hail region. If the Government's policies supporting the food sector are changed, this would have a material and adverse impact on the Company's business, financial position, results of operations and future prospects.

2.2.6 Risks related to Zakat, Income Tax and VAT Laws

The Kingdom issued the VAT Law, effective as of 14/04/1439H (corresponding to 01/01/2018G), which imposes a value-added tax of 5% on a number of products and services, including the services provided by the Company. On 17/09/1441H (corresponding to 10/05/2020G) and in response to the economic impact of the COVID-19 pandemic, the Kingdom announced an increase in the VAT rate to 15%, effective as of 10/11/1441H (corresponding to 01/07/2020G). The end consumer bears the VAT, which has led to an increase in the prices of some of the Company's products. Such increase, or any future increases in the Zakat and tax requirements applicable to the Company, may affect consumer spending, which may lead to a decrease in demand for the Company's products and negatively affect its profitability. Any establishment subject to value-added tax must submit VAT returns, on a monthly or quarterly basis, to ZATCA and pay its dues no later than on the last day of the month following the end of the tax period. In addition, all establishments subject to VAT must retain invoices, records and accounting documents related to taxable items for at least six (6) years from the end of the tax period relating to such items, eleven (11) years for movable capital assets and fifteen (15) years for immovable capital assets, from the date of their acquisition by the taxable person. It is possible that the Company may make mistakes in the application of the VAT Law in relation to the provisions described above or any other VAT provisions in the relevant laws. This may lead to the imposition of penalties by ZATCA in accordance with the VAT Law, which would materially and adversely affect the Company's business, results of operations, financial position and future prospects.

2.2.7 Risks related to Dealing in Foreign Currencies and Exchange Rates

Since the Company has operations in several countries, some of the Company's transactions are carried out in currencies other than the Saudi Riyal, particularly the US dollar. As part of the Kingdom's policy, the Saudi Riyal, as of the date of this Prospectus, is pegged to the US Dollar at an exchange rate of 3.75 Saudi Riyals per US dollar. However, there is no guarantee that the exchange rate of the Saudi Riyal will remain stable against the US dollar. Fluctuations in the value of the Saudi Riyal against foreign currencies (including the US dollar) used by the Company may lead to an increase in expenses, which would have an adverse effect on the Company's business, results of operations, financial position and future prospects.

In addition, some of the Company's transactions are carried out in volatile currencies, including, for example, the Euro and Pound sterling. Any restrictions on the conversion or timing of conversion of such currencies may expose the Company to adverse exchange rate fluctuations. The Company cannot predict the impact of exchange rate fluctuations on future operating results and there is no guarantee that exchange rate fluctuations will not be unfavorable to the Company, which would have an adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.8 Risks related to Adverse Changes in Interest Rates

In the future, the Company may decide to enter into financing agreements with floating interest rates to finance its operating costs, invest in new technologies, finance its expansion and growth, and manage cash flows. Accordingly, unhedged increases in the benchmark interest rates on which the facilities are based would increase financing charges and reduce the Company's cash flows. Interest rates are also greatly affected by many factors, including factors related to governmental, monetary and tax policies, international and local economic and political conditions and other factors beyond the control of the Company. In response to the current inflationary environment, central banks in certain countries increased their interest rates, such as the simultaneous decision of the Saudi Central Bank (SAMA) to increase interest rates during the financial year ended 31 December 2022G. Central banks, including the Saudi Central Bank (SAMA), may continue to adjust interest rates in the coming periods based on the prevailing economic environment, which will further affect the cost of financing. The Company may decide to hedge interest rate risk from time to time. However, such hedging may be costly and may not provide the Company with full protection against any interest rate increases. Therefore, an increase in interest rates and related financing costs may reduce the Company's profitability and cash flows, which would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.2.9 Risks related to Saudization Requirements

Compliance with the Saudization requirements is a statutory requirement in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are required to employ and maintain a certain percentage of Saudi employees among their employees. Such percentage varies based on the activity of each company as set out in the "Nitaqat" program. The Company is currently compliant with the Saudization requirements as of the date of this Prospectus and is classified under the Medium Green, Low Green and Medium Green categories for the agricultural, industrial and logistics sectors, respectively, according to the "Nitaqat" program (for further information regarding the Company's Saudization percentage, please refer to Section 4.7 "**Employees**" of this Prospectus). However, the Company may not be able to continue to comply with the Saudization and "Nitaqat" program requirements. In such case, the Company will face penalties from Government authorities, such as suspension of work visa applications, suspension of sponsorship transfer requests for non-Saudi employees and exclusion from Government tenders and loans. The Company may not be able to hire Saudi employees on favorable terms or at all, or maintain its current Saudi employees, which may affect its ability to meet the required Saudization rate. There may be a significant increase in salary costs in the event the Company hires more Saudi employees. The occurrence of any of the above would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.2.10 Risks related to Labor Costs

The Kingdom has implemented a number of reforms aimed at increasing the participation of Saudi employees in the labor market, including imposing fees on non-Saudi employees working for Saudi companies, as well as fees for residence permits for family members of non-Saudi employees. The fees for non-Saudi employees became effective as of 14/04/1439H (corresponding to 01/01/2018G), while the residence permit fees became effective as of 07/10/1438H (corresponding to 01/07/2017G), noting that such fees gradually increased to nine thousand, six hundred Saudi Riyals (SAR 9,600) annually per employee in 2020G. As of 31 December 2022, non-Saudi employees constituted 84.5% of the Company's total employees. The implementation of such fees and increases led to an increase in the Government fees paid by the Company for its non-Saudi employees, which amounted to thirty-seven million, one hundred and seventy-three thousand, nine hundred and thirty Saudi Riyals (SAR 37,173,930) , thirty million, nine hundred and fifty-six thousand and eighty-one Saudi Riyals (SAR 30,956,081) and, thirty-seven million, two hundred and sixty-eight thousand, five hundred and twenty-five Saudi Riyals (SAR 37,268,525) in the financial years ended 31 December 2020G, 2021G and 2022G, respectively. Moreover, the increase in fees payable by non-Saudi employees for their family members has led to higher living costs, which may affect the attractiveness of the Kingdom for those employees who may look to relocate to other countries with lower living costs. Consequently, the rise in Government fees and the difficulty of retaining non-Saudi employees will have an adverse impact on the Company's business, results of operations, financial position and future prospects.

MHRSD has officially announced the launch of the "Improving the Contractual Relationship" initiative, which includes a number of policies and controls, such as replacement of the sponsorship system with an employment contract system between the employer and the expatriate worker. Such initiative became effective as of 01/08/1442H (corresponding to 14/03/2021G). Within the framework of this initiative, the Kingdom strives to improve, promote and develop the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labor market and raise its attractiveness in line with international best practices, as well as activate contractual reference in the employment relationship between employers and employees based on a documented employment contract through the contract documentation program. The job mobility service also allows expatriate workers to switch to another job upon the expiration of their employment contract without needing to obtain the employer's consent. Furthermore, the initiative also defines mobility mechanisms during the contract term, provided that the notice period and applicable controls are adhered to. The exit and re-entry service allows expatriate workers to travel outside the Kingdom upon submitting an application therefor, while notifying their employers electronically. The final exit service enables expatriate workers to leave immediately upon the expiration of their contracts, while notifying their employers electronically, without obtaining the employer's consent. In addition, the initiative also grants workers the option to leave the Kingdom, provided that such workers bear all the consequences of contract termination. All such services are available through the "Absher" and "Qiwa" platforms launched by the MHRSD. As a result, the Company may be negatively affected in the event a large number of non-Saudi employees decide to switch to other companies, in which case the Company would not be able to prevent them except to the extent permitted under the employment contracts concluded with such employees. Hence, the Company may encounter difficulties in hiring new employees to replace them. If the Company loses a large number of its non-Saudi employees due to such employees switching to other companies and is unable to hire new employees to replace them, this would have a material and adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.11 Risks related to Energy and Water Prices

The Council of Ministers issued Resolution No. 95, dated 17/03/1437H (corresponding to 28/12/2015G), in order to raise the prices of energy products and electricity, water and sanitation service tariffs for the residential, commercial and industrial sectors, as part of the Kingdom's policies aimed at rationalizing energy consumption and reducing Government subsidies. The Ministry of Energy issued a statement on 24/03/1439H (corresponding to 12/12/2017G) regarding the Fiscal Balance Program plan to reform the prices of energy products, effective as of 14/04/1439H (corresponding to 01/01/2018G). The Company's operations depend on the availability of energy, electricity and water products. Hence, any interruption or reduction in the supply of these products or any increase in the prices of such products would adversely affect the Company's business, results of operations, financial position and future prospects.

2.2.12 Risks related to Epidemics

The outbreak of any infectious disease or any other serious public health concern in the Kingdom or any other location in which the Company operates could have a material and adverse impact on economies, financial markets and business activities worldwide, including on the Company's business. For example, the global COVID-19 pandemic caused by the novel coronavirus SARS-CoV-2, as announced by the World Health Organization, led to certain preventive measures by governments, companies and individuals that led to global business disruption. The COVID-19 pandemic has negatively affected global economies, financial markets, global oil demand and prices, as well as the general environment in which the Company operates, due to the strict precautionary measures, restrictions on travel and public transportation, requirements to stay at home, social distancing practices and prolonged closure of workplaces and economic activities. This has had a significant impact on the economy of the Kingdom and the economies of the countries in which it operates. In addition, the re-imposition of preventive measures or the imposition of additional measures due to an outbreak of COVID-19 or any other infectious disease may lead to a prolonged decline or an exacerbation of the decline in oil prices or have a long-term adverse effect on the economy of the Kingdom or the economies of the countries in which the Company operates, which in turn would have a material and adverse impact on the Company's business, results of operations, financial position and future prospects.

2.2.13 Risks related to Climatic Conditions

The climatic conditions of the GCC countries and the Kingdom, especially in the areas where the Company operates, such as extreme cold, high temperatures, floods, storms or other natural disasters, may affect the health or growth of the Company's food and agricultural products or affect production or distribution processes in the Company. In addition, climate change can increase the severity of extreme weather events. Severe weather conditions, regardless of their cause, can affect the Company's business through:

- Damage caused to the Company's infrastructure or facilities.
- Power outages and water shortages.
- Disruption of distribution channels.
- The fodder components of dairy-producing animal sources being affected due to unpredictable climatic and natural conditions and thus their unavailability.
- Damage that may be caused to the Company's operations due to the effects of such weather conditions.
- Any of these factors could have a material adverse effect on the Company's business, financial position, results of operations or future prospects.

2.2.14 Risks related to Environmental Protection and Compliance

The Company's operations related to agricultural activities require compliance with the environmental regulations, laws and instructions in force in the Kingdom and the countries in which the Company operates. Non-compliance or non-adherence to environmental regulations and directives may lead to the closure of the Company's agricultural and industrial facilities and would expose the Company to sanctions, fines or penalties that may be imposed by the regulatory authorities, which in turn would lead to the suspension of its operations. This would have a material and adverse impact on the Company's business, financial position, results of operations and future prospects.

2.2.15 Risks related to Floods, Earthquakes and Other Natural Disasters

Natural disasters beyond the control of the Company, such as floods, earthquakes and storms, if they were to occur, may damage the Company's facilities, which would result in the Company incurring high costs. This may also affect the Company's ability to continue its operations and thus reduce its income from such operations. Accordingly, in the event of such disasters and damage to the Company's facilities, this would have a material and adverse impact on the Company's business, financial position, results of operations and future prospects.

2.3 Risks related to the New Shares

2.3.1 Risks related to Control by the Substantial Shareholder

As of the date of this Prospectus, SALIC is a Substantial Shareholder in the Company as it owns thirty-nine million, two hundred and eighty-two thousand, three hundred and nine (39,282,309) shares, representing 38.65% of the Company's capital pre-Offering. As a result, SALIC will have the ability to control matters requiring Shareholder's approval and will be able to significantly influence the Company's business, including matters such as the nomination of Board Members, material transactions, dividend distributions and capital adjustments. If the interests of SALIC conflict with those of the Company's minority Shareholders (including the Subscribers), the minority Shareholders will be at a disadvantage and SALIC will be able to exercise its control over the Company in a way that may adversely affect the Company. This may have a negative impact on the expected returns of Subscribers and/or lead to the loss of all or part of their investment in the Company.

2.3.2 Risks related to Possible Fluctuations in the Price of the Preemptive Rights

The market price of the Rights during the Trading Period may not be indicative of the market price of the Company's shares following the Offering. The Company's share price may be unstable and may fluctuate significantly as a result of market conditions related to the Preemptive Rights or the Company's shares. Such fluctuations may result from many factors including, inter alia, market conditions related to the shares and any regulatory changes in the sector in which the Company operates, changes in the Company's financial position, deterioration in the Company's business results and financial performance, the Company's inability to implement future plans, the entry of new competitors, changes in the opinions or estimates of stock market experts and analysts and any announcement by the Company or any of its competitors regarding a merger and acquisition or strategic alliances. The market price of the Company's shares during the Offering Period for Preemptive Rights is not considered an indication of their market price post-Offering and there is no guarantee that the market price of the Company's shares, once they are listed on the Stock Exchange, will not be less than their purchase price, which would negatively affect Investors.

The market price of the Preemptive Rights may also be subject to significant fluctuations, which may be caused by a change in market trends in relation to the Company's Shares. The large fluctuations which the market price of Preemptive Rights may be exposed to is due to the difference in the level of change allowed for the trading prices of the Preemptive Rights compared to the change allowed for ordinary shares. Since the trading price of the Preemptive Rights depends on the Company's current share price and the market's perception of the potential share price following subscription, these factors, coupled the possibility of significant volatility of the Company's share price, may affect the price of Preemptive Rights.

2.3.3 Risks related to Forward-looking Statements and Future Prospects

Some of the information contained in this Prospectus may constitute forward-looking statements and may include known and unknown risks as well as certain uncertainties which affect the Company's financial results. This information includes, inter alia, information relating to the Company's financial position, business strategy, plans and future goals. The future results and performance data of the Company cannot be accurately predicted and may differ from what is set out in this Prospectus. The future results and performance data of the Company cannot be accurately predicted and may differ from what is set out in this Prospectus, as the Company's performance and its ability to develop are what determine the actual results of the Company. The inaccuracy of such forecasts and information is one of the risks that shareholders and investors must consider. In the event that the Company's future expectations differ from its actual results, this may negatively affect the share price.

2.3.4 Risks related to Trading and Speculation in the Preemptive Rights

Speculation in the Preemptive Rights may cause material losses. The permitted change in the trading price of the Preemptive Rights or the Indicative Value of the Rights could exceed the percentage change to which the shares are subject. There is also a direct correlation between the Company's share price and the Indicative Value of the Rights. Accordingly, the daily price limits for the trading of Rights will be affected by the daily price limits for share trading. If speculators do not sell the existing Preemptive Rights before the end of the Trading Period, they will have two options: they can either exercise such rights to subscribe for the New Shares before the end of the Subscription Period, or they can choose not to exercise such rights. In either case, speculators may incur losses or a decline in the value of their investment portfolio. Therefore, Investors are required to review the full details of the mechanism for listing and trading of new Rights and shares, including how they work. Investors must also ensure they familiarize themselves with all of the factors that could affect such Rights and shares, such that any investment decision is based on full awareness and understanding.

2.3.5 Risks related to Low Demand for the Preemptive Rights and Company Shares

There is no guarantee that there will be sufficient demand for the Preemptive Rights in connection with the Company's IPO during the Trading Period, in order to enable holders of Preemptive Rights to sell such rights and profit therefrom. Furthermore, there is no guarantee that there will be sufficient demand for the Company's shares from Institutional Investors during the Rump Offering Period. If Institutional Investors do not bid for the Rump Shares at a price higher than the Offer Price, there will be no compensation for the holders of unexercised Preemptive Rights. Moreover, if such Institutional Investors do not wish to subscribe, or in the event there are shares which remain unsubscribed, the Underwriters will purchase such shares at the Offer Price, and thus, there will be no compensation for the holders of unexercised Preemptive Rights. In addition, there is no guarantee that there will be sufficient demand on the Exchange for shares acquired by Subscribers, whether such shares are acquired through the exercise of Preemptive Rights, the Rump Offering, or the Exchange. This could adversely affect the share price and the profitability of the Company and Shareholders.

2.3.6 Risks related to Dilution

In the event that holders of Rights do not subscribe in full with their Rights, their ownership percentages and the associated voting rights in the Company will decrease. There is also no guarantee that the return received by registered holders of Preemptive Rights who wish to sell their Rights during the Trading Period will be sufficient to fully compensate them for the decrease in their ownership percentage in the Company's capital.

2.3.7 Risks related to Failure to Exercise the Preemptive Rights in a Timely Manner

There is no guarantee that there will be sufficient demand for the Preemptive Rights during the Trading Period in order for Preemptive Rights holders, whether they are Registered Shareholders or New Investors, to sell the Preemptive Rights and profit therefrom, or to sell such rights at all. There is no guarantee that there will be sufficient demand for the Company's shares from Institutional Investors during the Rump Offering Period. If Institutional Investors do not submit bids for the Rump Shares at an adequately high price, there may not be sufficient compensation to be distributed to the holders of Preemptive Rights who did not exercise their subscription rights. Moreover, there is no guarantee that there will be sufficient demand on the Exchange for the shares acquired by Subscribers, whether such shares are acquired through the exercise of Preemptive Rights, through the Rump Offering or through the open market.

2.3.8 Risks related to the Possibility of Future Issuances of New Shares

The Company may increase its capital in the future by issuing additional new shares (after obtaining the necessary regulatory approvals, including the approval of the CMA and the approval of the Extraordinary General Assembly of Shareholders) to New Investors or to certain existing Shareholders. This would dilute the ownership of the Company's Shareholders who do not participate in the capital increase and would lead to a decrease in their voting ability and earnings per share due to the increase in the number of shares.

2.3.9 Risks related to the Dividend Policy

The distribution of future dividends depends on several factors, including, inter alia, future profits, financial position, cash flows, working capital requirements, capital expenditure and the Company's distributable reserves. Furthermore, the Company may not be able to distribute dividends to Shareholders and the Board of Directors may not recommend or approve the distribution of such dividends. In addition, the distribution of dividends is subject to the restrictions stipulated in the Company's Bylaws and the financing agreements concluded with financiers. For example, the financing agreement with Al Rajhi Bank and Arab National Bank contains restrictions according to which the Company may not distribute dividends unless it obtains approval to do so from the bank (for further information, please refer to Section 10.7 "**Financing Agreements**" of this Prospectus.) The Company may also be subject to restrictions stipulated in the financing agreements and credit facilities that it may conclude in the future with regard to the distribution of dividends. The Company may incur expenses or liabilities that reduce or result in the absence of cash available for distribution of dividends. If the Company does not distribute dividends to Shareholders, the Shareholders may not be able to obtain any returns on their investment in the shares except by selling such shares at a price higher than the purchase price.

2.3.10 Risks related to Shareholders' Lack of Awareness of the Trading Mechanism and Exercise of their Preemptive Rights

In 2013G, the CMA, in cooperation with Saudi Tadawul, developed a new mechanism for offering, registering and trading Preemptive Rights as securities. Such mechanism allows registered shareholders to subscribe or sell their rights, in whole or in part, or to buy or trade in Preemptive Rights during the Preemptive Rights Trading Period. This mechanism allows Investors (non-Shareholders) to purchase rights from eligible Shareholders during the Preemptive Rights Trading Period. Although the CMA and Saudi Tadawul have published awareness materials and organized special workshops to educate investors on preemptive rights, rights issues and subscription and trading procedures, et cetera, it may be difficult for certain Shareholders and Investors to comprehend the mechanism for the trading of Preemptive Rights, in particular the calculation of the final price, which may cause Shareholders to miss the opportunity of making the appropriate decision in a timely manner.

3. Market and Sector Information

3.1 Macroeconomic Overview of KSA

Saudi Arabia, as the largest economy in the Middle East, offers significant opportunities for the F&B industry. With a stable economic growth rate and a focus on diversification, non-oil sectors have become increasingly important, accounting for 57% of the GDP in 2022G. The government's commitment to economic transformation through Vision 2030 and the National Transformation Program has paved the way for the growth of the private sector. Strong fiscal policies have resulted in a budget surplus and a low public debt-to-GDP ratio, while the government continues to attract foreign direct investments. The country has also witnessed stable inflation rates and a below-regional-average unemployment rate. Supported by a young and growing population, with a forecasted CAGR of 1.1% between 2022G and 2040G, Saudi Arabia presents a favorable consumer market. Household spending per capita has increased steadily, with a 4% CAGR in 2017G-2022G, and is expected to continue growing at a 3% CAGR in the next 5 years. The F&B industry can capitalize on these favorable conditions and continue growing in the evolving consumer landscape in Saudi Arabia.

3.1.1 KSA economy

Leading and evolving economy in the Middle East

KSA is the largest economy in the middle east, with a GDP of approximately SAR 2,975 Bn in 2022G. Saudi Arabia has experienced stable economic growth considering the overall period 2017G-2022G, with a 2.3% CAGR in real GDP. The economy has recovered steadily after the COVID-19 impact and Real GDP grew at a 6.3% CAGR in 2020G-2022G. The economy is mainly dependent on the oil sector accounting for approximately 40% of KSA's GDP in the last 5 years. Economic growth has been historically correlated with global oil prices. Therefore, the recent increase in GDP is strongly connected with the +55% rise in oil price since 2020G. However, in the last years non-oil GDP has played a critical role in the economy, growing relatively 0.7pp faster than the oil-based economy since 2017G. In this context, Saudi Arabia, driven by Vision 2030, has undergone significant economic transformation. The Saudi government has been working on multiple initiatives to further diversify the economy, with a clear goal to grow the non-oil sectors. Economic growth fostered by the oil industry has allowed the government to channel more funds into the domestic economy transformations. Today, non-oil industries play a critical role in the Saudi economy and in 2022G accounted for 57% of overall GDP.

Table (3.1): KSA macroeconomic indicators, constant prices (in SAR Bn)

	2017G	2018G	2019G	2020G	2021G	2022G
Oil GDP	1,103	1,128	1,091	1,019	1,021	1,177
Non-oil GDP	1,534	1,520	1,573	1,526	1,614	1,691
Government consumption	431	444	454	448	456	472
Private sector consumption	1,102	1,077	1,119	1,078	1,158	1,219
Real GDP	2,656	2,729	2,752	2,632	2,736	2,975
Average Brent oil Price per barrel (USD)	54.7	71.34	64.28	41.96	70.86	100.93

Source: KSA General Authority for Statistic

Government budget surplus and strong fiscal policies

In 2022G, the Saudi budget surplus was estimated to be 2.6% of total GDP, primarily driven by an increase in oil revenues and non-oil tax revenues, a rebounding economy after COVID-19 and the effect of the tripling of the VAT rate to 15% in mid-2020G. Despite geopolitical risks in the region and inflationary pressures, the Saudi government has succeeded in maintaining the momentum of economic and fiscal reforms, with the country expecting to achieve a surplus of 0.4% in FY 2023G. Based on KSA's budget statement for the fiscal year of 2023G, budget surpluses are planned to be utilized to strengthen government reserves, bolster national funds, expedite the implementation of critical strategic programs and projects, and repay a portion of the outstanding public debt principal. The public debt-to-GDP ratio was estimated to be 24.9% in 2022G, standing below the regional average of 46.7%. In the years to come the Saudi government aims to continue to control its debt ratio, targeting a stable percentage over the next years and a 22.6% ratio in 2025G.

Table (3.2): Saudi medium term fiscal projections (in SAR Bn)

	Actual 2021G	Budget 2022G	Estimates 2022G	Budget 2023G	Projection 2024G	Projection 2025G
Total Revenues	965	1,045	1,234	1,130	1,146	1,205
Total Expenditure	1,039	955	1,132	1,114	1,125	1,134
Budget Surplus/ Deficit	-73	90	102	16	21	71
As a percent of GDP	-2.3%	2.5%	2.6%	0.4%	0.5%	1.7%
Total Debt	938	938	985	951	959	962
As a percent to GDP	30.0%	25.9%	24.9%	24.6%	24.2%	22.6%

Source: KSA Ministry of Finance

Stable inflation and below regional average unemployment rate

In contrast with the global trend of rising food and commodity prices, Saudi Arabia is expected to experience lower inflation levels. The country's inflation rate dropped from 3.1% to 2.5% in 2022G, compared to the global average rate which increased from 4.7% to 8.7%. In this context, the government mitigated the impact of price hikes on low and middle-income classes, allocating SAR 20 billion towards social insurance beneficiaries and people registered with the Citizen Account Program, while continuing working towards food security objectives for key commodities. Over the next years, it is anticipated that the inflation rate in Saudi Arabia will remain stable and reach 2.0% by 2025G, driven by easing commodity prices.

As of 2021G, Saudi Arabia's unemployment rate was 6.7%, significantly lower than the average for the Middle East and North Africa (MENA) region of 9.9%. This can be attributed to the substantial number of foreign workers who support the labor market in the country. Furthermore, the increasing participation of women in the labor force is expected to contribute to reducing unemployment levels among Saudi citizens in the long run, thereby helping to sustain the country's low unemployment rate compared to its regional counterparts.

Table (3.3): Saudi inflation and employment rate

		2019G	2020G	2021G	2022G	2023G	2024G	2025G
Inflation Rate (average consumer prices)	KSA	-2.1%	3.4%	3.1%	2.5%	2.8%	2.3%	2.0%
	Global	3.5%	3.2%	4.7%	8.7%	7.0%	4.9%	3.9%
Unemployment Rate	KSA	5.6%	7.7%	6.7%	N/A	N/A	N/A	N/A
	MENA	9.3%	10.0%	9.9%	N/A	N/A	N/A	N/A

Source: International Monetary Fund, The World Bank

3.1.2 Government Initiatives: Vision 2030 and The National Transformation Program

Ambitious objectives and transformation plans

The government has been focusing on developing a comprehensive set of initiatives to create the necessary infrastructure and environment that enables the public, private and non-profit sectors to achieve Vision 2030. These initiatives are part of the National Transformation Program (NTP) which was launched in 2016G, together with Vision 2030. The NTP is articulated across eight different dimensions: transforming healthcare, improving living standards & safety, ensuring the sustainability of vital resources, maintaining social empowerment and non-profit sector development, achieving governmental operational excellence, improving labor market accessibility and attractiveness, enabling the private sector and developing the tourism and national heritage sectors. During its first phase (2016G-2020G), the National Transformation Program (NTP) accomplished significant milestones, including improving the regulatory framework and services provided to citizens, improving the ease of conducting business, expanding digital transformation and technical solutions, regulating the labor market, empowering women, and increasing their participation in the workforce, developing the non-profit sector, and developing the tourism sector. In its second phase (2021G-2025G), NTP will lead 7 dedicated themes around achieving government operational excellence, supporting digital transformation, enabling the private sector, developing economic partnerships, promoting social development, enhancing labor market accessibility and attractiveness, and ensuring the sustainability of critical resources.

A central role for the tourism sector

An important aspect of Vision 2030 and NTP is tourism. According to the Ministry of Tourism, the sector contributed 4% to the GDP in 2022G. Tourism has been identified as a priority sector and the Kingdom aims to achieve a target of 100 Mn tourists annually by 2030G (compared to approximately 16.5 Mn in 2022G). Despite the challenges posed by the COVID-19 pandemic, the Saudi tourism industry has shown resilience, with the 2022G number of inbound tourists showing a reversion to pre-COVID figures. According to the Minister of Tourism, the contribution of tourism to GDP is expected to reach 10% by 2030G, accounting for SAR 260 to 300 Bn.

Table (3.4): KSA number of inbound tourists

	2017G	2018G	2019G	2020G	2021G	2022G
Number of tourists (in Mn)	16.11	15.33	17.53	4.14	3.48	16.5
Tourist spending (in SAR Bn)	97.78	93.48	103.35	20.10	14.72	N/A

Source: KSA Ministry of Tourism, announcements

3.1.3 KSA population demographics

KSA is the largest country in the Gulf Cooperation Council with a growing population, estimated to be around 32.2 million people in 2022G. Based on Euromonitor forecasts, population growth is expected to slow down but remain positive in the future, with a forecasted CAGR of 1.1% between 2022G and 2040G. However, it is worth noting that the Kingdom aspires to a target population of 50-60 million by 2030G, leveraging on the expected inflows coming from giga projects like NEOM. According to the Saudi General Authority for Statistics, the country has a relatively young population with a median age of around 29 years old, with 66% of the population younger than 35 years old. The majority of the population (approximately 85%) is urbanized, with the highest concentration of people residing in the major cities of Riyadh, Jeddah, Mecca and Dammam.

Table (3.5): KSA demographic indicators

	2017G	2018G	2019G	2020G	2021G	2022G
Population (in thousands)	30,977	30,196	30,064	31,553	30,784	32,175
Urban Population	83.5%	83.7%	83.9%	84.1%	84.3%	84.5%

Source: KSA General Authority for Statistics, Euromonitor

Considering composition, Saudi households are comprised of three or more individuals in about 54% of the total households. Single person households and couples without children account for a considerable share of the total population of 26.1% and 19.9% respectively. It is worth noting that the average household size in KSA decreased from 5.9 to 3.9 between 2010 and 2022 according to population census figures by the Saudi General Authority for Statistics.

Table (3.6): KSA households by number of people (2022G)

	1 person	2 persons	3 persons	4 persons	5 persons	6+ persons
Percentage of total Households	26.1%	19.9%	11.0%	9.5%	8.8%	24.7%

Source: KSA General Authority for Statistics

Increasing consumer expenditure

Household spending per capita has increased steadily over the past few years, with a 4% CAGR in 2017G-2022G. The value of household spending was estimated to be SAR 38,122 per capita in 2022G and is expected to continue to grow in the next 5 years at a 3% CAGR. Growth in expenditure in Saudi Arabia was driven by several factors, including a growing population, rising disposable incomes, and increasing levels of consumer confidence. Considering disposable income, Saudi population experienced a steep growth in the past 5 years (8% CAGR in 2017G-2022G) and will continue to grow at a slower 2% CAGR in the next 5 years.

Table (3.7): Saudi consumer expenditure in SAR

	2017G	2018G	2019G	2020G	2021G	2022G	2027G(f)
Total household spending per capita	31,106	32,077	32,468	31,674	36,082	38,122	44,624
Disposable income per capita	27,500	31,900	30,700	26,700	31,700	39,500	44,500

Source: Fitch

According to a 2040G projection by Euromonitor, couples with children are forecasted to remain the largest spenders in Saudi Arabia. Due to their larger size, couples with children will retain the highest spending power among household types, accounting for 64.0% of total spending by 2040G. Moreover, couples with children will experience the most significant spending growth, with expenditure per household anticipated to increase by 95.6% over the forecast period. This critical segment will demand family-oriented goods and services. In this context, families will continue to represent the most important market within Fast-Moving Consumer Goods (FMCGs).

3.2 F&B Market Overview

The Saudi Arabian F&B market offers a significant investment landscape due to its market size, growth potential, government support, import substitution opportunities, and evolving consumer preferences and market dynamics. Key players in the sector can leverage on a thriving market while contributing to the country's self-sufficiency and food security objectives.

The KSA F&B market is sizeable, standing at SAR 220 billion in 2022G and projected to grow at 6% CAGR from 2022G to 2026G. The country's growing population and rising household consumer expenditure create a favorable environment for market growth. This will be sustained by an increased number of tourists, along with a push from the government to achieve self-sufficiency and food security objectives. Import substitution opportunities exist as the government aims to reduce reliance on food imports and increase local production of key F&B categories. In addition, demand for fresh and healthy products is increasing driven by evolving consumer behaviors. At the same time the retail market is evolving with a stable shift of sales towards modern trade.

3.2.1 Market overview and size

A Large and growing market

The Saudi F&B market size was valued at SAR 220 billion in 2022G and represents the largest market in the middle east. Looking at the future, the market is expected to grow at a healthy 6% CAGR in the period 2022G-2026G. This growth is mainly driven by favorable demographic and economic growth, as well as by government initiatives. Population will continue to increase at around 1% CAGR, together with household consumer expenditure, that will grow at a 3% CAGR over the next 5 years. At the same time government initiatives and support of tourism will positively impact the foodservice segment by boosting the number of tourists. Finally, as part of the overall self-sufficiency and food security objectives the government will continue to support the food production and processing companies in critical categories, including dairy, olive oil, fruits and vegetables and red meat.

Table (3.8): KSA retail food and beverage market size (in SAR Bn)

	2018G	2019G	2020G	2021G	2022G	2026G(f)
F&B market size	179.5	180.0	205.6	207.8	220.0	277.5

Source: Euromonitor

Import substitution opportunities for local players in F&B

The food sector in Saudi Arabia is currently well-established and has significant potential for rapid expansion in the coming years. The demand for Saudi food products is increasing every year, both domestically and globally. Furthermore, the sector benefits from a robust ecosystem and government support. The sector presents a clear opportunity for Saudi-based food manufacturers to further develop and increase foothold in the kingdom, considering the current trade deficit in different food categories. In this context, many food segments present a promising opportunity for local F&B producers to meet the current untapped local demand. Import substitution opportunities are reinforced by the government's target to achieve an 85% food processing localization ratio by 2030G. According to the United States Department of Agriculture, Saudi Arabia is reliant on imports to meet up to 75% of its food consumption, as local production is not enough to meet the local demand. This percentage varies according to the respective food category. For instance, while Saudi Arabia is highly dependent on imports for cereal consumption (up to 98% of total is imported), in Dairy products and its derivatives the kingdom is a net exporter. The total amount of agricultural imports in the Kingdom for the year 2021G was 20,037 thousand tons, among which grain accounted for 42.5%. The total quantity of exports for the same year was 2,652 thousand tons, from which 23.5% were "dairy products, eggs, and natural honey". Across relevant food categories, it is worth noticing that the CAGR expected for 2022G-2024G, is always higher for consumption than for production (except for meat products). In this context, the government will continue to support the agriculture and livestock sectors in achieving higher levels of food security.

Table (3.9): KSA food production and consumption (in thousand metric tons)

		2022G	2024G(f)	CAGR 2022G – 2024G
Dairy	Production	5,169	5,350	1.7%
	Consumption	2,495	2,604	2.2%
Vegetable oils	Production	143	147	1.5%
	Consumption	1,000	1,043	2.1%
Meat*	Production	973	1,085	5.6%
	Consumption	1,970	2,040	1.8%
Fruits & Vegetables**	Production	2,858	3,034	3.0%
	Consumption	3,936	4,380	5.5%

Source: Organization for Economic Co-operation and Development (OECD), Mordor Intelligence* Meat includes veal, poultry, and sheep meat, ** estimated volumes

3.2.2 Government investments and support in the food sector

The Saudi government has been actively supporting and investing in the F&B sector in recent years, recognizing its potential as a key driver of economic growth. The government's efforts have focused on supporting the development of local F&B companies, promoting foreign investment in the sector, and achieving the overall food security targets.

Government support for food security and local production

As part of these efforts, the Saudi government established SALIC, the Saudi Agricultural and Livestock Investment Company. This organization aims to enhance the agri-food capabilities in the kingdom while focusing on developing responsible and sustainable investments and contributing to the global food security. SALIC owns shares in multiple Saudi companies including NADEC, Alasmak, and the National Grain Company. SALIC has also invested in the F&B sector internationally to contribute to the national food security objectives and continue building strong capabilities in the sector. International investments include Minerva Foods, LT Foods, Continental Farmers Group, and Merredin Farms.

The Saudi government is also providing financing and technical assistance in the sector through the Agriculture Development Fund (ADF). ADF aims to increase the productivity and competitiveness of the agriculture sector, while also prompting sustainable practices and contributing to the country's food security. In 2021G, the value of loans distributed to stakeholders reached SAR 2 Bn, with 60 projects activated across fruit and vegetable, poultry and other categories. Overall, the fund has financed 467,000 loans, with a total value of SAR 55 billion, since its inception in 1962G until the end of 2021G.

Table (3.10): Value of agricultural project loans ADF contributed to financing in 2021G (in SAR Mn)

Category	Greenhouses	Poultry	Laying hen	Hatcheries	Fish	Date factory	Calves profi-teering
Loan Value	384	328	34	29	23	21	6

Source: KSA General Authority for Statistics

The Saudi government is committed to the sector development. As stated by government entities in multiple publications, the coordinated efforts across different organizations, have translated into major achievements and enhanced the sector's outlook by enhancing food security by increasing meat production by 37%, poultry production by 51%, fish production by 64%, and milk production by 19% between 2016G and 2021G1, and supporting 271 agriculture projects, and more than 11,000 farmers through ADF loans between 2016G and 2021G2.

1 OECD Agriculture Outlook
2 General Authority for Statistics

3.2.3 Overview of regulation in the food sector

Support of domestic players in F&B

The government has implemented multiple regulations and polices aimed at promoting self-sufficiency and reducing the country's reliance on imports, offering a protected environment for growth to local companies. At the same time, Saudi Arabia is committed to provide high-quality and safe food to its population, taking actions to limit imports and distribution of unhealthy foods and increasing overall transparency in the sector. Import duties on F&B categories are generally influenced by the level of local production compared to local consumption. A maximum tariff rate of 40% ad-valorem is typically applied when local production of a food or agricultural product surpasses a self-sufficiency threshold. Importation of items such as rice, baby milk and animal feed are subsidized, while coffee, tea, and fresh red meat are exempt from duties. In June 2020G, Saudi Arabia imposed higher tariffs on a wide range of food and non-food products. Dairy products represent approximately 84% of the 224 food and agriculture products with increased tariffs. In 2022G, the Saudi government introduced a new legislation to increase import tariffs continuing its efforts to protect local food production and empower local companies in the F&B sector. The newly increased tariffs range from 5.5% to 25% across different food categories, according to varying self-sufficiency levels.

Table (3.11): KSA range of import tariffs for selected food categories

Category	Fruits and Vegetables	Red Meat	Juice	Dairy	Olive Oil
Range of Tariffs (Min - Max)	0 – 40%	0 – 20*%	5 – 15%	5 – 25%	12%

Source: KSA Zakat Tax and Customs Authority, *20% applied only for specific meats i.e., deer, antelope

Government initiatives for healthier products

The Saudi government is committed to provide high-quality and safe food to its population, and this is reflected in their import policies. The government has taken swift action to reduce or ban imports of food categories that do not meet their strict safety and quality standards. In addition, the Saudi government took discouraging and prohibitive actions to limit unhealthy food consumption. In April 2017G, the country started imposing a 50% tax on soft drinks and a 100% tax on cigarettes, tobacco products, and energy drinks. In 2018G, the Saudi Food and Drug Authority (SFDA) launched a strategy with the goal to reduce the level of sugar, salt, saturated and trans-fat in food, and directed cafes, restaurants, and other food shops to list calorie levels on their menus. In 2019G, the SFDA also introduced a new rule that requires bakeries to limit the salt content of their products to 1%. In December 2019G, the country amended the Excise Tax Law to include sweetened beverages as products that will be subject to a 50% excise levy. The SFDA has also introduced a legislation that prohibits the use of partially hydrogenated oils in food, in accordance with trans-fat restrictions, which came into full effect in 2020G.

3.2.4 Consumer behavior and trends

An evolving consumers landscape

According to the General Authority of Statistics, the average household in Saudi spends approximately 18% of total expenditure on F&B. Increasing population, higher disposable income, the decreasing unemployment rate and growing number of tourists will continue to sustain the growth of the F&B sector in Saudi Arabia. Already this year, Saudi consumers are projected to exhibit a substantial 37% increase in their grocery and household spending, according to Nielsen3. Considering different population segments, couples with children are the largest spenders in Saudi Arabia. The higher-than-average household size influences the way people purchase food in the country. As a typical buying pattern, households prefer to buy larger quantities of food per visit, ensuring availability of supplies for a longer time. Due to the increase of VAT in 2020G from 5% to 15%, consumers are also becoming more price-sensitive, opting for cheaper products, and looking for discounts. Overall, Saudi consumers are becoming more aware of the F&B market options and demanding fresher options, more variety of foods, convenience, and more competitive prices. Overall, these trends are sustaining the shift from traditional trade to modern grocery retail channels (i.e., supermarkets, hypermarkets).

1- The growth of fresh and healthy food

Fresh food market has been rapidly growing in the last years. Between 2017G and 2022G, fresh categories grew at a 6% CAGR. Consumers shift towards healthy diets and government efforts to improve nutrition will continue to support this expansion, with an expected CAGR of 7% for the period 2022G-2026G. When purchasing in the fresh segment, consumers are looking for local products that keep into consideration quality and sustainability. Consumers are becoming more aware of nutritional aspects and expect maximum quality and freshness with every purchase. According to Nielsen3, 44% of Saudi consumers are planning to spend more on fresh products this year

Table (3.12): KSA retail fresh food market size (in SAR Bn)

Category	2018G	2019G	2020G	2021G	2022G	2026G(f)
Market size	108.3	107.2	127.4	128.9	137.8	178.7

Source: Euromonitor

At the same time, people are leaning towards healthier food options given increased awareness of health and nutrition. According to Euromonitor, the global health and wellness packaged food market size was estimated to be $497 Bn in 2021G. In the Saudi market context, the large segment of young and urbanized population is leading the change, with higher consumption of healthy products expected in the future. Moreover, the Saudi government is also supporting the adoption of a healthier diet through health awareness campaigns.

2- Increased demand for convenience through ready-to-cook meals

Rapid changes in society are affecting Saudi Arabia's habits and consumption patterns. Consumers are looking for time saving products and grab-and-go snacks due to changes in societal values (e.g., work/life balance) increasing the demand of ready-to-eat food. The COVID-19 impact has accelerated this shift as more people opted for packaged and pre-made meals during the pandemic. Increasing levels of employment together with the recent increase in woman participation in the workforce will continue to push consumers to favor ready-to-eat and ready-to-cook meals also in the future. The ready meals market is expected to grow at a strong 5.6% CAGR in the next years, reaching 80 Mn SAR in 2026G.

Table (3.13): KSA retail ready meals market size (in SAR Mn)

Category	2018G	2019G	2020G	2021G	2022G	2026G(f)
Market size	52.0	53.1	61.4	62.3	65.0	80.7

Source: Euromonitor

3.2.5 Food Retail analysis

The F&B products are typically sold through two main retail channels: grocery retail and foodservice. The grocery retail segment includes sales of F&B products through hypermarkets, supermarkets, traditional retail shops (i.e., baqalas) and other retail outlets. The foodservice segment includes sales of F&B products through restaurants, cafes, fast food chains, and other hospitality establishments. Based on Euromonitor figures for 2022G, in Saudi Arabia 70% of food and beverage sales occur through the grocery retail channels while the remaining 30% through foodservice outlets.

1- Grocery Retail: the increasing importance of modern trade

Grocery retail ecosystem consists of more than 41,000 stores in Saudi Arabia. The different retail outlets can be classified in two major segments: traditional trade and modern trade. Traditional trade outlets are independent grocery retailers, typically small stores (baqalas); modern trade outlets are large chains comprised of hypermarkets, supermarkets, convenience stores, and discounters. In terms of number of outlets, traditional trade represents around 85% of the total shops while it contributes to roughly 50% of the total sales. However, in the period 2018G-2022G, while in traditional trade the total sales (-2% CAGR) and number of outlets (-4%) decreased, modern trade experienced positive growth, both in terms of total sales (+2.7% CAGR) and number of outlets (+1%). In general, the development of the modern trade channels represents one of the strategic priorities in the retail program of Vision 2030. The retail market is currently suffering from limited penetration of modern trade and e-commerce. The objective that the government has set for modern trade and e-commerce is to reach an 80% contribution over the total retail sector by 2030G.

3 Saudi consumers to increase spending on grocery and household items; March 7, 2023 | RetailME Bureau

Table (3.14): KSA sales value of grocery outlets by channel (in SAR Mn)

	2018G	2019G	2020G	2021G	2022G	CAGR 2018G – 2022G
Traditional trade	83,020	80,603	73,440	74,576	76,928	-1.9%
Modern trade	56,749	56,769	62,422	61,508	63,155	+2.7%
Total	**139,769**	**137,372**	**135,862**	**136,084**	**140,083**	**+0.1%**

Source: Euromonitor

Table (3.15): KSA number of grocery outlets by channel

	2018G	2019G	2020G	2021G	2022G	CAGR 2018G – 2022G
Traditional trade	36,927	35,948	35,128	34,900	35,407	-1.0%
Modern trade	5,985	5,955	5,971	5,989	6,035	+0.2%
Total	**42,912**	**41,903**	**41,099**	**40,889**	**41,442**	**-0.9%**

Source: Euromonitor

2- Foodservice: an expanding segment driven by tourism

The foodservice segment is an important market for F&B manufacturers in Saudi Arabia. Sales in the foodservice market were estimated to be SAR 82.7 billion in 2022G. The market was drastically impacted by the COVID-19 pandemic with a sharp decline in sales of 38% between 2019G and 2020G. During this period a large number of outlets were closed following the impact of the global pandemic. Since 2020G, the market sales have been recovering at a solid 9% CAGR. The market is expected to continue its solid growth, with a 10.4% CAGR between 2022G and 2027G. The additional sales will also impact the total number of outlets, with an expected increase of around 10,000 outlets in the same period.

Table (3.16): KSA foodservice market sales value and number of outlets

	2018G	2019G	2020G	2021G	2022G	2027G(f)	CAGR	
							2018G – 2022G	2022G – 2027G
Sales (in SAR Mn)	77,856	82,659	50,848	56,695	60,485	99,056	-6.1%	10.4%
Number of outlets	35,718	36,805	35,593	33,999	34,099	43,825	-1.2%	5.1%

Source: Euromonitor

3.3 Food Categories analysis

NADEC mainly operates in several large food categories such as dairy (including milk, laban, yoghurt, labneh, cream, cheese, and butter), juice and olive oil. The majority of these categories have experienced healthy growth and are expected to maintain a positive increase in the coming years. NADEC also operates in additional growing segments, for example, red meat and agricultural products. These categories are aligned with the Kingdom's food security priorities and represent an emerging opportunity for local production and manufacturing in Saudi Arabia.

3.3.1 Dairy

The KSA dairy retail market grew by 10% between 2021G and 2022G to reach SAR 9.1 Bn in total sales. In the same period the volume sold decreased by 4.9%, indicating an increase in average sales price compared to a decrease in overall volume sold in the market. Dairy product sales can be classified in different sub-segments: milk and laban, yoghurt, cream, cheese, butter, and labneh. The largest segments are milk and laban, cheese, and yoghurt accounting respectively for 50.6%, 24.5%, and 12.6% of the total market value.

Table (3.17): KSA retail dairy market sales by value (in SAR Bn)

	2021G	2022G	Q1 2023G
Sales value	8.30	9.13	2.52

Source: Nielsen market data

Note: The data provided in this table is primarily sourced from published research on modern and traditional retail channels. It is important to note that there is a lack of credible published research available specifically for the foodservice market in Saudi Arabia.

Table (3.18): KSA retail dairy sales value market share across sub-categories (as of Q1 2023G)

	Milk and Laban	Yoghurt	Cream	Cheese	Butter and Margarine	Labneh
Market share	50.6%	12.6%	5.5%	24.5%	4.5%	2.3%

Source: Nielsen market data

Milk and laban category drove the expansion of the overall dairy, with an increase of 11.8% between 2021G and 2022G. In this segment, it is possible to identify three major sub-categories, fresh milk, laban and long-life milk. NADEC is the second largest in the market by sales value in fresh milk, with a market share of approximately 14.4% as of Q1 2023G. NADEC also holds a number three position in sales value of laban products as of Q1 2023G. In the long-life milk sub-segment, NADEC currently holds a number four position in a consolidated market.

In yoghurt, the value of sales increased by 13.2% between 2021G and 2022G. NADEC is the second largest player considering the overall yoghurt sales. Plain yoghurt represents the largest segment by value, with an 80% market share. The additional major sub-categories are flavored/fruit yogurt, and Greek yogurt. NADEC is currently the second largest by value in the plain yoghurt, with a market share of approximately 18% as of Q1 2023G. With respect to the additional sub-segments, NADEC is present in the Greek yoghurt category with a 15.4% market share as of Q1 2023G. In this segment, NADEC holds a number three position in a consolidated market.

Cream sales value in KSA dropped by 1.9% between 2021G and 2022G. Despite the decrease in the value of market sales, NADEC was able to grow its sales value by 11% during the same period. NADEC sells sterilized cream and fresh cream representing 56% and 38% of the total cream sales respectively. NADEC holds a number four position within the cream category, with a growing market share that reached 7.3% in Q1 2023G compared to 6.7% in 2021G.

Within the cheese category NADEC operates in the processed cheese, mozzarella, and feta categories. In the processed cheese, NADEC produces glass jar cheese, square cheese, triangle cheese, and cheese slices. Value of processed cheese products sold increased by 9.5% between 2021G and 2022G. As of Q1 2023G, NADEC holds a number five position in the processed cheese subcategory. Volumes of mozzarella cheese products sold increased by 3.5% between 2021G and 2022G, and value of sales increased by 4.4%. NADEC currently holds a small market share in a competitive and fragmented market. On the other hand, sales value of Feta cheese decreased by 5.3%. Nonetheless, NADEC managed to maintain its market share of around 10.4% as of Q1 2023G and holds its positions as the second largest player in this segment.

In the butter and margarine category, NADEC operates only in the butter subcategory which represents 99% of the market. The value of butter product sales in KSA increased by 7.6% between 2021G and 2022G. NADEC holds a number three position in the market with a market share of 9.0% in Q1 2023G.

Volumes of labneh increased by 5.3% while sales value increased by 9.7% between 2021G and 2022G. During the same period, NADEC's sales volume increased by 33%, outperforming the average growth of the market. Within the labneh category, NADEC focuses its offering on the fresh labneh subcategory. In this segment NADEC experienced a strong increase in value market share, passing from 40% in 2021G to 53% in Q1 2023G. NADEC is currently the market leader in fresh labneh.

Table (3.19): NADEC dairy products market share evolution by sales value

	2021G	2022G	Q1 2023G
Fresh milk	14.5%	14.2%	14.4%
Laban	13.2%	13.0%	13.0%
Long-life milk	9.0%	7.5%	7.3%
Plain yoghurt	17.7%	17.5%	17.6%
Greek yoghurt	18.4%	19.8%	15.4%
Cream	6.7%	7.7%	7.3%
Processed cheese	7.3%	9.4%	8.7%
Mozzarella cheese	4.7%	3.2%	3.8%
Feta cheese	11.2%	11.4%	10.4%
Butter	8.9%	9.6%	9.0%
Fresh labneh	40.0%	49.1%	53.2%

Source: Nielsen market data

A great opportunity for local brands in dairy

Overall, the Saudi retail dairy market is expected to grow at a stable 5.3% CAGR in volume between 2022G and 2027G, mainly driven by demographic factors. In dairy, local production, especially of milk will remain higher than local consumption. However, local producers can leverage on consolidated export opportunities and potential in selected categories (e.g., cheese) in which the kingdom is still reliant on international imports. The sector is strongly influenced by consumers' trust towards local food brands. A survey conducted by Nielsen4 showed that 69% of consumers preferred local brands of dairy products. In this context, NADEC's established brand is a point of strength vis-à-vis foreign competition.

Table (3.20): KSA retail dairy market sales by value – forecasted growth (2022G-2027G)

	2022G-2023G	2023G-2024G	2024G-2025G	2025G-2026G	2026G-2027G
Growth rate	5.4%	5.2%	5.2%	5.3%	5.4%

Source: Euromonitor

Based on Euromonitor data, the consumption per capita in the dairy category is relatively lower in KSA compared to other regional benchmarks. This indicates potential for category growth and overall increase in per capita consumption in Saudi Arabia. In addition, it is important to note that the dairy in KSA represents 55% of the overall GCC market. Saudi dairy players can leverage on their production capacity to capture opportunities to export their products within the broader GCC market.

Table (3.21): Dairy consumption per capita (KG, 2022G)

	United States	Europe[1]	GCC	Saudi Arabia
Consumption per capita	86	104	67	48

Source: Euromonitor

[1] Selected countries for analysis include France, Germany, Italy, Spain, UK

4 Saudi consumers more inclined to purchase local food products, says survey January, 2018 | Arab News

3.3.2 Juice

The Saudi juice retail market sales value grew by 5.5% between 2021G and 2022G to reach SAR 2.6 Bn. The 3 main segments of the juice market are fresh juice, juice drinks, and nectar, with an almost equal split among the 3 segments.

Table (3.22): KSA retail juice market sales by value (in SAR Bn)

	2021G	2022G	Q1 2023G
Sales value	2.43	2.57	0.64

Source: Nielsen market data

Note: The data provided in this table is primarily sourced from published research on modern and traditional retail channels. It is important to note that there is a lack of credible published research available specifically for the foodservice market in Saudi Arabia.

Table (3.23): KSA retail juice sales value market share across sub-categories (as of Q1 2023G)

	Fresh juice	Juice drinks	Nectar	Juice milk	NFC juice
Market share	31.4%	28.7%	34.7%	2.5%	2.7%

Source: Nielsen market data

NADEC operates in the consolidated fresh juice segment, accounting for roughly 31% of the market. In this sub-category NADEC is the second largest player, capturing 19.1% of the overall sub-segment market sales as of Q1 2023G.

Table (3.24): NADEC fresh juice market share evolution by value of sales

	2021G	2022G	Q1 2023G
Market share	20.7%	19.5%	19.1%

Source: Nielsen market data

Increasing demand for juice driven by health and wellness trends

The Saudi retail juice market is forecasted to grow at a 5.5% CAGR in value sales between 2022G-2027G. Sustained by health and wellness trends and the expansion of juice shops, the segment will continue to grow, sustained by demand for natural and healthy juice options that are free from artificial colors, flavors, and preservatives.

Table (3.25): KSA retail juice market sales by value – forecasted growth (2022G-2027G)

	2022G-2023G	2023G-2024G	2024G-2025G	2025G-2026G	2026G-2027G
Growth rate	4.1%	5.2%	5.6%	6.1%	6.5%

Source: Euromonitor

3.3.3 Olive oil

The Saudi retail olive oil market grew by 9.7% in sales between 2021G and 2022G to reach SAR 389.5 Mn, while the volume sold increased by 1.6% during the same period. The olive oil market is mainly dominated by the extra virgin segment, followed by pomace, pure, and virgin olive oil.

Table (3.26): KSA retail olive oil market sales by value (in SAR Mn)

	2021G	2022G	Q1 2023G
Sales value	355.0	398.5	111.8

Source: Nielsen market data

Note: The data provided in this table is primarily sourced from published research on modern and traditional retail channels. It is important to note that there is a lack of credible published research available specifically for the foodservice market in Saudi Arabia.

Table (3.27): KSA retail olive oil sales value market share across sub-Categories (as of Q1 2023G)

	Extra virgin	Pomace	Pure	Virgin	Other segments
Market share	65.3%	13.1%	10.5%	10.4%	0.6%

Source: Nielsen market data

Within the different olive oil categories, NADEC mainly focuses on extra virgin olive oil, the largest segment by value (65.3% of the market). This sub-category is fragmented with many players competing for market leadership. NADEC's sales volume in the extra virgin segment grew at a healthy rate of 12% between 2021G and 2022G, compared to the market average sales growth of 4.0%. In Q1 2023G, NADEC ranks as the second largest player in extra virgin olive oil market with a 16.1% market share, growing by almost 0.7pp since 2021G.

Table (3.28): NADEC extra virgin olive oil market share evolution by sales value

	2021G	2022G	Q1 2023G
Market share	15.4%	15.6%	16.1%

Source: Nielsen market data

A growing market supported by food-security initiatives for vegetable oils

Overall, the edible oils retail market is forecasted to grow at a stable 4.2% CAGR between 2022G-2027G. Growth in the olive oil category is fueled by consumers demand for healthier products and government self-sufficiency targets. According to OECD, Saudi Arabia is heavily dependent on imported vegetable oil, where consumption is ~7x the production. In this context, in 2022G, the government increased tariffs on olive oil imports to 12%, confirming the support to local food manufacturers. NADEC will continue to operate in the olive oil segment to meet the needs of consumers preference for healthy products, aligned with the kingdom self-sufficiency objectives.

Table (3.29): KSA retail olive oil market sales by value – forecasted growth (2022G-2027G)

	2022G-2023G	2023G-2024G	2024G-2025G	2025G-2026G	2026G-2027G
Growth rate	4.1%	4.1%	4.3%	4.3%	4.3%

Source: Euromonitor

3.3.4 Red meat

The Saudi red meat total market sales reached SAR 20.2 Bn in 2022G and are expected to grow at 5.0% CAGR between 2022G and 2026G. The market sales volume is expected to grow at 4.2% CAGR during the same period. The red meat market in KSA is segmented into three categories: mutton (including lamb, sheep, and goat meat), beef (including cow, buffalo, and veal meat), and camel meat. In 2021G, Saudi reached an overall self-sufficiency level of ~43% in red meat. This figure is expected to increase following the multiple investments in the sector; however, the gap between consumption and local production, will continue to be an attractive opportunity also in the future. Across the different subsegments of red meet, 75% of beef meat is imported, 50% of mutton meat is imported, and 80% of camel meat is produced in KSA.

Table (3.30): KSA meat market sales by value (in SAR Mn)

	2019G	2020G	2021G	2022G	2026G(f)	CAGR (2022G-2026G)
Mutton	8,553	8,981	9,221	9,487	10,933	3.6%
Beef	6,138	6,730	7,198	7,712	10,706	8.5%
Camel	2,893	3,002	3,012	3,036	2,883	-1.3%
Total	**17,584**	**18,714**	**19,432**	**20,236**	**24,522**	**4.9%**

Source: KSA Ministry of Environment, Water and Agriculture, Mordor Intelligence

Table (3.31): KSA meat market sales by volume (in KGs Mn)

	2019G	2020G	2021G	2022G	2026G(f)	CAGR (2022G-2026G)
Mutton	197	203	209	215	241	2.9%
Beef	166	178	190	203	271	7.5%
Camel	74	75	76	77	71	-1.8%
Total	**437**	**455**	**475**	**495**	**583**	**4.2%**

Source: KSA Ministry of Environment, Water and Agriculture, Mordor Intelligence

Table (3.32): KSA meat sales market share split across main categories (as of 2022G)

	Mutton	Beef	Camel
Market share	47%	38%	15%

Source: KSA Ministry of Environment, Water and Agriculture, Mordor Intelligence

Table (3.33): KSA meat self-sufficiency levels across main categories (as of 2021G)

	Mutton	Beef	Camel
Self-sufficiency levels	47%	22%	83%

Source: KSA Ministry of Environment, Water and Agriculture, Mordor Intelligence

Consumers and government push in the red meat market

The red meat segment is an attractive category considering its growth potential, changing consumer taste, industry dynamics and government support for food security. The growth in the red meat market is mainly driven by growth in Saudi population and disposable income (8% CAGR in 2017G-2022G). At the same time, the Saudi market is experiencing changes in consumers tastes, with a rising demand for red meat and a higher need for convenience, with increased demand for ready-to-eat meat-based products. The increase of western restaurants offering beef is also incrementing the potential size of the opportunity. The Saudi red meat market is highly fragmented across the value chain, given the presence of small local livestock breeders and slaughterhouse operators, with a limited level of industrialization compared to other fresh food categories. The Saudi market also experiences limited availability of high-quality meat processing facilities, as well as limited availability of consistent high-quality meat in the market. For these reasons the government will continue to support local manufacturers to pursue food security and self-sufficiency objectives.

3.3.5 Fruits and vegetables

The Saudi fruits and vegetables total market sales reached a value of SAR 50.4 Bn in 2022G and are expected to grow at 6.8% CAGR between 2022G and 2026G. The overall market volume is expected to grow at 2.6% CAGR during the same period.

Table (3.34): KSA retail fruits and vegetables market sales by value (in SAR Mn)

	2019G	2020G	2021G	2022G	2026G(f)	CAGR (2022G-2026G)
Fruits	30,974	37,117	37,270	39,869	51,451	6.6%
Vegetables	8,223	9,853	9,894	10,584	14,202	7.6%
Total	**39,197**	**46,970**	**47,164**	**50,453**	**65,653**	**6.8%**

Source: Mordor Intelligence

Growing demand for fresh fruits and vegetables and self-sufficiency objectives

The fruits and vegetables segment is an attractive category considering its sustained growth, changing consumer taste, government support for food security and healthier products and overall production landscape. The growth in the fruits and vegetables category is fueled by a more health-conscious diet and an increase in young consumers. Saudi consumers are shifting towards healthier diets by demanding healthier food products and consuming more fresh food. The government is also promoting healthier diets through several policies and initiatives to counter lifestyle diseases (e.g., sugar tax policy). Additionally, to scale up local food production and meet food security target, the Saudi government continues to support local players through smart farm projects and fresh food import restrictions. With respect to fruits and vegetables products, the support provided by the Saudi government enhanced the total output of the agricultural sector in the last years. This can be seen analyzing the volumes of organic cultivation for agricultural crops, which increased at a 12% CAGR in the years 2016G-2021G, according to the General Authority for Statistics. However, even if certain categories reached self-sufficiency (i.e., dates, cucumber, eggplants), production is still below consumption levels for multiple critical categories (i.e., citrus, tomatoes, carrots, onions).

Table (3.35): KSA self-sufficiency ratio of selected plant products (2021G)

	Dates	Citrus	Tomatoes	Carrots	Onions	Potatoes
Self-Sufficiency Ratio	118%	15%	77%	38%	52%	92%

Source: KSA General Authority for Statistics

Finally, the fragmented nature of the farming market in KSA offers an opportunity to consolidate the market, reduce inefficiencies, enhance adoption of agriculture technologies, and improve the quality of produced crops.

3.3.6 Wheat

Between 2019G and 2022G, the KSA wheat sales grew at a stable 2.2% CAGR to reach SAR 3.79 Bn. The volume sold in 2022G reached 4 million metric tons, with only ~18% of wheat produced in KSA. According to the Saudi General Food Security Authority, 99% of wheat in Saudi was used for human consumption, whereas 1% was used as animal feed. The Saudi wheat market volume is forecasted to reach 4.6 million metric tons in 2027G growing at 2.6% CAGR between 2022G and 2027G. Production of wheat in KSA is forecasted to grow at 9.1% CAGR between 2022G and 2027G to reach ~25% of the total wheat volume sold in 2027G.

Table (3.36): KSA wheat market sales by value (in SAR Mn)

	2019G	2020G	2021G	2022G
Sales value	3,546	3,624	3,704	3,790

Source: Food and Agriculture Organization, KSA General Food Security Authority

Table (3.37): KSA wheat production and imports (in thousand MT)

	2019G	2020G	2021G	2022G	2027G(f)	CAGR	
						2018G – 2022G	2022G – 2027G
Production	537	524	627	733	1,130	10.9%	9.1%
Imports	3,338	3,399	3,361	3,321	3,473	-0.2%	0.9%
Total volume	**3,875**	**3,923**	**3,989**	**4,054**	**4,603**	**1.5%**	**2.6%**

Source: KSA General Food Security Authority

An opportunity for local wheat producers

Agri-tech enhancements, the fragmented production landscape and the current trade deficit will continue to generate opportunities in this segment. In this sense, the wheat market will continue to be an attractive category considering local manufacturers and producers.


nadec
نادك
Tamry
تمري
Dates Milk
حليب بالتمر
Cream
Cheese
Processed Spread
جبنة كريم
حليب طازج

4. Background on the Company and the Nature of its Business

4.1 Company Overview

The National Agricultural Development Company (NADEC) is a Saudi joint-stock company registered under Commercial Registration No. 1010018795, dated 26/12/1398H (corresponding to 27/11/1978G), and was transformed into a joint-stock company under Ministerial Resolution No. 12, issued on 01/02/1401H (corresponding to 09/12/1980G). Its registered address is P.O. Box 2557, Riyadh 11461, the Kingdom of Saudi Arabia.

The Company was listed on the Stock Exchange on 09/07/1413H (corresponding to 02/01/1993G). The Company's share capital as of the date of this Prospectus is one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000), divided into one hundred and one million, six hundred and forty thousand (101,640,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, all of which are fully paid. On 12/09/1444H (corresponding to 03/04/2023G), the Board of Directors recommended an increase of the Company's capital through a rights offering at a value of two billion Saudi Riyals (SAR 2,000,000,000), after obtaining all the necessary regulatory approvals, including the approval of the Company's Extraordinary General Assembly on the Capital Increase.

The principal activities of the Company are concentrated in the food and agricultural sector. The Company's activities, according to its Bylaws and Commercial Registration, are as follows:

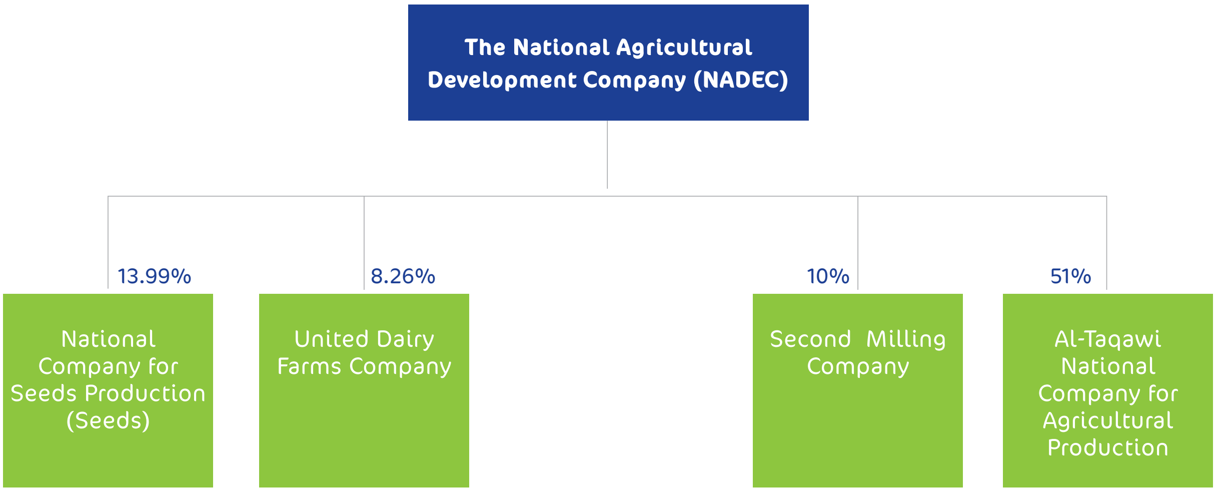
1- Agricultural and plant and animal food production commercially by scientific methods, such as the cultivation of grains, vegetables, fruits and fodder, the production of raw milk and its derivatives, juices and drinking water, breeding livestock and poultry, et cetera, and marketing the same for commercial purposes.
2- Reclamation of agricultural land for the above purpose.
3- Manufacturing, storing, canning and marketing agricultural products for commercial purposes. In order to achieve its objects, the Company may own real estate, agricultural land and transportation, and establish facilities and maintenance workshops to the extent required by its business.
4- Constructing silos and processing, marketing and distributing flour, baked items, pastries, confectionery and other bakery products for commercial purposes.
5- Importing and exporting agricultural, animal and food products and materials.
6- Leasing, owning, utilizing and maintaining warehouses and food preservation refrigerators.
7- Transporting the Company's agricultural, animal and food products within and outside cities.
8- Construction and repair of irrigation canals, watering channels, main water storage towers, and drilling and maintenance of water wells.
9- Extensions, maintenance and repair of irrigation pipes.
10- Operation of irrigation systems for agricultural projects.

The Directors declare that, as of the date of this Prospectus, there is no intention to make any material change to the nature of the Company's activity.

4.1.1 Organizational Structure of the Company

The following chart shows the organizational structure of the Company:

Figure (1): Organizational Structure of the Company



Source: The Company

The following table shows the details of the companies in which the Company has an ownership stake as of the date of this Prospectus:

Table (4.1): Overview of the Companies in which the Company has an Ownership Stake

#	Company Name	Principal Activity	Company Headquarters	Capital (SAR)	Shareholding Percentage of the Company
1.	The National Company for Seeds Production (Seeds)	Seed production	Riyadh	29,515,200	13.99%
2.	United Dairy Farms Company	Veterinary drug warehouse	Riyadh	7,250,000	8.26%
3.	Second Milling Company	Packing and grinding of wheat, groats, semolina, bulgur and fodder	Riyadh	513,150,060	10%
4.	Al-Taqawi National Company for Agricultural Production	Agricultural production	Riyadh	5,000,000	51%

Source: The Company

4.2 Company Vision and Prospects

4.2.1 Vision

To provide products with high nutritional value to consumers in order to achieve the highest levels of satisfaction, with the goal of becoming a regional and global leader in the food and beverage industry. This will positively impact the Kingdom's image and its economic strength, as well as contribute to GDP growth, in line with Saudi Vision 2030.

4.2.2 Mission

Commitment to provide delicious, nutritious and high-quality food products in order to achieve health and happiness for consumers.

4.2.3 Strengths and Competitive Advantages

The Company has developed sustainable competitive advantages that allow it to pursue opportunities in the market which align with its vision and mission. The Company's competitive advantages are as follows:

1- A variety of food commodities that meet the needs of consumers

The Company's agricultural products include crops, fruit, olive oil, vegetables, dairy products, juice and dates. The Company also operates in dairy farms, agricultural production, the manufacturing of dairy and food products, honey production and date processing (for further information regarding the Company's products, please refer to Section 4.3.2 "**Overview of the Company's Products**" of this Prospectus). The Company owns four (4) agricultural projects within the Kingdom; in Wadi Al Dawasir, Haradh, Hail and Al Jouf (it should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus). In addition, the Company is constantly reviewing, expanding and developing its product range in line with consumer needs through continuous monitoring of market trends and consumer preferences.

2- A track record of resilient and profitable growth, strong financial performance and a proven track record of growth supported by the Company's leading market position

The Company's revenues increased by 18.6% during 2022G, with revenue growth across all markets and product categories. Net income increased in 2022G to SAR 95.50 million, compared to a loss of SAR 285.0 million in the previous year. During the period between 2020G and 2022G, the Company's sales and adjusted EBITDA grew at a CAGR of 8.2% and 7.8%, respectively.

3- Keeping abreast of developments and responding swiftly to market changes

The Company has the ability to keep abreast of developments and respond to market changes and the requirements of its customers through its factories and modern production lines. Over decades, the Company has been keen to invest in its logistics and distribution infrastructure, enabling it to keep pace with the steady growth of its products.

4- An experienced and highly qualified management team

The Company has a knowledgeable and experienced management team who are familiar with the financial, commercial, operational and regulatory aspects of the food sector. The management team is well equipped to lead the Company through its plans for future growth and expansion.

4.2.4 Strategy and Prospects

1- Expansion of the cultivation and production of agricultural crops in open fields and smart greenhouses

To provide high-quality crops to consumers, including fruits and vegetables, by expanding the cultivation and production of agricultural crops in open fields and smart greenhouses. The Company seeks to adopt the latest technologies and partner with technology pioneers in the contract farming sector worldwide in order to support fruit and vegetable farmers throughout the Kingdom. In addition, the Company also seeks to continue producing organic olive oil and remain a leading provider of high-quality agricultural seeds, including wheat and potatoes, to farmers in the Kingdom.

2- Expansion of production and distribution operations and development of existing products

The Company is expanding its production and distribution operations and developing existing products (dairy and juice) to serve consumers in the Kingdom, the GCC states and the Arab region through innovation and investment in supply chains and the use of advanced technologies to enhance the Company's position and raise its market share. In addition, the Company intends to increase its market share with respect to its core product range by leveraging its expertise and distribution capabilities.

Dairy products and their derivatives account for the largest share of the Company's product portfolio, representing approximately 95.9% of its total revenue as of 31 December 2022G. The Company intends to invest in the red meat and vegetable sectors, according to the Company's five-year strategy.

3- Expansion of the Company's operations into new markets

The Company aspires to expand its reach in the target sectors to new markets in the Kingdom, the MENA region and other untapped markets by capitalizing on the opportunities available in such markets, thus enabling the Company to diversify its geographical activity.

4- Entering new sectors

The Company intends to increase its product offering, based on its desire to achieve progressive growth. The Company is evaluating new product categories that suit the tastes of customers in each of the relevant markets. The Company is considering entering new markets for food products, the most important of which is the red meat sector.

5- Developing and increasing the scope of distribution channel operations

Based on the Company's aspirations to expand the presence of its products, the Company intends to invest in developing and increasing the scope of distribution channel operations and concluding new alliances and partnerships.

6- Enhancing capital structure and financing needs

The Company's capital is used systematically, with a strong focus on expansion in new products and development of existing products. The Company intends to reduce the actual cost of financing by diversifying its sources.

4.3 Overview of the Company's Business

The Company is one of the largest food and agricultural companies in the MENA region. Its activities span dairy products, juices, vegetables and various foods which contribute to feeding consumers on a daily basis. As of 31 December 2022G, the Company has four (4) agricultural projects within the Kingdom, which are located in Wadi Al Dawaser, Hail, Al Jouf and Haradh (which has one of the largest integrated dairy farms in the world) (it is worth noting that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus). The Company also has three (3) plants, two (2) of which are dedicated to dairy production and one of which is dedicated to the production and refining of olive oil. As of 31 December 2022G, the Company has more than 200 products which are available in more than 48,000 outlets. The following table shows the key performance indicators of the Company for the financial years ended 31 December 2020G, 2021G and 2022.

Table (4.2): Overview of the Company's KPIs as of 31 December 2020G, 2021G and 2022G

Performance Indicator	Financial Year 2020G	Financial Year 2021G	Financial Year 2022G
Sales	SAR 2.3 billion	SAR 2.2 billion	SAR 2.69 billion
Daily dairy and juice production	>1.5 million liters	>1.3 million liters	>1.4 million liters
No. of employees	>5.9 thousand male and female employees	>5.1 thousand male and female employees	>5.1 thousand male and female employees
Company fleet (including refrigerated trucks)	>2,300 vehicles	>2,300 vehicles	>2,300 vehicles
Outlets	>41 thousand outlets	>33 thousand outlets	>35 thousand outlets
Dairy herd	>89 thousand cows	>89 thousand cows	>92 thousand cows
Daily quality tests	>18 thousand tests	>18 thousand tests	>18 thousand tests

Source: The Company

4.3.1 Summary of Key Events

The following table provides a summarized timeline of key events since the Company's incorporation:

Table (4.3): Key Events

Date	Event
1981G	The Company launched its business with a capital of SAR 400 million.
1981G	Launch of the Haradh Agricultural Project (it should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus).
1982G	Launch of the Wadi Al Dawaser Agricultural Project.
1984G	Opening of the first plant for fresh milk and dairy products (hereinafter referred to as the "**First Dairy Plant**").
1985G	Launch of the Hail Agricultural Project.
1986G	Commencement of packaging operations for milk and dairy products.
1987G	Launch of Al Jouf Agricultural Project for olives.
1995G	Opening of the second plant for fresh milk and dairy products (hereinafter referred to as the "**Second Dairy Plant**").
2006G	Commencement of intensive production of olives.
2007G	Expansion of the Second Dairy Plant for the production of cheese.
2008G	Expansion of the Second Dairy Plant for the production of fresh juice.
2015G	Establishment of the Company's largest dairy farm (Farm No. 7) in the Haradh Agricultural Project (it should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus).
2019G	Signing of a solar energy purchase agreement with ENGIE for the provision of 124,000 barrels of fuel annually.
2020G	Signing of a memorandum of understanding with Pure Harvest to cooperate in building and operating high-tech greenhouses.
2020G	Issuance of a Royal Decree granting the Company ownership of the plots used by it in Wadi Al Dawaser and Hail.
2021G	Commencement of commercial work on the solar energy project in the Haradh Industrial Zone in cooperation with ENGIE.
2022G	Production of high-quality tomatoes using smart greenhouse technology.
2022G	Opening of an olive oil plant in Al Jouf.
2022G	Automation of all operational and marketing processes of the Company.
2023G	Launch of the Company's current strategy.

Source: The Company

4.3.2 Overview of the Company's Products

The Company's product portfolio mainly consists of dairy products, food products and juices. The following table shows the percentage of the Company's revenues by main product category.

Table (4.4): Company Revenue by Major Product Category

#	Major Product Category	Revenue (SAR)			Percentage of Total Company Revenue		
		Financial Year 2020G	Financial Year 2021G	Financial Year 2022G	Financial Year 2020G	Financial Year 2021G	Financial Year 2022G
1.	Fresh dairy products and their derivatives	1,086	1,087.6	1,262	47.15%	47.86%	46.86%
2.	Long-life dairy products	399.5	419	586.7	17.35%	18.44%	21.78%
3.	Cheese and butter products	288.9	286.8	376.8	12.55%	12.62%	13.98%
4.	Olives	66.2	55.9	60.4	2.87%	2.46%	2.24%
5.	Agricultural products	114.1	51.2	56.6	4.95%	2.25%	2.10%
6.	Veal and other products	69.8	133.4	114.1	3.03%	5.87%	4.23%
7.	Fresh juice products	278.7	238.4	237.2	12.10%	10.49%	8.80%
Total		**2,303.2**	**2,272.4**	**2,694.4**	**100%**	**100%**	**100%**

Source: The Company

The following provides a brief overview of the Company's products by main product category:

1- Dairy

The Company maintains the production of raw milk throughout the year from its model farms with high levels of quality and efficiency and at measured costs to meet the needs of its customers, in accordance with an operational strategy that ensures daily delivery of healthy raw milk to its food processing units. Dairy products include:

- **Fresh Dairy Products:** The total revenues achieved by the Company from fresh dairy products and their derivatives were estimated at approximately SAR 1,086 million, SAR 1,087.6 million and SAR 1,087.6 in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 47.15%, 47.86% and 46.86 % of the Company's total revenues in the same periods, respectively.
- **Long-life Dairy Products:** The total revenues achieved by the Company from long-life dairy products were estimated at approximately SAR 399.5 million, SAR 419 million and SAR 586.7 million in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 17.35%, 18.44% and 21.78% of the Company's total revenues in the same periods, respectively.
- **Cheese and Butter Products:** The total revenues achieved by the Company from cheese and butter products were estimated at approximately SAR 288.9 million, SAR 286.8 million and SAR 376.8 million in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 12.55%, 12.62% and 13.98% of the Company's total revenues in the same periods, respectively.

The following table also shows the details of the dairy products produced by the Company:

Table (4.5): Dairy Products

#	Product	Items	Available Sizes
1-	Fresh dairy and its derivatives	Fresh low fat milk	3 L, 2.9 L, 1.75 L, 800 ml, 200 ml, 180 ml
2-		Fresh full fat milk	3 L, 2.9 L, 1.75 L, 800 ml, 200 ml, 180 ml
3-		Fresh Ayran yogurt drink	1.75 L, 800 ml, 180 ml
4-		Strawberry flavored milk - low fat	360 ml, 200 ml
5-		Fresh full fat milk	3 L, 1.75 L, 800 ml, 200 ml, 180 ml
6-		Fresh low fat milk	1.75 L, 800 ml, 200 ml, 180 ml
7-		Fresh skimmed milk	1.75 L
8-		Fresh dates milk (Tamry)	225 ml
9-		Fresh full fat yogurt	2 kg, 1 kg, 400 g, 170 g
10-		Fresh low fat yogurt	2 kg, 170 g
11-		Skimmed yogurt	2 kg, 170 g
12-		Plain Greek yogurt	170 g
13-		Greek style yogurt - strawberry flavored	170 g
14-		Greek style yogurt - mixed berry flavored	170 g
15-		Yogurt with dates (Tamry)	170 g
16-		Mango Skyr Icelandic style yogurt	160 g
17-		Raspberry Skyr Icelandic style yogurt	160 g
18-		Fresh low fat labneh	450 g, 200 g
19-		Fresh full fat labneh	450 g, 200 g
20-		Fresh full fat cream	100 g
21-		Fresh low fat cream (light)	100 g
22-	Long-life dairy	Full fat long-life milk	1 L, 200 ml
23-		Low fat long-life milk	1 L, 200 ml
24-		Skimmed long-life milk	1 L, 200 ml
25-		Full fat long-life organic milk	1 L
26-		Low fat long-life organic milk	1 L
27-		High protein strawberry flavored milk drink	250 ml
28-		High protein chocolate flavored milk drink	250 ml
29-		UHT long-life milk	125 ml, 185 ml, 500 ml, 1 L
30-		Long-life vanilla flavored milk	125 ml, 185 ml
31-		Long-life strawberry flavored milk	125 ml, 185 ml
32-		Long-life chocolate milk	125 ml, 185 ml
33-		Long-life banana flavored milk	125 ml, 185 ml
34-		Long-life whipping cream	500 ml, 1 L
35-		Long-life cooking cream	500 ml, 1 L

#	Product	Items	Available Sizes
36-	Cheese and butter	Shredded and pasteurized mozzarella cheese analogue	200 g, 500 g, 1 kg
37-		Fresh low-fat white feta cheese	450 g, 200 g
38-		Fresh low-salt white feta cheese	450 g, 200 g
39-		Fresh full-fat white feta cheese	450 g, 200 g
40-		Low fat processed cheese slices	400 g, 200 g
41-		Full fat processed cheese slices (burger)	400 g, 200 g
42-		Full fat processed cheese slices (cheddar)	400 g, 200 g
43-		Full fat processed cheese slices (Captain Nadec)	400 g, 200 g
44-		Spreadable processed cheddar cheese analogue	900 g, 500 g, 240 g, 140 g
45-		Spreadable processed cream cheese analogue	900 g, 500 g, 240 g, 140 g
46-		Spreadable processed triangle cheese analogue	360 g, 240 g, 120 g
47-		Unsalted natural butter	1 kg, 500 g, 200 g, 100 g
48-		Vanilla flavored dessert	75 g
49-		Chocolate flavored dessert	75 g

Source: The Company

2- Food Products

The Company produces a diverse range of food products from its farms using modern irrigation systems and organic fertilizers. The food products are processed using high-quality ingredients and innovative technologies to fulfill market standards and customer preferences. The food products produced by the Company include the following:

- **Olives:** The total revenues achieved by the Company from olives were estimated at approximately SAR 66.2 million, SAR 55.9 million and SAR 60.4 million in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 2.87%, 2.46% and 2.24% of the Company's total revenues in the same periods, respectively.
- **Agricultural Products:** The total revenues achieved by the Company from agricultural products were estimated at approximately SAR 114.1 million, SAR 133.4 million and SAR 114.1 million in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 4.95%, 2.25% and 2.10% of the Company's total revenues in the same periods, respectively.
- **Veal and Other Products:** The total revenues achieved by the Company from veal and other products were estimated at approximately SAR 69.8 million, SAR 133.4 million and SAR 114.1 million in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 3.03%, 5.87% and 4.23% of the Company's total revenues in the same periods, respectively.

The following table shows the details of the types of food products produced by the Company:

Table (4.6): Food Products

#	Product	Items	Available Sizes
1.	Olives	Organic extra virgin Greek olive oil (first extraction)	500 ml, 250 ml
2.		Organic extra virgin Spanish olive oil (first extraction)	500 ml, 250 ml
3.		Olive oil for cooking	1.5 L
4.		Organic olive oil	250 ml, 500 ml, 1 L, 2 L, 4 L
5.		Olive tree seedlings	1 seedling
6.	Cereal products, vegetables and fruits	Wheat	1 ton
7.		Wheat seeds	1 ton
8.	Veal and other products	Veal	1 kg
9.		Dates	1 ton
10.		Raw milk	1 L

Source: The Company

3- Juice

The Company produces fresh and natural juices of various flavors, which are processed using modern technologies. The juices also contain additional benefits, such as antioxidants and vitamins to promote the health and wellness of consumers. Juice products include two main products, fresh juices and nectars. The total revenues achieved by the Company from juice products were estimated at approximately SAR 278.7 million, SAR 238.4 million and SAR 237.2 million in the financial years ended 31 December 2020G, 2021G and 2022G, accounting for 12.10%, 10.49% and 8.8% of the Company's total revenues in the same periods, respectively. The following table shows the details of the types of juice produced by the Company:

Table (4.7): Juice Products

#	Product	Items	Available Sizes
1-	Juice	Orange juice	200 ml, 300 ml, 1.5 L
2-		Apple juice	200 ml, 300 ml, 1.5 L
3-	Nectar	Pomegranate with mixed fruit nectar	200 ml, 1.5 L
4-		Guava with mixed fruit nectar	200 ml, 300 ml, 1.5 L
5-		Premium cocktail with mixed fruit nectar	200 ml, 1.5 L
6-		Lemon and mint with mixed fruit nectar	200 ml, 1.5 L
7-		Strawberry with mixed fruit nectar	200 ml, 300 ml, 1.5 L
8-		Mixed fruit nectar with 8 vitamins	200 ml, 1.5 L
9-		Kiwi, lemon and mint with mixed fruit nectar	200 ml, 1.5 L
10-		Orange and carrot with mixed fruit nectar	200 ml, 300 ml, 1.5 L
11-		Pineapple with mixed fruit nectar	200 ml, 1.5 L
12-		Mango with mixed fruit nectar	200 ml, 300 ml, 1.5 L
13-		Mixed berries with mixed fruit nectar	200 ml, 300 ml, 1.5 L
14-		Mixed fruit nectar	200 ml, 300 ml, 1.5 L

Source: The Company

4.3.3 Overview of the Company's Agricultural Projects and Production Plants

1- Agricultural Projects

The Company has four (4) agricultural projects within the Kingdom, which are located in Wadi Al Dawaser, Hail, Al Jouf and Haradh (it should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus), where the Company expands the cultivation of strategic agricultural crops, such as wheat, or provides its certified high-quality seeds and sells them to farmers. The Company's agricultural projects also include the Haradh Agricultural Project in Al Ahsa Governorate, which contains seven (7) cattle farms designed with high international technical specifications to create environmental conditions suitable for breeding cattle. As of 31 December 2022G, the number of cows on the project exceeds 92 thousand. In addition, Al Jouf Agricultural Project features one of the largest olive farms in the world, containing more than 5 million organic olive trees that have been planted using agricultural techniques for larger areas with less water consumption and are harvested automatically. The following table shows the details of the Company's agricultural projects.

Table (4.8): The Company's Agricultural Projects

#	Agricultural Project	Location	Launch Date	Ownership	Total Area	Description of the Activity
1.	Haradh*	Al Ahsa Governorate	1981G	Company-owned	375,250,000 sqm	Cattle farms
2.	Wadi Al Dawaser	Wadi Al Dawaser Governorate	1982G	Company-owned	989,255,250.64 sqm	Cattle farms and food processing
3.	Hail	Al Shinan Governorate	1985G	Company-owned	193,082,300 sqm	Cultivation of wheat, potatoes and onions. It also contains a unit specialized in fattening calves
4.	Al Jouf	Tabarjal Governorate	1987G	Company-owned	72,000,000 sqm	Production of wheat, vegetables, olives, palm trees and fruits

* It should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus.

Source: The Company

2- Production Plants

The Company produces a number of dairy products and agricultural products. It has three (3) plants, two (2) of which are dedicated to dairy production and one (1) of which is dedicated to the production and refining of olive oil. The following table shows the details of the Company's production plants.

Table (4.9): The Company's Production Plants

#	Plant	Location	Opening Date	Ownership	Total Area (sqm)	Licensed Prod-ucts	Licensed Production Capacity (tons)	Actual Production Capacity (tons)
1-	First Dairy Plant*	Al Ahsa, Haradh**	1984G	Company-owned	11,530	Ice cream mix	3,500	4,000
						Flavored long-life milk	18,655	25,000
						Long-life milk	175,355	180,000
						Flavored cream	240	250
						Bottled drinking water in plastic bottles of various sizes	9,000+	Nil
						Animal feed	300,000	Nil
						Tomato paste	3,500	Nil

#	Plant	Location	Opening Date	Ownership	Total Area (sqm)	Licensed Products	Licensed Production Capacity (tons)	Actual Production Capacity (tons)
2-	Second Dairy Plant*	Al Ahsa, Haradh	1995G	Company-owned	63,065	Processed cheese	9,880	15,500
						Yogurt	56,698	70,000
						Fresh labneh	201	300
						Butter	886	900
						Spreadable fresh white cheese	606	606
						Fruit-flavored milk	13,603	16,000
						Chocolate milk	4,112	5,500
						Cream	1,548	1,800
						Milk	100,306	120,000
						Laban	125,378	140,000
						Dairy desserts	2,300	2,400
						Assorted juices	30,718	32,000
						Vitamin A and its derivatives	4,000	4,000
3-	Olive plant	Al Busaita, Al Jouf	2022G	Company-owned	8,000	Production and refining of olive oil	1,600	2,100

* The First Dairy Plant and Second Dairy Plant share one joint industrial license, No. 106033, due to them both being located in the same area (for further details regarding the Company's industrial licenses, please refer to Section 10.4 "**Key Licenses**" of this Prospectus).

** It should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus.

Source: The Company

4.3.4 Quality Control

The Company is committed to high quality standards. To this end, it implements food safety and quality systems that are recognized locally, regionally and globally and has obtained a number of quality certificates, as follows:

- FSSCQ Certificate, which indicates the Company has implemented the Food Safety Management System (FSSQ 22000) standards and the ISO Quality Management System (ISO 9001) standards.
- Global G.A.P Certificate, which indicates the best agricultural practices.
- BIOL Certificate, which indicates the highest quality of olive oil.
- AIB Certificate for Consolidated Food Safety Standards.
- ISO 9001 Certificate for the head office and dairy plants.
- Saudi G.A.P (Good Agricultural Practices) Certificate.
- Saudi Quality Certificate from the Saudi Standards, Metrology and Quality Organization (SASO).
- ISO 22000 Certificate for Al Jouf Olive Oil Plant.

The Company is committed to constantly ensuring the quality of its products. It conducts more than 18,000 quality tests daily through its laboratories and research center to ensure the application of high quality and safety standards for all products, as well as to monitor quality management. These tests range from physical and chemical to organoleptic and microbial tests.

Table of Content >

4.3.5 Marketing and Sales

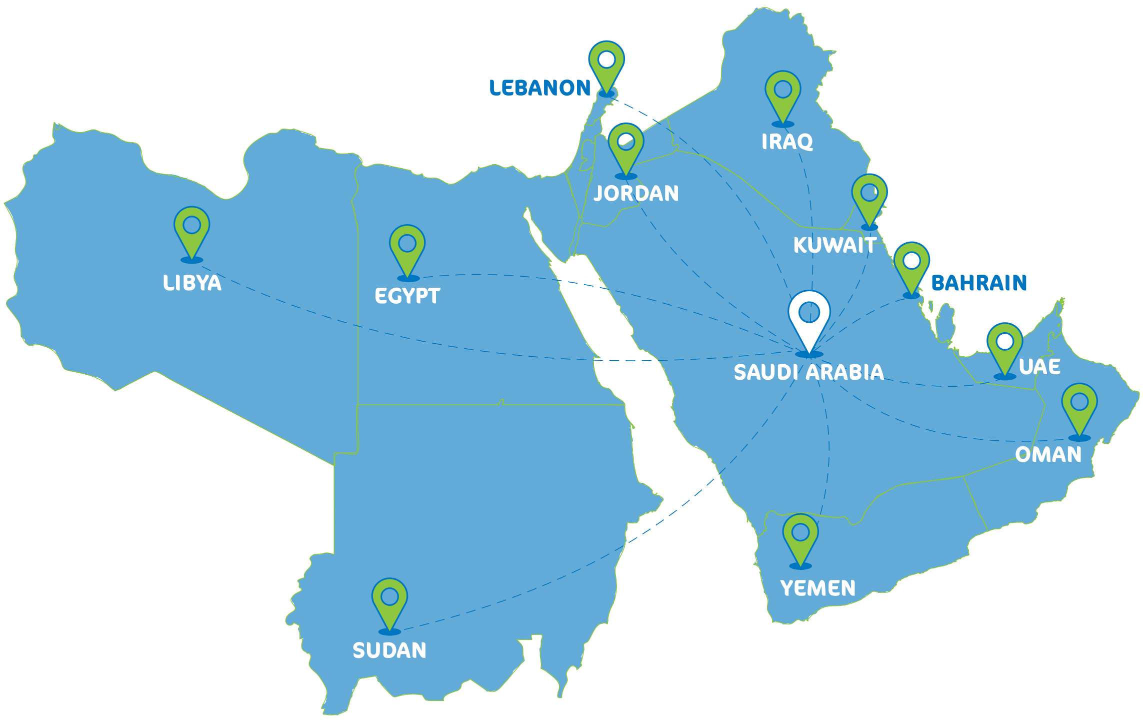
The Company applies a defined strategy in all its sales operations, through which it aims to achieve its targets according to figures and data that reflect its performance by geographical distribution, sector and product category. The Company also continuously monitors performance at all levels in order to improve profit margins by focusing on methodologies that achieve the highest returns. The Company also seeks to enhance the value of its brand offerings targeting all segments of consumers by constantly endeavoring to provide high-quality products that reinforce its leading presence in the markets of the MENA region, as well as through creating integrated food solutions that meet the desires and needs of consumers. The Company focuses on communicating with its consumers and customers around the clock, 7 days a week and throughout the year through various communication channels. It also reinforces the presence of its brands on various digital media platforms. This includes promoting its activities and the presence of its brands through:

- Media and advertising means owned by the Company, such as its accounts on social media;
- Paid media and advertising media, such as social media promotion, content creation and digital search engine marketing strategies;
- Strategic partnerships with media platforms;
- Strategic partnerships with e-commerce platforms; and
- The Company's website and the Company's page on the Saudi Tadawul website.

4.3.6 Geographical Presence

The Company has a geographical presence through a network of branches and points of sale spread throughout the Kingdom, the GCC countries and a number of countries in the MENA region. The Company has two branches in Dubai in the UAE and the Kingdom of Bahrain. It is also working on registering a branch in the Sultanate of Oman. The Company markets and sells its products in Sharjah in the UAE and in the State of Kuwait through an agent, as well as through distributors in the Hashemite Kingdom of Jordan, the State of Libya, the Republic of Lebanon, the Republic of Yemen, the State of Palestine and the Republic of Iraq, the Islamic Republic of Mauritania, the Federal Republic of Somalia, the Maldives, Seychelles and the United States of America. The following figure shows the geographical presence of the Company's products:

Figure (2): Geographical Presence of the Company's Products



Source: The Company

The following table also shows the geographical distribution of the Company's revenues:

Table (4.10): Company Revenues by Geography

#	Revenues From	Revenues (SAR)			Percentage of Total Company Revenues		
		Financial Year 2020G	Financial Year 2021G	Financial Year 2022G	Financial Year 2020G	Financial Year 2021G	Financial Year 2022G
1.	The Kingdom	2,049.7	2,040.6	2,399.7	89.0%	89.8%	89.1%
2.	Other countries	253.4	231.8	294.6	11.0%	10.2%	10.9%
Total		**2,303.0**	**2,272.4**	**2,694.3**	**100%**	**100%**	**100%**

Source: The Company

4.3.7 Research and Development

The Company is committed to customer satisfaction by providing a variety of products through its long history in food processing and agricultural production, in accordance with its strategic plans and a series of research and development operations that it conducts, starting from its farms, until its products reach its customers. To this end, the Company invests in the latest technologies and means to support its research center to develop production methodologies in accordance with the demands and requirements of consumer segments. The Company has developed a number of innovative products which include the following:

- Ayran laban (salted yogurt drink), which is made from fresh Nadec milk and has a distinctive taste compared to other dairy products due to it containing a certain percentage of salt.
- Tamry, which is one of the Company's most notable innovations and is the first Saudi product made from dates and natural cow's milk. This product received the best innovation award for 2019G and is available in the form of fresh date milk, long-life milk and Tamry yogurt.
- Greek-style yogurt, which is an innovative product with the distinct flavors of Greek yogurt and is high in protein and vitamins.
- Icelandic yogurt, a product inspired by one of the well-known dairy products in Iceland.
- Organic milk fortified with vitamins A and D3, which is produced from cows fed naturally on open green fields and is certified by the Saudi Organic Food Association.
- Protein drink, which is available in strawberry and chocolate flavors.
- Cooking olive oil, as the Company was one of the first brands to launch 100% pure olive oil for high-temperature cooking and frying.

4.4 The Company's Business and Assets outside the Kingdom

The Company sells its products through more than 48,000 points of sale in a number of countries. The Company has two branches in Dubai in the UAE and the Kingdom of Bahrain. It is also working on registering a branch in the Sultanate of Oman. The Company markets and sells its products in Sharjah in the UAE and in the State of Kuwait through an agent, as well as through distributors in the Hashemite Kingdom of Jordan, the State of Libya, the Republic of Lebanon, the Republic of Yemen, the State of Palestine and the Republic of Iraq, the Islamic Republic of Mauritania, the Federal Republic of Somalia, the Maldives, Seychelles and the United States of America. The Company does not have any substantial part of its assets located outside the Kingdom.

4.5 Business Continuity

The Directors declare that there has been no suspension or interruption in the Company's business that could have or has had a significant impact on its financial position during the last twelve (12) months.

4.6 Social Responsibility

The Company is committed to launching effective initiatives that support its community and customers in line with its moral values. These initiatives are part of its continuous efforts to engage with its community and customers on various occasions. The Company has launched numerous initiatives by supporting a number of entities such as charities, schools, universities, mosques and conferences with food products. The Company has also participated in awareness campaigns to raise awareness levels among citizens, such as the breast cancer detection campaign, the "Today we save lives" campaign for blood donation and the afforestation initiative "Let's make it green", wherein the Company provided 100,000 trees of endangered species under the supervision of the Ministry of Environment, Water and Agriculture. The Company also sponsors competitions, events and a number of accredited bodies. Moreover, the Company participates and contributes to a number of exhibitions and conferences in cooperation with strategic partners, such as its participation in the Saudi Agricultural Exhibition, the First International Jouf Agricultural Forum in Sakaka, the First Dairy Exhibition in Al Kharj and the Children's Agriculture Initiative, in cooperation with the Ministry of Environment, Water and Agriculture.

4.7 Employees

4.7.1 The Company

The following table shows a detailed breakdown of the Company's employees by main activity and Saudization percentage:

Table (4.11): Company Employees as of 31 December 2020G, 2021G and 2022G

#	Division	Financial Year 2020G			Financial Year 2021G			Financial Year 2022G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Agricultural entity	317	2,822	3,139	299	3,001	3,300	286	3,200	3,486
2.	Agricultural and livestock production	18	58	76	17	19	36	Nil	Nil	Nil
3.	Industrial entity	248	844	1,092	265	903	1,168	266	739	1,005
4.	Transport entity	125	482	607	127	512	639	145	478	623
Total		**708**	**4,206**	**4,914**	**708**	**4,435**	**5,143**	**697**	**4,417**	**5,114**

Source: The Company

4.7.2 Saudization and Nitaqat Program Requirements

The following table shows the Company's compliance with the Saudization requirements based on its classification under the "Nitaqat" program as of 24/10/1444H (corresponding to 14/05/2023G):

Table (4.12): Classification of the Company under the "Nitaqat" program as of 24/10/1444H (corresponding to 14/05/2023G)

#	Company	Activity Type	Saudization Percentage	Range
1.	The Company - agricultural entity	Agricultural and livestock production and related services and equestrian clubs	10.82%	Medium Green
2.	The Company - industrial entity	Industries	26.86%	Low Green
3.	The Company - logistic entity	Road transport and warehousing	23.56%	Medium Green

Source: The Company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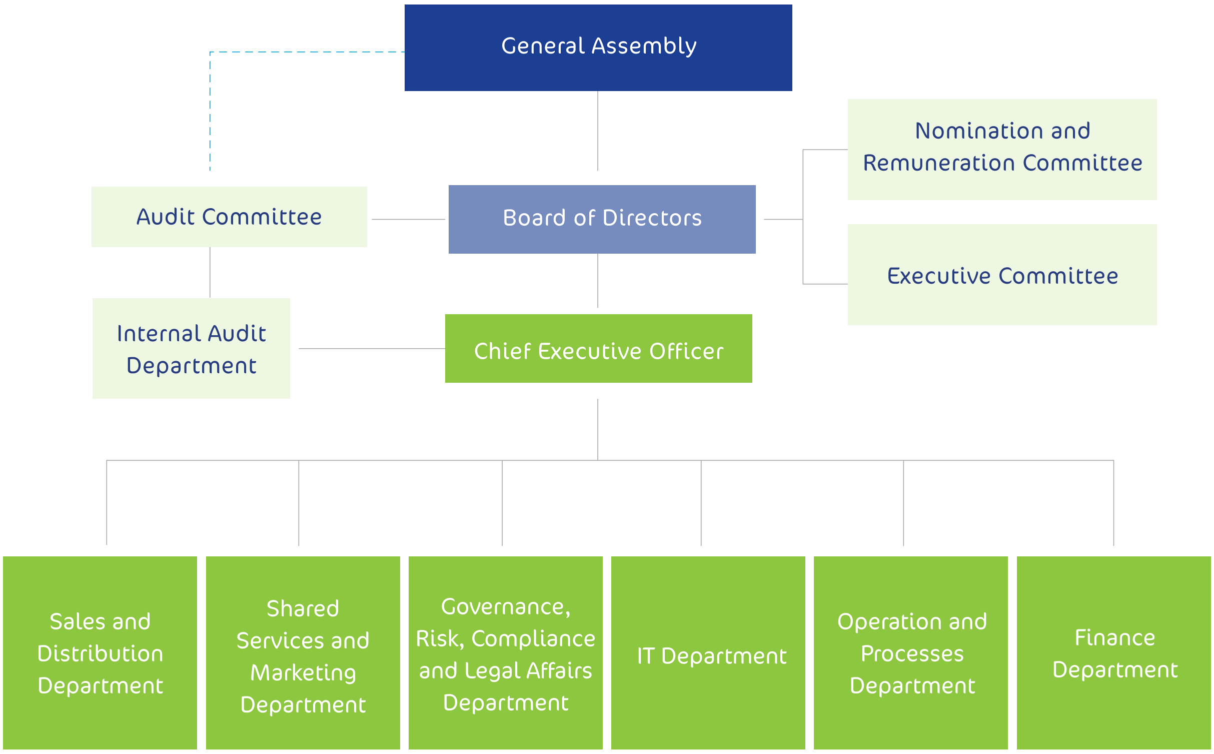
5. Organizational Structure of the Company

5.1 Management Structure

The following figure shows the management structure of the Company, including the Board of Directors and the supervisory committees, as well as the duties undertaken by members of the Executive Management:

Figure (3): Management Structure of the Company



Source: The Company

5.2 Board of Directors

5.2.1 Formation of the Board of Directors

The Company is managed by a board of directors composed of seven (7) members elected by the Shareholders' Ordinary General Assembly through cumulative voting. The functions and responsibilities of the Board of Directors are defined by the Company's Bylaws and internal governance regulations. The term of office of the Directors, including the Chairman, shall be a maximum of three (3) years for each session. Directors may be re-elected, unless the Company's Bylaws stipulate otherwise. The current three-year session of the Board of Directors commenced on 29/08/1442H (corresponding to 11/04/2021G).

Table of Content >

The following table shows the Board Members as of the date of this Prospectus:

Table (5.1): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Status	Date of Appointment to the Current Session	Representing	Existing Shares held					
								Directly		Indirectly[1]		Total	
								No. of shares	Percentage	No. of shares	Percentage	No. of shares	Percentage
1.	Abdulaziz bin Saleh bin Abdullah Al-Rebdi	Chairman	Saudi	60 years	Non-Executive / Non-Independent	29/08/1442H (corresponding to 11/04/2021G)	Public Investment Fund	-	-	39,282,309	38.65%	39,282,309	38.65%
2.	Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi	Vice-Chairman	Saudi	56 years	Non-Executive / Non-Independent	29/08/1442H (corresponding to 11/04/2021G)	-	89,185	0.09%	4,023,221	3.96%	4,112,406	4.05%
3.	Badr bin Abdulrahman bin Abdullah Al Sayari	Director	Saudi	57 years	Non-Executive / Non-Independent	29/08/1442H (corresponding to 11/04/2021G)	Sulaiman Al Rajhi Holding Company	-	-	4,774,780	4.70%	4,774,780	4.70%
4.	Amr bin Abdulaziz bin Abdullah Al-Jallal	Director	Saudi	44 years	Independent / Non-Executive	29/08/1442H (corresponding to 11/04/2021G)	-	-	-	-	-	-	-
5.	Abdulaziz bin Mohammed bin Hamad Al Rugaib	Director	Saudi	40 years	Independent / Non-Executive	04/09/1443H (corresponding to 05/04/2022G)	-	-	-	-	-	-	-
6.	Ahmed bin Saud bin Abdulaziz Shahini	Director	Saudi	40 years	Non-Executive / Non-Independent	09/03/1444H (corresponding to 05/10/2022G) [2]	-	-	-	-	-	-	-
7.	Ibrahim bin Mohammed bin Abdullah Al Amer	Director	Saudi	55 years	Independent / Non-Executive	09/03/1444H (corresponding to 05/10/2022G) [3]	-	-	-	-	-	-	-

* The percentages have been rounded to the nearest integer.

(1) The indirect ownership of the Directors is as a result of the following:

- The Chairman, Abdulaziz bin Saleh bin Abdullah Al-Rebdi, is a representative of the Public Investment Fund, which owns the Saudi Agricultural and Livestock Investment Company (SALIC), which in turn owns 38.65% of the Company's shares.
- The indirect ownership of the Vice-Chairman, Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi, is as a result of (1) ownership of the endowments of Sheikh Abdullah bin Abdulaziz bin Saleh Al-Rajhi, which constitutes 1.4% of the Company's shares, and (2) the ownership of the heirs of Sheikh Abdullah bin Abdulaziz bin Saleh Al-Rajhi, which constitutes 2.56% of the Company's shares.
- The Director Badr bin Abdulrahman Al Sayari is a representative of Sulaiman Al Rajhi Holding Company, which owns 4.7% of the Company's shares.

(2) The Director Ahmed bin Saud Shahini was appointed by the Board of Directors to replace the previous Director, Saleh bin Hassan Al-Afaleq. Such appointment was approved pursuant to an Ordinary General Assembly resolution dated 13/10/1444H (corresponding to 03/05/2023G).

(3) The Director Ibrahim bin Mohammed Al Amer was appointed by the Board of Directors to replace the previous Director, Omar bin Hamad Al-Madi. Such appointment was approved pursuant to an Ordinary General Assembly resolution dated 13/10/1444H (corresponding to 03/05/2023G).

Source: The Company

The Secretary of the Board of Directors is Abdullah bin Ibrahim bin Abdullah Al Dehaimi, who was appointed to this position on 30/08/1442H (corresponding to 12/04/2021G).

5.3 Board Committees

A number of committees emanate from the Company's Board of Directors, which are formed based on the Company's needs, circumstances and conditions to enable it to perform its tasks effectively, in addition to meeting the relevant legal requirements. These committees include the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

The following is a summary of the structure, responsibilities and members of each Committee:

5.3.1 Audit Committee

1- Formation of the Audit Committee

The Audit Committee consists of three (3) members who were appointed pursuant to an Ordinary General Assembly resolution dated 08/08/1442H (corresponding to 21/03/2021G) approving the formation of the Committee and defining its duties, work controls and the remuneration of its members, effective as of 29/08/1442H (corresponding to 11/04/2021G). The following table shows the names of the Audit Committee members:

Table (5.2): Members of the Audit Committee

#	Name	Position	Status
1.	Ahmed bin Saud bin Abdulaziz Shahini(1)	Head	Board Member - Non-Executive / Non-Independent
2.	Ibrahim bin Mohammed bin Abdullah Al Amer(2)	Member	Board Member - Independent / Non-Executive
3.	Khalid bin Salem bin Mohamed Al-Ruwais(3)	Member	Non-Board Member

(1) Ahmed bin Saud bin Abdulaziz Shahini was appointed by the Board of Directors as of 10/03/1444H (corresponding to 06/10/2022G) to replace Saleh bin Hassan Al-Afaleq as Head of the Audit Committee.

(2) Ibrahim bin Mohammed bin Abdullah Al Amer was appointed by the Board of Directors as of 10/03/1444H (corresponding to 06/10/2022G) to replace the former Audit Committee member, Omar bin Hamad Al-Madi.

(3) Khalid bin Salem bin Mohamed Al-Ruwais was appointed by the Board of Directors as of 17/09/1444H (corresponding to 08/04/2023G) to replace Amr bin Khaled Kurdi, who resigned as a member of the Audit Committee.

The General Assembly approved all the above-mentioned appointments at the Ordinary General Assembly meeting dated 13/10/1444H (corresponding to 03/05/2023G).

Source: The Company

2- Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee include:

1- Auditor:

- Providing recommendations to the Board regarding the nomination of auditors and their dismissal, defining their remuneration and assessing their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the auditors and their objectivity and the fairness and effectiveness of the audit activities, taking into account the relevant rules and standards.
- Reviewing the plan and activities of the Company's auditor, and ensuring that it does not provide any technical or administrative works that are beyond the scope of the audit activities, as well as providing its opinion thereon.
- Responding to queries of the Company's auditor.
- Reviewing the auditor's reports and its comments on the financial statements, and following up on the procedures taken in connection therewith.
- Reviewing the proposed audit scope and methodology of the auditors, including coordinating audit efforts with the internal audit department.
- The Committee shall meet periodically in separate sessions with the auditor to discuss any issues that the Audit Committee or the auditor deem necessary for discussion in private meetings and whenever the need arises.
- Examining the Auditor's notes on the financial statements and following up on the procedures taken in connection therewith.

2- Financial reporting:

- Analyzing the interim and annual financial statements before presenting them to the Board, and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, on whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and Investors to assess the Company's financial position, performance, business model and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by the Company's Chief Financial Officer, any person assuming his/her duties, the Company's compliance officer or the Auditor.
- Examining the accounting policies followed in the Company and providing its opinion and recommendations to the Board thereon.
- Verifying accounting estimates on material matters contained in the financial reports, including reviewing accounting problems, preparing significant reports, complex or unusual transactions and discretionary matters, as well as reviewing recent professional and regulatory issues and noting their impact on the financial statements.
- Reviewing the results of the audit with Management and the Auditors, including any difficulties encountered thereby.
- Reviewing the remaining sections of the annual report and any relevant legislation prior to publication, and considering the accuracy and completeness of the information contained therein.

3- Internal control:

- The Audit Committee shall consider the effectiveness of the internal control system, including information technology security and control systems.
- Understanding the scope of work of the auditors and internal auditors in auditing the internal control of financial reports, and obtaining reports with significant observations and recommendations as well as Management's response thereto.

4- Internal audit:

- Examining and reviewing the Company's internal and financial control and risk management systems.
- Monitoring and supervising the performance and activities of the Company's internal auditor and Internal Audit Department in order to verify the availability of the necessary resources and their effectiveness in performing the duties and tasks assigned thereto.
- Examining the internal audit reports and following up on the implementation of the corrective measures in respect of the remarks made in such reports.
- Approving the Internal Audit Charter and the Internal Audit Policy and Procedure Manual.
- Nominating the Chief Internal Audit Officer and approving their financial remuneration, as well as any decisions regarding their appointment or replacement or the termination of their services; reviewing and approving the budget of the Internal Audit Department with the Chief Internal Audit Officer, as well as the resource plan, activities and organizational structure of the Internal Audit Department.
- The Audit Committee shall review the performance of the Chief Internal Audit Officer at least annually and shall approve their annual remuneration and salary adjustment.
- Periodically verifying the independence of the internal auditors.
- Approving the annual audit plan and all material changes that may be made to such plan.
- Reviewing the effectiveness of the internal audit activities, including compliance with the International Professional Practices Framework for the practice of internal audit work, the internal audit mission and basic principles.
- The Audit Committee shall meet periodically with the Chief Internal Audit Officer on an individual basis to discuss any matters that the Audit Committee or the Chief Internal Audit Officer consider should be discussed privately.

5- Ensuring compliance:

- Reviewing the findings of the reports of the supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Ensuring the Company's compliance with the relevant laws, regulations, policies and directives.
- Reporting to the Board any issues the Committee deems it necessary to take action on, and providing recommendations as to the steps that should be taken.
- Reviewing the effectiveness of the system for monitoring compliance with laws and regulations, as well as the results of any investigation conducted by the Department and following up on cases of non-compliance (including disciplinary actions).
- Reviewing the results of inspections by any regulatory authorities as well as any observations from the auditors.
- Reviewing the process for reporting violations of the Company's Codie of Conduct and monitoring compliance therewith and implementation thereof.
- Obtaining regular updates from the Company's Management and the Legal Advisor regarding compliance matters.
- Reviewing the contracts and proposed transactions between the Company and Related Parties, and providing its recommendations to the Board in connection therewith.
- The Board of Directors may authorize the Audit Committee to inform them of developments in the field of corporate governance and best practices.

6- Issuance of reports:

- Preparing reports for the Board of Directors on a regular basis regarding the Committee's activities and related observations and recommendations.
- Suggesting to the Board of Directors the necessary policies or procedures to be followed by stakeholders in submitting complaints or reporting violations.
- Providing open channels of communication between Internal Audit Department, the Auditors and the Board of Directors.
- Preparing an annual report for the Board Members and the Shareholders which shows the adequacy of the Company's internal control system and outlines the other works it has undertaken that fall within the scope of its competence. The Board of Directors shall deposit sufficient copies of this report at the Company's headquarters at least ten days prior to the date of the General Assembly meeting such that each of the Shareholders may obtain a copy thereof. Such report shall be read during the Assembly meeting, and the Audit Committee's reports shall be maintained at the Company's headquarters for a period of no less than ten years.
- Reviewing any reports issued by the Company related to the responsibilities of the Audit Committee.

7- Other responsibilities:

- The Audit Committee shall implement arrangements that enable the Company's employees to confidentially provide their observations in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been actioned through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.
- Conducting out any other activities related to this Charter at the request of the Board of Directors.
- Conducting and supervising any special investigations as needed.
- Reviewing and evaluating the adequacy of the Audit Committee Charter on an annual basis, requesting the approval of the Board of Directors regarding any proposed changes and ensuring appropriate disclosure in accordance with the laws and regulations.
- Ensuring implementation of the responsibilities described in this Charter on an annual basis.
- Assessing the performance of the Committee and its members on an annual basis.
- The Head of the Audit Committee or whomever they delegate from its members shall attend the Company's General Assemblies to answer Shareholders' questions.
- If there is a conflict between the Audit Committee recommendations and the resolutions of the Board, or if the Board refuses adopt the recommendation of the Committee regarding the appointment, dismissal, renumeration or evaluation of the performance of the Company's auditor or the appointment of the Internal Auditor, the report of the Board of Directors shall include the Committee's recommendation and the grounds therefor, as well as the reasons for non-adoption thereof.

5.3.2 Nomination and Remuneration Committee

1- Formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three (3) members who were appointed pursuant to a resolution of the Board of Directors dated 30/08/1442H (corresponding to 12/04/2021G) approving the formation of the Committee. The following table shows the names of the Nomination and Remuneration Committee members:

Table (5.3): Members of the Nomination and Remuneration Committee

#	Name	Position	Status
1.	Amr bin Abdulaziz bin Abdullah Al-Jallal	Head	Independent / Non-Executive
2.	Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi(1)	Member	Non-Executive / Non-Independent
3.	Ibrahim bin Mohammed bin Abdullah Al Amer(2)	Member	Independent / Non-Executive

(1) Abdullatif bin Abdullah bin Abdulaziz Al-Rajhi was appointed by the Board of Directors as of 28/05/1443H (corresponding to 01/01/2022G) to replace the previous member of the Nomination and Remuneration Committee, Sulaiman bin Abdulaziz Al Twaijri.

(2) Ibrahim bin Mohammed bin Abdullah Al Amer was appointed by the Board of Directors as of 10/03/1444H (corresponding to 06/10/2022G) to replace Saleh bin Hassan Al-Afaleq as a member of the Nomination and Remuneration Committee.

Source: The Company

2- Responsibilities of the Nomination and Remuneration Committee

The duties of Nomination and Remuneration Committee include:

1- Preparing a clear policy for the remuneration of the Directors and members of the Board Committees and Executive Management and submitting it for consideration in preparation for approval by the General Assembly, provided that such policy follows performance-related standards, as well as disclosing and ensuring the implementation of such policy.

2- Clarifying the relation between the remuneration granted and the applicable remuneration policy, highlighting any material deviation from such policy.

3- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its intended objectives.

4- Providing recommendations to the Board on the remuneration of the Directors, Board Committee members and the Company's Senior Executives as per the approved policy.

5- Proposing clear policies and criteria for membership of the Board and occupation of Executive Management positions.

6- Providing recommendations to the Board on the nomination and re-nomination of Board members in accordance with the approved policies and standards, taking into account that nomination shall not include any person previously convicted of a crime involving moral turpitude or dishonesty.

7- Preparing a description of the capabilities and qualifications required for membership of the Board and occupation of Executive Management positions.

8- Determining the amount of time that a member shall allocate to Board activities.

9- Conducting an annual review of the proper skills and expertise required for membership of the Board and Executive Management positions.

10- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that can be made thereto.

11- Annually ensuring the independence of independent Directors and the absence of any conflicts of interest if a Director also acts as a director of another company.

12- Providing job descriptions for executive, non-executive and independent Directors and Senior Executives.

13- Establishing procedures to be followed if the position of a Director or Senior Executive becomes vacant.

14- Determining the strengths and weaknesses of the Board and recommending solutions to address such weaknesses in line with the Company's interests.

15- Performing tasks assigned to it by the Board of Directors in relation to its activities.

16- Providing new Directors with an appropriate level of induction and training on the Company's functions and achievements, in order to enable them to perform their duties efficiently.

17- Examining and reviewing the succession plans of the Company in general, as well as those of the Board, the CEO and Senior Executives.

5.3.3 Executive Committee

1- Formation of the Executive Committee

The Executive Committee consists of five (5) members who were appointed pursuant to a resolution of the Board of Directors dated 30/08/1442H (corresponding to 12/04/2021G) approving the formation of the Committee. The following table shows the names of the Executive Committee members:

Table (5.4): Members of the Executive Committee

#	Name	Position	Status
1.	Abdulaziz bin Saleh bin Abdullah Al-Rebdi	Head	Non-Executive / Non- Independent
2.	Badr bin Abdulrahman bin Abdullah Al Sayari(1)	Member	Non-Executive / Non- Independent
3.	Ahmed bin Saud bin Abdulaziz Shahini(2)	Member	Non-Executive / Non- Independent
4.	Abdulaziz bin Mohammed bin Hamad Al Rugaib(3)	Member	Independent / Non- Executive
5.	Sulaiman bin Abdulaziz bin Saleh Al Twaijri	Member	Executive / Non- Independent

(1) Badr bin Abdulrahman bin Abdullah Al Sayari was appointed by the Board of Directors as of 28/05/1443H (corresponding to 01/01/2022G).

(2) Ahmed bin Saud bin Abdulaziz Shahini was appointed by the Board of Directors as of 10/03/1444H (corresponding to 06/10/2022G) to replace the former Executive Committee member, Omar bin Hamad Al-Madi.

(3) Abdulaziz bin Mohammed bin Hamad Al Rugaib was appointed by the Board of Directors as of 10/03/1444H (corresponding to 06/10/2022G) to replace the former Executive Committee member, Amr bin Abdulaziz Al-Jallal.

Source: The Company

2- Responsibilities of the Executive Committee

The duties and responsibilities of the Executive Committee include:

1- Recommending amendments to any of the Company's Bylaws.
2- Providing recommendations on the vision and objectives of the Company's strategy.
3- Examining systems, regulations, policies and executive programs and making the necessary amendments or additions thereto.
4- Reviewing the annual budget objectives prior to their submission to the Board for approval and following up on the implementation thereof.
5- Providing recommendations to the Board regarding the distribution of dividends.
6- Supervising the preparation of economic and advisory studies.
7- Monitoring the implementation of the Company's integrated information systems programs.
8- Supervising the evaluation of the Company's financing needs and overseeing the procurement of the necessary financial resources.
9- Presenting recommendations to the Board regarding loan and mortgage transactions.
10- Presenting recommendations to the Board on strategic plans and long, medium and short-term goals and updating and reviewing the same from time to time, as well as submitting the same to the Board for approval.
11- Supervising the review of plans related to the Company's current activities and its financial and competitive position, and following up on and evaluating such plans.
12- Supervising the evaluation of all works and issues that could affect the Company's image.
13- Supervising the study of new projects and investments and submitting recommendations thereon to the Board.
14- Monitoring the execution of the resolutions made by the Board and the Executive Committee.
15- Monitoring the Company's finances and its operational and marketing policy.
16- Submitting reports to the Board on the work accomplished by the Committee, as well as the resolutions and recommendations it makes.
17- Carrying out any tasks or responsibilities assigned to it by the Board.
18- Reviewing the social responsibility policy and the media plan, reviewing social work initiatives, and submitting to the Board any findings or recommendations deemed appropriate by the Committee.
19- Representing the Board at the general assemblies of subsidiaries or sister companies.

5.4 Executive Management

The Company's Executive Management consists of a team with the necessary expertise and skills to manage the Company under the supervision of the Board of Directors. The CEO is responsible for conducting the Company's day-to-day business in accordance with the directives and policies set by the Board of Directors, in order to ensure that the Company's objectives set by the Board are fulfilled. The following table shows the details of the Company's Executive Management members:

Table (5.5): Executive Management of the Company

#	Name	Position	Nationality	Age	Date of Employment	Existing Shares held			
						Directly	Indirectly*	Total	Percentage
1.	Sulaiman bin Abdulaziz bin Saleh Al Twaijri	Chief Executive Officer	Saudi	57 years	28/07/1443H (corresponding to 01/03/2022G)	-	-	-	-
2.	Hamad bin Abdulaziz bin Abdullah Al-Sawaji	Executive Vice President of Sales and Distribution	Saudi	48 years	19/12/1438H (corresponding to 10/09/2017G)	-	-	-	-
3.	Nasser bin Abdulaziz bin Ibrahim Al-Ghanem	Executive Vice President of Shared Services and Marketing	Saudi	41 years	02/06/1439H (corresponding to 18/02/2018G)	-	-	-	-
4.	Abdullah bin Ibrahim bin Abdullah Al Dehaimi	Executive Vice President of Governance, Risk, Compliance and Legal Affairs	Saudi	37 years	18/09/1428H (corresponding to 30/09/2007G)	-	-	-	-
5.	Saad bin Saud bin Saad Al Huwaimel	Executive Vice President of Information Technology	Saudi	43 years	03/07/1444H (corresponding to 25/01/2023G)	-	-	-	-
6.	Marwan bin Mohammed bin Abdulrahman Al-Mubarak	Executive Vice President of Internal Audit	Saudi	38 years	07/01/1443H (corresponding to 15/08/2021G)	-	-	-	-
7.	Jamal Eldin Malek	Executive Vice President of Operations	Moroccan	64 years	04/01/1444H (corresponding to 02/08/2022G)	-	-	-	-
8.	Hassan Khalil Abdullatif Aqrouq	Executive Vice President of Finance	Canadian	48 years	27/11/1443H (corresponding to 26/06/2022G)	-	-	-	-

Source: The Company

5.5 Summary of the Employment Contracts concluded with the Directors, the CEO and the Executive Vice President of Finance

Except as mentioned below, no employment or service contracts have been concluded by the Company with the Board Members, the CEO or the Executive Vice President of Finance:

Table (5.6): Summary of Employment and Service Contracts concluded with the Board Members, the CEO and the Executive Vice President of Finance

Name	Position	Contract Date	Contract Term
Sulaiman bin Abdulazizbin Saleh Al Twaijri	Chief Executive Officer	26/03/1443H (corresponding to 01/11/2021G)	Annual
Hassan Khalil Abdullatif Aqrouq	Executive Vice President of Finance	27/11/1443H (corresponding to 26/06/2022G)	Annual

Source: The Company

5.6 Cases of Bankruptcy and Insolvency involving the Directors and Executive Management

As of the date of this Prospectus, there are no bankruptcy cases involving the Directors, Executive Management members or the Board Secretary. In addition, there have been no cases of insolvency in the previous five years involving any company in which any of the Directors, Executive Management members or the Board Secretary was hired by the insolvent company in an administrative or supervisory position.

5.7 Direct and Indirect Interests of the Directors and Executive Management

Except as disclosed in Section 5.2 “**Board of Directors**”, Section 5.4 “**Executive Management**” and Section 10.6 “**Material Agreements with Related Parties**” of this Prospectus, none of the Directors, the Executive Management, or the Board Secretary, or any of their relatives has a direct or indirect interest in the shares or debt instruments of the Company or the Subsidiary or any interest in any other matter that could affect the Company’s business.

Except as disclosed in Section 10.6 “**Material Agreements with Related Parties**” of this Prospectus, none of the Directors, the Executive Management, the Board Secretary or any of their relatives has any interest in any contract or arrangement in effect or intended to be concluded in relation to the Company’s business as of the date of this Prospectus.

The following table shows the details of the agreements and transactions with Related Parties in which the Company’s Directors and Executive Management have an interest as of 31 December 2022G (for further information regarding such agreements, please refer to Section 10.6 “**Material Agreements with Related Parties**” of this Prospectus):

Table (5.7): Details of Agreements and Transactions with Related Parties in which the Company's Directors and Executive Management have an Interest at of 31 December 2022G

#	Agreement/Transaction	Transaction Value as of 31 December 2022G (SAR)	Interested Board Member or Executive Management Member	Type of Interest	Cause of Interest
1.	Purchase of plastics from Saudi Plastic Packaging Systems	SAR 28,217,191	Saleh bin Hassan Al-Afaleq (former Director, whose membership ended on 08/04/1444H (corresponding to 04/10/2022G))	Indirect interest	Former Company Director Saleh bin Hassan Al-Afaleq is a director of Takween Advanced Industries, which owns Saudi Plastic Packaging Systems.
2.	Purchase of packaging materials from Al-Kifah Holding Company	SAR 8,933,912	Saleh bin Hassan Al-Afaleq (former Director, whose membership ended on 08/04/1444H (corresponding to 04/10/2022G))	Indirect interest	Former Company Director Saleh bin Hassan Al-Afaleq is a director of Al-Kifah Holding Company.
3.	Purchase of plastics from Al Sharq Plastic Industries Ltd.	SAR 7,182,693	Saleh bin Hassan Al-Afaleq (former Director, whose membership ended on 08/04/1444H (corresponding to 04/10/2022G))	Indirect interest	Former Company Director Saleh bin Hassan Al-Afaleq is a director of Takween Advanced Industries, which owns Al Sharq Plastic Industries Ltd.
4.	Technical services provided to the Food Security Holding Company	SAR 5,808,465	Badr bin Abdulrahman Al Sayari (representative of Sulaiman bin Abdulaziz Al Rajhi Holding Company)	Indirect interest	The Director Badr bin Abdulrahman Al Sayari is a member of the alliance that established the Food Security Holding Company.
5.	Purchase of olive oil from the National Agricultural Holding Company	SAR 7,821,290	Badr bin Abdulrahman Al Sayari (representative of Sulaiman bin Abdulaziz Al Rajhi Holding Company)	Indirect interest	The Director Badr bin Abdulrahman Al Sayari is also a director of the National Agricultural Holding Company.
6.	Sale of olive oil to the National Agricultural Holding Company	SAR 383,988	Badr bin Abdulrahman Al Sayari (representative of Sulaiman bin Abdulaziz Al Rajhi Holding Company)	Indirect interest	The Director Badr bin Abdulrahman Al Sayari is also a director of the National Agricultural Holding Company.

Source: The Company

5.8 Remuneration of the Directors and Executive Management

The following table shows the remuneration and allowances received by the Directors and Executive Management, including salaries, bonuses and allowances, during the previous three financial years:

Table (5.8): Remuneration of Directors and Executive Management during the Financial Years Ended 31 December 2020G, 2021G and 2022G

SAR	Financial Year 2020G	Financial Year 2021G	Financial Year 2022G
Directors and Board Committees	3,469,000	3,573,000	3,472,200
Members of the Executive Management	17,214,709	10,746,974	7,645,470

Source: The Company

5.9 Employee Shares

The Company does not have any employee share programs in place prior to the application for registration and offer of securities subject to this Prospectus. None of the Company's employees owns shares in the Company and there are no other arrangements involving employees in the Company's capital (for further information regarding the Company's employees and compliance with Saudization requirements, please refer to Section 4.7 "**Employees**" of this Prospectus).


nadec

6. Management's Discussion and Analysis of Financial Position and Results of Operations

6.1 Introduction

The Management's Discussion and Analysis of National Agricultural Development Company - NADEC (the "**Company**") provides an analytical review of the Company's operational performance and financial position during the years ended 31 December 2020G, 2021G, and 2022G.

This section and the accompanying notes have been prepared based on the audited financial statements for the fiscal years 2020G, 2021G, and 2022G. The Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom of the Kingdom (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**"); collectively referred as (International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia). The fiscal year financials 2022G were audited by Ernst & Young Professional Services (EY) and the fiscal years 2020G and 2021G were audited by KPMG Professional Consulting Company (KPMG).

Neither Ernst & Young Professional Services nor any of its subsidiaries or employees (who form part of the team serving the Company) nor any of their employees' relatives own any shares or stock of any kind in the Company that might impair their independence as at the date of issuing the financial statements. As at the date of this Prospectus, Ernst & Young Professional Services Company have given and not withdrawn their written consent to the reference in this Prospectus to their roles as auditor of the Company for the financial years ended 31 December 2022G.

In addition, neither KPMG Professional Services (a non-partner member of the global network of independent KPMG Professional Consulting firms affiliated with KPMG International), nor their subsidiaries or employees (who form part of the team serving the Company), nor any of their employees' relatives own any shares or stock of any kind in the Company and its subsidiaries that would impair their independence as on the date of issuing the financial statements report. As of the date of this Prospectus, KPMG Professional Services (a non-partner member of the global network of independent KPMG Professional Services firms affiliated with KPMG International) have given and not withdrawn their written consent to the reference in this Prospectus to their role as auditors of the Company for the financial years ended 31 December 2020G and 2021G.

The above-mentioned financial statements are an integral part of this Prospectus, and should be read in conjunction with these financial statements and their supplementary notes, and these financial statements are contained in Section 17 ("**Financial Statements and Independent Auditor's Reports**") of this Prospectus.

The figures in this Section have been rounded to the nearest thousand riyals unless otherwise stated, and all numbers and percentages are rounded to the nearest decimal point. Therefore, if summed, the numbers may differ to those which are stated in the tables. Annual percentages, margins, expenses and CAGRs are based on the rounded figures.

The financial information for the financial year ending on 31 December 2020G was used from the comparative financial information presented in the Company's audited financial statements for the financial years ending on 31 December 2021G. The financial information for the financial years ending on 31 December 2021G and 2022G was used from the Company's audited financial statements for the financial years ending on 31 December 2022G.

This Section might include forward-looking statements related to the Company's future capabilities, based on the management's plans and prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of numerous factors, risks and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section 2 ("**Risk Factors**").

6.2 Directors' Declaration for Financial Statements

The members of the Board of Directors acknowledge the following:

1- The financial information contained in this Prospectus is derived without material modifications and presented in a format consistent with the audited financial statements for the fiscal years ending on 31 December 2020G, 2021G, and 2022G, and the accompanying clarifications prepared by the Company in accordance with the International Financial Reporting Standards approved in the Kingdom of the Kingdom by the Saudi Organization for Auditors and Accountants.

2- The Board of Directors declare that the Company has sufficient working capital for a period of at least 12 months immediately following the date of publication of the Prospectus.

3- The Board of Directors acknowledge that there were no qualifications in the chartered accountant's report on the issuer's financial statements for any of the three financial years immediately preceding the date of this Prospectus.

4- The Board of Directors acknowledge that there has been no fundamental change in the accounting policies of the issuer during the three financial years immediately preceding the date of this Prospectus.

5- The Company has incurred losses during the past three years, and with the exception of what has been disclosed in this section and section 2 "**Risk Factors**" of this Prospectus with regard to accumulated losses, there has been no material negative change in the financial and commercial position of the Company during the three financial years immediately preceding the date of publication of this Prospectus, in addition to the end of the period included in the chartered accountant's report in approving the Prospectus. The Board of Directors affirm that all material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no information, documents, or other facts that, if omitted, would make the data contained in this Prospectus misleading.

6- The Board of Directors declare that there is no intention of making any fundamental change to the nature of the Company's activities.

7- The Board of Directors confirm that the Company's operations have not been discontinued in a way that could have a significant impact on the Company's financial position during the past twelve months.

8- The Board of Directors acknowledge that the Company has provided comprehensive details in this section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate (with the exception of financing portfolios to cover bank financing).

9- The Board of Directors declare that no commissions, discounts, brokerage fees or other non-cash compensation have been granted by the Company to any of the Board members, proposed members of the Board, Senior Executives, Offerors of Securities, or Experts during the three years immediately preceding the date of application for the registration and offering of the securities subject of this Prospectus. None of the members of the Board of Directors, senior executives, securities offerors, or experts received any payments or benefits with this regard.

10- The Directors acknowledge that the Company has provided comprehensive details in this section of all loans and other indebtedness, guarantee obligations, obligations under acceptance, acceptance credit and lease obligations.

11- The Board of Directors declare that there are no mortgages, rights, or any encumbrances or costs on the Company's property as of the date of this Prospectus except for what has been disclosed in Section 10.7 ("**Financing Agreements**") of this Prospectus.

12- The Board of Directors acknowledge that the Company does not have any potential obligations, guarantees, or any significant fixed assets to be purchased or leased other than what has been disclosed in this section and section [•] "[•]"of this Prospectus.

13- The Board of Directors confirm that the capital of the Company is not under option.

14- The Board of Directors acknowledge that the Company has not made any adjustments to its capital during the three years immediately preceding the date of this Prospectus.

15- The Board of Directors declare that the Company has no information about any governmental, economic, financial, monetary, political or any other factors that have affected or could have a material impact (directly or indirectly) on the Company's operations except for what has been disclosed in section (2) "**Risk Factors**" of this Prospectus.

6.3 Company Overview

The National Agricultural Development Company (NADEC), (the “**Company**”), is a Saudi joint stock company formed under the Royal Decree No. (M/41) on August 17, 1981G and registered in Riyadh under Commercial Register No. 1010018795 on November 27, 1978G.

The company’s activity is represented in the cultivation of grains, including (wheat, barley, yellow and white corn grains, etc.), the cultivation of grains (cereals) and oil seeds including (soybeans, peanuts, sesame seeds, ...etc), the cultivation of potatoes and sweet potatoes, onion cultivation, olive cultivation, support activities for animal production, production of fresh liquid milk and fresh yogurt. The company’s fiscal year begins on the first of January and ends at the end of December of the same year.

The company’s registered head office is located in:

Building No. 7049

Ext number 2467

Prince Abdul Rahman Bin Abdulaziz Road - Al-Murabba’ District

P.O. Box 2557 - Riyadh 11461 - Kingdom of Saudi Arabia

Sensing from the government of the Kingdom of the Kingdom the importance of the agricultural sector as one of the important tributaries in the national economy system and the food security it achieves, the wise political decision was to start the comprehensive agricultural renaissance by establishing large agricultural projects and stimulating the private sector to have a fundamental and important role in this renaissance. One of the first fruits of this policy was the establishment of the National Agricultural Development Company (NADEC) pursuant to the Royal Decree issued in 1981G, which stipulated the conversion of the Haradh Company for Agricultural and Animal Production to the establishment of (NADEC) as the first and largest Saudi agricultural joint stock company.

The National Agricultural Development Company (NADEC) is one of the largest foods and agricultural companies in the Middle East and North Africa. The company’s activities range from dairy, to juices, vegetables, and various foods all contributing to nourish consumers daily. The company also maintain one of the largest integrated dairy farms in the world at the Nadec project in Haradh, Saudi Arabia, the Company owns more than 200 products and these products served in more than 48,000 outlets Selling. (It should be noted that the land title of the Haradh Agricultural Project is cancelled. For more information about the risks related to this, please see Section 2.1.1 “**Risks Related to the Land Title of the Haradh Agricultural Project**” of this Prospectus).

6.4 Key Factors Affecting the Company’s Operations

The following is a discussion of the most significant factors that have affected or are expected to affect the Company’s financial condition and results of operations. These factors are based on the information currently available to management, and for more information on risk factors that are relevant to an understanding of the Company’s current or future results of operations (for further details, please refer to Section 2 (“**Risk Factors**”) and Page (i) (“**Important Notice**”) of this Prospectus).

6.4.1 Financial Risk Management

The Company is exposed to the following risks through its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note provides information on the Company’s exposure to each of the above risks, the Company’s objectives, policies and procedures for measuring and managing risks, and the Company’s capital management. Further quantitative disclosures are included in these financial statements. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential negative impact on the financial performance of the Company. Financial instruments included in the Statement of Financial Position include cash and cash equivalents, short-term investments, receivables, due from related parties, short- and long-term loans, due to related parties and accrued expenses, as well as other current liabilities.

1- Credit Risk

Credit risk is the risk that the counter party will not meet its obligations under a financial instrument or a business contract resulting in a financial loss. The Company is exposed to credit risk from its operating activities (mainly trade receivables) and from financing activities.

Trade Receivables

Customer credit risk is managed by each business segment in accordance with the Company's business policy, procedures and control related to business risk management. The credit quality of the customer is assessed on the basis of an evaluation card for each customer based on the date of the customer's dealings with the Company and the extent of his obligation to pay by setting a grace period and credit limit for each customer. The Company calculates impairment losses on the basis of its estimate of losses incurred in respect of trade receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers in respect of losses that may be incurred, and which have not yet been determined. The consolidated loss provision is determined based on historical data of collection statistics for similar customers. Management believes that there is no additional allowance for credit risk required in excess of the normal decrease in receivables.

Trade Receivables consist of 84% of the balances in the Kingdom and 16% of the outstanding balances in the GCC as at 31 December 2022G (31 December 2021G: 82% and 18% respectively).

Bank balances are kept with banks of BBB rating or higher rating banks.

2- Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities settled through the delivery of cash or other financial assets. The Company's approach to liquidity management is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations when due in normal and difficult circumstances without incurring unacceptable losses or risking the Company's reputation. Liquidity risk may result from the inability to sell the financial asset quickly near its fair value. A significant portion of the Company's funds are in Cash and Bank balances and are readily available to cover expected operating expenses, including servicing of financial obligations. In order to improve the liquidity of the Company, the Company will develop a plan to develop working capital performance and restructure its capital components.

Capital Management

Equity includes the equity of the Company's shareholders. The main objective of the Company's Capital Management is to ensure that it maintains a strong credit rating and decent capital ratios to support the Company's business and increase the value of the Company. The Company manages and adjusts the capital structure in light of changes in economic conditions and the requirements of financial commitments. To maintain or adjust the capital structure, the Company may amend dividend payments to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using the Lending Ratio (debt), which is Shareholders' Equity plus Net Debt divided by Net Debt. The Company's policy is to maintain a debt ratio between 1.8 and 2.5. The Company includes in its net debt interest bearing loans and borrowings and trade payables other credit balances less cash deposits.

To achieve this objective, the Company's capital management aims, among other things, to ensure that the financial commitments associated with interest bearing loans and advances that meet the requirements of the capital structure are met.

In the event of a breach of compliance with these financial commitments, banks may be allowed to claim loans and bank facilities granted to the Company. There have been no violations of the financial commitments contracted with banks that lend to those loans, and in the event of such irregularities, the Company gets exemptions from banks for periods to be determined by those banks.

No changes were made in the objectives, policies and processes for capital management during the year ended 31 December 2022G and the year ended 31 December 2021G.

3- Market Risk

Market risk is the risk of changes in market prices such as foreign exchange rates, profit rates and equity prices. These risks affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable limits, while improving returns.

The Company's exposure to market risk arises from:

- Currency risk
- Interest rate risk

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates

The Company mainly trades in Saudi Riyal and US Dollars. The exchange rate fluctuations are closely monitored by management. Based on its experience, management does not believe it is necessary to hedge against the impact of foreign currency risk as most transactions are in Saudi Riyal and US Dollars. The Saudi Riyal is pegged to the US Dollar and there are no other significant foreign currency instruments other than the US Dollar and thus foreign currency risk is mitigated.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk of changes in interest rates mainly relates to the Company's borrowed loans to finance working capital requirements and capital expenditures. These loans are repriced periodically, and the Company is exposed to interest rate risk related to cash flows. The Company's practice is to manage bank interest costs by improving available cash flow and reducing borrowing. When borrowing is necessary, the loan term is matched with the expected repayments. There is a regular review of bank interest rates to ensure that these risks are mitigated.

6.5 Summary of Significant Accounting Policies

6.5.1 Basis of Preparation

1- Statement of Compliance

These annual Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom of the Kingdom (KSA) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**"). Collectively referred as (International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia).

2- Basis of Measurement

These annual Financial Statements have been prepared in accordance with historical cost except for the following significant items included in the Statement of Financial Position.

- Equity Investments at FVOCI are valued at fair value in accordance with the requirements of IFRS 13 second level of valuation method.
- Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably. This assumption can be refuted by the lack of reliable declared market prices.
- Derivative financial instruments are measured at Fair Value through Profit or Loss.
- Employee defined benefit obligations is recognized at the present value of future obligations using the Projected Unit Credit method.

3- Functional and Presentation Currency

These annual Financial Statements have been presented in Saudi Riyal ("SAR") unless otherwise stated, which is also the functional currency of the Company.

6.5.2 Significant Accounting Policies

The significant accounting policies applied by the Company in the preparation of these financial statements are set out below.

1- Cash and Bank Balances

Cash and Bank Balances consist of Cash on hand, Cash with banks and other short-term liquid investments/ deposits with original maturities of three months or less which are available to use without any restrictions.

2- Trade and Other Receivables

Trade and Other receivables are stated at amortized cost less Expected Credit Loss as per IFRS 9. Bad debts once identified are written off against the related provisions.

3- Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Inventory cost includes costs of purchase (including taxes, transport, and handling etc.) net of trade discounts received, costs of conversion (including fixed and variable manufacturing overheads) and any other costs incurred in bringing the inventories to their present location and condition. Provision is made, when necessary, for obsolete, slow moving and defective inventory.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

4- Property, Plant and Equipment

Property, Plant and Equipment are recognized as assets if, and only if:

- It is probable that future economic benefits associated with the item will flow to the entity; and
- The cost of the item can be measured reliably.

Property, Plant and Equipment are initially recognized at cost and subsequently stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent and additional costs to existing asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Finance costs on borrowings, to finance the construction of the qualifying assets, are capitalized during the period that is required to substantially complete and prepare the qualifying asset for its intended use. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognized in the profit or loss when incurred. The items of property, plant and equipment are subject to impairment test whenever there is substantial evidence for impairment. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets (except for land) as follows:

Concrete Buildings	50 years	**Vehicles and Trucks**	4-8 years
Prefabricated Building	5-10 years	**Tools**	5-10 years
Wells and Civil works	7-50 years	**Office Furniture**	5-10 years
Machinery and Equipment	7-25 years	**Bearer Plants**	20 years
Tanks and Silos	7-30 years	**Leasehold Improvements**	As per Lease Agreement
Agricultural Equipment	8-25 years		

Property, Plant and Equipment are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss during the period when the asset is derecognized.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, where appropriate.

5- Capital Work in Progress

Capital Work in Progress is recorded according to acquisition cost plus all direct costs that are incurred on them to bring them to location and condition necessary to enable the Company to have these assets ready for intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

6- Biological Assets

Biological Assets are the herd of productive and non-productive cows as well as the Biological Assets acquired for sale, including crops in the growth stage that have not yet reached the harvest point. Each of these items is presented separately in the Statement of Financial Position.

Biological assets are measured at fair value less cost to sell except when fair value cannot be measured reliably.

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. The Company's management has not been able to obtain reliable data that can be relied upon as inputs or indicators that support the measurement of biological assets at fair value as per the Income, replacement cost or market approach of IFRS 13 – Fair Value Measurement. If such data are available in the future, the Company will adjust the measurement of the biological assets to fair value rather than cost. Depreciation is calculated on a straight-line basis over the estimated useful lives of (5 years).

7- Intangible Assets

Internally generated Intangible Assets, excluding capitalized development costs, are not capitalized and the related expenditure is recognized in the Statement of Profit or Loss when it is incurred.

Intangible Assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets i.e., 5-10 years.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit or loss when the asset is derecognized.

8- Trade and Other Payables

Trade and Other payables are recognized based on the net payable amount or the expected payment for goods and services received whether invoiced by supplier or not.

9- Provisions

Provision is recognized if, and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), payment is probable ('more likely than not'), and when the amount can be estimated reliably. An obligating event is an event that creates a legal or constructive obligation and, therefore, results in an entity having no realistic alternative but to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a Contingent Liability, unless the probability of outflow of economic benefits is unreliable. Contingent liabilities, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company, are not recognized in the financial statements but are disclosed as Contingent Liabilities unless the possibility of an outflow of economic resources is considered unreliable.

10- Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

11- Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) form part of the cost of that asset. No borrowing costs are capitalized during idle periods.

All other borrowing costs are recognized as an expense in the Statement of Profit or Loss.

12- Segment Reporting

An operating segment is a group of assets and processes that deliver products or services that are subject to risks and rewards that differ from those of other operating segments. Operating segments are segmented according to their geographical scope and each sector's performance is reviewed by the Company's decision makers. These sectors may operate within a specific economic environment that is subject to risks and rewards different from those of sectors operating in other economic environments.

13- Government Grants

Government grants, including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that, the entity will comply with the conditions attaching to them; and the grants will be received. When the grant relates to an expense item, it is recognized in Statement of Profit or Loss on a systematic basis over the periods that the costs which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized on Statement of Financial Position as Deferred Income and is amortized in equal amounts over the expected useful life of the related asset.

The Company has elected to present the grant in the Statement of Financial Position as deferred income, which is recognized in Statement of Profit or Loss on a systematic and rational basis over the useful life of the asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value and released to Statement of Profit or Loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset.

14- Statutory Reserve

In accordance with the Regulations for Companies in Kingdom of the Kingdom and Company's Articles of Association, the Company is required to transfer 10% of its Net Income (Profit for the year) to a statutory reserve until such reserve equals 30% of its Share Capital. This Statutory Reserve is not available for distribution to shareholders. However, it can be used to cover the Company's losses or to increase its Capital.

15- Impairment of Non-Financial Assets

Non-financial assets (other than biological assets measured at fair value, inventories) are reviewed by the Company at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss or reversal of impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. It is determined for an individual asset, when it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of sell, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

16- Foreign Currency Transaction

Foreign currency transactions are translated to Saudi Riyal ('SAR') at the exchange rates prevailing at the dates of the respective transactions. At Statement of Financial Position date, balances of monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyal ('SAR') at the prevailing exchange rates on that date. Gains and losses resulting from changes in exchange rates are recognized in the Statement of Profit or Loss.

17- Revenue Recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of returns, trade discounts and volume rebates. The Company recognizes revenue when a customer obtains control of the goods at a point in time i.e. on delivery and acknowledgement of goods.

Products are sold principally on a sale or return basis. Allowances for expected sales returns are calculated based on the forecasted return of expired products. Expected sales returns are netted off against revenue with the corresponding impact in Trade and Other Payables for cash sales and Trade Receivables for credit sales.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognized for expected volume discounts payable to customers in relation to sales made during the year.

18- Share Capital

Shares are classified as equity and are recorded at their face value. Incremental costs, if any, directly attributable to the issue of new shares, are recognized in Equity as a deduction from the proceeds.

19- Dividends

Dividends are recognized in the Financial Statements in the period in which it is approved by General Assembly Meeting.

20- Expenses

Selling and marketing expenses are those expenses arising from the Company's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding Cost of Sales, Finance Cost and Zakat are classified as General and Administrative Expenses. Allocations between Cost of Sales, Selling and Distribution and General and Administration Expenses, when required, are made on a consistent basis.

21- Zakat

The Company is subject to Zakat according to the regulations of the Zakat, Tax and Customs Authority "ZATCA". Zakat provision is estimated and charged to the Statement of Profit of Loss. Any differences in the estimates are recognized when the final assessment is approved by "ZATCA", such differences are recognized in the Statement of Profit or Loss in the year in which the final assessment is approved by "ZATCA".

22- Employee Benefits

Saudi Employees

Pension and other social benefits for the Company's employees are covered by the applicable social insurance scheme of the countries in which they are employed and are considered as a defined contribution scheme. The employees and employer contribute monthly to the scheme on a fixed-percentage-of-salaries basis.

Foreign Employees

Foreign employees on limited-term contracts are entitled to end of service payments under the respective labor laws of the countries in which they are employed, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the full liability, had all employees left at the reporting date.

A- Defined Contribution Plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the contributions paid in advance are recognized as an asset to the extent that the cash is recovered, or future payments reduced.

B- Defined Benefit Plan

The net liability of the Company in respect of benefit plans is identified separately for each plan and is calculated by estimating the value of the future benefits realized by the employees in current and prior periods and determining that amount and the fair value discount on any of the plan's assets. The defined benefit obligations are calculated annually by a qualified actuarial expert using the Projected Unit Credit method. Where the calculation results in potential assets of the Company, the recognized asset is limited to the present value of the economic benefits available in the form of any future recoveries from the benefit plan or reductions in future contributions to the plan. The calculation of the present value of economic benefits considers current financing requirements. The amounts of the net identifiable benefit obligations that include actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized directly in Statement of Other Comprehensive Income. The Company determines the net interest expense (or income) on the Net Liabilities (Net Assets) determined for the period by applying the discount rate used to measure the obligation and benefits identified at the beginning of the annual period of the obligation (or the asset), considering any changes in net liabilities.

Net interest expense and other expense related to benefit plans are recognized in the Statement of Profit or Loss. When the benefits of the plan change or when the plan is amortized, the change in the benefits relating to the past service or the gain or loss resulting from the reduction in profit or loss is recognized immediately. The Company recognizes the gain or loss arising from settlement of the defined benefits plan when the settlement occurs.

C- Other Long-Term Employee Benefits

The net obligation of the Company in respect of other long-term employee benefits is the amount of future benefits to which the employees are entitled in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in the Statement of Profit or Loss in the period in which they arise.

23- Financial instruments

A- Non-Derivative Financial Instruments

(i) Non-Derivative Financial Assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company initially recognizes financial assets on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets;

Financial Assets at Amortized Cost

Financial assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest (SPPI), are measured at amortized cost. Gains or losses on debt investments are subsequently measured at amortized cost and are recognized in the Statement of Profit or Loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. The Company classifies its Trade and Other receivables and Cash and Bank Balances under this category.

Financial Assets at FVOCI

Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the Statement of Profit or Loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Statement of Profit or Loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Company has classified its Equity investment in other Companies as FVOCI.

(ii) Non-Derivative Financial Liabilities

Financial liabilities are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities of the Company comprise of bank borrowings, lease liabilities and trade and other payables.

B- Derivative Financial Instruments

All derivatives do not qualify as hedging instruments and are therefore held and accounted for as trading derivatives. These derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the Statement of Profit or Loss.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020G, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021G, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021G, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021G, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently assessing the impact of the amendments.

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022G (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

6.5.3 Significant Accounting Estimates, Judgements and Assumptions

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of Revenues, Expenses, Assets and Liabilities, and the accompanying Disclosures, and the disclosure of Contingent Liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1- Impairment of Non-Financial Assets

A non-financial asset is impaired when the carrying amount of the asset or cash-generating unit exceeds the asset's recoverable amount (which represents the fair value of the asset less costs to sell or its value in use, whichever is greater). The fair value of the asset is estimated through sales that are on a purely commercial basis for similar assets. Market prices are observable minus the incremental costs of selling the asset. The value in use is calculated based on the present value of the expected cash flows of the asset over the next five years. These expected cash flows do not include restructuring activities for which the Company is not yet committed or significant future investments that enhance the asset performance of the cash-generating unit under consideration. The recoverable amount is most sensitive to the discount rate used to calculate the cash flows as well as the expected future cash flows and the growth rate used to estimate the value in use.

2- Fair Value Measurement of Financial Instruments including derivative financial instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF (discounted cash flows) model that includes the use of the present value of expected cash flows from such assets or using other methods as provided for in IFRS 13. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as Liquidity risk, Credit risk and Volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

3- Impairment of Non-Derivative Financial Assets

The Company recognizes loss allowances for ECLs (Expected Credit Loss) on Financial Assets measured at amortized cost i.e. Trade Receivables of the Company. The Company assesses on a forward-looking basis the Expected Credit Losses ("**ECL**") associated with its financial assets carried at amortized cost.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. Other financial assets such as employees' receivables, bank balances have low credit risk and the impact of applying ECL is immaterial.

4- Provision for Slow Moving Inventory Items

The management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the Statement of Financial Position date to the extent that such events confirm conditions existing at the end of year. (Note 20)

5- Useful Lives of Property, Plant and Equipment

The management determines the estimated useful lives of Property, Plant and Equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges are adjusted in current and future periods, if any.

6- Judgements

The Company has evaluated its Biological Assets at cost as there is no active market to obtain the fair value of these assets and there are no indications that fair value can be reliably determined. Equity Investments are measured at fair value and any changes in fair value are recognized through OCI. The cumulative change in the fair value of those investments is reported under Other Reserves under Equity in Statement of Financial Position. (Note 16,18 and 19).

6.5.4 Operating Segments

IFRS 8 requires operating segments to be identified based on internal reports that are regularly reviewed by the Company's executive management and used to allocate resources to segments and assess their performance. The operating segments described below has been prepared in accordance with IFRS 8. The Company operates in two main business segments: Manufacturing of Dairy and Foods and Production of Agricultural Products. Most of the Company's revenues, profits and assets relate to its operations in the Kingdom and arise from these reportable business segments. The executive management monitors the operational results of these operating segments separately for making decisions about resource allocation and performance evaluation. The performance of the segment is evaluated on a profit or loss basis and is measured in a manner consistent with the profit or loss recognized in the Financial Statements.

6.6 Summary of Financial Information and Key Performance Indicators

Table (6.1): Summary of financial information from the audited profit or loss for the financial years ended 2020G, 2021G, 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenue	2,303,059	2,272,325	2,694,248	(1.3%)	18.6%	8.2%
Gross Profit	725,839	630,839	808,334	(13.1%)	28.1%	5.5%
Operating Profit / (Loss)	184,022	(64,721)	164,134	(135.2%)	(353.6%)	(5.6%)
Operating Profit / (Loss) after non-recurring items	84,619	(213,315)	147,026	(352.1%)	(168.9%)	31.8%
Profit / (Loss) before Zakat	41,370	(245,326)	101,494	(693.0%)	(141.4%)	56.6%
Profit / Loss for the year	**35,655**	**(285,028)**	**95,492**	**(899.4%)**	**(133.5%)**	**63.7%**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.2): Summary of financial information from the audited financial position as of 31 December 2020G, 2021G, and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Non-current assets	2,775,055	2,744,517	2,706,854
Current assets	1,100,584	1,145,213	1,114,653
Total assets	**3,875,639**	**3,889,730**	**3,821,507**
Shareholders' equity	1,478,278	1,195,813	1,295,146
Non-current liabilities	1,082,219	1,363,886	1,089,501
Current liabilities	1,315,142	1,330,031	1,436,860
Total liabilities	**2,397,361**	**2,693,917**	**2,526,361**
Total equity and liabilities	**3,875,640**	**3,889,730**	**3,821,507**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.3): Summary of financial information from the audited statement of cash flows for the years ended 31 December 2020G, 2021G, 2022G

SAR in 000s	Income Statement Metrics		
	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Net cash generated from operating activities	443,283	255,558	451,752
Net cash used in investing activities	(216,887)	(324,794)	(243,017)
Net cash (used in) from financing activities	(219,714)	82,441	(177,536)

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.4): Key performance indicators for the Financial Years ending on 31 December 2020G, 2021G and 2022G

SAR in 000s	Income Statement Metrics		
	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)
Gross profit (loss) margin	31.5%	27.8%	30.0%
Operating Profit / (loss) margin	8.0%	(2.8%)	6.1%
Operating Profit / (loss) margin after non-recurring items	3.7%	(9.4%)	5.5%
Profit (loss) margin before zakat	1.8%	(10.8%)	3.8%
Net profit (loss) margin	1.5%	(12.5%)	3.5%

SAR in 000s	Balance Sheet Metrics		
	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
ROA	0.9%	(7.3%)	2.5%
ROE	2.4%	(21.3%)	7.7%
Liabilities-to-assets ratio	61.9%	69.3%	66.1%
Debt-to-equity ratio	162.2%	225.3%	195.1%
Current ratio	83.7%	86.1%	77.6%

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

6.7 Results of Operations for the Financial Years ending 31 December 2020G, 2021G and 2022G

The company's selected financial information and key performance indicators shown below must be read in conjunction with the financial information for the financial years ended 31 December 2020G, 2021G, and 2022G prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as approved in the Kingdom and other standards and statements issued by the Saudi Authority For chartered accountants, each of which is included in Section 17 ("**Financial Statements and Chartered Accountant's Report**").

6.7.1 Statement of Profit or Loss

Table (6.5): Audited Statements of Profit or Loss and Other Comprehensive Income for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Revenue	2,303,059	2,272,325	2,694,248	(1.3%)	18.6%	8.2%
Cost of sales	(1,577,220)	(1,641,486)	(1,885,914)	4.1%	14.9%	9.3%
Gross profit	**725,839**	**630,839**	**808,334**	**(13.1%)**	**28.1%**	**5.5%**
Selling and marketing expenses	(545,415)	(483,920)	(488,190)	(11.3%)	0.9%	(5.4%)
General and administrative expenses	(111,975)	(148,006)	(138,952)	32.2%	(6.1%)	11.4%
Impairment losses on trade receivables	(4,310)	(5,231)	(4,530)	21.4%	(13.4%)	2.5%
Other (expense)/income, net	119,883	(58,403)	(12,527)	(148.7%)	(78.6%)	N/A
Total operating expenses	**(541,817)**	**(695,560)**	**(644,200)**	**28.4%**	**(7.4%)**	**9.0%**
Operating profit/(loss)	**184,022**	**(64,721)**	**164,134**	**(135.2%)**	**(353.6%)**	**(5.6%)**
Provision for other receivables and prepayments	-	(64,947)	(7,100)	N/A	(89.1%)	N/A
Write off/impairment losses on property, plant and equipment	(96,780)	(81,669)	(9,358)	(15.6%)	(88.5%)	(68.9%)
Write off/impairment losses on capital work in progress	(2,623)	(1,978)	(650)	(24.6%)	(67.1%)	(50.2%)
Operating profit/(loss) after nonrecurring items	**84,619**	**(213,315)**	**147,026**	**(352.1%)**	**(168.9%)**	**31.8%**
Net gain on derivative financial instruments	353	-	-	(100.0%)	N/A	(100.0%)
Finance cost	(43,602)	(32,011)	(48,834)	(26.6%)	52.6%	5.8%
Share of results of joint venture	-	-	3,302	N/A	N/A	N/A
Profit/(loss) before Zakat	**41,370**	**(245,326)**	**101,494**	**(693.0%)**	**(141.4%)**	**56.6%**
Zakat	(5,716)	(39,702)	(6,003)	594.6%	(84.9%)	2.5%
Profit/(loss) for the year	**35,655**	**(285,028)**	**95,492**	**(899.4%)**	**(133.5%)**	**63.7%**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Revenue

The company's revenues mainly consist of dairy and food revenues (93.5% of total revenues during the period from 2020G to 2022G), revenues from sales of calves and bulls (3.4% of total revenues during the period from 2020G to 2022G), and agricultural products revenues (3.1% of Total revenues during the period from 2020G to 2022G).

Revenues decreased from SAR 2.30 billion in fiscal year 2020G to SAR 2.27 billion in fiscal year 2021G (- SAR 30.7 million, -1.3%) as a result of the decrease in revenues from agricultural products (- SAR 62.8 million, -55.5%), mainly driven by the Company's decision to discontinue the production of vegetable products (potatoes and onions), which led to operating losses.

Revenues subsequently increased from SAR 2.27 billion in fiscal year 2021G to SAR 2.69 billion in fiscal year 2022G (+ SAR 421.9 million, +18.6%) driven by an increase in dairy and food revenues by SAR 408.2 million during fiscal year 2022G as a result of the increase in the Company's products prices.

Cost of sales

The cost of sales mainly relates to the cost of consumables consisting of 74.7% of the total cost of sales, depreciation of property, equipment and vital assets representing 11.9% of the total cost of sales, employee benefits of 9.7%, and maintenance and repair expenses of 3.3% of the total cost of sales during the period from 2020G to 2022G.

The cost of sales increased from SAR 1.58 billion during the fiscal year 2020G to SAR 1.64 billion in the fiscal year 2021G (+ SAR 64.3 million, +4.1%) as a result of the increase in the prices of consumables during the fiscal year 2021G (+SAR 118.8 million, +10.7%). This increase in consumables prices was mainly due to supply chain disruptions that followed the spread of the COVID-19. It should be noted that the consumed items increased as a percentage of revenues from 48.3% in the fiscal year 2020G to 54.2% in the fiscal year 2021G, which led to an increase in the total cost of sales as a percentage of revenues from 68.5% during the fiscal year 2020G to 72.2% during the fiscal year 2021G.

The cost of sales increased again from SAR 1.64 billion in the fiscal year 2021G to SAR 1.89 billion in the fiscal year 2022G (+SAR 244.4 million, +14.9%), due to the increase in consumables in the fiscal year 2022G (+SAR 252.3 million, +20.5%). Despite the increase in consumables as a percentage of revenues (+0.88 ppt), the cost of sales decreased as a percentage of revenues from 72.2% in the fiscal year 2021G to 70.0% in the fiscal year 2022G as a result of the decrease in depreciation of property and vital assets and the decrease in employee benefits and maintenance and repair expenses.

Gross profit

Gross profit decreased from SAR 725.8 million in the fiscal year 2020G to SAR 630.8 million in the fiscal year 2021G (-SAR 95.0 million, -13.1%), accompanied by a decrease in the gross profit margin from 31.5% to 27.8%, mainly due to a slight decrease in the Company's revenues impacted by the COVID-19 pandemic which affected all the sectors in general and schools in particular (distance learning), accompanied by an increase in the cost of sales during this period as a result of the increase in costs in light of supply chain disruptions as a result of the COVID-19 pandemic.

Gross profit increased from SAR 630.8 million in the fiscal year 2021G to SAR 808.3 million in the fiscal year 2022G (+SAR 177.5 million, +28.1%), and the gross profit margin increased from 27.8% in the fiscal year 2021G to 30.0% in the fiscal year 2022G, as a result of the increase in revenues, as the Company adopted a price increase on most products during the aforementioned period, in conjunction with the overall price increase.

Selling and marketing expenses

Selling and marketing expenses mainly consist of employee benefits consisting of an average of 43.4% of total selling and marketing expenses during the fiscal years from 2020G to 2022G, marketing and distribution expenses of 26.8%, government fees and expenses of 7.0%, depreciation of property, machinery, and equipment of 6.5%.

Total selling and marketing expenses decreased from SAR 545.4 million in the fiscal year 2020G to SAR 483.9M in the fiscal year 2021G (-SAR 61.5 million, -11.3%), mainly due to a decrease in marketing and distribution expenses (from SAR 159.4 million in the fiscal year 2020G to SAR 122.1 million in the fiscal year 2021G), as the Company took a strategic decision to reduce marketing expenses across all channels (except for agency costs and commercial marketing), in addition to the decrease in employee benefits (from SAR 224.0 million in the fiscal year 2020G to SAR 213.0 million in the fiscal year 2021G) due to a decrease in the number of employees, as the Company was unable to conduct new recruitment operations due to travel restrictions imposed during COVID-19 pandemic, which led to a decrease in total selling and marketing expenses as a percentage of revenues from 23.7 % in the fiscal year 2020G to 21.3% in the fiscal year 2021G.

Total selling and marketing expenses slightly increased from SAR 483.9 million in the fiscal year 2021G to SAR 488.2 million in the fiscal year 2022G (+SAR 4.27 million, +0.9%), mainly due to an increase in employees' benefits, as the Company hired new sales staff, and an increase in government fees and expenses and marketing and distribution expenses, which were offset by a decrease in depreciation of property, plant and equipment and depreciation of right-of-use assets. The total selling and marketing expenses as a percentage of revenues decreased from 21.3% in the fiscal year 2021G to 18.1% in the fiscal year 2022G in light of the increase in the Company's revenues by 18.6% in the fiscal year 2022G.

General and administrative expenses

General and administrative expenses consist mainly of employee benefits (at an average of 55.1% of total general and administrative expenses during the period from 2020G to 2022G), and information technology expenses (at an average of 17.4% of total general and administrative expenses during the period from 2020G to 2022G), and professional and consulting expenses (at an average of 14.8% of total general and administrative expenses during the period from 2020G to 2022G).

Total general and administrative expenses increased from SAR 111.9 million in the fiscal year 2020G to SAR 148.0 million in the fiscal year 2021G (+ SAR 36.0 million, +32.2%). This is mainly due to the increase in professional and consulting expenses by SAR 34.7 million in the fiscal year 2021G, where the Company appointed external consultants for cost optimization consulting (one-year contract only), in addition to the increase in information technology expenses by SAR 8.3 million in the fiscal year 2021G, offset by a decrease in employee benefits by SAR 9.1 million in the fiscal year 2021G.

Total general and administrative expenses decreased from SAR 148.0 million in the fiscal year 2021G to SAR 139.0 million in the fiscal year 2022G (-SAR 9.1 million, -6.1%), mainly due to the decrease in professional and consulting expenses by SAR 39.5 million during the fiscal year 2022G due to the termination of the cost optimization contract, along with an increase in employee benefits by SAR 20.0 million and an increase in information technology expenses by SAR 8.3 million during the fiscal year 2022G.

Impairment losses on trade receivables

Impairment losses on trade receivables represent the change in the provision for trade receivables under the expected credit loss approach referred to in IFRS 9.

Impairment losses on trade receivables increased from SAR 4.3 million in the fiscal year 2020G to SAR 5.2 million in the fiscal year 2021G (+SAR 0.9 million, +21.4%).

Impairment losses on trade receivables decreased from SAR 5.2 million during the fiscal year 2021G to SAR 4.5 million during the fiscal year 2022G (-SAR 0.7 million, -13.4%).

Impairment losses on trade receivables consisted of 0.2% of total revenues during the period ranging from 2020G to 2022G.

Other (expense)/income, net

Other expenses or income included sales of by-products or service income, scrap sales and other miscellaneous income, gains on investments in equity instruments at fair value through other comprehensive income, government grant income, foreign currency revaluation gains or losses, and losses on sale of property, equipment and biological assets.

Other revenues amounted to SAR 119.9 million in the fiscal year 2020G, representing 5.21% of total revenues, and mainly consisted of revenues from government grants related to valuation on the ground at a value of SAR 109.9 million in the fiscal year 2020G.

During the fiscal year 2021G, the Company recorded other expenses amounting to SAR 58.4 million (2.6% of total revenues), which mainly consisted of losses on the sale of property, machinery, equipment and vital assets with a value of SAR 45.7 million, in addition to foreign currency revaluation losses of SAR 22.9 million, which was offset by other profits from scrap sales, by-product sales, service income, and others.

Other expenses amounted to SAR 12.5 million in the fiscal year 2022G and resulted mainly from losses on the sale of property, machinery, equipment, and biological assets of SAR 33.4 million, and foreign exchange losses of SAR 4.8 million, which were offset by profits from sales of by-products and service income of SAR 24.1 million during the fiscal year 2022G.

Provision for other receivables and prepayments

The provision for other receivables and prepayments consists of provision for Government Subsidies and provision for non-recoverable prepayments.

The provision for other receivables and prepayments amounted to zero in the fiscal year 2020G, while this provision recorded SAR 64.9 million in the fiscal year 2021G, consisting of provision for accrued Government Subsidies of SAR 47.1 million and provision for prepayments of SAR 17.8 million.

The provision for government subsidies due increased from SAR 47.1 million in the fiscal year 2021G to SAR 54.2 million in the fiscal year 2022G, while the provision for prepayments remained constant at a value of SAR 17.8 million. As a result, a provision for other receivables and prepayments of SAR 7.1 million was included in the profit and loss statement for the fiscal year 2022G.

Write off/impairment losses on property, plant and equipment

The company recorded a decrease in the value of property, plant and equipment amounting to SAR 96.8 million during the year 2020G, based on the impairment of Sudan operations, and the management realized that the project assets are not recoverable through sale or transfer without the approval of the Government of Sudan, and the continuation of Sudan operations is not expected to generate any positive cash flows; therefore, the Management decided to reduce the value of the entire project, which amounted to 99.4 million (property, plant and equipment: SAR 96.8 million and capital work in progress: SAR 2.62M)

During the year 2021G, write-off and impairment losses on property plant and equipment amounted to SAR 81.7 million, as during this year, the management has performed physical verification of fixed assets with the assistance of external consultants, and as a result of physical verification, the management identified idle assets with net book value of SAR 40.3 million and accordingly considered for impairment. Also, assets with net book value of SAR 41.4 million were not available for use and accordingly written off and reclassifications were done due to componentization of assets.

During the year 2022G, the decrease in the value of property and equipment amounted to SAR 9.4 million, which mainly resulted from the provision for date trees at a value of SAR 4.4 million, as the Company did not record any profits resulting from the dates business and there is no alternative use for date palms, in addition to the provision of SAR 2.5 million on a portion of the land occupied by Saudi Aramco and currently subject to dispute, as it is possible to reduce the area of the land when the title deed is issued.

Write off/impairment losses on capital work in progress

During the year 2020G, the Company reduced the value of the entire Sudan project by SAR 99.4 million, including capital work in progress at a value SAR 2.6 million as a result of the suspension of the Sudan project.

During the year 2021G, capital work in progress worth SAR 2.0 million was written off because of the physical verification of fixed assets, including assets belonging to projects under implementation.

During the fiscal year 2022G, the Company recorded a provision for a decrease in the value of capital work in progress, amounting to SAR 0.7 million, as a result of the management's decision to discontinue some agricultural production lines.

Net gain on derivative financial instruments

During the year 2020G, the Company recorded net gain on derivative financial instruments of SAR 0.4 million.

No realized profits or losses were recorded on derivative financial instruments during the fiscal years 2021G and 2022G.

Finance cost

The finance costs consist of the cost of financing Murabaha loans (77% of the total financing cost during the fiscal years 2020G, 2021G, and 2022G), interest on lease obligations (7% of the total financing cost during the fiscal years 2020G, 2021G, and 2022G), and other financing expenses (16% of the total financing cost during the fiscal years 2020G, 2021G, and 2022G).

The finance costs decreased from SAR 43.6 million during the fiscal year 2020G to SAR 32.0 million during the fiscal year 2021G (-26.6%); mainly due to the decrease in the cost of financing Murabaha loans by SAR 10.7 million, as the weighted average interest rate on bank loans decreased from 2.82 % during the year 2020G to 2.01% during the year 2021G.

The finance costs increased from SAR 32.0 million during the year 2021G to SAR 48.8 million during the year 2022G, due to the increase in the weighted average interest rate on bank loans from 2.01% during the year 2021G to 3.39% during the year 2022G. As a result, the cost of financing Murabaha loans increased by SAR 16.1 million.

Share of results of joint venture

During the year 2021G, the Company entered into a joint venture with OLAM International Limited, Al Rajhi International for Investment Company and Abdulaziz Al Ajlan & Sons Company for Commercial and Real Estate Investment, by acquiring the Second Milling Company.

Due to the delay in preparing reports by the joint venture and the different year-ends of the joint venture, the Company was unable to confirm its share of the profits for the fiscal year 2021G, and therefore recorded its share of the profits in the fiscal year 2022G, and the Company recorded profits of SAR 3.3 million during the fiscal year 2022G.

Zakat

Zakat increased from SAR 5.7 million during the year 2020G to SAR 39.7 million during the year 2021G as a result of Zakat provisions for zakat for previous years at a value of SAR 33.7 million. Knowing that the Authority issued Zakat assessments for the years 2014G-2020G, and the Company objected to some of its items and these objections were still pending for discussion. As a result, the Company reserved Zakat provisions of SAR 33.7 million for the mentioned years based on external consultant opinion.

The amount of zakat amounted to SAR 6.0 million during the fiscal year 2022G, at a rate of 0.2% of total revenues.

Profit (loss) for the year

The company's profits decreased from profits of SAR 35.7 million during the year 2020G to losses of SAR 285.0 million during the year 2021G. This decrease was mainly due to (1) a decrease in gross profit by SAR 95.0 million, (2) a decrease in other income (expenses) with a negative change of SAR 178.3 million, (3) an increase in losses resulting from unusual and non-recurring items by an amount of SAR 49.2 million, (4) the zakat provision of SAR 33.7 million during the fiscal year 2021G.

During the year 2022G, the Company recorded a net profit of SAR 95.5 million, with a net profit margin of 3.5%.

1- Revenue Breakdown

a- Revenue by Category

Table (6.6): Revenue by Category for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Dairy and food revenue	2,119,225	2,134,915	2,543,119	0.7%	19.1%	9.5%
Sales of calves and bulls	69,768	86,333	94,409	23.7%	9.4%	16.3%
Agricultural products revenue	113,092	50,273	56,033	(55.5%)	11.5%	(29.6%)
Others	974	805	687	(17.4%)	(14.7%)	(16.0%)
Total	**2,303,059**	**2,272,325**	**2,694,248**	**(1.3%)**	**18.6%**	**8.2%**
As a % of total revenue					**ppt**	
Dairy and food revenue	92.0%	94.0%	94.4%	1.94	0.44	2.37
Sales of calves and bulls	3.0%	3.8%	3.5%	0.77	(0.30)	0.47
Agricultural products revenue	4.9%	2.2%	2.1%	(2.70)	(0.13)	(2.83)
Others	0.04%	0.04%	0.03%	(0.01)	(0.01)	(0.02)

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

b- Revenue and Gross Profit by Product sub-category

Table (6.7): Revenue by Product Category for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Fresh Dairy	1,085,960	1,087,585	1,262,731	0.1%	16.1%	7.8%
UHT Dairy	399,408	418,953	586,711	4.9%	40.0%	21.2%
Cheese & Butter	288,935	286,774	376,754	(0.7%)	31.4%	14.2%
Juices	278,726	238,438	237,164	(14.5%)	(0.5%)	(7.8%)
Food Olive & oil	66,196	55,930	60,359	(15.5%)	7.9%	(4.5%)
Raw milk	-	47,236	19,400	N/A	(58.9%)	N/A
Dairy and Food Revenue	**2,119,225**	**2,134,915**	**2,543,119**	**0.7%**	**19.1%**	**9.5%**
Calves	21,631	35,132	41,117	62.4%	17.0%	37.9%
Bulls	48,136	51,200	53,292	6.4%	4.1%	5.2%
Calves and Bulls	**69,768**	**86,332**	**94,409**	**23.7%**	**9.4%**	**16.3%**
Forages	10,812	2,795	25,143	(74.1%)	799.4%	52.5%
Wheat	25,761	31,586	22,778	22.6%	(27.9%)	(6.0%)
Fruits & Dates	1,666	1,141	1,639	(31.5%)	43.6%	(0.8%)
Vegetables	71,398	11,894	1,403	(83.3%)	(88.2%)	(86.0%)
Agri Olive & Honey	1,102	2,241	361	103.4%	(83.9%)	(42.8%)
Others	2,353	615	4,710	(73.9%)	665.9%	41.5%
Losses from stoppage of Activity	-	-	-	N/A	N/A	N/A
Agricultural Products	**113,092**	**50,273**	**56,033**	**(55.5%)**	**11.5%**	**(29.6%)**
Others	**975**	**805**	**687**	**(17.4%)**	**(14.7%)**	**(16.1%)**
Total	**2,303,059**	**2,272,325**	**2,694,248**	**(1.3%)**	**18.6%**	**8.2%**
As a % of total					**ppt**	
Fresh Dairy	47.15%	47.86%	46.87%	0.71	(0.99)	(0.29)
UHT Dairy	17.34%	18.44%	21.78%	1.09	3.34	4.43
Cheese & Butter	12.55%	12.62%	13.98%	0.07	1.36	1.44
Juices	12.10%	10.49%	8.80%	(1.61)	(1.69)	(3.30)
Food Olive & oil	2.87%	2.46%	2.24%	(0.41)	(0.22)	(0.63)
Raw milk	0.00%	2.08%	0.72%	2.08	(1.36)	0.72
Dairy and Food Revenue	**92.02%**	**93.95%**	**94.39%**	**1.94**	**0.44**	**2.37**
Calves	0.94%	1.55%	1.53%	0.61	(0.02)	0.59
Bulls	2.09%	2.25%	1.98%	0.16	(0.28)	(0.11)
Calves and Bulls	**3.03%**	**3.80%**	**3.50%**	**0.77**	**(0.30)**	**0.47**
Forages	0.47%	0.12%	0.93%	(0.35)	0.81	0.46
Wheat	1.12%	1.39%	0.85%	0.27	(0.54)	(0.27)
Fruits & Dates	0.07%	0.05%	0.06%	(0.02)	0.01	(0.01)
Vegetables	3.10%	0.52%	0.05%	(2.58)	(0.47)	(3.05)
Agri Olive & Honey	0.05%	0.10%	0.01%	0.05	(0.09)	(0.03)
Others	0.10%	0.03%	0.17%	(0.08)	0.15	0.07

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Losses from stoppage of Activity	4.91%	2.21%	2.08%	(2.70)	(0.13)	(2.83)
Agricultural Products	**0.04%**	**0.04%**	**0.03%**	**(0.01)**	**(0.01)**	**(0.02)**
Others	**100.00%**	**100.00%**	**100.00%**	**-**	**-**	**-**
Total	**47.15%**	**47.86%**	**46.87%**	**0.71**	**(0.99)**	**(0.29)**
Sales Volume for Diary and Food Category in Billion Litres						
Fresh Dairy	259.8	244.4	246.6	(5.9%)	0.9%	(2.6%)
UHT Dairy	134.5	142.1	165.5	5.7%	16.5%	10.9%
Cheese & Butter	15.2	17.2	20.7	13.5%	20.4%	16.9%
Juices	55.8	52.9	45.5	(5.3%)	(14.0%)	(9.7%)
Food Olive & oil	1.9	2.0	2.0	6.7%	(1.5%)	2.5%

Source: Management Info for the financial years ended 31 December 2020G, 2021G and 2022G

The company's revenues consist of three main categories: dairy and food revenues, sales of calves and bulls, and revenues from agricultural products. Dairy and food revenues accounted for 93.3% of total revenues during the period 2020G-2022G.

Dairy and food revenue

Dairy and food revenues include (1) fresh dairy products (fresh flavored milk, cream and yogurt), (2) high temperature processed dairy products, (3) cheese and butter, (4) fresh juices, (5) olive oil and (6) milk raw. Fresh dairy products accounted for an average of 50.6% of total dairy and food revenues during the period 2020G-2022G, followed by high-temperature dairy products at a rate of 20.5% during the period 2020G-2022G.

Dairy and food revenues increased from SAR 2.12 billion in fiscal year 2020G to SAR 2.13 billion in fiscal year 2021G (+0.7%), mainly due to an increase in revenue from raw milk (+SAR 47.2 million), offset by a decrease in juices revenues (- SAR 40.3 million). The decrease in juice revenues was mainly due to (1) A leading competitive company having the largest market share in the juices production market, reduced its market prices by 25.0%, (2) the Company started producing sugar-free products as a result of the Government strategy in imposing taxes on sugar products. This negatively affected the Company's revenues considering the preference for sweetened products. (3) The juice market in general contracted during this period.

Dairy and food revenues increased from SAR 2.13 billion in the fiscal year 2021G to SAR 2.54 billion in the fiscal year 2022G (+19.1%), as the sector witnessed a growth in trading volume (+5.0%) and prices inflation (+16.0%). Therefore, the Company raised the average selling prices of dairy products and fresh juices (+15.0%), UHT dairy products (+20.0%), and olive oil, cheese and butter (+10%). Sales volumes grew for the fiscal year 2022G, (1) UHT dairy product volumes grew (+16.0%) year-on-year, mainly due to improved distribution of Nadec products in the UAE, (2) Cheese and Butter volumes grew (+20.0%) year-on-year as the Company kept prices below competitors prices (despite the increase in prices) and managed to gain significant market share in the cream cheese spread, sliced cheese, and triangle cheese categories.

Sales of calves and bulls

Sales of calves and bulls accounted for an average of 3.4% of total revenues during the period 2020G-2022G.This category consists of calves that are sold as red meat and agricultural bulls that are sold due to a decrease in their production.

Sales of calves and bulls increased from SAR 69.8 million during the fiscal year 2020G to SAR 86.3 million during the fiscal year 2021G (+23.7%), and due to the increase in calves' revenues (+62.4%) and the increase in bulls' revenues (+6.4%).

Sales of calves and bulls increased from SAR 86.3 million in the fiscal year 2021G to SAR 94.4 million in the fiscal year 2022G (+9.4%) due to the increase in calves revenues by SAR 6.0 million (+17.0%) and bulls revenues by SAR 2.1 million (+4.1%).

Agricultural products revenue

Agricultural products consist of the production of forage, wheat, fruits and dates, vegetables, agricultural olives, honey, and other agricultural products. Forage production represented 44.9% and wheat production represented 40.7% of the total agricultural production during the fiscal year 2022G.

Revenues from agricultural products decreased from SAR 113.1 million in fiscal year 2020G to SAR 50.3 million in fiscal year 2021G (-SAR 62.8 million, -55.5%), mainly due to the decrease in vegetable revenues (- SAR 59.5 million, - 83.3%) due to the discontinuing of the potato and onion production lines, in addition to the decrease in forage revenues (- SAR 8.0 million, -74.1%).

Revenues from agricultural products increased from SAR 50.3 million during the fiscal year 2021G to SAR 56.0 million (+SAR 5.8 million, +11.5%), mainly due to the increase in forage revenues (+SAR 22.3 million, +799.4%), knowing that the wheat crop affected by the severe weather conditions was sold as wheat straw under the category of forage, offset by a decrease in vegetable production (-SAR 10.5 million, -88.2%) and a decrease in wheat production (-SAR 8.8 million, -27.9%).

Table (6.8): Gross Profit by Product Category for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Fresh Dairy	463,870	415,553	524,474	(10.4%)	26.2%	6.3%
UHT Dairy	103,868	84,264	147,515	(18.9%)	75.1%	19.2%
Cheese & Butter	104,627	66,774	87,083	(36.2%)	30.4%	(8.8%)
Juices	79,848	67,605	91,504	(15.3%)	35.4%	7.1%
Food Olive & oil	38,086	16,162	21,524	(57.6%)	33.2%	(24.8%)
Raw milk	-	7,246	2,214	N/A	(69.4%)	N/A
Dairy and Food Revenue	**790,298**	**657,604**	**874,314**	**(16.8%)**	**33.0%**	**5.2%**
Calves	(6,310)	(10,528)	(17,595)	66.8%	67.1%	67.0%
Bulls	77	(3,809)	(3,424)	(5021.4%)	(10.1%)	N/A
Calves and Bulls	**(6,233)**	**(14,337)**	**(21,019)**	**130.0%**	**46.6%**	**83.6%**
Forages	(5,615)	(3,600)	(1,060)	(35.9%)	(70.6%)	(56.5%)
Wheat	(1,918)	3,754	(3,682)	(295.7%)	(198.1%)	38.5%
Fruits & Dates	(97)	(249)	(1,296)	157.7%	419.4%	265.8%
Vegetables	(9,902)	(25,629)	(1,395)	158.8%	(94.6%)	(62.5%)
Agri Olive & Honey	(4,280)	352	(17,301)	(108.2%)	(5009.5%)	101.0%
Others	549	215	(6,750)	(60.9%)	(3246.7%)	N/A
Losses from stoppage of Activity	(38,470)	(34,490)	(20,942)	(10.3%)	(39.3%)	(26.2%)
Agricultural Products	**(59,733)**	**(59,648)**	**(52,426)**	**(0.1%)**	**(12.1%)**	**(6.3%)**
Others	**1,508**	**47,219**	**7,465**	**3031.2%**	**(84.2%)**	**122.5%**
Total	**725,839**	**630,839**	**808,334**	**(13.1%)**	**28.1%**	**5.5%**
As a % of Total Gross Profit					**ppt**	
Fresh Dairy	63.9%	65.9%	64.9%	1.97	(0.99)	0.98
UHT Dairy	14.3%	13.4%	18.2%	(0.95)	4.89	3.94
Cheese & Butter	14.4%	10.6%	10.8%	(3.83)	0.19	(3.64)
Juices	11.0%	10.7%	11.3%	(0.28)	0.60	0.32
Food Olive & oil	5.2%	2.6%	2.7%	(2.69)	0.10	(2.58)
Raw milk	0.0%	1.1%	0.3%	1.15	(0.87)	0.27

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Dairy and Food Revenue	**108.9%**	**104.2%**	**108.2%**	**(4.64)**	**3.92**	**(0.72)**
Calves	(0.9%)	(1.7%)	(2.2%)	(0.80)	(0.51)	(1.31)
Bulls	0.0%	(0.6%)	(0.4%)	(0.61)	0.18	(0.43)
Calves and Bulls	**(0.9%)**	**(2.3%)**	**(2.6%)**	**(1.41)**	**(0.33)**	**(1.74)**
Forages	(0.8%)	(0.6%)	(0.1%)	0.20	0.44	0.64
Wheat	(0.3%)	0.6%	(0.5%)	0.86	(1.05)	(0.19)
Fruits & Dates	(0.0%)	(0.0%)	(0.2%)	(0.03)	(0.12)	(0.15)
Vegetables	(1.4%)	(4.1%)	(0.2%)	(2.70)	3.89	1.19
Agri Olive & Honey	(0.6%)	0.1%	(2.1%)	0.65	(2.20)	(1.55)
Others	0.1%	0.0%	(0.8%)	(0.04)	(0.87)	(0.91)
Losses from stoppage of Activity	(5.3%)	(5.5%)	(2.6%)	(0.17)	2.88	2.71
Agricultural Products	**(8.2%)**	**(9.5%)**	**(6.5%)**	**(1.23)**	**2.97**	**1.74**
Others	**0.2%**	**7.5%**	**0.9%**	**7.28**	**(6.56)**	**0.72**
Total	**100.0%**	**100.0%**	**100.0%**	**-**	**-**	**-**
Gross Profit Margin (%)					**ppt**	
Fresh Dairy	42.7%	38.2%	41.5%	(4.51)	3.33	(492.17)
UHT Dairy	26.0%	20.1%	25.1%	(5.89)	5.03	(614.39)
Cheese & Butter	36.2%	23.3%	23.1%	(12.93)	(0.17)	(1,315.77)
Juices	28.6%	28.4%	38.6%	(0.29)	10.23	(67.99)
Food Olive & oil	57.5%	28.9%	35.7%	(28.64)	6.76	(2,899.55)
Raw milk	N/A	15.3%	11.4%	N/A	(3.93)	N/A
Dairy and Food Revenue	**37.3%**	**30.8%**	**34.4%**	**(6.49)**	**3.58**	**(683.33)**
Calves	(29.2%)	(30.0%)	(42.8%)	(0.79)	(12.83)	(36.54)
Bulls	0.2%	(7.4%)	(6.4%)	(7.60)	1.01	(753.54)
Calves and Bulls	**(8.9%)**	**(16.6%)**	**(22.3%)**	**(7.67)**	**(5.66)**	**(744.94)**
Forages	(51.9%)	(128.8%)	(4.2%)	(76.86)	124.57	(7,681.62)
Wheat	(7.4%)	11.9%	(16.2%)	19.33	(28.05)	1,949.35
Fruits & Dates	(5.8%)	(21.9%)	(79.1%)	(16.04)	(57.20)	(1,525.23)
Vegetables	(13.9%)	(215.5%)	(99.5%)	(201.61)	116.02	(20,061.82)
Agri Olive & Honey	(388.4%)	15.7%	(4795.2%)	404.14	(4,810.89)	45,209.51
Others	23.3%	34.9%	(143.3%)	11.55	(178.19)	1,298.22
Losses from stoppage of Activity	N/A	N/A	N/A	N/A	N/A	N/A
Agricultural Products	**(52.8%)**	**(118.6%)**	**(93.6%)**	**(65.83)**	**25.08**	**(6,489.26)**
Others	**154.7%**	**5865.7%**	**1086.6%**	**5,711.05**	**(4,779.11)**	**570,018.15**
Total	**31.5%**	**27.8%**	**30.0%**	**(3.75)**	**2.24**	**(405.45)**

Source: Management Info for the financial years ended 31 December 2020G, 2021G and 2022G

Gross profit decreased from SAR 725.8 million during the fiscal year 2020G to SAR 630.8 million during the fiscal year 2021G (-SAR 95.0 million, -13.1%) coinciding with the decrease in total revenues and the increase in the cost of revenue due to supply chain disruptions during the COVID-19 pandemic.

This led to a decrease in the gross profit margin from 31.5% in the fiscal year 2020G to 27.8% in the fiscal year 2021G. Despite the increase in feed, fuel and logistics costs, the Company was not able to pass on the cost increases to its customers in the absence of price revisions by the large market share competitors.

Gross profit increased from SAR 630.8 million in the fiscal year 2021G to SAR 808.3 million in the fiscal year 2022G (+SAR 177.5 million, +28.1%), mainly due to the increase in products prices subsequent to the continued increase in production costs accompanied with a stability in the production level during the same period. As a result, gross profit margin improved from 27.8% in the fiscal year 2021G to 30.0% in the fiscal year 2022G.

Dairy and Food Revenue

Gross profit from dairy and food products decreased from SAR 790.3 million in the fiscal year 2020G to SAR 657.6 million in the fiscal year 2021G (-SAR 133.7 million, -16.8%) as a result of the decline in gross profit in fresh dairy (-SAR 48.3 million, -10.4%), cheese and butter (-SAR 37.9 million, -36.2%), food olives and olive oil (-SAR 21.9 million, -57.6%), UHT Dairy Products (-SAR 19.6 million, -18.9%), juices (-SAR 12.2 million, -15.3%). This was offset by an increase in the gross profit generated from raw milk (+SAR 7.2 million).

The dairy and food products category witnessed a decline in gross profit margin from 37.3% in the fiscal year 2020G to 30.8% in the fiscal year 2021G (-6.49 ppt).

Gross profit from dairy and food products increased from SAR 657.6 million in the fiscal year 2021G to SAR 874.3 million in the fiscal year 2022G (+SAR 216.7 million, +33%), mainly driven by an increase in the prices of all product categories. While the Company incurred increasing costs in fiscal year 2022G due to continued supply chain disruptions (such as increased energy prices and the war between Russia and Ukraine), average prices in dairy and food products grew by 15% year-on-year as costs increased by 9.7%, which led to an increase in gross profit margin on dairy and foodstuffs from 30.8% during the fiscal year 2021G to 34.4% during the fiscal year 2022G.

Calves and Bulls

The loss from calves and bulls increased from -SAR 6.2 million in the fiscal year 2020G to -SAR 14.3 million in the fiscal year 2021G (+13.0%).

The total loss from calves and bulls increased further from -SAR 14.3 million in the fiscal year 2021G to -SAR 21.0 million in the fiscal year 2022G (+46.6%).

The loss margin of calves and bulls increased from -8.9% in the fiscal year 2020G to -16.6% in the fiscal year 2021G, and the loss margin increased further to reach -22.3% in the fiscal year 2022G. Note that the total loss from calves and bulls constituted 0.9% of the total profit in the fiscal year 2020G, 2.3% in the fiscal year 2021G, and 2.6% in the fiscal year 2022G.

According to management, calves and bulls are often sold at a total loss of between 30% and 40%.

Agricultural Products

Agricultural products witnessed a loss margin during the last three years, which triggered the Company's Management to discontinue several production lines such as potatoes, onions, and fruit palm trees. Despite the suspension of these lines, the total loss has stabilized during the last three years because of recording losses resulting from the cessation of activity in the fiscal years 2020G, 2021G, and 2022G.

The total loss improved slightly from -SAR 59.7 million in the fiscal year 2020G to -SAR 59.6 million in the fiscal year 2021G. The total loss included an amount of -SAR 38.5 million, which is a loss resulting from the cessation of activity in the fiscal year 2020G and an amount of -SAR 34.5 million in the fiscal year 2021G.

The total loss improved from -SAR 59.6 million in the fiscal year 2021G to -SAR 52.4 million in the fiscal year 2022G as a result of the decrease in losses resulting from the cessation of activity by SAR 13.5 million, and the decrease in losses resulting from vegetable products by SAR 24.2 million, offset by an increase in losses from agricultural olives and honey amounting to SAR 17.7 million, an increase in losses from wheat by SAR 7.4 million, and an increase in losses from other agricultural products by SAR 7.0 million.

The company recorded a gross margin loss from agricultural products of 52.8% in the fiscal year 2020G, 118.6% in the fiscal year 2021G, and 93.6% in the fiscal year 2022G.

c- Revenue from the Top Ten Customers

Table (6.9): Revenue from the Top Ten Customers for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Panda	115,494	108,876	119,146	(5.7%)	9.4%	1.6%
Othaim Markets	69,464	69,566	101,561	0.1%	46.0%	20.9%
Unique Catering Services	23,909	24,814	27,931	3.8%	12.6%	8.1%
Danube KSA	22,495	15,543	23,951	(30.9%)	54.1%	3.2%
Carrefour KSA	14,281	18,515	21,316	29.7%	15.1%	22.2%
Tamimi Markets	20,668	20,197	21,176	(2.3%)	4.8%	1.2%
Lulu Hypermarket	11,065	12,098	16,671	9.3%	37.8%	22.7%
BinDawood	10,987	7,973	13,693	(27.4%)	71.7%	11.6%
Farm Superstores	11,004	9,584	13,259	(12.9%)	38.3%	9.8%
Al Raya	12,311	10,508	12,487	(14.7%)	18.8%	0.7%
Total Revenue from the Top 10 Customers	**311,676**	**297,675**	**371,191**	**(4.5%)**	**24.7%**	**9.1%**
Total Revenue	**2,303,059**	**2,272,325**	**2,694,248**	**(1.3%)**	**18.6%**	**8.2%**
As a % of Total Revenue					**ppt**	
Panda	5.0%	4.8%	4.4%	(0.22)	(0.37)	(0.59)
Othaim Markets	3.0%	3.1%	3.8%	0.05	0.71	0.75
Unique Catering Services	1.0%	1.1%	1.0%	0.05	(0.06)	(0.00)
Danube KSA	1.0%	0.7%	0.9%	(0.29)	0.20	(0.09)
Carrefour KSA	0.6%	0.8%	0.8%	0.19	(0.02)	0.17
Tamimi Markets	0.9%	0.9%	0.8%	(0.01)	(0.10)	(0.11)
Lulu Hypermarket	0.5%	0.5%	0.6%	0.05	0.09	0.14
BinDawood	0.5%	0.4%	0.5%	(0.13)	0.16	0.03
Farm Superstores	0.5%	0.4%	0.5%	(0.06)	0.07	0.01
Al Raya	0.5%	0.5%	0.5%	(0.07)	0.00	(0.07)
Total Revenue from the Top 10 Customers	13.5%	13.1%	13.8%	(0.43)	0.68	0.24

Source: Management Info for the financial years ended 31 December 2020G, 2021G and 2022G

Revenues generated from the top ten customers accounted for an average of 13.5% of total revenues during the period 2020G-2022G. “Panda” topped the largest share at a rate of 4.7%, “Othaim Markets” at a rate of 3.3%, and “Unique Catering Services” at a rate of 1.1%.

The total revenues generated by the top ten customers decreased from SAR 311.7 million in the fiscal year 2020G to SAR 297.7 million in the fiscal year 2021G (-4.5%), i.e. from 13.5% of the total revenues in the fiscal year 2020G to 13.1% of the total revenues in the fiscal year 2021G.

It should be noted that revenues generated from the top ten customers decreased by SAR 14.0 million (-4.5%) compared to a total decrease in the Company‘s revenues by SAR 30.7 million (-1.3%).

While the revenues of “Panda” decreased during the fiscal year 2021G (-SAR 6.6 million, -5.7%), “Danube KSA” (-SAR 7.0 million, -30.9%), and “BinDawood” (- SAR 3.0 million, -27.4%), the revenues of “Carrefour” increased by (+SAR 4.2 million, +29.7%).

The total revenue generated by the top ten customers increased from SAR 297.7 million in the fiscal year 2021G to SAR 371.2 million in the fiscal year 2022G (+24.7%), i.e. from 13.1% of total revenue in the fiscal year 2021G to 13.8% of total revenue in the fiscal year 2022G. It should be noted that total revenues increased by SAR 421.9 million (+18.6%), compared to an increase in revenues generated from the top ten customers of SAR 73.5 million (+24.7%) because of the return of government and private sectors to normal in 2022G following the COVID-19 pandemic.

"Othaim Markets" recorded the largest increase in revenues during the fiscal year 2022G (+SAR 32.0 million, +46.0%), followed by "Panda" (+SAR 10.3 million, +9.4%), "Danube KSA" (+SAR 8.4 million, +54.1%), and "Bin Dawood Holding" (+SAR 5.7 million, +71.7%). None of the above-mentioned clients witnessed a decline in revenues during the fiscal year 2022G.

d- Revenue by Channel for the Dairy & Beverage Product Category

Table (6.10): Revenue by Channel for the Dairy & Beverage Product Category for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Traditional Trade	1,127,491	1,052,576	1,138,127	(6.6%)	8.1%	0.5%
Modern Trade	607,091	612,288	776,294	0.9%	26.8%	13.1%
Food services	317,012	328,645	443,149	3.7%	34.8%	18.2%
Whole sales	30,962	40,562	82,117	31.0%	102.4%	62.9%
Exports	36,797	53,653	67,593	45.8%	26.0%	35.5%
E-commerce	-	-	16,456	N/A	N/A	N/A
Revenue by Channel for the Dairy & Beverage Product Category	**2,119,353**	**2,087,723**	**2,523,735**	**(1.5%)**	**20.9%**	**9.1%**
Total Revenue	**2,303,059**	**2,272,325**	**2,694,248**	**(1.3%)**	**18.6%**	**8.2%**
As a % of Total Revenue					**ppt**	
Traditional Trade	49.0%	46.3%	42.2%	(2.63)	(4.08)	(6.71)
Modern Trade	26.4%	26.9%	28.8%	0.59	1.87	2.45
Food services	13.8%	14.5%	16.4%	0.70	1.99	2.68
Whole sales	1.3%	1.8%	3.0%	0.44	1.26	1.70
Exports	1.6%	2.4%	2.5%	0.76	0.15	0.91
E-commerce	0.0%	0.0%	0.6%	-	0.61	0.61
Total Revenue for the Dairy & Beverage Product Category	**92.0%**	**91.9%**	**93.7%**	**(0.15)**	**1.80**	**1.65**

Source: Management Info for the financial years ended 31 December 2020G, 2021G and 2022G

Traditional trade revenues accounted for the largest part of the Company's revenues (45.8%) during the period 2020G-2022G, followed by modern trade (27.4%) and food services (14.9%).

Traditional trade decreased from SAR 1.13 billion in fiscal year 2020G to SAR 1.05 billion in fiscal year 2021G (- SAR 74.9 million, -6.6%) in light of the restrictions surrounding the COVID-19 pandemic, which was mainly offset by an increase in exports (+SAR 16.9 million, +45.8%), an increase in food services (+SAR 11.6 million, +3.7%) and an increase in wholesale (+SAR 9.6 million, 31.0%).

Traditional trade increased from SAR 1.05 billion in fiscal year 2021G to SAR 1.14 billion in fiscal year 2022G (+ SAR 85.6 million, +8.1%), while modern trade witnessed a significant increase (+ SAR 164.0 million, +26.8%)) as well as an increase in food services (+SAR 114.5 million, +34.8%) and an increase in wholesale sales (+SAR 41.6 million, +102.4%) as a result of the increase in demand and the increase in prices on most of the Company's products. It should be noted that the Company adopted a new channel during the year 2022G, E-commerce, which recorded SAR 16.5 million during the fiscal year 2022G, 0.6% of the total revenues.

e- Revenue by Geographical Area

Table (6.11): Revenue by Geographical Area for the Dairy & Beverage Product Category for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Saudi Arabia	2,049,654	2,040,552	2,399,686	(0.4%)	17.6%	8.2%
Other Countries	253,405	231,773	294,562	(8.5%)	27.1%	7.8%
Total Revenue	**2,303,059**	**2,272,325**	**2,694,248**	**(1.3%)**	**18.6%**	**8.2%**
As a % of Total Revenue					**ppt**	
Saudi Arabia	89.0%	89.8%	89.1%	0.80	(0.73)	0.07
Other Countries	11.0%	10.2%	10.9%	(0.80)	0.73	(0.07)

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The revenues of the Kingdom of the Kingdom accounted for an average of 89.3% of the Company's total revenues during the period 2020G-2022G, while the revenues from other countries accounted for an average of 10.7% during the same period.

Sales in the local market decreased from SAR 2.05 billion in the fiscal year 2020G to SAR 2.04 billion in the fiscal year 2021G (-SAR 9.1 million, -0.4%) coinciding with the decrease in total revenues, while foreign sales decreased from SAR 253.4 million to SAR 231.8 million (-SAR 21.6 million, -8.5%) during the same period.

Domestic sales increased from SAR 2.04 billion in fiscal year 2021G to SAR 2.40 billion in fiscal year 2022G (+SAR 359.1 million, +17.6%), while revenues from other countries increased from SAR 231.8 million in fiscal year 2021G to SAR 294.6 million in the fiscal year 2022G (+SAR 62.8 million, +27.1%), coinciding with the easing of restrictions surrounding the COVID-19 pandemic.

2- Cost of sales

Table (6.12): Cost of Sales for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Material consumed	1,112,123	1,230,940	1,483,277	10.7%	20.5%	15.5%
Government subsidies	(54,410)	(50,715)	(34,319)	(6.8%)	(32.3%)	(20.6%)
Depreciation of property, plant and equipment and biological assets	217,088	201,779	184,051	(7.1%)	(8.8%)	(7.9%)
Employee benefits	170,958	159,383	158,543	(6.8%)	(0.5%)	(3.7%)
Maintenance and repairs expenses	56,605	57,951	50,972	2.4%	(12.0%)	(5.1%)
Provision for slow moving inventories, net	18,056	-	-	(100.0%)	N/A	(100.0%)
Fees and government expenses	15,999	15,458	21,032	(3.4%)	36.1%	14.7%
Insurance expense on property, plant and equipment	4,066	5,707	5,896	40.4%	3.3%	20.4%
Rent and lease expenses	14,750	8,939	4,841	(39.4%)	(45.8%)	(42.7%)
Utility expenses	192	2,415	2,486	1157.8%	2.9%	259.8%
Depreciation-Right of use assets	1,002	859	869	(14.3%)	1.0%	(6.9%)
Amortization	388	394	642	1.8%	62.7%	28.7%
Other expenses	20,405	8,375	7,625	(59.0%)	(9.0%)	(38.9%)
Total Cost of sales	**1,577,220**	**1,641,486**	**1,885,914**	**4.1%**	**14.9%**	**9.3%**

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
As a % of Revenue				**ppt**		
Material consumed	48.3%	54.2%	55.1%	5.88	0.88	6.76
Government subsidies	(2.4%)	(2.2%)	(1.3%)	0.13	0.96	1.09
Depreciation of property, plant and equipment and biological assets	9.4%	8.9%	6.8%	(0.55)	(2.05)	(2.59)
Employee benefits	7.4%	7.0%	5.9%	(0.41)	(1.13)	(1.54)
Maintenance and repairs expenses	2.5%	2.6%	1.9%	0.09	(0.66)	(0.57)
Provision for slow moving inventories, net	0.8%	0.0%	0.0%	(0.78)	-	(0.78)
Fees and government expenses	0.7%	0.7%	0.8%	(0.01)	0.10	0.09
Insurance expense on property, plant and equipment	0.2%	0.3%	0.2%	0.07	(0.03)	0.04
Rent and lease expenses	0.6%	0.4%	0.2%	(0.25)	(0.21)	(0.46)
Utility expenses	0.0%	0.1%	0.1%	0.10	(0.01)	0.08
Depreciation-Right of use assets	0.0%	0.0%	0.0%	(0.01)	(0.01)	(0.01)
Amortization	0.0%	0.0%	0.0%	0.00	0.01	0.01
Other expenses	0.9%	0.4%	0.3%	(0.52)	(0.09)	(0.60)
Total Cost of Sales	**68.5%**	**72.2%**	**70.0%**	**3.75**	**(2.24)**	**1.51**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Cost of Sales

Cost of sales mainly relates to costs of raw materials and consumables, personnel costs in the factory, production/packaging lines, depreciation, maintenance and repair expenses, property, plant and equipment insurance expenses, rental expenses, and inventory provisions.

Raw materials and related costs accounted for 88.3% of the total cost of sales during the period 2020G-2022G, while manufacturing costs accounted for 11.7% during the same period.

Materials Consumed

Materials consumed increased from SAR 1.11 billion in the fiscal year 2020G (70.5% of the total cost of sales) to SAR 1.23 billion in the fiscal year 2021G (75.0% of the total cost), (+SAR 118.8 million, +10.7%), while the cost of consumed materials increased from 48.3% of the total revenues for the year 2020G to 54.2% of the total revenues for the year 2021G, mainly due to supply chain disruptions following the spread of the COVID-19 pandemic.

Materials consumed increased from SAR 1.23 billion in the year 2021G to SAR 1.48 billion in the year 2022G (+SAR 252.3 million, +20.5%) and constituted 78.7% of the total cost of sales during the fiscal year 2022G, while the cost of materials consumed increased as a percentage of total revenues from 54.2% in the year 2021G to 55.1% in the year 2022G, considering the continued rise in the prices of consumables.

Government Subsidies

The Company has recognized government subsidies accrued for the import of certain feed items subsidized by the Government of the Kingdom of the Kingdom on a consumption basis. Government subsidies accounted for 4.9%, 4.1%, and 2.3% of the total cost of consumed materials during the fiscal years 2020G, 2021G, and 2022G respectively.

Government subsidies decreased from SAR 54.4 million during the fiscal year 2020G to SAR 50.7 million during the fiscal year 2021G (-6.8%).

Government subsidies declined further from SAR 50.7 million in fiscal year 2021G to SAR 34.3 million in fiscal year 2022G (-32.3%).

Depreciation of property, plant, equipment, and biological assets

The depreciation of property, plant, equipment, and biological assets accounted for 13.8%, 12.3%, and 9.8% of the total cost of sales during the fiscal years 2020G, 2021G, and 2022G respectively.

The depreciation of property, plant, equipment, and biological assets decreased from SAR 217.1 million in the fiscal year 2020G to SAR 201.8 million in the fiscal year 2021G (-7.1%), as the management has performed physical verification of fixed assets with the assistance of external consultants, and as a result of physical verification, the management identified idle assets considered for impairment and damaged assets not suitable for use and accordingly written off, in addition to high exclusions on biological assets.

The depreciation of property, plant, equipment, and biological assets decreased from SAR 201.8 million in the fiscal year 2021G to SAR 184.1 million in the fiscal year 2022G (-8.8%), as the Company excluded property, plant, equipment, and biological assets from the palm trees project during the year.

Employee benefits

Employee benefits accounted for 10.8%, 9.7%, and 8.4% of the total cost of sales during the fiscal years 2020G, 2021G, and 2022G respectively, and accounted for an average of 6.8% of total revenues during the aforementioned fiscal periods.

Employee benefits decreased from SAR 171.0 million during the fiscal year 2020G to SAR 159.4 million during the fiscal year 2021G (-6.8%) as a result of the decrease in basic salaries (-SAR 5.9 million, -7.9%) and the decrease in performance bonuses (-SAR 5.7 million, -153.2%). During the year 2022G, the Company reversed the allowances for bonuses, as the expected target of revenues during the year 2021G was not achieved. This was accompanied by a decrease in the number of production employees, as the Company discontinued most of its agricultural operations.

Employee benefits decreased from SAR 159.4 million during the fiscal year 2021G to SAR 158.5 million during the fiscal year 2022G (-0.5%) as a result of the decrease in basic salaries (-SAR 4.5 million, -6.6%) and the decrease in annual leave costs (-SAR 5.9 million, -100.0%), and the decrease in annual tickets (-SAR 2.2 million, -61.8%), which was offset by an increase in performance bonus (+SAR 7.3 million) and a rise in subcontractors costs (+SAR 4.7 million).

Maintenance and repair expenses

Maintenance and repair expenses accounted for 3.6%, 3.5%, and 2.7% of total cost of sales during the fiscal years 2020G, 2021G, and 2022G respectively, and accounted for 2.3% of total revenues during the aforementioned fiscal periods.

Maintenance and repair expenses increased from SAR 56.6 million in the fiscal year 2020G to SAR 57.9 million in the fiscal year 2021G (+2.4%) because of the Company carrying out additional maintenance on some production machines.

Maintenance and repair expenses decreased from SAR 57.9 million in the fiscal year 2021G to SAR 51.0 million during the fiscal year 2022G (-2.7%) due to the shift from long-term lease contracts on cars (where the Company is responsible for routine repairs and maintenance) to short-term car rentals.

Provision for slow moving inventories

The provision for slow moving inventories amounted to SAR 18.0 million as of 31 December 2020G.

During the year 2021G and the year 2022G, the slow moving stock was reclassified among the consumables, and amounted to SAR 46.9 million during the year 2021G and -SAR 11.9 million during the year 2022G, as the Company reversed provisions on inventory that were used during the year 2022G.

Fees and Government expenses

Fees and Government expenses accounted for an average of 0.72% of total revenues during the period 2020G-2022G.

Fees and Government expenses decreased from SAR 16.0 million in the fiscal year 2020G to SAR 15.5 million in the fiscal year 2021G (-3.4%).

Fees and Government expenses increased from SAR 15.5 million in the fiscal year 2021G to SAR 21.0 million during the fiscal year 2022G (+36.1%) because of custom import duties amounting to SAR 5.0 million, classified under the costs of consumables in previous years.

Insurance expense on property, plant and equipment

Property, plant and equipment insurance expenses accounted for an average of 0.2% of total revenues during the period 2020G-2022G.

Property, plant and equipment insurance expenses increased from SAR 4.1 million in the fiscal year 2020G to SAR 5.7 million in the fiscal year 2021G (+40.4%).

Property, plant and equipment insurance expenses increased from SAR 5.7 million in the fiscal year 2021G to SAR 5.9 million in the fiscal year 2022G (+3.3%).

Rent and lease expenses

Rental and lease expenses decreased as a percentage of revenues from 0.6% during the fiscal year 2020G to 0.4% during the fiscal year 2021G to 0.2% during the fiscal year 2022G.

Rental expenses decreased from SAR 14.8 million in the fiscal year 2020G to SAR 8.9 million in the fiscal year 2021G (-39.4%), mainly due to the decline in storage rents (-SAR 7.7 million, -57.8%) offset by an increase in warehouse rent (+SAR 2.6 million, +502.2%).

Rental expenses decreased from SAR 8.9 million in the fiscal year 2021G to SAR 4.8 million in the fiscal year 2022G (-45.8%), mainly due to the decrease in storage rents (-5.2 million, -93.1%), and a decrease in warehouse rent (-SAR 3.1 million, -100.0%), which was offset by an increase in rented vehicles (+SAR 3.5 million).

Utility expenses

Utility expenses increased from SAR 0.2 million during the fiscal year 2020G to SAR 2.4 million during the fiscal year 2021G.

Utility expenses increased from SAR 2.4 million during the fiscal year 2021G to SAR 2.5 million during the fiscal year 2022G.

Depreciation - Right to use the assets

The depreciation of the right to use assets decreased from SAR 1.0 million in the fiscal year 2020G to SAR 0.87 million in the fiscal year 2022G.

Amortization

Amortization expenses increased from SAR 0.4 million in the fiscal year 2020G and 2021G to SAR 0.6 million in the fiscal year 2022G.

Other expenses

Other expenses for the fiscal year 2022G include contract fees, security services, office supplies and software, publications and stationery, distribution costs, research and consulting fees, and staff uniforms.

Other expenses amounted to SAR 20.4 million during the fiscal year 2020G, which included raw milk costs of SAR 6.5 million and other miscellaneous expenses of SAR 13.5 million, most of which are miscellaneous distribution expenses.

Other expenses decreased from SAR 20.4 million during the fiscal year 2020G to SAR 8.4 million during the fiscal year 2021G as a result of the reclassification of raw milk to direct costs in addition to the decrease in distribution expenses by SAR 3.7 million as a result of the suspension of some agricultural production lines.

Other expenses decreased from SAR 8.4 million during the fiscal year 2021G to SAR 7.6 million during the fiscal year 2022G, mainly due to the decrease in distribution expenses as a result of the suspension of some agricultural production lines.

3- Selling and Marketing Expenses

Table (6.13): Selling and Marketing Expenses for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Employee Benefits	224,026	213,043	221,361	(4.9%)	3.9%	(0.6%)
Marketing and Distribution Expenses	159,393	122,057	125,754	(23.4%)	3.0%	(11.2%)
Fees and Government Expenses	36,105	31,378	38,987	(13.1%)	24.2%	3.9%
Depreciation	40,307	33,828	24,766	(16.1%)	(26.8%)	(21.6%)
Maintenance & Repair Expenses	19,418	18,191	19,728	(6.3%)	8.4%	0.8%
Utility Expenses	16,069	18,080	18,738	12.5%	3.6%	8.0%
Depreciation for Right of Use Assets	27,489	24,819	17,215	(9.7%)	(30.6%)	(20.9%)
Rent and Lease Expenses	8,295	6,228	6,575	(24.9%)	5.6%	(11.0%)
Insurance Expenses on Property, Plant and Equipment	3,544	4,231	3,684	19.4%	(12.9%)	2.0%
Amortization	308	317	339	2.9%	6.9%	4.9%
Other Expenses	10,462	11,748	11,044	12.3%	(6.0%)	2.7%
Total	**545,415**	**483,920**	**488,190**	**(11.3%)**	**0.9%**	**(5.4%)**
As a % of Revenue					**ppt**	
Employee Benefits	9.7%	9.4%	8.2%	(0.35)	(1.16)	(1.51)
Marketing and Distribution Expenses	6.9%	5.4%	4.7%	(1.55)	(0.70)	(2.25)
Fees and Government Expenses	1.6%	1.4%	1.4%	(0.19)	0.07	(0.12)
Depreciation	1.8%	1.5%	0.9%	(0.26)	(0.57)	(0.83)
Maintenance & Repair Expenses	0.8%	0.8%	0.7%	(0.04)	(0.07)	(0.11)
Utility Expenses	0.7%	0.8%	0.7%	0.10	(0.10)	(0.00)
Depreciation for Right of Use Assets	1.2%	1.1%	0.6%	(0.10)	(0.45)	(0.55)
Rent and Lease Expenses	0.4%	0.3%	0.2%	(0.09)	(0.03)	(0.12)
Insurance Expenses on Property, Plant and Equipment	0.2%	0.2%	0.1%	0.03	(0.05)	(0.02)
Amortization	0.0%	0.0%	0.0%	0.00	(0.00)	(0.00)
Other Expenses	0.5%	0.5%	0.4%	0.06	(0.11)	(0.04)
Total	**23.7%**	**21.3%**	**18.1%**	**(2.39)**	**(3.18)**	**(5.56)**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Employee benefits

Employees benefits mainly relate to the salaries and related employee costs associated with the marketing and sales team and mainly consist of basic salaries (average 43.5% of total employee benefits), selling commissions (average 7.6% of total employee benefits), housing allowance (average 6.7% of total employee benefits), and medical insurance (average of 5.8% of the total employee benefits).

Employee benefits decreased from SAR 224.0 million during the fiscal year 2020G to SAR 213.0 million during the fiscal year 2021G (-SAR 11.0 million, -4.9%), mainly due to the decrease in the basic salary (-SAR 3.9 million, -4 %), the decrease in sales commission (-SAR 5.2 million, -27%), and the decrease in performance bonus (-SAR 3.6 million, -148%).

Employee benefits as a percentage of revenue decreased from 9.7% during the fiscal year 2020G to 9.4% during the fiscal year 2021G as a result of travel restrictions related to the COVID-19 pandemic and quarantine requirements, which also had an impact on international employment in the fiscal year 2021G.

Employee benefits increased from SAR 213.0 million in the fiscal year 2021G to SAR 221.4 million in the fiscal year 2022G (+SAR 8.3 million, +3.9%) as a result of the increase in the employment rate due to the easing of restrictions following COVID-19 pandemic. This increase mainly resulted from the increase in basic salary (+SAR 6.4 million, +7%), travel tickets (+SAR5.9M, +100.0%) and performance bonus (+SAR5.4M, +455.0%), which was offset by a decrease in food and beverage expenses (-SAR 4.5 million, -38.6%) and annual paid leaves (-SAR 5.7 million, -70.7%).

Employee benefits as a percentage of revenue decreased from 9.4% during the fiscal year 2021G to 8.2% during the fiscal year 2022G.

Marketing and distribution expenses

Marketing and distribution expenses decreased from SAR 159.3 million during the fiscal year 2020G to SAR 122.1 million during the fiscal year 2021G (-SAR 37.3 million, -22.4%) because the Company took a strategic decision to reduce marketing expenses across all channels (excluding agency and commercial marketing costs).

Marketing and distribution expenses decreased as a percentage of revenues from 6.9% during the fiscal year 2020G to 5.4% during the fiscal year 2021G.

Marketing and distribution expenses increased from SAR 122.1 million in the fiscal year 2021G to SAR 125.8 million in the fiscal year 2022G (+SAR 3.7 million, +3.0%) as a result of the change in the car ownership strategy from long-term leases to short-term leases, which resulted in the expense being charged as an operating expense (instead of being shown under depreciation and finance costs).

Despite the increase in marketing and distribution expenses, marketing and distribution expenses decreased as a percentage of revenues from 5.4% during the fiscal year 2021G to 4.7% during the fiscal year 2022G.

Fees and Government expenses

Fees and Government expenses accounted for an average of 1.5% of total revenues and an average of 7.0% of total marketing and distribution costs during the years 2020G-2022G.

Fees and Government expenses decreased from SAR 36.1 million in fiscal year 2020G to SAR 31.4 million in fiscal year 2021G (-SAR 4.7 million, -13.1%) and to SAR 39.0 million in fiscal year 2022G (+SAR 7.6 million, + 24.2%) as a result of the change in the number of employees during the period.

Depreciation - property, plant and equipment

Depreciation on property, plant and equipment decreased from SAR 40.3 million during the fiscal year 2020G to SAR 33.8 million during the fiscal year 2021G (-SAR 6.5 million, -16.1%), as the Company conducted a physical fixed assets inventory valuation during the year 2021G, through which some assets were determined unavailable for use and other damaged assets has been completely written off.

Depreciation on property, machinery and equipment decreased from SAR 33.8 million during the fiscal year 2021G to SAR 24.8 million (-SAR 9.1 million, -26.8%), mainly due to disposals related to the palm trees project during the year 2022G.

Maintenance and repair expenses

Maintenance and repair expenses accounted for an average of 0.8% of total revenues and an average of 3.8% of total marketing and distribution costs during the period 2020G-2022G.

Maintenance and repair expenses decreased from SAR 19.4 million during the fiscal year 2020G to SAR 18.2 million during the fiscal year 2021G (-SAR 1.2 million, -6.3%) as a result of the non-use of spare parts in 2020G.

Maintenance and repair expenses increased from SAR 18.2 million during the fiscal year 2021G to SAR 19.7 million during the fiscal year 2022G (+SAR 1.5 million, +8.4%) due to the increase in vehicle maintenance costs as the old fleet required higher maintenance.

Utility expenses

Utility expenses accounted for an average of 0.7% of total revenues and an average of 3.5% of total marketing and distribution costs during the period 2020G-2022G.

Utility expenses increased from SAR 16.1 million during fiscal year 2020G to SAR 18.1 million during fiscal year 2021G (+ SAR 2.0 million, +12.5%) and to SAR 18.7 million during fiscal year 2022G (+ SAR 0.7 million, +3.6%) as a result of the increase in cleaning fees, electricity, water, sanitation and internet subscription.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased from SAR 27.5 million during the fiscal year 2020G to SAR 24.8 million during the fiscal year 2021G (-SAR 2.7 million, -9.7%)

Depreciation of right-of-use assets decreased from SAR 24.8 million during the fiscal year 2021G to SAR 17.2 million during the fiscal year 2022G (-SAR 7.6 million, -30.6%)

Rent and Lease expenses

Rental and lease expenses accounted for an average of 0.3% of total revenues and an average of 1.4% of total marketing and distribution costs during the period 2020G-2022G.

Rent and lease expenses decreased from SAR 8.3 million during the fiscal year 2020G to SAR 6.6 million during the fiscal year 2022G (+SAR 0.3 million, +5.6%) as a result of the Company's policy of reducing the percentage of expenses according to the approved plan.

Insurance expenses for property, plant, and equipment

Property, plant and equipment insurance expenses accounted for an average of 0.2% of total revenues and an average of 0.8% of total marketing and distribution costs during the period 2020G-2022G.

Property, plant and equipment insurance expenses increased from SAR 3.5 million during the fiscal year 2020G to SAR 4.2 million during the fiscal year 2021G (+SAR 0.7 million, +19.4%).

Property, plant and equipment insurance expenses decreased from SAR 4.2 million during the fiscal year 2021G to SAR 3.7 million during the fiscal year 2022G (-SAR 0.5 million, -12.9%) as a result of conducting a physical inventory of fixed assets through which assets not available for use were identified and other damaged assets have been written off from their entire book value.

Amortization

Amortization expenses stabilized at about SAR 0.3 million during the fiscal years 2020G, 2021G and 2022G and constituted an average of 0.01% of total revenues and an average of 0.1% of total marketing and distribution costs during the period 2020G-2022G.

Other expenses

Other expenses consist of expenses for security services, publications and stationery, research and consultations, office supplies and software, and uniforms. Other expenses accounted for an average of 0.5% of total revenues and an average of 2.2% of total marketing and distribution costs during the period 2020G-2022G.

Other expenses increased from SAR 10.5 million during the fiscal year 2020G to SAR11.7 million during the fiscal year 2021G (+SAR 1.3 million, +12.3%).

Other expenses decreased from SAR 11.7 million during the fiscal year 2021G to SAR 11.0 million during the fiscal year 2022G (-SAR 0.7 million, -6.0%).

4- General and Administrative Expenses

Table (6.14): General and Administrative Expenses for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Employee benefits	71,542	62,424	82,454	(12.7%)	32.1%	7.4%
Information technology expenses	15,134	23,426	31,751	54.8%	35.5%	44.8%
Amortization	2,895	5,614	9,147	93.9%	62.9%	77.8%
Professional and consultancy expenses	10,705	45,366	5,824	323.8%	(87.2%)	(26.2%)
Fees and government expenses	2,220	1,490	2,138	(32.9%)	43.5%	(1.9%)
Utility expenses	947	1,283	2,041	35.5%	59.1%	46.8%
Depreciation-property, plant and equipment	2,714	2,389	817	(12.0%)	(65.8%)	(45.1%)
Insurance expenses on property, plant and equipment	111	319	644	187.4%	101.9%	140.9%
Other expenses	5,708	5,695	4,134	(0.2%)	(27.4%)	(14.9%)
Total	**111,975**	**148,006**	**138,952**	**32.2%**	**(6.1%)**	**11.4%**
As a % of Revenue					**ppt**	
Employee benefits	3.1%	2.7%	3.1%	(0.36)	0.31	(0.05)
Information technology expenses	0.7%	1.0%	1.2%	0.37	0.15	0.52
Amortization	0.1%	0.2%	0.3%	0.12	0.09	0.21
Professional and consultancy expenses	0.5%	2.0%	0.2%	1.53	(1.78)	(0.25)
Fees and government expenses	0.1%	0.1%	0.1%	(0.03)	0.01	(0.02)
Utility expenses	0.0%	0.1%	0.1%	0.02	0.02	0.03
Depreciation-property, plant and equipment	0.1%	0.1%	0.0%	(0.01)	(0.07)	(0.09)
Insurance expenses on property, plant and equipment	0.0%	0.0%	0.0%	0.01	0.01	0.02
Other expenses	0.2%	0.3%	0.2%	0.00	(0.10)	(0.09)
Total	**4.9%**	**6.5%**	**5.2%**	**1.65**	**(1.36)**	**0.30**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Employee benefits

Employee benefits accounted for an average of 55.1% of the total administrative expenses and an average of 3.0% of total revenues during the period 2020G-2022G.

Employee benefits during the fiscal year 2022G included basic salaries (47.3%), bonuses (15.4%), housing allowance (11.5%), medical insurance (5.0%) and other employee-related expenses.

Employee benefits decreased from SAR 71.5 million in the fiscal year 2020G to SAR 62.4 million in the fiscal year 2021G (-SAR 9.1 million, -12.7%), mainly due to the decrease in bonus allowances (-SAR 11.1 million, -137.0%) due to a decrease in the number of employees for the fiscal year 2021G following the travel restrictions related to the COVID-19 pandemic and quarantine restrictions that limited the employment of international workers.

Employee benefits increased from SAR 62.4 million during the fiscal year 2021G to SAR 82.5 million during the fiscal year 2022G (+SAR 20.0 million, +32.1%), due to the increase in bonus allowances (+SAR 15.7 million, +524.4%), and basic salaries (+SAR 3.7 million, +10.5%) due to (1) increased international hiring with the lifting of COVID-19 restrictions, (2) increased IT staff as the Company expanded its IT department and (3) setup of a new Governance, Risk and Compliance department where the number of employees has increased.

Information Technology expenses

Information technology expenses constituted an average of 17.4% of the total general and administrative expenses and an average of 1.0% of total revenues during the period 2020G-2022G.

Information technology expenses increased from SAR 15.1 million during the fiscal year 2020G to SAR 31.8 million during the fiscal year 2022G (+SAR 8.3 million, +35.5%) as a result of updating the system to SAP, and the Company also tested new modules to add to the system and incurred additional annual licensing and maintenance fees during the years 2021G and 2022G.

Amortization

Amortization expenses increased from SAR 2.9 million during the fiscal year 2020G to SAR 5.6 million during the fiscal year 2021G (+SAR 2.7 million, +93.9%).

Amortization expenses increased from SAR 5.6 million during the fiscal year 2021G to SAR 9.1 million during the fiscal year 2022G (+SAR 3.5 million, +62.9%).

Professional and consultancy expenses

Professional and consultancy expenses constituted an average of 4.3% of the total administrative expenses and an average of 0.2% of total revenues during the period 2020G-2022G.

Professional and consultancy expenses increased from SAR 10.7 million during the fiscal year 2020G to SAR 45.4 million during the fiscal year 2021G (+SAR 34.7 million, +323.8%) as the Company appointed external consultants for cost optimization consulting under a one-year contract only.

Professional and consultancy expenses decreased from SAR 45.4 million during the fiscal year 2021G to SAR 5.8 million during the fiscal year 2022G (-SAR 39.5 million, -87.2%), mainly due to the termination of the contract with external consultants.

Fees and Government expenses

Fees and Government expenses accounted for 9.6%, 30.7%, and 4.2% of the total administrative expenses during the fiscal years 2020G, 2021G, and 2022G, respectively.

Government fees and expenses stabilized at an average of SAR 2.0 million during the fiscal years 2020G, 2021G, and 2022G.

Utility expenses

Utility expenses constituted an average of 1.1% of the total administrative expenses and an average of 0.1% of total revenues during the period 2020G-2022G.

Utility expenses increased from SAR 0.9 million during the fiscal year 2020G to SAR 1.3 million during the fiscal year 2021G (+SAR 0.3 million, +35.5%)

Utility expenses increased from SAR 1.3 million during the fiscal year 2021G to SAR 2.0 million during the fiscal year 2022G (+SAR 0.8 million, +59.1%).

Depreciation of property, plant and equipment

Depreciation expenses for property, plant and equipment accounted for 2.4%, 1.6% and 0.6% of the total administrative expenses during the fiscal years 2020G, 2021G and 2022G, respectively.

Depreciation of property, plant and equipment decreased from SAR 2.7 million during the fiscal year 2020G to SAR 0.8 million during the fiscal year 2022G.

Insurance expenses on property, plant and equipment

Property, plant and equipment insurance expenses accounted for 0.1%, 0.2% and 0.5% of the total cost of administrative expenses during the fiscal years 2020G, 2021G and 2022G, respectively.

Insurance expenses on property, plant and equipment increased from SAR 0.1 million during the fiscal year 2020G to SAR 0.3 million during the fiscal year 2021G (+SAR 0.2 million, +187.4%).

Insurance expenses on property, plant and equipment increased from SAR 0.3 million during the fiscal year 2021G to SAR 0.6 million during the fiscal year 2022G (+SAR 0.3 million, +101.9%).

Other expenses

Other expenses stabilized at about SAR 5.7 million during the period 2020G-2021G, and mainly included fees for board meetings, expenses for settling legal claims, and various other expenses. Other expenses accounted for 5.1%, 3.8%, and 3.0% of the total administrative expenses during the fiscal years 2020G, 2021G, and 2022G, respectively.

Other expenses decreased from SAR 5.7 million during the fiscal year 2021G to SAR 4.1 million during the fiscal year 2022G (-SAR 1.6 million, -27.4%).

5- Other (expense)/ Income, net

Table (6.15): Other (expense)/ Income for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Sales of ancillary products/service income	13,024	3,265	24,068	(74.9%)	637.2%	35.9%
Scrap sales and other miscellaneous income	2,722	6,552	1,260	140.7%	(80.8%)	(32.0%)
Dividend income from equity investments at FVOCI	-	300	300	N/A	0.0%	N/A
Government grant income	109,877	-	-	(100.0%)	N/A	(100.0%)
Net foreign exchange (loss)/gain	11,750	(22,853)	(4,766)	(294.5%)	(79.1%)	N/A
Loss on sale of property, plant and equipment and biological assets, net	(17,491)	(45,667)	(33,390)	161.1%	(26.9%)	38.2%
Total	**119,883**	**(58,403)**	**(12,527)**	**(148.7%)**	**(78.6%)**	**N/A**
As a % of Revenue					**ppt**	
Sales of ancillary products/service income	0.6%	0.1%	0.9%	(0.42)	0.75	0.33
Scrap sales and other miscellaneous income	0.1%	0.3%	0.0%	0.17	(0.24)	(0.07)
Dividend income from equity investments at FVOCI	0.0%	0.0%	0.0%	0.01	(0.00)	0.01
Government grant income	4.8%	0.0%	0.0%	(4.77)	-	(4.77)
Net foreign exchange (loss)/gain	0.5%	(1.0%)	(0.2%)	(1.52)	0.83	(0.69)
Loss on sale of property, plant and equipment and biological assets, net	(0.8%)	(2.0%)	(1.2%)	(1.25)	0.77	(0.48)
Total	**5.2%**	**(2.6%)**	**(0.5%)**	**(7.78)**	**2.11**	**(5.67)**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Sales of ancillary products / Service Income

Sales of ancillary products/service income consists of (i) sale of ancillary products and income from other services consisting of management fees received from the joint venture, income and income received from Pure harvest, (ii) scrap sales, and (iii) dividend income from investments.

Sales of ancillary products/service income decreased from SAR 13.0 million during the fiscal year 2020G to SAR 3.3 million during the fiscal year 2021G (-SAR 9.8 million, -74.9%) due to the reclassification of raw milk from other income in the fiscal year 2020G to revenue from food and dairy products in the fiscal year 2021G.

Sales of ancillary products/service income increased from SAR 3.3 million during the fiscal year 2021G to SAR 24.1 million during the fiscal year 2022G (+SAR 20.8 million, +637.2%), and constituted 0.9% of the total revenues. It should be noted that this increase came as a result of the Company providing marketing and distribution services for fresh vegetables for the amount of SAR 7.0 million and providing technical services for the joint venture for SAR 6.0 million.

Scrap sales and other miscellaneous income

Scrap sales and other miscellaneous income increased from SAR 2.7 million during the fiscal year 2020G to SAR 6.6 million during the fiscal year 2021G (+SAR 3.8 million, +140.7%) as a result of selling miscellaneous scrap to local customers.

Scrap sales and other miscellaneous income decreased from SAR 6.6 million during the fiscal year 2021G to SAR 1.3 million during the fiscal year 2022G (-SAR 5.3 million, -80.8%).

Dividend income from equity investments at FVOCI

The company did not record any profits from investments in equity instruments at fair value through other comprehensive income during the fiscal year 2020G.

During the financial years 2021G and 2022G, the Company recorded profits from equity investments at FVOCI for SAR 0.3 million, which constitutes 0.01% of the total revenues.

Government grant income

The Company originally received certain area of land in Hail, Wadi Al Dawasir and Al Jouf as a conditional non-monetary grant under the Ministry of Environment, Water and Agriculture under the Royal Order M/41 issued on 17 August 1981G.

Based on the royal order of 2020G, the Company recorded the additional land granted in Al-Jouf and Wadi Al-Dawasir at its current fair value and derecognized the unconfirmed area of Hail land from the books, which resulted in a net profit of SR 109.9 million.

An amount of SAR 109.9 million was recorded as revenue from government grants in the fiscal year 2020G after deducting land survey fees for obtaining title deeds of SAR 1.9 million.

No revenues from government grants were recorded during the period 2021G-2022G.

6- Finance Cost

Table (6.16): Finance Cost for the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Annual Variance 2020G - 2021G	Annual Variance 2021G - 2022G	CAGR 2020G - 2022G
Interest expense on Murabaha loans	33,758	23,103	39,237	(31.6%)	69.8%	7.8%
Interest expense on lease liabilities	3,242	2,763	2,224	(14.8%)	(19.5%)	(17.2%)
Other finance charges	6,602	6,145	7,373	(6.9%)	20.0%	5.7%
Total	**43,602**	**32,011**	**48,834**	**(26.6%)**	**52.6%**	**5.8%**
Interest expense on Murabaha loans	1.47%	1.02%	1.46%	(0.45)	0.44	(0.01)
Interest expense on lease liabilities	0.14%	0.12%	0.08%	(0.02)	(0.04)	(0.06)
Other finance charges	0.29%	0.27%	0.27%	(0.02)	0.00	(0.01)
Total	**1.89%**	**1.41%**	**1.81%**	**(0.48)**	**0.40**	**(0.08)**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Interest expense on Murabaha loans

The cost of financing Murabaha loans decreased from SAR 33.8 million during the fiscal year 2020G to SAR 23.1 million during the fiscal year 2021G (-SAR 10.7 million, -31.6%), mainly due to the decrease in the average interest rates on Murabaha loans from 2.82% during the year 2020G to 2.01% during the year 2021G.

The cost of financing Murabaha loans increased from SAR 23.1 million during the fiscal year 2021G to SAR 39.2 million during the fiscal year 2022G (+SAR 16.1 million, +69.8%) as a result of the increase in the average interest rates on Murabaha loans from 2.01% during the year 2021G to 3.39% during the year 2022G.

Interest expense on lease liabilities

The interest expense on lease liabilities decreased from SAR 3.2 million during the fiscal year 2020G to SAR 2.8 million during the fiscal year 2021G (-SAR 0.5 million, -14.8%).

The interest expense on lease liabilities decreased from SAR 2.8 million during the fiscal year 2021G to SAR 2.2 million during the fiscal year 2022G (-SAR 0.5 million, -19.5%) and relates to financing fees for the right of use assets according to IFRS 16.

Other finance charges

Other financing charges consist of banking fees, letter of guarantee fees, and letter of credit fees, with an average annual expenditure of SAR 3.0 million. In addition, other finance fees also include cash receipt, deposit and transfer fees charged by banks to collect cash from warehouses/sales centers and bank deposit machine fees, with an average of SAR 3.5 million annually.

Other financing charges decreased from SAR 6.6 million during the fiscal year 2020G to SAR 6.1 million during the fiscal year 2021G (-SAR 0.5 million, -6.9%).

Other financing expenses increased from SAR 6.1 million during the fiscal year 2021G to SAR 7.4 million during the fiscal year 2022G (+SAR 1.2 million, +20%).

6.7.2 Balance Sheet

Table (6.17): Statement of financial position as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Assets			
Non-current assets			
Property, plant and equipment	1,963,126	1,809,731	1,713,202
Right-of-use asset	58,563	71,472	55,868
Capital work in progress	112,186	95,887	109,620
Biological assets	625,492	685,558	735,223
Intangible assets	8,060	17,958	30,404
Investment in Joint Venture	-	50,889	54,191
Equity at FVOCI	7,629	13,022	8,346
Total non-current assets	**2,775,055**	**2,744,517**	**2,706,854**
Current assets			
Biological assets	27,689	24,119	28,050
Inventory	536,563	452,064	516,055
Biological assets-available for sale	25,112	35,047	30,232
Trade and other receivables	325,927	288,240	371,286
Prepayments	116,579	263,825	56,268

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Cash and bank balances	68,714	81,918	112,762
Total current assets	**1,100,584**	**1,145,213**	**1,114,653**
Total assets	**3,875,640**	**3,889,730**	**3,821,507**
Liabilities			
Non-current liabilities			
Murabaha loans and borrowings	880,974	1,150,483	892,906
Lease liabilities	29,982	45,299	39,266
Deferred income	5,643	5,101	4,559
Employees' benefit obligation	165,620	163,003	152,771
Total non-current liabilities	**1,082,219**	**1,363,886**	**1,089,501**
Current liabilities			
Trade and other payables	606,084	713,901	678,431
Murabaha loans and borrowings – Short term	291,065	271,024	365,428
Murabaha loans and borrowings – Current portion	318,693	214,995	267,154
Lease liabilities	32,777	25,051	16,106
Dividends payables	33,131	32,810	32,580
Provision for Zakat	33,393	72,250	77,161
Total current liabilities	**1,315,142**	**1,330,031**	**1,436,860**
Total liabilities	**2,397,361**	**2,693,917**	**2,526,361**
Shareholders' Equity			
Share capital	1,016,400	1,016,400	1,016,400
Share premium	79	79	79
Statutory reserve	184,239	184,239	193,788
Other reserves	22,642	25,204	29,046
Retained earnings / (accumulated losses)	254,919	(30,109)	55,833
Total shareholders' equity	**1,478,278**	**1,195,813**	**1,295,146**
Total equity and liabilities	**3,875,640**	**3,889,730**	**3,821,507**
KPIs			
DSO	47	42	48
DIO	144	111	110
DPO	38	45	63
CCC	153	108	95
ROA	0.9%	(7.3%)	2.5%
ROE	2.4%	(21.3%)	7.7%
Liabilities-to-assets ratio	61.9%	69.3%	66.1%
Debt-to-equity ratio	162.2%	225.3%	195.1%
Current ratio	83.7%	86.1%	77.6%

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G and Management Info for the financial years ended 31 December 2020G, 2021G and 2022G

Assets

Non-current assets

Non-current assets mainly consist of (1) property, plant and equipment at an average of 66.7% of the total non-current assets as of 31 December 2020G, 2021G and 2022G, and (2) biological assets at an average of 24.9% of the total non-current assets as of 31 December 2020G, 2021G, and 2022G.

Non-current assets constituted an average of 71.0% of the total assets as of 31 December 2020G, 2021G, and 2022G.

Total non-current assets decreased from SAR 2.78 billion as of 31 December 2020G to SAR 2.74 billion as of 31 December 2021G (-SAR 30.5 million, -1.1%) as a result of the decrease in property, plant and equipment (-SAR 153.4 million, -7.8%) and capital work in progress (-SAR 16.3 million, -14.5%); offset by an increase in biological assets (+SAR 60.1 million, +9.6%), investments in joint venture (+SAR 50.9 million), right-of-use assets (+SAR 12.9 million, +22.0%), intangible assets (+SAR 9.9 million, +122.8%), and equity at FVOCI (+SR 5.4 million, +70.7%).

Total non-current assets decreased from SAR 2.74 billion as of 31 December 2021G to SAR 2.71 billion as of 31 December 2022G (-SAR 37.7 million, -1.4%) as a result of the decrease in property, plant and equipment (-SAR 96.5 million, - 5.3%), right-of-use assets (-SAR 15.6 million, -21.8%), equity at FVOCI (-SAR 4.7 million, -35.9%); offset by an increase in biological assets (+SAR 49.7 million, +7.2%), investments in joint venture (+SAR 3.3 million, +6.5%), intangible assets (+SAR 12.4 million, +69.3%) and capital work-in-progress. (+SAR 13.7 million, +14.3%).

Current assets

Current assets mainly consist of (1) inventory at an average of 44.8% of the total current assets as of 31 December 2020G, 2021G, and 2022G (2) trade and other debit balances at an average of 29.4% (3) prepaid expenses at an average of 12.9% (4) cash and bank balances at an average of 7.8%.

Total current assets increased from SAR 1.10 billion as of 31 December 2020G to SAR 1.15 billion as of 31 December 2021G (+SAR 44.6 million, +4.1%) as a result of the increase in prepaid expenses (+SAR 147.2 million, +126.3 %) and an increase in cash and bank balances (+SAR 13.2 million, +19.2%) and an increase in biological assets held for sale (+SAR 9.9 million, +39.6%); offset by a decrease in inventories (-SAR 84.5 million, -15.7%), a decrease in trade receivables (-SAR 37.7 million, -11.6%) and a decrease in biological assets (-SAR 3.6 million, -12.9%).

Total current assets decreased from SAR 1.15 billion as of 31 December 2021G to SAR 1.11 billion as of 31 December 2022G (-SAR 30.6 million, -2.7%) as a result of the decrease in prepaid expenses (-SAR 207.6 million, -78.7 %) and decrease in biological assets held for sale (-SAR 4.8 million, -13.7%); offset by an increase in trade receivables (+SAR 83.0 million, +28.8%), an increase in inventories (+SAR 64.0 million, +14.2%), cash and bank balances (+SAR 30.8 million, +37.7%), and biological assets (+SAR 3.9 million, +16.3%).

Non-current liabilities

Murabaha loans and facilities constituted the largest part of non-current liabilities representing an average of 82.6% as at 31 December 2020G, 2021G, and 2022G, followed by employee benefits constituting 13.8% of non-current liabilities as at 31 December 2020G, 2021G, and 2022G.

Non-current liabilities increased from SAR 1.08 billion as of 31 December 2020G to SAR 1.36 billion as of 31 December 2021G (+SAR 281.7 million, +26%), as a result of an increase in Murabaha loans and borrowings (+SAR 269.5 million, +30.6%), and rental commitments (+SAR 15.3 million, +51.1%).

The value of non-current liabilities decreased from SAR 1.36 billion as of 31 December 2021G to SAR 1.09 billion as of 31 December 2022G (-SAR 274.4 million, -20.1%) as a result of the decrease in all items related to non-current liabilities, especially the item of Murabaha loans and borrowings (-SAR 257.6 million, -22.4%), employee benefits liabilities (-SAR 10.2 million), rental liabilities (-SAR 6.0 million, -13.3%).

Current liabilities

Current liabilities consist of (1) commercial payables and other credit balances at an average of 49.0% of the total current liabilities as of 31 December 2020G, 2021G and 2022G, (2) Murabaha loans and short-term borrowings at an average of 22.6%, (3) Murabaha loans and current portion borrowings at an average of 19.7%, (4) zakat provision at an average of 4.4%, (5) dividend payable at an average of 1.8%, and (6) rental obligations at an average of 1.8%.

Current liabilities increased from SAR 1.31 billion as of 31 December 2020G to SAR 1.33 billion as of 31 December 2021G (+SAR 14.9 million, +1.1%), mainly due to the increase in trade payables (+SAR 107.8 million, +17.8%), and the increase in zakat provision (+SAR 38.9 million, +116.4%); offset by a decrease in Murabaha loans and in current portion borrowings (-SAR 103.7 million, -32.5%), short-term facilities (-SAR 20.0, -6.9%) and lease commitments (-SAR 7.7 million, -23.6%).

Current liabilities increased from SAR 1.33 billion as of 31 December 2021G to SAR 1.44 million as of 31 December 2022G (+SAR 106.8 million, +8.0%) as a result of the increase in short-term facilities (+SAR 94.4 million, +34.8%)), Murabaha loans and current portion borrowings (+SAR 52.2 million, +24.3%), provision for zakat (+SAR 4.9 million, +6.8%); offset by a decrease in trade payables (-SAR 35.5 million, -5.0%), and lease liabilities (-SAR 8.9 million, -35.7%).

1- Non-current assets

A- Property, plant and equipment

Table (6.18): Net book value of property plant and equipment as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Land	294,801	294,801	292,278
Concrete buildings	413,625	474,912	462,741
Prefabricated buildings	139,836	67,216	58,437
Wells and civil works	144,030	100,949	94,577
Machinery and equipment	719,977	655,261	620,131
Tanks and silos	7,811	4,056	4,558
Agricultural equipment	17,811	17,969	13,082
Vehicles and trucks	32,243	17,570	7,536
Tools	65,571	34,453	22,025
Office furniture	36,983	26,318	19,844
Bearer plants	89,017	115,152	116,939
Leasehold improvements	17	13	208
Capital parts	1,403	1,059	847
Total	**1,963,126**	**1,809,731**	**1,713,202**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.19): Property, plant and equipment movement during the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Cost			
Balance at the beginning of the period/year	4,880,241	5,046,660	4,850,751
Additions	186,395	116,696	73,497
Disposals	-	(263,845)	-
Adjustments / reclassifications on physical verification	(19,976)	(49,761)	(11,848)
Foreign currency translation differences	-	-	(35,017)
Total Cost	**5,046,660**	**4,850,751**	**4,877,373**
Accumulated depreciation and impairment			
Balance at the beginning of the period/year	2,795,866	3,083,534	3,041,020
Depreciation charge for the year	210,436	186,961	160,162
Disposals	-	(181,659)	-
Impairment	(19,547)	(47,817)	(8,859)
Adjustments / reclassifications on physical verification	96,779	-	6,873
Foreign currency translation differences	-	-	(35,014)
Total accumulated depreciation and impairment	**3,083,534**	**3,041,020**	**3,164,181**
Net book value at the end of the period	**1,963,126**	**1,809,731**	**1,713,202**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Property, plant, and equipment constituted an average of 66.7% of the total non-current assets as of 31 December 2020G, 2021G, and 2022G, and an average of 47.3% of the total assets as of 31 December 2020G, 2021G, and 2022G.

The net book value of property, plant and equipment decreased from SAR 1.96 billion as of 31 December 2020G to SAR 1.81 billion as of 31 December 2021G (-SAR 153.4 million, -7.8%) following the physical inventory of fixed assets during the fiscal year 2021G which resulted in fixed assets that are not available for use with a net book value of SAR 40.3 million, and accordingly, the Company recorded impairment losses in full; in addition to other identified damaged assets with a net book value of SAR 41.4 million, which the management wrote off at full value. In addition, depreciation exceeded additions by SAR 70.3 million.

The net book value of property, plant and equipment decreased again from SAR 1.81 billion as of 31 December 2021G to SAR 1.71 billion as of 31 December 2022G (-SAR 96.5 million, -5.3%), as the Company booked a provision on part of the land occupied by Saudi Aramco amounting to SAR 2.5 million, in addition to provisions of SAR 4.0 million allocated to palm trees since the Company didn’t record any profits from the dates business and there is no alternative use for date palms.

Land

The company currently owns more than 15 plots of land, 4 of which are project lands (about 900 square meters) that were received as a grant and later transferred to the ownership of the Company. In addition, the Company owns the land that is used for its headquarters and distribution centers (purchased by the Company).

Lands constituted an average of 16.1% of the total property and equipment, an average of 10.7% of the total non-current assets, and an average of 7.6% of the total assets as of 31 December 2020G, 2021G, and 2022G.

The book value of lands settled at SAR 294.8 million as of 31 December 2020G and 31 December 2021G.

The book value of the lands decreased from SAR 294.8 million as of 31 December 2021G to SAR 292.3 million as of 31 December 2022G (-SAR 2.5 million) as a result of impairment losses of SAR 2.5 million resulting from a provision on part of the land occupied by Saudi Aramco and subject to dispute.

Concrete buildings

Concrete buildings constituted an average of 24.8% of the total property, plant and equipment, an average of 16.4% of the total non-current assets, and an average of 24.8% of the total assets as of 31 December 2020G, 2021G and 2022G.

The book value of the concrete buildings increased from SAR 413.6 million as of 31 December 2020G to SAR 474.9 million as of 31 December 2021G (+SAR 61.3 million, +14.8%), as a result of additions (+SAR 7.3 million), and adjustments following the physical inventory conducted during the fiscal year 2021G (+SAR 153.4 million); offset by depreciation (-SAR 11.9 million) and reclassification adjustments following the physical inventory (-SAR 87.3 million).

The book value of the concrete buildings decreased from SAR 474.9 million as of 31 December 2021G to SAR 462.7 million as of 31 December 2022G (-SAR 12.2 million, -2.6%) as a result of depreciation costs accompanied by low additions during the period.

Prefabricated buildings

Prefabricated buildings constituted 7.1%, 3.7%, and 3.4% of the total property, plant and equipment as of 31 December 2020G, 2021G, and 2022G, respectively.

The book value of the prefabricated buildings decreased from SAR 139.8 million as of 31 December 2020G to SAR 67.2 million as of 31 December 2021G (-SAR 72.6 million, -51.9%) as a result of adjustments following the physical inventory (-SAR 182.4 million), depreciation for the year (-SAR 24.6 million); offset by adjustments and reclassifications to accumulated depreciation following the physical inventory (+SAR 133.7 million).

The book value of the prefabricated buildings decreased from SAR 67.2 million as of 31 December 2021G to SAR 58.4 million as of 31 December 2022G (-SAR 8.8 million, -13.1%). This decrease was mainly due to the depreciation of the year (-SAR 12.1 million), accompanied by low additions during the period (+SAR 3.4 million).

Wells and civil works

Wells and civil works constituted 7.3%, 5.6%, and 5.5% of the total property, plant and equipment as of 31 December 2020G, 2021G, and 2022G respectively.

The book value of wells and civil works decreased from SAR 144.0 million as of 31 December 2020G to SAR 100.9 million as of 31 December 2021G (-SAR 43.1 million, -29.9%), mainly due to adjustments resulting from physical assets inventory (-SAR 48.9 million) and depreciation during the year (-SAR 8.8 million), offset by adjustments and reclassifications to accumulated depreciation as a result of the physical assets inventory (+SAR 13.1 million).

The book value of wells and civil works decreased from SAR 100.9 million as of 31 December 2021G to SAR 94.6 million as of 31 December 2022G (-SAR 6.4 million, -6.3%) as a result of the yearly depreciation (-SAR 7.2 million), offset by low additions during the period (+SAR 0.9 million).

Machinery and equipment

Machinery and equipment constituted an average of 36.4% of total property, plant and equipment, an average of 24.2% of total non-current assets, and an average of 17.2% of total assets as of 31 December 2020G, 2021G, and 2022G.

The book value of machinery and equipment decreased from SAR 719.9 million as of 31 December 2020G to SAR 655.3 million as of December 31, 2021G (-SAR 64.7 million, -9.0%) as a result of depreciation for the period (-SAR 76.1 million) and depreciation adjustments that resulted from physical inventory (-SAR 30.3 million) offset by additions to the cost (+SAR 38.5 million) and adjustments to historical cost following the physical inventory (+SAR 3.3 million).

The book value of machinery and equipment decreased from SAR 655.3 million as of December 31, 2021G to SAR 620.1 million as of 31 December 2022G (-SAR 35.1 million, -5.4%) resulting from depreciation during the year (-SAR 73.7 million) offset by additions to the cost (+SAR 38.6 million).

Tanks and silos

The book value of tanks and silos decreased from SAR 7.8 million as of 31 December 2020G to SAR 4.1 million as of 31 December 2021G (-SAR 3.8 million, -48.1%) as a result of adjustments to historical cost according to the physical assets verification (-SAR 4.5 million) and depreciation for the year (-SAR 2.1 million), offset by adjustments to accumulated depreciation (+SAR 2.9 million).

The book value of tanks and silos increased from SAR 4.1 million as of 31 December 2021G to SAR 4.6 million as of 31 December 2022G (+SAR 0.5 million, +12.4%) as a result of additions during the year (+SAR 3.3 million) offset by depreciation for the year (-SAR 2.8 million).

Agricultural equipment

The book value of agricultural equipment increased from SAR 17.8 million as of 31 December 2020G to SAR 18.0 million as of 31 December 2021G (+SAR 0.2 million, +0.9%), resulting from additions to agricultural equipment (+SAR 1.15 million) and depreciation adjustments (+SAR 12.9 million), offset by adjustments to the historical cost of agricultural equipment (-SAR 12.9 million) and depreciation for the year (-SAR 6.0 million).

The book value of agricultural equipment decreased from SAR 18.0 million as of 31 December 2021G to SAR 13.1 million as of 31 December 2022G (-SAR 4.9 million, -27.2%) as a result of depreciation during the year (-SAR 7.1 million) offset by low additions (+SAR 2.2 million).

Vehicles and trucks

The book value of vehicles and trucks decreased from SAR 32.2 million as of 31 December 2020G to SAR 17.6 million as of 31 December 2021G (-SAR 14.7 million, -45.5%) as a result of adjustments following the physical assets inventory (-SAR 56.0 million), depreciation for the year (-SAR 13.3 million), net disposals (-SAR 1.4 million), offset by adjustments to accumulated depreciation (+SAR 51.9 million), and low additions during the year (+SAR 4.2 million).

The book value of the vehicles and trucks decreased from SAR 17.6 million as of 31 December 2021G to SAR 7.5 million as of 31 December 2022G (-SAR 10.0 million, -57.1%) as a result of depreciation for the period.

Tools

The book value of tools decreased from SAR 65.6 million as of 31 December 2020G to SAR 34.4 million as of 31 December 2021G (-SAR 31.1 million, -47.5%) as a result of adjustments following the physical inventory (-SAR 50.9 million), depreciation for the year (-SAR 24.3 million), offset by depreciation adjustments (+SAR 35.1 million), and additions of (+SAR 9.2 million).

The book value of tools decreased from SAR 34.4 million as of 31 December 2021G to SAR 22.0 million as of 31 December 2022G (-SAR 12.4 million, -36.1%) as a result of depreciation for the year (-SAR 16.0 million), offset by additions during for the year (+SAR 3.6 million).

Office furniture

The book value of office furniture decreased from SAR 37.0 million as of 31 December 2020G to SAR 26.3 million as of 31 December 2021G (-SAR 10.7 million, -28.8%) as a result of adjustments following the physical assets inventory (-SAR 41.9 million), and depreciation for the year (-SAR 13.2 million), offset by additions (+SAR 5.1 million) and adjustments to depreciation (+SAR 39.3 million).

The book value of office furniture and equipment decreased from SAR 26.3 million as of 31 December 2021G to SAR 19.8 million as of 31 December 31, 2022G (-SAR 6.5 million, -24.6%) as a result of depreciation for the year (-SAR 11.0 million) offset by lower additions during the year (+SAR 4.5 million).

Bearer plants

The book value of bearer plants increased from SAR 89.0 million as of 31 December 2020G to SAR 115.2 million as of 31 December 2021G (+SAR 26.1 million, +29.4%) as a result of additions (+SAR 49.1 million) and adjustments to depreciation as a result of physical assets verification (+SAR 5.7 million), offset by adjustments to historical cost (-SAR 22.0 million) and depreciation for the year (-SAR 6.7 million).

The book value of bearer plants increased from SAR 115.2 million as of 31 December 2021G to SAR 116.9 million as of 31 December 2022G (+SAR 1.8 million, +1.6%) as a result of additions during the year of (+SAR 15.4 million) and adjustments to depreciation resulting from exclusion (+SAR 5.9 million), offset by depreciation of the year (-SAR 6.8 million), losses resulting from provisions on palm date trees (-SAR 4.4 million) and net exclusions (-SAR 2.5 million).

Leasehold improvements

The book value of leasehold improvements amounted to SAR 17 K as of 31 December 2020G and SAR 13 K as of 31 December 2021G.

The book value of leasehold improvements increased from SAR 13 K as of 31 December 2021G to SAR 208 K as of 31 December 2022G, mainly due to additions of SAR 248 K during the year to some of the Company's facilities.

It should be noted that the cost of leasehold improvements as of 31 December 2022G amounted to SAR 5.0 million, depreciated at a rate of 94.2%.

Capital parts

The book value of capital parts decreased from SAR 1.4 million as of 31 December 2020G to SAR 1.1 million as of 31 December 2021G (-SAR 0.3 million, -24.5%) as a result of adjustments to depreciation as a result of the physical assets inventory.

The book value of spare parts decreased from SAR 1.1 million as of 31 December 2021G to SAR 0.8 million as of 31 December 2022G (-SAR 0.2 million, -20.0%) as a result of depreciation for the period.

B- Right of use assets

Table (6.20): Net book value of right of use assets as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Lands and buildings	18,425	14,434	13,852
Vehicles and Trucks	30,643	48,402	34,228
Machinery	9,495	8,636	7,788
Net book value right of use assets	58,563	71,472	55,868

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.21): Right of use assets movement during the financial years ended 31 December 2020G, 2021G, and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Carrying value as at Beginning of the year	**69,714**	**58,563**	**71,472**
Additions during the year	17,533	41,055	2,717
Lease cancellations	(193)	(2,469)	(237)
Depreciation for the year	(28,491)	(25,677)	(18,084)
Carrying value at the end of the year	**58,563**	**71,472**	**55,868**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The carrying value of right of use assets increased from SAR 58.5 million as of 31 December 2020G to SAR 71.5 million as of 31 December 2021G (+SAR 12.9 million, +22.0%) as a result of an increase in the book value of vehicles and trucks (+SAR 17.8 million) offset by a decrease in the value of buildings (-SAR 4.0 million) as a result of depreciation and reclassification of rents.

The carrying value of right of use assets decreased from SAR 71.5 million as of 31 December 2021G to SAR 55.9 million as of 31 December 2022G (-SAR 15.6 million) as a result of the annual depreciation of vehicles and trucks (-SAR 14.2 million).

Buildings

The net book value of the buildings decreased from SAR 18.4 million as of 31 December 2020G to SAR 14.4 million as of 31 December 2021G (-SAR 4.0 million) as a result of the reclassification of rents (-SAR 2.4 million) and depreciation for the period (-SAR 3.3 million), offset by building additions (+SAR 1.7 million).

The net book value of the buildings decreased from SAR 14.4 million as of 31 December 2021G to SAR 13.9 million as of 31 December 2022G (-SAR 0.6 million) as a result of depreciation for the year (-SAR 2.9 million) and reclassification of rents (-SAR 0.2 million) offset by additions to buildings (+SAR 2.6 million).

Vehicles and trucks

The net book value of vehicles and trucks increased from SAR 30.6 million as of 31 December 2020G to SAR 48.4 million as of 31 December 2021G (+SAR 17.8 million) as a result of additions during the year (+SAR 39.4 million) resulting from the renewal of existing lease contracts, offset by depreciation for the year (-SAR 21.6 million).

The net book value of vehicles and trucks decreased from SAR 48.4 million as of 31 December 2021G to SAR 34.2 million as of 31 December 2022G (-SAR 14.2 million) as a result of the yearly depreciation.

Machineries

The net book value of machineries decreased from SAR 9.5 million as of 31 December 2020G to SAR 8.6 million as of 31 December 2021G (-SAR 0.9 million) as a result of the yearly depreciation.

The net book value of machineries decreased from SAR 8.6 million as of 31 December 2021G to SAR 7.8 million as of 31 December 2022G (-SAR 0.8 million) as a result of the yearly depreciation.

C- Capital work in progress

Table (6.22): Capital work in progress as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Capital work in progress	114,809	97,865	110,270
Impairment provision	(2,623)	-	(650)
Written off during current year	-	(1,978)	-
Total	**112,186**	**95,887**	**109,620**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Capital work-in-progress represents the purchasing costs in addition to all direct costs incurred in bringing the assets to the necessary location and condition to enable the Company to use these assets for the intended purpose. These assets are transferred into the relevant asset classes, and depreciated as soon as they are ready for use.

Capital work in progress amounted to SAR 112.2 million, SAR 95.9 million, and SAR 109.6 million as of 31 December 2020G, 2021G, and 2022G, respectively.

The company has reserved a provision of SAR 2.6 million on capital work in progress as of 31 December 2020G, as a result of the decrease in the value of the Sudan project, as the Company incurred financial losses from Sudan operations due to the low yield, the collapse of wells, diesel shortage for running irrigation pumps and pivots and high cost of transportation from the site to the Company's headquarters.

During the fiscal year 2021G, the Company wrote off capital work in progress related to the agricultural sector, for the amount of SAR 2.0 million.

During the fiscal year 2022G, a provision of SAR 0.7 million was booked for capital work in progress, as the Company took decisions to discontinue some agricultural production lines.

D- Biological assets – non-current

Table (6.23): Net book value of biological assets – non-current as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Cows	321,588	314,444	357,559
Heifers	303,903	371,114	377,664
Total	**625,492**	**685,558**	**735,223**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.24): Biological assets – non-current movement during the years ended 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Cost			
Balance at the beginning of the period/year	632,171	713,235	755,463
Additions through birth/conversion	331,958	412,632	378,978
Exclusions as a result of sale or death or conversion	(250,895)	(370,403)	(325,500)
Total Cost	**713,234**	**755,464**	**808,941**
Accumulated depreciation			
Balance at the beginning of the period/year	79,576	78,743	69,905
Depreciation charge for the year	50,063	51,577	52,110
Depreciation on disposal during the year	(41,896)	(69,414)	(48,297)
Total accumulated depreciation	**87,743**	**69,906**	**73,718**
Net book value at the end of the period	**625,491**	**685,558**	**735,223**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Biologic assets consist of cows representing 49% of the total biological assets as of 31 December 2020G, 2021G and 2022G, and heifers consisting of 51% of the total biological assets.

Total biological assets increased from SAR 625.5 million as of 31 December 2020G to SAR 685.6 million as of 31 December 2021G, to SAR 735.2 million as of 31 December 2022G (+SAR 49.7 million, +7.2%), mainly due to the increase in cows as a result of birth or conversion during the period.

Cows

The net book value of cows decreased from SAR 321.6 million as of 31 December 2020G to SAR 314.4 million as of 31 December 2021G (-SAR 7.1 million, -2.2%) due to exclusions as a result of sale, death or conversion (-SAR 128.3 million) and depreciations during the year (-SAR 51.6 million), offset by additions as a result of birth or conversion (+SAR 172.7 million).

The net book value of cows increased from SAR 314.4 million as of 31 December 2021G to SAR 357.6 million as of 31 December 2022G (+SAR 43.1 million, +13.7%) as a result of the increase in the percentage of conversion of heifers to cows (+SAR 186.2 million); offset by depreciations (-SAR 52.1 million) and net exclusions as a result of sale, death or conversion (-SAR 91.0 million).

Heifers

The net book value of heifers increased from SAR 303.9 million as of 31 December 2020G to SAR 371.1 million as of 31 December 2021G (+SAR 67.2 million, +22.1%) as a result of the increase through birth or conversion (+SAR 239.9 million); offset by exclusions as a result of sale, death or conversion (-SAR 172.7 million).

The net book value of heifers increased from SAR 371.1 million as of 31 December 2021G to SAR 377.7 million as of 31 December 2022G (+SAR 6.6 million, +1.8%) as a result of the increase through birth or conversion (+SAR 192.7 million); offset by exclusions as a result of the sale, death or conversion (-SAR 186.2 million).

It is to note that heifers are not subject to depreciation.

E- Intangible assets – Software and Licenses

Table (6.25): Intangible assets - software and licenses movement for the years ended 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Cost			
Balance at the beginning of the period/year	31,622	31,622	47,845
Additions during the year	-	16,223	22,574
Total Cost	**31,622**	**47,845**	**70,419**
Accumulated amortization			
Balance at the beginning of the period/year	19,972	23,562	29,887
Amortization charge for the year	3,590	6,325	10,128
Total accumulated amortization	**23,562**	**29,887**	**40,015**
Net book value at the end of the period	**8,060**	**17,958**	**30,404**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Intangible assets consist of software and applications used by the Company to manage the operations and customers data.

The net book value of intangible assets increased from SAR 8.1 million as of 31 December 2020G to SAR 18.0 million as of 31 December 2021G (+SAR 9.9 million, +122.8%), due to the Company's adoption of a new ERP software during the fiscal year 2021G.

The net book value of intangible assets increased from SAR 18.0 million as of 31 December 2021G to SAR 30.4 million as of 31 December 2022G (+SAR 12.4 million, +69.3%), associated with the costs of implementing and adopting the new ERP software in the previous year.

The total cost of intangible assets amounted to SAR 70.4 million as of 31 December 2022G, compared to a total amortization of SAR 40.0 million as of 31 December 2022G.

F- Investment in joint venture

Table (6.26): Investment in joint venture as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Equity accounted investee			
Food security Holding Company	-	50,889	54,191
Total	**-**	**50,889**	**54,191**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

During the year 2021G, the Company has entered into joint venture with OLAM International Limited, Al Rajhi International for Investment Company and Abdulaziz Alajlan & Sons Company for Commercial and Real Estate Investment acquisition of the Second Milling Company.

The total investment in the joint venture amounted to SAR 50.9 million as of 31 December 2021G, and the investment value increased to SAR 54.2 million as of 31 December 2022G (+SAR 3.3 million).

The investment in the joint venture constituted an average of 1.9% of the total non-current assets and an average of 1.4% of the total assets as of 31 December 2021G and 2022G.

G- Equity at FVOCI

Table (6.27): Equity Investments at FVOCI as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
National Company for Seed Production (Seeds) – 13.99% ownership	4,860	7,121	5,127
United Dairy Farms Company – 8.26% ownership	2,769	5,901	3,219
United Poultry Marketing Company (under liquidation) – 7.3% ownership	500	500	500
Gross Equity Investments at FVOCI	**8,129**	**13,522**	**8,846**
Impairment of Equity Investments at FVOCI	(500)	(500)	(500)
Net equity Investments at FVOCI	**7,629**	**13,022**	**8,346**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Equity investments have been measured at fair value through other comprehensive income in accordance with IFRS 9 (Financial Instruments) and IFRS 13 (Fair Value Measurement). The provision for impairment in the value of available-for-sale investments represents the value of the investment in the United Poultry Marketing Company due to the Company being put under liquidation.

The value of net investments in equity instruments grew from SAR 4.7 million at historical cost to SAR 7.6 million as of 31 December 2020G, SAR 13.0 million as of 31 December 2021G, and SAR 8.3 million as of 31 December 2022G, knowing that the growth rates compared to the historical cost registered (+61.4%), (+175.4), (+76.5%) as of 31 December 2020G, 2021G, and 2022G, respectively.

The net value of equity investments at FVOCI increased from SAR 7.6 million as of 31 December 2020G to SAR 13.0 million as of 31 December 2021G (+SAR 5.4 million, +70.7%), mainly due to an increase in the value of investments in the National Company for Seed Production (+46.5%) and an increase in the value of investments in the United Dairy Farms Company (+113.1%).

The net value of equity investments at FVOCI decreased from SAR 13.0 million as of 31 December 2021G to SAR 8.3 million as of 31 December 2022G (-SAR 4.7 million, -35.9%), mainly due to a decrease in the value of investments in the National Company for Seed Production (-28.0%) and a decrease in the value of investments in the United Dairy Farms Company (-45.4%).

2- Current assets

A- Biological assets - Current

Table (6.28): Biological assets – Current as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Green forage Crop (Sudan Project)	3,064	-	-
Annual Crops	24,625	24,119	28,050
Total	**27,689**	**24,119**	**28,050**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G and Management Info for the financial years ended 31 December 2020G, 2021G and 2022G

The current portion - biological assets consists of fodder crops, wheat, fruits and vegetables, and others.

Biological assets – current portion decreased from SAR 27.7 million as of 31 December 2020G to SAR 24.1 million as of 31 December 2021G, due to the suspension of the Sudan project and a slight decline in other annual crops (-2.1%).

Annual crops increased from SAR 24.1 million as of 31 December 2021G to SAR 28.0 million as of 31 December 2022G (+SAR 3.9 million, +16.3%), mainly due to the increase in forage crops during the year.

B- Inventory

Table (6.29): Inventory breakdown as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Raw materials	284,984	293,278	327,693
Finished goods	103,766	87,466	120,100
Spare parts	92,871	96,400	97,924
Agricultural products inventory	75,334	45,296	26,007
Animal products (Manure)	8,445	8,017	7,695
Fuel and oil	7,254	4,597	5,382
Gross Inventory	**572,655**	**535,055**	**584,802**
Provision for slow moving inventory	(36,092)	(82,991)	(68,747)
Total	**536,563**	**452,064**	**516,055**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.30): Movement in provision for slow moving inventory as of 31 December 2020G, 2021G, and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
At the beginning of the year	18,037	36,092	82,991
Provision made during the year	18,056	46,899	17,377
Provision utilized for write-offs	-	-	(29,282)
Foreign currency translation difference	-	-	(2,339)
Balance at the end of the year	**36,092**	**82,991**	**68,747**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Inventory consists of raw materials, finished goods, spare parts, agricultural products, animal products, fuel and oil. The Company recognizes inventories at the lower of cost or net realizable value in line with accounting standards and uses the weighted average method to determine costs. A provision is made when necessary for obsolete and slow-moving inventories.

The value of net inventory decreased from SAR 536.6 million as of 31 December 2020G to SAR 452.1 million as of 31 December 2021G (-SAR 84.5 million, -15.7%), mainly due to (1) the decrease in finished goods inventory, and (2) the decline in stocks of agricultural products, coinciding with the decline in agricultural yields.

The net inventory value increased from SAR 452.1 million as of 31 December 2021G to SAR 516.1M as of 31 December 2022G (+SAR 64.0 million, +14.2%), mainly due to (1) the increase in raw materials costs as a result of the inflation in the market, (ii) the increase in finished goods in line with expected demand and production plans and (iii) write-offs from the inventory allowance during the year.

Raw materials

Raw materials increased from SAR 285.0 million as of 31 December 2020G to SAR 293.3 million as of 31 December 2021G (+SAR 8.3 million, +2.9%) as a result of (1) expected demand and production plans, (2) higher costs as a result of the supply chain disruptions related to the COVID-19 pandemic.

The value of raw materials increased from SAR 293.3 million as of 31 December 2021G to SAR 327.7 million as of 31 December 2022G (+SAR 34.4 million, +11.7%), as a result of (1) expected demand and production plans, (2) higher costs as a result of the political instability resulting from the war between Ukraine and Russia.

Finished goods

Finished goods decreased from SAR 103.8 million as of 31 December 2020G to SAR 87.5 million as of 31 December 2021G (-SAR 16.3 million, -15.7%), mainly due to the suspension of some agricultural production lines resulting in continuous losses for the Company for the previous years.

Finished goods increased from SAR 87.5 million as of 31 December 2021G to SAR 120.1 million as of 31 December 2022G (+ SAR 32.6 million, +37.3%), (1) in line with expected demand plans, (2) higher manufacturing costs.

Spare parts

Spare parts increased from SAR 92.8 million as of 31 December 2020G to SAR 96.4 million as of 31 December 2021G (+SAR 3.5 million, +3.8%) and to SAR 97.9 million as of 31 December 2022G (+SAR 3.5 million, +3.8%), in anticipation of any emergency that may result in machinery.

Agricultural products inventory

Agricultural products inventory decreased from SAR 75.3 million as of 31 December 2020G to SAR 45.3 million as of 31 December 2021G (-SAR 30.0 million, -39.9%) and to SAR 26.0 million as of 31 December 2022G (-SAR 19.3 million, -42.6%), due to the decline in agricultural yields and the suspension of some production lines.

Animal products (Manure)

The animal products inventory decreased from SAR 8.4 million as of 31 December 2020G to SAR 8.0 million as of 31 December 2021G (-SAR 0.4 million, -5.1%).

The animal products stock decreased from SAR 8.0 million as of 31 December 2021G to SAR 7.7 million as of 31 December 2022G (-SAR 0.3 million, -4.0%).

Fuel and oil

Fuel and oil decreased from SAR 7.3 million as of 31 December 2020G to SAR 4.6 million as of 31 December 2021G (-SAR 2.7 million, -36.6%).

Fuel and oil increased from SAR 4.6 million as of 31 December 2021G to SAR 5.4 million as of 31 December 2022G (+SAR 0.8 million, +17.1%).

Provision for slow moving inventories

The company has made provision for slow moving and obsolete inventories.

The allowance for slow moving inventories increased from SAR 36.1 million as of 31 December 2020G to SAR 83.0 million riyals as of 31 December 2021G as a result of booking a provision of SAR 46.9 million. The provision for slow moving inventory constituted 15.5% of the total inventory as of 31 December 2021G.

The value of the inventory provision decreased from SAR 83.0 million as of 31 December 2021G to SAR 68.7 million as of 31 December 2022G (-SAR 14.2 million, -17.2%) as a result of the Company writing off the value of SAR 29.3 million from the provision and using the related inventory during the fiscal year 2022G.

C- Biological assets-available for sale

Table (6.31): Biological assets - available for sale as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Biological assets - available for sale	25,112	35,047	30,232
Total	**25,112**	**35,047**	**30,232**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The biological assets available for sale mainly consist of cows that cannot be used for production and are sold as red meat. The volatility of the balance of biological assets held for sale mainly depends on the demand in the local markets.

The biological assets available for sale increased from SAR 25.1 million as of 31 December 2020G to SAR 35.0 million as of 31 December 2021G, then decreased again to record SAR 30.2 million as of 31 December 2022G.

D- Trade and other receivables

Table (6.32): Trade and other receivables as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Trade receivables	257,488	254,839	349,680
Government Subsidies due	81,845	102,473	108,460
Staff receivables	22,696	17,487	14,483
Other receivables	7,326	9,217	6,063
Gross Receivables	**369,355**	**384,017**	**478,686**
Impairment allowance on trade receivables	(43,428)	(48,658)	(53,181)
Provision for Government Subsidies due	-	(47,119)	(54,219)
Total	**325,927**	**288,240**	**371,286**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The trade receivables include modern retailers, traditional retailers and food service companies while government subsidies due represent amounts claimed from the government and are considered recoverable based on criteria provided by government parties. Provisions are recorded on doubtful amounts.

Credit terms offered to customers vary by channel; knowing that the current Company policy is to provide 60-90 days credit for main accounts, 30-45 days for food services and 30 days for wholesalers.

The company makes general provision for doubtful debts based on expected credit loss model while 100% provision is made for all customers due for more than one year.

Trade and other receivables decreased from SAR 325.9 million as of 31 December 2020G to SAR 288.2 million as of 31 December 2021G (-SAR 37.7 million), mainly due to (1) provisions for government subsidies due (-SAR 47.1 million), (2) decrease in employee receivables (-SAR 5.2 million), (3) provisions on trade receivables (-SAR 5.2 million) and (4) decrease in trade receivables (-SAR 2.6 million); offset by an increase in government subsidies dues (+SAR 20.6 million).

Trade and other receivables increased from SAR 288.2 million as of 31 December 2021G to SAR 371.3 million as of 31 December 2022G (+SAR 83.0 million), mainly due to (1) the increase in trade receivables (+SAR 94.8 million) in line with the increase in sales and (2) the increase in government subsidies dues (+SAR 6.0 million); offset by (1) an increase in the provision for trade receivables (SAR 4.5 million) and (2) an increase in the provision for government subsidies (SAR 7.1 million).

The provision for decline in trade receivables constituted 16.8%, 19.1%, and 15.2% of the total trade receivables as of 31 December 2020G, 2021G, and 2022G, respectively. The provision for government subsidies constituted 46.0% of the total government subsidies due as of 31 December 2021G, and 50% of the total government subsidies dues as of 31 December 2022G.

E- Prepayments

Table (6.33): Total prepayments as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Prepayments to suppliers	97,341	249,508	39,706
Prepaid expenses and others	19,237	32,146	34,390
Gross Prepayments	**116,579**	**281,654**	**74,096**
Provision for prepayments	-	(17,828)	(17,828)
Total	**116,579**	**263,825**	**56,268**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Prepayments include advance payments to suppliers and other prepaid expenses represented in prepaid medical insurance premiums, housing allowance, and others.

Net prepayments increased from SAR 116.6 million as of 31 December 2020G to SAR 263.8 million as of 31 December 2021G (+SAR 147.2 million, +126.3%), mainly due to the increase in prepayments to suppliers (+SAR 152.2 million) and prepaid expenses (+SAR 12.9 million), offset by a provision for prepayments (-SAR 17.8 million).

During the year 2021G, the Company evaluated the possibility of recovering the amounts paid in advance, and accordingly, the Company recorded a provision of SAR 17.82 million for those amounts that the management could not reasonably determine the possibility of recovery. It should be noted that the main reason for the increase in prepaid expenses is due to delays in receiving invoices and goods resulting from the COVID-19 pandemic, which had an impact on all the sectors.

Net prepayments decreased from SAR 263.8 million as of 31 December 2021G to SAR 56.3 million as of 31 December 2022G (-SAR 207.6 million, -78.7%), mainly due to the decrease in the total prepayments to suppliers as the Company settled the advance payments against other payables.

F- Cash and bank balances

Table (6.34): Cash and bank balances as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Cash at bank	64,382	81,918	105,824
Cash in hand	4,332	-	6,938
Total	**68,714**	**81,918**	**112,762**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Cash and bank balances include cash on hand in bank accounts and petty cash balances held at warehouses and head office. The management indicated that the balance of petty cash ranges between SAR 20 K and SAR 50 K for each warehouse. Moreover, the management confirmed that there is no restricted cash included in this cash and bank balances.

Cash and bank balances amounted to SAR 68.7 million as of 31 December 2020G, SAR 81.9 million as of 31 December 2021G, and SAR 112.8 million as of 31 December 2022G, and cash at banks represented an average of 96% of the total cash and bank balances over the studied period.

3- Non-current liabilities

Table (6.35): Detailed facilities table as at 31 December 2022G

Facilities (SAR in 000s)	Rate	Grant Date	First Installment Date	Installment Amount	Installment Frequency	Last Installment	Original Grant Amount	Outstanding Facility Limit	Utilized (as at 31 December 2022G)	Remaining (as at 31 December 2022G)
Riyadh Bank										
MTL Line 1	1.35%+ SIBOR	Oct-2020G	Feb-2021G	14,850	Quarterly	Oct-2025G	297,003	178,202	178,202	-
MTL Line2	1.35%+ SIBOR	Oct-2020G	Jan-2021G	7,500	Quarterly	Oct-2025G	150,000	150,000	90,000	60,000
MTL Line3	1.25%+ SIBOR	Oct-2020G	Sep-2023G	10,000	Quarterly	Jun-2028G	200,000	200,000	200,000	-
MTL Line4	1.25%+ SIBOR	Nov-2021G	Nov-2023G	2,600	Quarterly	Aug-2028G	100,000	100,000	52,000	48,000
STL	1.00%+ SIBOR						145,000	145,000	88,000	57,000
		Oct-2022G				Jan-2023G	-	-	20,000	-
		Nov-2022G				Feb-2023G	-	-	48,000	-
		Dec-2022G				Mar-2023G	-	-	20,000	-
LC Refinance	1.25%+ SIBOR						160,000	160,000	79,139	80,861
		Dec-2022G				Mar-2023G	-	-	20,000	-
		Oct-2022G				Jan-2023G	-	-	15,645	-
		Oct-2022G				Jan-2023G	-	-	11,000	-
		Oct-2022G				Jan-2023G	-	-	15,888	-
		Nov-2022G				Feb-2023G	-	-	16,606	-
Total at Riyadh Bank against promissory notes up to SAR 1.80 B								**933,202**	**687,341**	**245,861**
Rajhi Bank										
MTL Line	1%+ SIBOR	Oct-2022G	Apr-2023G	10,000	Quarterly	Dec-2027G	700,000	700,000	202,000	498,000
STL	1%+ SIBOR						50,000	50,000	40,000	10,000
		Oct-2022G				Jan-2023G	-	-	15,000	-
		Nov-2022G				Feb-2023G	-	-	25,000	-
Total at Rajhi Bank against promissory notes up to SAR 762.1 million. Covenants: Leverage ratio 2.5:1 / Debt service Coverage ratio 1.1:1								**750,000**	**242,000**	**508,000**
SABB										
MTL Line 1	1.25%+ SIBOR	Apr-2019G	Jun-2021G	16,667	Quarterly	Jun-2026G	350,000	233,333	233,333	-

Facilities (SAR in 000s)	Rate	Grant Date	First Installment Date	Installment Amount	Installment Frequency	Last Installment	Original Grant Amount	Outstanding Facility Limit	Utilized (as at 31 December 2022G)	Remaining (as at 31 December 2022G)
MTL Line 2	1.00%+ SIBOR	Sep-2020G	Oct-2021G	11,905	Quarterly	Oct-2026G	250,000	190,476	190,476	-
LC Refinance	1.25%+ SIBOR						-	250,000	-	-
STL	1.00%+ SIBOR						-	25,000	-	-
Total at SABB against promissory notes up to SAT 693.2 million. Covenants: Leverage ratio 2.25:1 / Debt service coverage ratio 1:1								**698,809.52**	**423,809.52**	**-**
ANB										
STL	1.25%+ SIBOR	Nov-2022G		-	-	Feb-2023G	75,000	75,000	13,000	62,000
Total at ANB against promissory notes up to SAR 75.0 M								**75,000**	**13,000**	**62,000**
ADF										
STL	-	Aug-2022G				Nov-2023G	148,088	148,088	93,276	54,812
MTL Line 1	-	Nov-2011G	Sep-2018G	835	Yearly	Jun-2027G	8,337	4,160	4,160	-
MTL Line 2	-	Sep-2012G	Aug-2016G	156	Yearly	May-2024G	1,403	312	312	-
Total at ADF against mortgage of specific assets (inventory and some project assets) and promissory notes up to SAR 306.1 M								**152,559.29**	**97,747.79**	**54,811.50**
SNB										
STL	1.00%+ SIBOR						50,000	50,000	50,000	-
		Oct-2022G				Jan-2023G	-	-	15,000	-
		Dec-2022G				Mar-2023G	-	-	35,000	-
Total at SNB against promissory notes up to SAR 110 M								**50,000.00**	**50,000.00**	**-**
Total Facilities at Nominal Value								**2,659,571**	**1,513,898**	**870,672**

Source: Management info as of 31 December 2022G

Table (6.36): Loans and guarantees as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Loans secured by guarantees	6,454	5,463	97,748
Loans not secured by any guarantee or security	1,484,279	1,631,040	1,427,740
Total loans – non-current portion	**1,490,733**	**1,636,503**	**1,525,488**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

A- Murabaha loans and borrowings – non-current portion

Table (6.37): Murabaha loans and borrowings – non-current portion - as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Islamic banking facilities	1,484,279	1,631,040	1,427,740
Agricultural development fund loan	6,454	5,463	97,748
Total Loans	**1,490,733**	**1,636,503**	**1,525,488**
Less: Murabaha loans and borrowings-short term	(291,065)	(271,024)	(365,428)
Less: Murabaha loans and borrowings-current portion	(318,693)	(214,995)	(267,154)
Murabaha Loans and Borrowings – non-current portion	**880,975**	**1,150,483**	**892,906**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The total Murabaha loans and facilities amounted to SAR 1.53 billion as of 31 December 2022G (31 December 2021G: SAR 1.64 billion), including loans secured by guarantees of 6.4% as of 31 December 2022G.

The non-current part of the banking facilities amounted to SAR 892.9 million as of 31 December 2022G (31 December 2021G: SAR 1.15 billion).

Islamic Banking Facilities (Murabaha) from Local Banks

The borrowing under Islamic banking facilities (Murabaha) have been granted against a promissory note issued by the Company. The maturity dates of these facilities are ranging between 2022G to 2028G as agreed with the respective banks and are mostly of a resolving nature.

The total Islamic banking facilities amounted to SAR 2.53 billion as of 31 December 2022G (31 December 2021G: SAR 2.33 billion), including unused facilities amounting to SAR 1.1 billion as of 31 December 2022G (31 December 2021G: SAR 697 million).

Agricultural Development Fund Loan

On 5 May, 2012G, the Company was granted a loan from the Agricultural Development Fund with a total value of SAR 8.35 million. This loan is secured by a mortgage of specific land owned by the Company along with building on it and any new additions and expansions with annual installments starting from September, 2018G till September, 2027G.

The loan amount was used to finance the irrigation netting pivots of olive seedlings. The Company paid SAR 4.16 million out of the total loan as at 31 December 2022G.

On 17 September, 2012G, the Company was granted another loan with a total value of SAR 1.6 million, secured by mortgage on vehicles, machines and equipment owned by the Company. This loan is payable on annual installments basis starting 15 August 2015G and ending on 8 May 2024G. This loan was fully utilized in the Olives project. The Company paid SAR 1.25 million out of the total loan as of 31 December 2022G.

On 16 November, 2022G, the Company was granted short-term loan of SAR 93.3 million for a period of one year. This loan is secured by inventory owned by the Company. The effective date of this loan is 13 October, 2023G.

The total balance of the loans from the Agricultural Development Fund as of 31 December 2022G amounted to SAR 97.7 million (31 December 2021G: SAR 5.5 million).

B- Lease liabilities – non-current portion

Table (6.38): Lease liabilities – non-current portion as of 31 December 2020G, 2021G, 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
At the beginning of the period/year	76,626	62,759	70,349
Additions on account of new leases	17,533	41,056	2,717
Interest expense	3,242	2,763	2,224
Lease reclassified	(193)	(2,469)	(237)
Payment of lease liability	(34,449)	(33,760)	(19,682)
Total lease liabilities at the end of the period/ year	**62,759**	**70,349**	**55,371**
Less: Current portion lease liabilities	(32,777)	(25,051)	(16,106)
Lease Liabilities – non-current portion	**29,982**	**45,299**	**39,266**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Lease liabilities relate to liabilities associated with right-of-use assets (detailed under right-of-use assets).

The total book value of lease obligations amounted to SAR 55.4 million as of 31 December 2022G (31 December 2021G: SAR 70.3 million).

Non-current lease liabilities increased from SAR 30.0 million of 31 December 2020G to SAR 45.3 million as of 31 December 2021G (+ SAR 15.3 million) as a result of the expiry of lease contracts of 3-5 years that previously existed in 2021G. Those contracts were renewed, and the Company recognized these leases for the new contracts period.

Non-current lease liabilities decreased from SAR 45.3 million as of 31 December 2021G to SAR 39.3 million as of 31 December 2022G (-SAR 6.0 million).

C- Deferred income

Deferred income relates to a cash grant received by the Company in 1981/82 for the construction of facilities in the land of Haradh (It should be noted that the land deed of the Haradh Agricultural Project is cancelled, and for more information on the risks involved, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Land Deed**" of this Prospectus). On receipt of the grant, the Company booked the asset and recognized the corresponding liability as deferred income.

Deferred income decreased from SAR 5.6 million as of 31 December 2020G to SAR 5.1 million as of 31 December 2021G (-SAR 0.5 million). Deferred income decreased further from SAR 5.1 million as of 31 December 2021G to SAR 4.6 million as of 31 December 2022G (-SAR 0.5 million).

The decrease in deferred income on an annual basis is due to the recognition of deferred income in line with the depreciation of assets over the life of these assets.

D- Employee benefit obligation

Table (6.39): Employee benefit obligation as of 31 December 2020G, 2021G, and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Opening balance for employee benefits obligation	165,814	165,620	163,003
Interest cost	4,600	4,176	4,544
Current service cost	17,795	17,892	15,309
Benefits paid	(21,842)	(27,515)	(23,087)
Actuarial gain / (loss) in other comprehensive income	(748)	2,830	(6,998)
Closing balance for employee benefits obligations	**165,620**	**163,003**	**152,771**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The entity operates a defined benefit plan (as defined in IAS 19) to provide a lump-sum compensation when the employee leaves the service, in line with the current labor law in the Kingdom of Saudi Arabia. The plan and its obligations are therefore more sensitive to changes in future salary increases, future withdrawal rates and the discount rate used to assess commitments, and the Company is not required to finance the plan, the plan's liabilities have been assessed using the projected credit unit method in accordance with IAS 19. Since the amount and timing of future maturities are not known currently, assumptions have been made to value the obligations relating to the past service. These assumptions have been derived using methodologies consistent with the requirements of IAS 19. Any changes in assumptions in financial, economic, and demographic conditions over time, where future experience does not match established assumptions, that change is included in Other Comprehensive Income in the future financial year.

The value of employee benefits obligations decreased from SAR 165.6 million as of 31 December 2020G to SAR 163.0 million as of 31 December 2021G (-SAR 2.6 million).

The value of employee benefits obligations decreased from SAR 163.0 million as of 31 December 2021G to SAR 152.8 million as of 31 December 2022G (- SAR 10.2 million). This decrease is due to the termination of a number of employees contracts as part of the Company's new management strategy to reduce burdens.

4- Current liabilities

A- Trade and other payables

Table (6.40): Trade and other payables as of 31 December 2020G, 2021G, 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Trade creditors	411,515	495,794	452,222
Accrued expenses	98,964	140,245	128,653
Employee benefits	66,935	44,582	60,911
Advances from customers	9,118	5,634	7,014
Payable to related parties	2,277	6,243	11,266
Other payables	17,274	21,403	18,364
Total	**606,084**	**713,901**	**678,431**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Trade and other payables increased from SAR 606.1 million as of 31 December 2020G to SAR 713.9 million as of 31 December 2021G (+SAR 107.8 million), mainly due to (1) late receipt of invoices and late payment as a result of measures related to the COVID-19 pandemic, (2) the increase in the costs of the purchased goods.

Trade and other payables decreased from SAR 713.9 million as of 31 December 2021G to SAR 678.4 million as of 31 December 2022G (- SAR 35.5 million) as a result of accelerating the pace of payments to ensure the quality of the purchased goods.

Trade and other payables constituted an average of 49.0% of the total current liabilities and an average of 17.2% of the total assets as of 31 December 2020G, 2021G and 2022G.

Trade creditors

Trade creditors increased from SAR 411.5 million as of 31 December 2020G to SAR 495.8 million as of 31 December 2021G (+SAR 84.3 million) mainly due to (1) delayed receipt of invoices and late payment as a result of measures and procedures related to the COVID-19 pandemic (2) Increase in costs of goods purchased.

Trade creditors decreased from SAR 495.8 million as of 31 December 2021G to SAR 452.2 million as of 31 December 2022G (-SAR 43.6 million), as a result of the decrease in the value of unreceived invoices (-SAR 148.1 million), offset by an increase in trade creditors (+SAR 109.5 million), this increase resulted from the increase in the costs of purchased goods.

Trade creditors constituted an average of 33.3% of the total current liabilities and an average of 11.7% of the total assets as of 31 December 2020G, 2021G and 2022G.

Accrued expenses

Accrued expenses increased from SAR 99.0 million as of 31 December 2020G to SAR 140.2 million as of 31 December 2021G (+SAR 41.3 million) because of the increase in the dues of the consulting company that provided services related to cost reduction.

Accrued expenses decreased from SAR 140.2 million as of 31 December 2021G to SAR 128.7 million as of 31 December 2022G (-SAR 43.6 million).

Accrued expenses constituted an average of 9.0% of the total current liabilities and an average of 3.2% of the total assets as of 31 December 2020G, 2021G and 2022G.

Employee benefits

Employee benefits decreased from SAR 66.9 million as of 31 December 2020G to SAR 44.6 million as of 31 December 2021G (- SAR 22.4 million) as a result of (1) the Company's inability to hire workers as a result of the measures taken during the COVID-19 pandemic (2) bonuses provisions.

Employee benefits increased from SAR 44.6 million as of 31 December 2021G to SAR 60.9 million as of 31 December 2022G (+ SAR 16.3 million) mainly due to the reversal of bonuses provisions booked in 2021G since the employees didn't reach the target sales.

Employee benefits constituted an average of 4.2% of the total current liabilities and an average of 1.5% of the total assets as of 31 December 2020G, 2021G and 2022G.

Advances from customers

Advances from customers decreased from SAR 9.1 million as of 31 December 2020G to SAR 5.6 million as of 31 December 2021G (-SAR 3.5 million).

Advances from customers increased from SAR 5.6 million as of 31 December 2021G to SAR 7.0 million as of 31 December 2022G (+SAR 1.4 million).

Advances from customers constituted an average of 0.5% of the total current liabilities and an average of 0.2% of the total assets as of 31 December 2020G, 2021G and 2022G.

Payable to related parties

Payable to related parties increased from SAR 2.3 million as of 31 December 2020G to SAR 6.2 million as of 31 December 2021G (+SAR 3.9 million) and this is mainly due to the increase in transactions with related companies in the purchase of packaging materials and plastic materials.

Payable to related parties increased from SAR 6.2 million as of 31 December 2021G to SAR 11.3 million as of 31 December 2022G (+SAR 5.0 million) as a result of (1) the increase in production during this period, (2) the overall increase in prices resulting from the war between Ukraine and Russia.

Payables to related parties constituted an average of 0.5% of total current liabilities and an average of 0.2% of total assets as of 31 December 2020G, 2021G and 2022G.

Other creditors

Other creditors increased from SAR 17.3 million as of 31 December 2020G to SAR 21.4 million as of 31 December 2021G (+SAR 4.1 million), mainly due to the increase in provisions.

Other creditors decreased from SAR 21.4 million as of 31 December 2021G to SAR 18.4 million as of 31 December 2022G (-SAR 3.0 million), mainly due to the decrease in provisions.

Other creditors constituted an average of 1.4% of the total current liabilities and an average of 0.5% of the total assets as of 31 December 2020G, 2021G and 2022G.

B- Related Parties

Table (6.41): Related party transactions as of 31 December 2020G, 2021G, 2022G

SAR in 000s	Relationship with Nadec	Nature of Transaction	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Saudi Plastic Packaging Systems	Common Directorship	Purchase of Plastic material	(2,277)	(4,405)	(7,505)
Al-Kifah Holding Company	Common Directorship	Purchase of Packing material	(741)	(1,838)	(2,149)
AL Sharq Plastic Industries Co. Ltd	Common Directorship	Purchase of Packing material	-	(1,243)	(1,612)
Food Security Holding Company	Joint venture	Income for technical services	-	-	-
Al Watania Agriculture	Common Directorship	Purchase of olive oil & Sales of Nadec products	-	-	93
Abdullah Al Othaim Markets	Common Directorship	Sales of Nadec products	24,821	26,048	-
National Poultry Company	Common Directorship	Purchase of animal feed	-	-	-

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Table (6.42): Transactions with key management personnel as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Short-term benefits	9,738	14,234	7,634
Long-term benefits	1,924	609	1,507
Total benefits of senior management personnel	**11,663**	**14,843**	**9,140**

Related party transactions include companies and commercial entities that are owned or managed by some members of the Company's board of directors in the course of normal activity, and the Company deals with these companies through contracts approved by the management.

C- Murabaha loans and borrowings - short term and borrowings - current portion

It should be noted that loans and facilities have been detailed in the paragraph related to loans and facilities under non-current liabilities. In the following, the item "Murabaha loans and short-term facilities" has been merged with the item "Murabaha loans and facilities - current portion".

Table (6.43): Loans and guarantees – current portion - as of 31 December 2020G, 2021G and 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Loans secured by guarantees	991	991	94,267
Loans not secured by any guarantee or security	608,767	485,029	538,315
Total loans – current portion	**609,758**	**486,020**	**632,582**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Murabaha loans and short-term facilities amounted to SAR 365.4 million as of 31 December 2022G (31 December 2021G: SAR 271.0 million), while the current portion of the Murabaha loans and facilities amounted to SAR 267.2 million as of 31 December 31, 2022G (SAR 215.0 million as of 31 December 2021G).

The total short-term facilities increased from SAR 486.0 million as of 31 December 2021G to SAR 632.6 million as of 31 December 2022G (+SAR 146.6 million). This increase was mainly due to (1) the Company obtaining a short-term loan during the year 2022G for SAR 93.3 million, for a period of one year, guaranteed by stock owned by the Company (2) an increase in the current portion Murabaha loans and facilities by an amount of SAR 52.2 million.

Short-term loans and facilities consist of loans secured by guarantees of SAR 94.3 million as of 31 December 2022G (31 December 2021G: SAR 1.0 million) and facilities not secured by guarantees or promissory notes of SAR 538.3 million as of 31 December 2022G (31 December 2021G: SAR 485.0 million).

Short-term facilities accounted for 42.3% of total current liabilities and 14.9% of total assets as of 31 December 2020G, 2021G, and 2022G.

D- Lease liabilities

The lease liabilities have previously been detailed in the non-current portion lease liabilities.

Current portion lease liabilities decreased from SAR 23.8 million as of 31 December 2020G to SAR 25.1 million as of 31 December 2021G (-SAR 7.7 million), and continued to decrease during the fiscal year 2022G, to record SAR 16.1 million as of 31 December 2022G (-SAR 8.9 million).

E- Dividend payables

Table (6.44): Dividends payable as of 31 December 2020G, 2021G, 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
At the beginning of the year	33,381	33,131	32,810
Paid during the year	(250)	(321)	(229)
Balance at the end of the year	**33,131**	**32,810**	**32,580**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

Dividends payable amounted to SAR 32.6 million as of 31 December 2022G (31 December 2021G: SAR 32.8 million), and dividends of SAR 0.2 million were distributed during the year 2022G.

F- Provision for Zakat

Table (6.45): Provision for zakat as of 31 December 2020G, 2021G, 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Opening balance	**28,731**	**33,393**	**72,250**
Zakat provision for current year	5,400	6,000	6,000
Zakat provision for earlier years	-	33,666	-
Zakat on Crops (Sudan)	316	36	3
Total charged to statement of profit or loss	**5,716**	**39,702**	**6,003**
Zakat paid during the year	(1,055)	(844)	(1,092)
Closing balance	**33,393**	**72,250**	**77,161**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The Company obtained the final Zakat certificates for the years up to 2013G from the Zakat, Tax and Customs Authority ("**ZATCA**" or "**the Authority**"). The Authority issued Zakat assessments for the years 2014G-2020G, the Company objected to some of its items with the Authority and presently these objections are pending for discussion. During the year 2021G, the Company reserved a provision for Zakat of SR 33.7 million for the aforesaid years based on the external consultant opinion.

Total Zakat provisions as of year end 2022G amounted to SAR 77.2 million.

5- Shareholders' equity

A- Share capital

Shares are classified as equity and are recorded at their face value. Incremental costs, if any, directly attributable to the issue of new shares, are recognized in Equity as a deduction from the proceeds.

The Company's total capital amounted to SAR 1.016 billion as of 31 December 2021G and 2022G issued and fully paid with a value of SAR 10 per share.

B- Share premium

Share premium amounted to SAR 78.7 million as of 31 December 2020G, 2021G and 2022G.

C- Statutory reserve

In accordance with the Regulations for the Kingdom of the Kingdom and the Company's Articles of Association, the Company shall transfer 10% of the net profit for the year to statutory reserve until such reserve reaches 30% of its capital. This reserve is not available for distribution to shareholders.

The statutory reserve increased from SAR 184.2 million as of 31 December 2020G and 2021G to SAR 193.8 million as of 31 December 2022G, as the Company created a statutory reserve of SAR 9.5 million during the fiscal year 2022G.

D- Other reserves

Table (6.46): Other reserves as of 31 December 2020G, 2021G, 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Balance at the beginning of the year	**20,637**	**22,642**	**25,204**
Change in fair value of equity investment at FVOCI	1,257	5,393	(4,676)
Actuarial valuation adjustments to other reserves	748	(2,830)	6,998
Total adjustments to other components of equity	-	-	1,519
Foreign currency translation differences	2,005	2,563	3,841
Balance at the end of the year	**22,642**	**25,204**	**29,046**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

The balance of other reserves increased from SAR 22.6 million as of 31 December 2020G to SAR 25.2 million as of 31 December 2021G. This increase is mainly due to the change in the fair value of investments in equity instruments at FVOCI.

The balance of other reserves increased from SAR 25.2 million as of 31 December 2021G to SAR 29.0 million as of 31 December 2022G as a result of an increase in the actuarial calculations offset by a decrease in the fair value reserves of investments in equity instruments.

E- Retained earnings / (accumulated losses)

Retained earnings decreased from SAR 254.9 million as of 31 December 2020G to accumulated losses of SAR 30.1 million as of 31 December 2021G (-SAR 285.0 million) as a result of recording losses of SAR 285.0 million during the year 2021G.

Retained earnings increased to SAR 55.8 million (+SAR 85.9 million) during the year 2022G, mainly resulting from profits for the year 2022G with a value of SAR 95.5 million out of which statutory reserves of SAR 9.5 million where deducted.

6.7.3 Cash Flow Statements

Table (6.47): Statement of cash flows for the years ended 31 December 2020G, 2021G, 2022G

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Profit / Loss for the year	**35,655**	**(285,028)**	**95,492**
Adjustments:			
Depreciation-PP&E	260,499	237,995	210,177
Depreciation-RoU	28,491	25,677	18,084
Amortization	3,590	6,326	10,128
Zakat expense	5,716	39,702	6,003
Deferred income	(542)	(542)	(542)
Employee benefits obligation	22,396	22,068	19,853
Impairment losses on trade and other receivables & prepayments	4,310	70,178	11,631
Inventory provision	18,056	46,899	17,377
Finance cost	43,602	32,011	48,834

SAR in 000s	As of 31 December 2020G (Audited)	As of 31 December 2021G (Audited)	As of 31 December 2022G (Audited)
Share of results from joint venture	(111,805)	-	(3,302)
Loss on sale of PP&E and biological assets	17,491	45,667	33,390
Write off/impairment losses on PP&E	96,780	81,669	9,358
Write off/impairment losses on capital work in progress	2,623	1,978	650
	426,860	**324,601**	**477,130**
Changes in:			
Inventory and biological assets - available for sale	(9,755)	27,665	(75,139)
Biological assets	11,416	3,570	(3,949)
Trade receivables, prepayments and other receivables	(11,694)	(179,737)	112,958
Trade and other payables	49,352	107,817	(35,069)
Net cash flows from operations	**466,180**	**283,917**	**475,931**
Zakat paid	(1,055)	(844)	(1,092)
Employee benefits paid	(21,842)	(27,515)	(23,087)
Net cash flows from operating activities	**443,283**	**255,558**	**451,752**
Acquisition of PP&E, intangible assets and biological assets	(268,301)	(362,304)	(303,703)
Proceeds from sales of PP&E and biological assets	51,414	88,398	60,686
Investment in equity-accounted investee	-	(50,889)	-
Net cash flows used in investing activities	**(216,887)**	**(324,794)**	**(243,017)**
Proceeds from issue of shares	141		
Proceeds from Murabaha loans and borrowings	211,297	370,328	146,009
Repayment of Murabaha loans and borrowings	(345,791)	(222,932)	(264,311)
Finance cost paid	(50,662)	(30,874)	(39,324)
Payment of lease liabilities	(34,449)	(33,760)	(19,682)
Dividend paid	(250)	(321)	(229)
Net cash flows from financing activities	**(219,714)**	**82,441**	**(177,536)**
Net increase in cash and cash equivalents	**6,682**	**13,205**	**31,198**
Cash and cash equivalents at the beginning of the year	**62,032**	**68,714**	**81,918**
Effect of exchange rate fluctuations on cash held	-	-	(355)
Cash and cash equivalents at the end of the year	**68,714**	**81,918**	**112,762**

Source: Audited financial statements for the years ended 2020G, 2021G and 2022G

1- Net cash flows from operating activities

Net cash flow from operating activities decreased from SAR 443.3 million in the fiscal year 2020G to SAR 255.6 million in the fiscal year 2021G, mainly due to the losses incurred by the Company during the year 2021G, as well as the decrease in cash flows resulting from trade receivables and prepayments during the year 2021G. It should be noted that trade and other receivables decreased during the year 2020G, but did not result in an increase in cash flows, as this decrease resulted from provisions for governmental projects.

Net cash flow from operating activities increased from SAR 255.6 million as of 31 December 2021G to SAR 451.8 million (+SAR 196.2 million), mainly due to the increase in profits during the year 2022G and the increase in trade receivables and prepayments during the year 2022G.

2- Net cash flows used in investing activities

Net cash flow used in investing activities amounted to SAR 216.9 million during the fiscal year 2020G, SAR 324.9 million in the fiscal year 2021G, and SAR 243.0 million in the fiscal year 2022G. The cash flow used in investing activities resulted from additions to PP&E, intangible assets and biological assets for SAR 303.7 million in the fiscal year 2022G, offset by cash collections resulting from the sale of PP&E, intangible assets and biological assets for the amount of SAR 60.7 million.

3- Net cash flows from / (used in) financing activities

Net cash flows used in financing activities amounted to SAR 177.5 million in the fiscal year 2022G, as a result of repaying Murabaha loans and facilities amounting to SAR 264.3 million, out of which SAR146.0 million were used from new facilities granted during the year.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life everyday

7. Use of Offering Proceeds and Future Projects

7.1 Net Offering Proceeds

The total Offering proceeds are estimated at approximately two billion Saudi Riyals (SAR 2,000,000,000), of which approximately twenty million Saudi Riyals (SAR 20,000,000) will be used to settle all expenses related to the Offering, including fees of the Financial Advisor, Lead Manager, Underwriters, Legal Advisor, Legal Accountants, Receiving Agents and Financial Due Diligence Advisor, as well as marketing, printing, distribution and translation fees and other expenses related to the Offering. It should be noted that the Offering Expenses are discretionary and not final.

7.2 Use of Offering Proceeds

The Net Offering Proceeds, estimated at approximately one billion, nine hundred and eighty million Saudi Riyals (SAR 1,980,000,000), will be used to pay the amounts owed by the Company and implement the Company's strategy by expanding production and distribution operations, developing current products, entering into new sectors and strengthening the capital structure. The following contains a detailed description of the expected use of the Offering Proceeds. It should be noted that if there is a difference of 5% or more between the actual use of the Offering proceeds compared to what was disclosed in this section of the Prospectus, the Company will disclose this to the public as soon as it becomes aware of the same, in accordance with the requirements of Article 72(f) of the Rules on the Offer of Securities and Continuing Obligations (OSCOs).

7.2.1 Expansions in the dairy, juice and agricultural products sectors worth eight hundred million Saudi Riyals (SAR 800,000,000)

Within the framework of implementing the Company's strategy and executing its growth plans, the Company intends to invest an amount of eight hundred million Saudi Riyals (SAR 800,000,000) in expanding the cultivation and production of agricultural crops, expanding production operations, increasing the scope of distribution channels, developing existing products and expanding the Company's operations into new markets. In addition, the Company intends to expand its dairy products plant and increase its production capacity, expand its wheat product offering and increase the size of its dairy herd.

The following are details of the amounts to be used in the Company's expansion plans:

Table (7.1): Details of Amounts to be used in the Company's Expansion Plans

Sector	Investment Amount (SAR)
Dairy and juice	400,000,000
Agricultural products	400,000,000
Total	**800,000,000**

Source: The Company

With respect to the dairy and juice sector, approximately half of the amounts allocated above will be spent on developing and expanding the storage capacity of the Company's distribution centers in all regions of the Kingdom, in addition to developing the logistical infrastructure to enable access to all possible sales opportunities. An amount of no less than one hundred million Saudi Riyals (SAR 100,000,000) will be spent on new manufacturing production lines, the replacement of certain assets and the purchase of display refrigerators to enhance sales capacity and increase supply. The Company is also developing and doubling its wheat production capacity by purchasing equipment and machinery that support this goal and increase profitability. The above amounts will be disbursed gradually, whereby 50% will be disbursed in Q1 of 2024G, while the remainder will be disbursed in Q2 and Q3 of the same year.

As for agricultural products, approximately half of the amounts allocated above will be used to construct processing and preparation centers for agricultural products in different regions of the Kingdom. These funds will be disbursed in the first quarter of 2024G. The remaining amounts will be spent on the equipment, machinery and technology for the processing and preparation centers for agricultural products during Q2 and Q3 of 2024G, respectively.

7.2.2 Entering new sectors with an amount of two hundred and fifty million (250,000,000) Saudi riyals

The Company intends to increase its portfolio by investing in the red meat and vegetables sector in accordance with the Company's five-year strategy and based on its desire to achieve gradual growth, since red meat and vegetables are products with attractive growth potential thanks to changing consumer tastes and trends, sector dynamics and continuous government support. These items are in line with the food security priorities of the Kingdom. They also represent a promising opportunity to enhance local production and related industries in the Kingdom. In order to bridge the gap between local consumption and production, the Company intends to invest two hundred and fifty million Saudi Riyals (SAR 250,000,000) to capitalize on promising opportunities and meet the additional future demand for such products.

7.2.3 Settlement of loans amounting to seven hundred and thirty million Saudi Riyals (SAR 730,000,000)

The Company intends to repay loans amounting to seven hundred and thirty million Saudi Riyals (SAR 730,000,000). Through the repayment of such loans, the Company aims to reduce lending rates and improve financial indicators. Reducing loans will also contribute towards decreasing the cost of debt service by at least twenty million Saudi Riyals (SAR 20,000,000) for 2024G and for the coming years, respectively.

7.2.4 Financing general requirements with an amount of two hundred million Saudi Riyals (SAR 200,000,000)

The Company plans to use two hundred million Saudi Riyals (SAR 200,000,000) of the Net Offering Proceeds to support general works expenses, in line with its expansion plan and the improvement of internal work systems. This will help to enhance operational cash flows and improve the financial solvency of the Company, in addition to employee incentive plans and establishing an employee share option plan following obtaining the necessary procedures and regulatory requirements.

7.3 Detailed Expected Use of the Offering Proceeds and Corresponding Timeline

The following table shows the expected detailed use of the Offering Proceeds and the timeline for the same, noting that the expected dates for use of the Offering Proceeds are tentative and may change according to the development of the Company's business at the time:

Table (7.2): Detailed Expected Use of the Offering Proceeds and Timeline

SAR Million	2024G				2025G		Total	Percentage of Total Offering Proceeds
Description	Q1	Q2	Q3	Q4	Q1	Q2		
Dairy and juice	193.0	187.0	20.0	0.0	-	-	**400.0**	**20%**
Agricultural products	208.0	104.0	48.0	40.0	-	-	**400.0**	**20%**
Red meat	18.3	38.0	55.6	67.1	45.1	25.9	**250.0**	**12.5%**
Loan repayment	730.0	-	-	-	-	-	**730.0**	**36.5%**
General purpose requirements	200.0	-	-	-	-	-	**200.0**	**10%**
Offering Expenses	20.0	-	-	-	-	-	**20.0**	**1.0%**
Total	**1,169.3**	**329.0**	**123.6**	**307.1**	**45.1**	**25.9**	**2,000.0**	**100%**

*The percentages have been rounded to the nearest integer.

Source: The Company

Table of Content >

8. Expert Statements

All the of the Advisors and Auditors, whose names are listed on pages (vi) and (vii) of this Prospectus have provided their written consent to the reference to their names, addresses and logos and the publication of their statements in this Prospectus, and none of them have withdrawn their consent as of the date of this Prospectus.

As of the date of this Prospectus, none of the Advisors or Auditors, whose names appear on pages (vi) and (vii) of this Prospectus or relatives have any shareholding or interest of any kind in the Company or its Subsidiary as of the date of this Prospectus.

9. Declarations

The Directors declare that:

1- There has been no interruption in the operations of the Company or its Subsidiary that could significantly affect or has affected their financial position during the past twelve (12) months.

2- No commissions, discounts, brokerage fees or other non-monetary compensation were granted by the Company or its Subsidiary during the three years immediately preceding the date of application for the registration and offer of the securities subject to this Prospectus in connection with the issuance or offering of any securities.

3- There has been no material adverse change in the financial or trading position of the Company or its Subsidiary during the three years immediately preceding the date of submitting the application for registration and offer of the securities subject to this Prospectus, in addition to the period covered by the Auditors' report until the date of the approval of the Prospectus.

4- Except as disclosed in Section 5.2 "**Board of Directors", Section 5.4 "Executive Management**" and Section 5.7 "**Direct and Indirect Interests of the Directors and Executive Management**" of this Prospectus, none of the Directors or any of their relatives have any shares or interest of any kind in the Company or its Subsidiary.

5- To the best of their knowledge and belief, there are no material risks as of the date of this Prospectus other than those mentioned in Section 2 "**Risk Factors**" of this Prospectus, which may affect investors' decisions to invest in the Preemptive Rights or the New Shares.

6- As of the date of this Prospectus, there is no intention to make any material changes to the nature of the Company's activity.

7- The Rights Issue does not violate the applicable laws and regulations of the Kingdom of Saudi Arabia.

8- The Rights Issue does not prejudice any of the contracts or agreements to which the Issuer is a party.

9- All material legal information relating to the Issuer has been disclosed in this Prospectus.

10- Except as disclosed in Section 10.11 "**Litigation**" of this Prospectus, the Issuer and its Subsidiary are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material impact on the business or financial position of the Issuer or its Subsidiary.

11- The Directors are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material impact on the business or financial position of the Issuer or its Subsidiary.

12- None of the agreements with Related Parties described in Section 10.6 "**Material Agreements with Related Parties**" of this Prospectus include any preferential terms and all such agreements have been concluded in accordance with the laws and regulations and on appropriate and fair commercial bases.

13- Except as disclosed in Section 10.6 "**Material Agreements with Related Parties**" of this Prospectus, the Company is not bound by any transactions, agreements, commercial relations or real estate deals with another Related Party.

14- They will comply with Article 72 of the Companies Law and the provisions of Article 46 of the CGRs issued by the CMA with regard to agreements with Related Parties.

15- The financial information contained in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus has been extracted without material amendments and is presented in a format consistent with the audited financial statements for the financial years ended 31 December 2020G, 2021G and 2022G and the accompanying notes thereto, which have been prepared by the Company in accordance with the IFRS-KSA as endorsed by SOCPA.

16- The Company has sufficient working capital for at least twelve (12) months immediately following the publication date of this Prospectus.

17- The Auditors' report is free of any qualifications on the financial statements of the Issuer for any of the three financial years immediately preceding the date of this Prospectus.

18- There has been no material change in the accounting policies of the Issuer during the three financial years immediately preceding the date of this Prospectus.

19- The Company has incurred losses during the past three years, and except as disclosed in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" and Section 2 "**Risk Factors**" of this Prospectus in connection with accumulated losses, there has been no material adverse change in the financial or trading position of the Company during the three financial years immediately preceding the date of submitting the application for the issuance of the Preemptive Rights subject to this Prospectus, in addition to the period covered by the Auditors' report until the date of the approval of this Prospectus. The Directors confirm that all material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no information, documents or other facts whose omission would make any statement herein misleading.

20- There is no intention to make any material change to the nature of the Company's activities.

21- The Company has provided comprehensive details in this section of all fixed assets and investments, including contractual securities and other assets, whose value is volatile or difficult to estimate (with the exception of financing portfolios to cover bank financing).

22- No commissions, discounts, brokerage fees or non-monetary compensation were granted by the Company or its Subsidiary during the past three financial years immediately preceding the date of submitting the application for the issuance of the Rights Shares in relation to the issuance of offering of any securities and none of the Directors, Senior Executives, those presenting or offering securities or experts any such payments and benefits.

23- The Directors declare that the Company has provided comprehensive details in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of all loans and other indebtedness, secured liabilities, liabilities under acceptance, acceptance credits and hire purchase commitments.

24- Except as disclosed in Section 10.7 "**Financing Agreements**" of this Prospectus and to the best of their knowledge, the properties of the Company are not subject to any mortgages, rights, encumbrances or charges as of the date hereof.

25- Except as disclosed in Section 6 "**Management's Discussion and Analysis of Financial Position and Results of Operations**" and Section [•] "**[•]**" of this Prospectus, the Company does not have any contingencies, guarantees or significant fixed assets to be purchased or leased.

26- The capital of the Company is not under option.

27- The Company and its Subsidiary have not made any capital adjustments to the Company's share capital or material amendments to the Subsidiary's share capital during the three years immediately preceding the date of submitting the application for the issuance of the Rights Shares which are subject to this Prospectus.

28- Except as disclosed in Section 2 "**Risk Factors**" of this Prospectus, the Company has no information about any governmental, economic, financial, monetary or political policies or any other factors that have had or could have a material impact (directly or indirectly) on the Company's operations.

29- As of the date of this Prospectus, the Company does not have any treasury shares and the Extraordinary General Assembly of the Company has not approved or revoked any repurchase of the Company's shares.

10. Legal Information

10.1 Legal Declarations

The Directors declare that:

1- The Rights Issue does not violate the applicable laws and regulations of the Kingdom of Saudi Arabia.

2- The Rights Issue does not prejudice any of the contracts or agreements to which the Issuer is a party.

3- All material legal information relating to the Issuer has been disclosed in this Prospectus.

4- Except as disclosed in Section 10.11 "**Litigation**" of this Prospectus, the Issuer and its Subsidiary are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material impact on the business or financial position of the Issuer or its Subsidiary.

5- The Directors are not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material impact on the business or financial position of the Issuer or its Subsidiary.

10.2 Company Branches

The Company has twenty-eight (28) branches in the Kingdom and two branches in Dubai in the UAE and the Kingdom of Bahrain. It is also working on registering a branch in the Sultanate of Oman. The Company markets and sells its products in Sharjah in the UAE and in the State of Kuwait through an agent, as well as through distributors in the Hashemite Kingdom of Jordan, the State of Libya, the Republic of Lebanon, the Republic of Yemen, the State of Palestine and the Republic of Iraq, the Islamic Republic of Mauritania, the Federal Republic of Somalia, the Maldives, Seychelles and the United States of America. The following table shows the details of the registered branches of the Company within the Kingdom as of the date of this Prospectus:

Table (10.1): Company Branches within the Kingdom as of the date of this Prospectus

#	Branch Location	Commercial Registration No.	Commercial Registration Certificate Date	Commercial Registration Certificate Expiration
Central Province				
1-	The Company - Head Office, Riyadh	1010018795	26/12/1398H (corresponding to 27/11/1978G)	29/05/1446H (corresponding to 01/12/2024G)
2-	The Company - Riyadh, Al Sulay district	1010428555	11/02/1436H (corresponding to 03/12/2014G)	11/02/1446H (corresponding to 15/08/2024G)
3-	The Company - Riyadh, Al Murabba district	1010461870	29/08/1437H (corresponding to 05/06/2016G)	29/08/1447H (corresponding to 17/02/2026G)
4-	The Company - Wadi Al Dawaser	1185003127	22/12/1429H (corresponding to 02/09/2008G)	21/12/1447H (corresponding to 07/06/2026G)
5-	The Company - Al Kharj	1011144314	16/03/1443H (corresponding to 22/10/2021G)	16/03/1447H (corresponding to 08/09/2025G)
6-	The Company - Al Qassim	1128019142	09/04/1436H (corresponding to 29/01/2015G)	09/04/1446H (corresponding to 12/10/2024G)
7-	The Company - Al Quwaiiyah	1117101790	10/05/1440H (corresponding to 16/01/2019G)	10/05/1445H (corresponding to 24/11/2023G)
Western Province				
8-	The Company - Jeddah	4030116124	10/07/1416H (corresponding to 03/12/1995G)	09/07/1446H (corresponding to 10/01/2025G)
9-	The Company -Madinah	4650231670	12/11/1442H (corresponding to 22/06/2021G)	12/11/1447H (corresponding to 29/04/2026G)
10-	The Company - Makkah	4031246538	14/06/1442H (corresponding to 27/01/2021G)	14/06/1447H (corresponding to 05/12/2025G)
11-	The Company - Yanbu	4700018050	17/08/1435H (corresponding to 15/06/2014G)	17/08/1445G (corresponding to 27/02/2024G)

#	Branch Location	Commercial Registration No.	Commercial Registration Certificate Date	Commercial Registration Certificate Expiration
12-	The Company - Al Baha	5800105652	29/12/1441H (corresponding to 19/08/2020G)	29/12/1446H (corresponding to 25/06/2025G)
13-	The Company - Taif	4032049385	19/02/1437H (corresponding to 01/12/2015G)	19/02/1449H (corresponding to 23/07/2027G)
Eastern Province				
14-	Nadec Dairy Plant - Al Ahsa, Haradh city*	2256024266	18/07/1416H (corresponding to 11/12/1995G)	17/07/1447H (corresponding to 06/01/2026G)
15-	The Company - Al Ahsa, Haradh city*	2256064089	19/02/1437H (corresponding to 01/12/2015G)	19/02/1447H (corresponding to 13/08/2025G)
16-	The Company - Al Ahsa, Al Mubarraz	2252102795	04/05/1440H (corresponding to 10/01/2019G)	04/05/1445H (corresponding to 18/11/2023G)
17-	Nadec Schools - Al Ahsa, Haradh city*	2256060989	27/05/1436H (corresponding to 18/03/2015G)	27/05/1445H (corresponding to 11/12/2023G)
18-	The Company - Dammam	2050064637	17/04/1430H (corresponding to 13/04/2009G)	17/04/1445H (corresponding to 01/11/2023G)
19-	The Company - Jubail	2055129016	15/03/1442H (corresponding to 01/11/2020G)	15/03/1447H (corresponding to 07/09/2025G)
20-	The Company - Nairyah	2056102737	19/04/1441H (corresponding to 16/12/2019G)	19/04/1446H (corresponding to 22/10/2024G)
Northern Province				
21-	The Company - Sakaka, Al Jouf region	3400012864	29/04/1431H (corresponding to 14/04/2010G)	27/04/1446H (corresponding to 30/10/2024G)
22-	The Company - Hail	3350006666	08/11/1409H (corresponding to 12/06/1989G)	09/02/1447H (corresponding to 03/08/2025G)
23-	The Company - Qurayyat	3452147328	12/07/1442H (corresponding to 24/02/2021G)	12/07/1447H (corresponding to 01/01/2026G)
24-	The Company - Arar	3450175510	29/12/1441H (corresponding to 16/08/2020G)	29/12/1446H (corresponding to 25/06/2025G)
25-	The Company - Tabuk	3550126596	15/05/1440H (corresponding to 21/01/2019G)	25/05/1445H (corresponding to 29/11/2023G)
Southern Province				
26-	The Company - Najran	5950027874	12/11/1434H (corresponding to 29/09/2013G)	12/11/1447H (corresponding to 29/04/2026G)
27-	The Company - Khamis Mushait**	5855019773	22/05/1421H (corresponding to 22/08/2000G)	21/05/1446H (corresponding to 23/11/2024G)
28-	The Company - Jizan	5900017797	11/04/1433H (corresponding to 04/03/2012G)	11/04/1448H (corresponding to 22/09/2026G)

* It should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus.

**The Commercial Registration also includes the regions of Bisha, Asir (Al Namas), Abha and Muhayil Asir.

Source: The Company

10.3 Subsidiary and Investments

The Company has one subsidiary and three (3) investments as of the date of this Prospectus. The following table shows the details of the Subsidiary and the investments and the Company's ownership stake in each of them as of the date of this Prospectus:

Table (10.2): Subsidiary and Investments as of the date of this Prospectus

#	Subsidiary/ Investment	Country of Incorpora-tion	Commercial Registration No.	Commercial Registration Certificate Date	Commercial Registration Certificate Expiration	Company's Ownership Percentage	Other Partners (if any)
1-	Al-Taqawi National Company for Agricultural Production	The Kingdom	1010867109	17/08/1444H (corresponding to 09/03/2023G)	17/08/1449H (corresponding to 14/01/2028G)	51%	49% is owned by Leha Agriculture
2-	Second Milling Company	The Kingdom	1010725602	10/02/1438H (corresponding to 10/11/2016G)	10/02/1445H (corresponding to 26/08/2023G)	10%	• 45% is owned by Abdulaziz Alajlan Sons for Trading & Real Estate Investments Co. • 35% is owned by Sulaiman Abdulaziz Al Rajhi International Company • 10% is owned by Olam International Ltd.
3-	United Dairy Farms Company	The Kingdom	1010069324	11/11/1408H (corresponding to 25/06/1988G)	11/11/1449H (corresponding to 06/04/2028G)	8.26%	• 8% is owned by Hail Agricultural Development Co. • 8% is owned by Ash Sharqiyah Agricultural Development Co. • 8% is owned by Al Naseem Agricultural Co. • 8% is owned by Mr. Abdullah Al Habib • 8% is owned by Mr. Mansour Al Mounir • 8% is owned by Mr. Abdullah Salman • 34.74% is owned by various other shareholders.
4-	The National Company for Seeds Production (Seeds)	The Kingdom	1010064975	11/06/1407H (corresponding to 10/02/1987G)	29/05/1448H (corresponding to 09/11/2026G)	13.99%	• 13% is owned by Mr. Saleh Mutlaq Al Hanaki • 7% is owned by Hail Agricultural Development Co. (Hadco) • 66.01% is owned by various other shareholders

Source: The Company

Table of Content >

10.4 Key Licenses

The Company has obtained all the key licenses necessary to conduct its business from the competent authorities. The following is a summary of the key licenses issued to the Company in the Kingdom:

Table (10.3): Key Licenses of the Company in the Kingdom as of the date of this Prospectus

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
Central Province						
1-	Commercial license	Riyadh Municipality	Refrigerated food stores (Riyadh)	40092176666	N/A	08/08/1445H (corresponding to 18/02/2024G)
2-	Commercial license	Riyadh Municipality	Food supplies (Riyadh)	42034230661	N/A	07/06/1446G (corresponding to 08/12/2024G)
3-	Housing license*	Riyadh Municipality	Collective housing (Riyadh)	42105713885	27/10/1442H (corresponding to 08/06/2021G)	27/10/1443H (corresponding to 28/05/2022G)
4-	Commercial license	Al Quwaiiyah Municipality	Food and beverage distribution centers (Al Quwaiiyah)	43079330682	N/A	15/05/1445H (corresponding to 29/11/2024G)
5-	Food establishment license	Food and Drug Authority	Food distribution centers (Riyadh)	WL-2022-FW-0093	29/06/1443H (corresponding to 01/02/2022G)	01/08/1446G (corresponding to 31/01/2025G)
6-	Food establishment license	Food and Drug Authority	Food distribution centers (Al Quwaiiyah)	WL-2022-FW-0092	29/06/1443H (corresponding to 01/02/2022G)	01/08/1446G (corresponding to 31/01/2025G)
7-	Agricultural license*	MEWA	Undertaking agricultural business (Wadi Al Dawaser)	7100900001	15/02/1440H (corresponding to 24/10/2018G)	15/02/1441H (corresponding to 14/10/2019G)
8-	Agricultural facility registration certificate	MEWA	Agricultural site registration (Wadi Al Dawaser)	4041985570	26/10/1444H. (corresponding to 16/05/2023G)	29/11/1447H. (corresponding to 16/05/2026G)
9-	Environmental operating license (first place)	National Center for Environmental Compliance	Storage of long-life dairy products, milk, fresh juices and cheese (Riyadh)	1444/6809/ KM	24/03/1444H (corresponding to 20/10/2022G)	24/03/1447H (corresponding to 16/09/2025G)
10-	Environmental operating license (first place)	National Center for Environmental Compliance	Storage of long-life dairy products, milk, fresh juices and cheese (Al Quwaiiyah)	1444/7824/KM	27/03/1444H (corresponding to 23/10/2022G)	27/03/1447H (corresponding to 19/09/2025G)
11-	Transport license	Transport General Authority	License to transport goods via road (Riyadh)	11/00034725	28/04/1444H (corresponding to 22/11/2022G)	28/04/1447H (corresponding to 20/10/2025G)
12-	Environmental operating license	National Center for Environmental Compliance	Environmental license for storing dairy products, milk, long-term fresh juices and cheese (Riyadh)	1444/7809/KM	24/03/1444H (corresponding to 20/10/2022G)	24/03/1447H (corresponding to 16/09/2025G)
Eastern Province						
13-	Commercial license	Eastern Province Municipality	Food and beverage distribution centers (Dammam)	3909115180	N/A	11/06/1445H (corresponding to 24/12/2023G)
14-	Commercial license	Eastern Province Municipality	Food and beverage distribution centers (Jubail)	43079419725	N/A	13/01/1446H (corresponding to 19/07/2024G)
15-	Commercial license	Eastern Province Municipality	Food and beverage distribution centers (Nairyah)	43089568932	N/A	19/12/1445H (corresponding to 25/06/2024G)

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
16-	Food establishment license	Food and Drug Authority	Food distribution centers (Dammam)	WL-2022-FW-0558	23/01/1444H (corresponding to 21/08/2022G)	26/02/1447H (corresponding to 20/08/2025G)
17-	Food establishment license	Food and Drug Authority	Food distribution centers (Jubail)	WL-2022-FW-0563	24/01/1444H (corresponding to 22/08/2022G)	27/02/1447H (corresponding to 21/08/2025G)
18-	Food establishment license	Food and Drug Authority	Food distribution centers (Nairiyah)	WL-2022-FW-0520	05/01/1444H (corresponding to 03/08/2022G)	08/02/1447H (corresponding to 02/08/2025G)
19-	Food establishment license	Food and Drug Authority	Production of ice cream, processed cheese, labneh and other activities for the production of milk and dairy products; production of fresh liquid milk, fresh milk and other activities for the production of starch and its products; production of butter, ghee and white cheese; production and bottling of pure filtered water; production of cream; production of tomato sauce; and production of fruit juices (Haradh)*	E-01709	01/12/1443H (corresponding to 30/06/2022G)	01/12/1446H (corresponding to 28/05/2025G)
20-	Food establishment license	Food and Drug Authority	Import of milk substitutes, import, export and storage of fodder and fodder additives (Haradh)**	AFE 0000167	14/11/1443H (corresponding to 13/06/2022G)	17/12/1446H (corresponding to 13/06/2025G)
21-	Agricultural license*	MEWA	Undertaking agricultural business (Haradh)**	7141200169	13/02/1440H (corresponding to 22/10/2018G)	13/02/1441H (corresponding to 12/10/2019G)
22-	Agricultural license	MEWA	Slaughtering and preparing livestock meat	234/101011/05/23	25/01/1445H (corresponding to 12/08/2023G)	08/02/1446H (corresponding to 12/08/2024G)
23-	Agricultural facility registration certificate	MEWA	Agricultural site registration (Haradh)**	3050745284	11/11/1439H (corresponding to 24/07/2018G)	02/07/1446H (corresponding to 02/01/2025G)
24-	Import and export license	MEWA	Import and export license for grains (Haradh)**	AES-014-22	12/02/1444H (corresponding to 08/09/2022G)	07/04/1449H (corresponding to 08/09/2027G)
25-	Agricultural project license (operational)	MEWA	Cattle breeding (Haradh)	23/05/014101/061	15/08/1444H (corresponding to 07/03/2023G)	11/10/1449H (corresponding to 07/03/2028G)
26-	Agricultural project license (provisional)	MEWA	Camel breeding (Haradh)**	23/05/014300/059	07/08/1444H (corresponding to 27/02/2023G)	17/08/1445H (corresponding to 27/02/2024G)
27-	Agricultural project license (provisional)	MEWA	Lamb breeding (Haradh)**	23/05/014401/057	07/08/1444H (corresponding to 27/02/2023G)	17/08/1445H (corresponding to 27/02/2024G)
28-	Agricultural project license (provisional)	MEWA	Goat breeding (Haradh)**	23/05/014402/046	25/07/1444H (corresponding to 16/02/2023G)	06/08/1445H (corresponding to 16/02/2024G)
29-	Agricultural project license (provisional)	MEWA	Fattening calves (Haradh)**	23/05/014102/048	07/08/1444H (corresponding to 27/02/2023G)	17/08/1445H (corresponding to 27/02/2024G)
30-	Dairy project license*	MEWA	Cattle breeding and dairy production project license (Haradh)**	109021	13/09/1434H (corresponding to 21/07/2013G)	24/07/1444H (corresponding to 15/02/2023G)

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
31-	Environmental operating license (first place)	National Center for Environmental Compliance	Food products warehouse (Dammam)	1443/6909/ KM	28/06/1443H (corresponding to 31/01/2022G)	27/06/1446H (corresponding to 28/12/2024G)
32-	Environmental operating license (first place)	National Center for Environmental Compliance	Food products warehouse (Jubail)	1443/7633/ KM	28/07/1443H (corresponding to 01/03/2022G)	27/07/1446H (corresponding to 27/01/2025G)
33-	Environmental operating license (first place)	National Center for Environmental Compliance	Food products warehouse (Nairiyah)	1443/7903/ KM	28/07/1443H (corresponding to 01/03/2022G)	27/07/1446H (corresponding to 27/01/2025G)
34-	Environmental operating license (first place)	National Center for Environmental Compliance	Food products warehouse (Al Ahsa)**	1444/9680/ KM	22/06/1444H (corresponding to 15/01/2023G)	21/06/1447H (corresponding to 12/12/2025G)
35-	Industrial license - national investment	Ministry of Industry and Mineral Resources	Manufacture of dairy products (Haradh)**	431102118602	17/10/1443H (corresponding to 18/05/2020G)	17/10/1446H (corresponding to 15/04/2025G)
36-	Private school license	Ministry of Education	Primary education for female students according to the national curriculum (Haradh)**	520-3510	07/02/1441H (corresponding to 06/10/2019G)	02/06/1445H (corresponding to 15/12/2023G)
37-	Private school license	Ministry of Education	Primary education for male students according to the national curriculum (Haradh)**	520-3508	07/02/1441H (corresponding to 06/10/2019G)	02/06/1445H (corresponding to 15/12/2023G)
Northern Province						
38-	Commercial license	Qassim Municipality	Food and beverage distribution centers (Qassim)	41113620263	N/A	23/05/1445H (corresponding to 07/12/2023G)
39-	Commercial license	Hail Municipality	Retail sale of dairy products, eggs, olives and pickles (Hail)	41032600821	N/A	23/02/1445H (corresponding to 08/09/2023G)
40-	Food establishment license	Food and Drug Authority	Food distribution centers (Qassim)	WL-2022-FW-1467	19/02/1442H (corresponding to 06/10/2020G)	20/03/1445H (corresponding to 05/10/2023G)
41-	Food establishment license	Food and Drug Authority	Food distribution centers (Hail)	WL-2020-FW-1121	21/11/1441H (corresponding to 12/07/2020G)	23/12/1444H (corresponding to 11/07/2023G)
42-	Food establishment license	Food and Drug Authority	Crude vegetable oil production: Olive oil (Al Jouf)	E-02046	23/06/1443H (corresponding to 26/01/2022G)	23/06/1446H (corresponding to 24/12/2024G)
43-	Agricultural license*	MEWA	Undertaking agricultural business (Hail)	7172701011	13/02/1440H (corresponding to 22/10/2018G)	13/02/1441H (corresponding to 12/10/2019G)
44-	Agricultural facility registration certificate	MEWA	Agricultural site registration (Hail)	4042028786	19/05/1444H (corresponding to 13/12/2022G)	22/06/1447H (corresponding to 13/12/2025G)
45-	Agricultural license*	MEWA	Undertaking agricultural business (Al Jouf)	7222400828	13/02/1440H (corresponding to 22/10/2018G)	13/02/1441H (corresponding to 12/10/2019G)
46-	Agricultural facility registration certificate	MEWA	Agricultural site registration (Al Jouf)	7090204266	04/07/1442H (corresponding to 16/02/2021G)	01/07/1445H (corresponding to 13/01/2024G)
47-	Agricultural project license (provisional)	MEWA	Cultivation of vegetables in greenhouses (Al Jouf)	22/13/011306/078	15/02/1444H (corresponding to 11/09/2022G)	09/04/1445H (corresponding to 24/10/2023G)
48-	Environmental operating license (first place)	National Center for Environmental Compliance	Storage of long-life dairy products, milk, fresh juices and cheese (Qassim)	1444/7213/ KM	24/03/1444H (corresponding to 20/10/2022G)	24/03/1447H (corresponding to 16/09/2025G)

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
49-	Environmental operating license (first place)*	National Center for Environmental Compliance	Fattening calves (Hail)	30024	08/10/1440H (corresponding to 11/06/2019G)	06/10/1444H (corresponding to 26/04/2023G)
50-	Environmental operating license (first place)	National Center for Environmental Compliance	Storage of long-life dairy products, milk, fresh juices and cheese (Hail)	1444/7367/ KM	24/03/1444H (corresponding to 20/10/2022G)	24/03/1447H (corresponding to 16/09/2025G)
51-	Environmental operating license (first place)*	National Center for Environmental Compliance	Manufacture of crude olive oil (Al Jouf)	24737	04/08/1440H (corresponding to 09/04/2019G)	03/08/1444H (corresponding to 23/02/2023G)
52-	Industrial license - national investment	Ministry of Industry and Mineral Resources	Production and refining of olive oil (Al Jouf)	411102127660	01/12/1444H (corresponding to 19/06/2023G)	26/01/1450H (corresponding to 19/06/2028G)
Southern Province						
53-	Commercial license	Asir Municipality	Food and beverage distribution centers (Muhayil Asir)	3909290471	N/A	09/03/1445H (corresponding to 24/09/2023G)
54-	Housing license	Asir Municipality	Collective housing (Muhayil Asir)	42075249860	19/11/1444H (corresponding to 08/06/2023G)	20/08/1445H (corresponding to 01/03/2024G)
55-	Commercial license	Asir Municipality	Refrigerated food stores (Bisha)	41012562695	N/A	11/03/1445H (corresponding to 26/09/2023G)
56-	Housing license	Asir Municipality	Collective housing (Bisha)	43079296557	13/01/1445H (corresponding to 31/07/2023G)	15/07/1445H (corresponding to 27/01/2024G)
57-	Commercial license*	Asir Municipality	Food and beverage distribution centers (Khamis Mushait)	3909673897	N/A	09/04/1445H (corresponding to 24/10/2023G)
58-	Commercial license	Asir Municipality	Food and beverage distribution centers (Al Namas)	440711566796	N/A	06/08/1445H (corresponding to 16/02/2024G)
59-	Commercial license	Jizan Municipality	Food and beverage distribution centers (Jizan)	43109788702	N/A	28/12/1445H (corresponding to 04/07/2024G)
60-	Commercial license	Najran Municipality	Food and beverage distribution centers (Najran)	42085415226	N/A	19/08/1445H (corresponding to 29/02/2024G)
61-	Housing license	Najran Municipality	Collective housing (Najran)	42075249860	08/02/1444H (corresponding to 04/09/2022G)	08/02/1445H (corresponding to 24/08/2023G)
62-	Commercial license	Al Baha Municipality	Food and beverage distribution centers (Al Baha)	41063246424	N/A	12/09/1445H (corresponding to 22/03/2024G)
63-	Commercial license	Al Baha Municipality	Refrigerated food stores (Al Baha)	41012561240	N/A	13/07/1445H (corresponding to 25/01/2024G)
64-	Housing license	Al Baha Municipality	Collective housing (Al Baha)	431110107193	01/11/1444H (corresponding to 21/05/2023G)	29/11/1445H (corresponding to 06/06/2024G)
65-	Food establishment license	Food and Drug Authority	Food distribution centers (Muhayil Asir)	WL-2020-FW-1432	12/02/1442H (corresponding to 29/09/2020G)	13/03/1445H (corresponding to 28/09/2023G)
66-	Food establishment license	Food and Drug Authority	Food distribution centers (Bisha)	WL-2023-FW-0137	16/07/1444H (corresponding to 07/02/2023G)	18/08/1447H (corresponding to 06/02/2026G)

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
67-	Food establishment license	Food and Drug Authority	Food distribution centers (Khamis Mushait)	WL-2020-FW-1379	28/01/1442H (corresponding to 16/09/2020G)	30/02/1445H (corresponding to 15/09/2023G)
68-	Food establishment license	Food and Drug Authority	Food distribution centers (Jizan)	WL-2022-FW-0564	24/01/1444H (corresponding to 22/08/2022G)	27/02/1447H (corresponding to 21/08/2025G)
69-	Food establishment license	Food and Drug Authority	Food distribution centers (Najran)	WL-2021-FW-0510	12/10/1442H (corresponding to 24/05/2021G)	15/11/1445H (corresponding to 23/05/2024G)
70-	Food establishment license	Food and Drug Authority	Food distribution centers (Al Baha)	WL-2020-FW-1303	08/01/1442H (corresponding to 27/08/2020G)	10/02/1445H (corresponding to 26/08/2023G)
71-	Environmental operating license (first place)	National Center for Environmental Compliance	Food and beverage distribution centers (Muhayil Asir)	1444/7478/ KM	24/03/1444H (corresponding to 20/10/2022G)	14/04/1447H (corresponding to 06/10/2025G)
72-	Environmental operating license (first place)	National Center for Environmental Compliance	Food and beverage distribution centers (Khamis Mushait)	1444/6925/ KM	24/03/1444H (corresponding to 20/10/2022G)	16/03/1447H (corresponding to 08/09/2025G)
73-	Environmental license	National Center for Environmental Compliance	Food and beverage distribution centers (Al Namas)	N/A	28/10/1444H (corresponding to 18/05/2024G)	01/12/1447H (corresponding to 18/05/2026G)
74-	Environmental operating license (first place)	National Center for Environmental Compliance	Refrigerated juice storage warehouses (Jizan)	1444/7337/ KM	28/05/1444H (corresponding to 22/12/2022G)	06/04/1447H (corresponding to 28/09/2025G)
75-	Environmental license	National Center for Environmental Compliance	Refrigerated juice storage warehouses (Jizan)	N/A	17/08/1444H (corresponding to 09/03/2023G)	20/09/1447H (corresponding to 09/03/2026G)
76-	Environmental license	National Center for Environmental Compliance	Food and beverage distribution centers (Al Baha)	N/A	17/12/1444H (corresponding to 05/07/2023G)	20/01/1448H (corresponding to 05/07/2026G)
77-	Environmental license	National Center for Environmental Compliance	Food and beverage distribution centers (Al Muzaylif)	N/A	17/12/1444H (corresponding to 05/07/2023G)	20/01/1448H (corresponding to 05/07/2026G)
Western Province						
78-	Commercial license*	Jeddah Municipality	Refrigerated food stores (Jeddah)	39111357787	N/A	05/05/1444H (corresponding to 29/11/2022G)
79-	Housing license	Jeddah Municipality	Collective housing (Jeddah)	440110384840	25/01/1444H (corresponding to 23/08/2022G)	25/01/1445H (corresponding to 12/08/2023G)
80-	Commercial license	Madinah Municipality	Food and beverage distribution centers (Madinah)	43047925243	N/A	13/05/1445H (corresponding to 27/11/2023G)
81-	Commercial license	Madinah Municipality	Refrigerated food stores (Yanbu)	40112489849	N/A	08/09/1445H (corresponding to 18/03/2024G)
82-	Commercial license	Makkah Municipality	Refrigerated food stores (Makkah)	40011663176	N/A	25/01/1445H (corresponding to 12/08/2023G)
83-	Food establishment license	Food and Drug Authority	Refrigerated food storage (Jeddah)	WL-2022-FW-0077	27/06/1443H (corresponding to 30/01/2022G)	29/07/1446H (corresponding to 29/01/2025G)
84-	Food establishment license	Food and Drug Authority	Refrigerated food storage (Madinah)	WL-2022-FW-0091	29/06/1443H (corresponding to 01/02/2022G)	01/08/1446H (corresponding to 31/01/2025G)

#	License Type	Issuing Authority	Purpose	License No.	Date of Issue	Expiration Date
85-	Food establishment license	Food and Drug Authority	Refrigerated food storage (Makkah)	WL-2022-FW-0087	29/06/1443H (corresponding to 01/02/2022G)	01/08/1446H (corresponding to 31/01/2025G)
86-	Food establishment license	Food and Drug Authority	Refrigerated food storage (Yanbu)	WL-2022-FW-0071	23/06/1443H (corresponding to 26/01/2022G)	25/07/1446H (corresponding to 25/01/2025G)
87-	Environmental operating license	National Center for Environmental Compliance	Food and beverage storage and distribution centers (Jeddah)	1444/7596/ KM	02/04/1444H (corresponding to 27/10/2022G)	02/04/1447H (corresponding to 24/09/2025G)
88-	Environmental operating license	National Center for Environmental Compliance	Food and beverage storage and distribution centers (Madinah)	10061	08/08/1442H (corresponding to 21/03/2021G)	09/07/1447H (corresponding to 29/12/2025G)
89-	Environmental operating license	National Center for Environmental Compliance	Food and beverage storage and distribution centers (Makkah)	1444/8009/KM	12/04/1444H (corresponding to 06/11/2022G)	12/04/1447H (corresponding to 04/10/2025G)
90-	Environmental operating license	National Center for Environmental Compliance	Food and beverage storage and distribution centers (Yanbu)	44/8185/ KM	13/04/1444H (corresponding to 07/11/2022G)	12/04/1447H (corresponding to 04/10/2025G)

* The license has expired in the ordinary course of business.

** It should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus.

Source: The Company

10.5 Material Agreements

The Company has entered into a number of material agreements and contracts with numerous parties. This section provides a summary of the agreements and contracts that the Directors believe are material in relation to the Company's business or may affect Investors' decisions to subscribe for the Rights Shares. The summary of the agreements and contracts referred to below does not cover all of the terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements. Some of the agreements mentioned in this section are related to Haradh Agricultural Project. It should be noted that the plot deed for the Haradh Agricultural Project has been canceled. For further information regarding the risks related to the same, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus).

10.5.1 Supply Agreements

1- Agreement for the Supply of Plastic Containers and Lids in Haradh with Takmeel Industry Holding Company

The Company entered into a 15-year agreement with Takmeel Industry Holding Company on 01/04/1437H (corresponding to 11/01/2016G) for the supply of plastic containers and covers in the city of Haradh. Such Agreement may be renewed by either party with three (3) months' notice prior to the end of its term. Under the Agreement, Takmeel Industry Holding Company will invest, install and operate machinery in the city of Haradh on behalf of the Company to meet the Company's requirements for the supply of its plant in the city of Haradh with plastic containers and lids. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within five (5) business days of their receipt.

The Agreement does not specify the applicable law or forum for dispute settlement.

2- Sales Agreement with Takween Advanced Industries

The Company entered into a two-year sales agreement with Takween Advanced Industries on 01/11/1443H (corresponding to 01/06/2022G). Such Agreement may be renewed by mutual written agreement between the two parties. Takween Advanced Industries supplies the Company with plastic packaging products. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within ninety (90) days of their receipt. The Agreement stipulates that either party may assign the Agreement without the prior written consent of the other party. Either party may terminate the Agreement at any time and without cause by providing a 30-day notice.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom in Riyadh.

3- Maize Supply Agreement with Tarla Bitkileri Üreticileri Merkez Birliği Iktisadi Işletmesi (hereinafter referred to as “Tarla”)

The Company entered into a one-year agreement with Tarla on 25/07/1444H (corresponding to 16/02/2023G) for the supply of maize. Tarla supplies thirty-five thousand (35,000) metric tons of maize from the Republic of Turkey to the Company’s plant in Haradh for a lump-sum.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom in Riyadh.

4- Petroleum Product Sale Agreement for Local Use with Saudi Aramco

The Company entered into an agreement with Saudi Aramco on 13/04/1444H (corresponding to 08/11/2022G) for the sale of petroleum products for local use. Such Agreement expired on 27/06/1444H (corresponding to 31/12/2022G); however the Company has confirmed the validity of the agreement for a further year. Under the Agreement, Saudi Aramco sells certain quantities of petroleum products to the Company for the purposes of energy generation for the Company’s production operations within the Kingdom. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within thirty (30) days of their receipt.

The Agreement stipulates that the Company may not use petroleum products for any use other than as described in the Agreement and may not export such products outside the Kingdom. In addition, the Company may not purchase any other petroleum products from any other entity without the prior written consent of Saudi Aramco. The Agreement requires the Company to procure public liability insurance with a minimum coverage of two million Saudi Riyals (SAR 2,000,000) and car accident liability insurance covering cars owned by and leased to the Company with a minimum coverage of two million Saudi Riyals (SAR 2,000,000).

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom.

5- Harvest Agreement with Pure Harvest

The Company entered into a five-year harvest agreement with Pure Harvest on 08/07/1444H (corresponding to 30/01/2023G). Such Agreement is automatically renewable for a similar period, unless either party breaches the Agreement in a way that cannot be remedied or if either party notifies the other of its intention of non-renewal at least three (3) months prior to the end of the term. Pure Harvest sells certain fresh products to the Company, including tomatoes, cucumbers and hot peppers grown in greenhouse facilities within the Kingdom in controlled-environment agriculture facilities. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within sixty (60) days of their receipt.

The Agreement states that neither party may assign the Agreement without the prior written consent of the other party. The Company may not market, sell or distribute certain Pure Harvest products outside of the Kingdom, whether directly or through another party, without Pure Harvest’s prior consent, as agreed in the State of Kuwait. The Agreement also stipulates that the Company shall obtain certain products exclusively from Pure Harvest, unless Pure Harvest fails to provide such product with the specifications required by the Company within one month. In such case, the Company shall purchase these products at the lowest possible price, and Pure Harvest will reimburse the Company for the purchase price. In the event that Pure Harvest produces quantities that exceed the agreed quantities, the Company shall purchase 5% of such excess production at the price agreed upon in the Agreement. If Pure Harvest produces more than 105% of the agreed quantities, the Company will make every effort to sell the excess quantities at the best possible price in the market.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved through arbitration under the Arbitration Rules of the Dubai International Arbitration Centre (DIAC) in Dubai.

6- Agreement for the Supply of Labeled Bottles with Saudi Plastic Packaging Systems

The Company entered into a five-year agreement for the supply of labeled bottles with Saudi Plastic Packaging Systems on 05/08/1440H (corresponding to 10/04/2019G). Such Agreement is automatically renewable unless either party notifies the other party of its intention of non-renewal. Under the Agreement, Saudi Plastic Packaging Systems will supply all the raw materials necessary for the production and delivery of milk and milk bottles to the Company. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within ninety (90) days of their receipt.

The Agreement does not specify the applicable law. However, it stipulates that disputes shall be resolved initially by arbitration in the Kingdom in accordance with the Arbitration Rules of the Saudi Chamber of Commerce, or failing that, in accordance with the laws of the Kingdom.

7- Supply Agreement for Concentrated Juice with Doehler Food & Beverage Ingredients (Rizhao) Co. Ltd. (hereinafter referred to as "Doehler")

The Company entered into a one-year agreement with Doehler on 08/06/1444H (corresponding to 01/01/2023G) for the supply of concentrated juice. Under the Agreement, Doehler shall provide the Company with a juice and pulp concentrate in consideration of a lump-sum payment.

The Agreement is governed by the laws of the Kingdom. Any disputes shall be resolved through arbitration under the Arbitration Rules of the Saudi Chamber of Commerce in the Kingdom.

8- Supply Agreement for Concentrated Juice with Goknur Gida Maddeleri Enerji Imalat Ihracat Ithala Ticaret ve Sanayi Anonim Sirketi (hereinafter referred to as "Goknur")

The Company entered into a one-year agreement with Goknur on 08/06/1444H (corresponding to 01/01/2023G) for the supply of concentrated juice. Goknur supplies the juice and pulp concentrate to the Company for a lump-sum.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom.

9- Firewood Sale Agreement with Tadweer Arabia for Environmental Services

The Company concluded a one-year agreement with Tadweer Arabia for Environmental Services on 05/03/1444H (corresponding to 01/10/2022G) for the sale of firewood. Under the Agreement, Tadweer Arabia for Environmental Services shall supply four hundred (400) tons of firewood during the contract term and deliver them to the Company's project site in the Al Jouf region in consideration of two hundred thousand Saudi Riyals (SAR 200,000).

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom in the city of Riyadh.

10.5.2 Machinery Production Line Purchase Agreements

1- Agreement for the Supply, Installation, Testing, Operation, Training and Site Acceptance Testing of the New Cheese Dip Packaging Line with FMT S.r.l. (hereinafter referred to as "FMT")

The Company entered into an agreement with FMT, effective as of 08/08/1444H (corresponding to 28/02/2023G), for the supply, installation, testing, operation, training and site acceptance testing for the new cheese dip packaging line. The Agreement term is one year or the date of final delivery of the works by FMT, whichever is earlier. FMT shall supply, install, test, operate, train and perform a plant acceptance test for the new cheese dip packaging line, as well as upstream equipment, filling machines and downstream equipment at the Company's dairy plant in Haradh. The total consideration for the Agreement is one million, seven hundred and ninety-two thousand Euros (EUR 1,792,000), equivalent to seven million, three hundred and ninety-eight thousand, four hundred ninety-eight Saudi Riyals and seventeen halalas (SAR 7,398,498.17). The Agreement grants the Company the right to termination without cause at any time.

This Agreement is governed by the laws of the United Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved through arbitration under the Arbitration Rules of the Dubai International Arbitration Centre (DIAC) in Dubai.

2- Supply, Installation and Operation Agreement for Expansion of the Liquid Cheese Production Line with APV Middle East Ltd (hereinafter referred to as "APV")

The Company entered into a supply, installation and operation agreement with APV on 17/08/1444H (corresponding to 09/03/2023G) for the expansion of the liquid cheese production line. Under the agreement, APV shall provide the Company with goods and machinery, as well as installation and operation services, in connection with the cream cheese production project at the Company's dairy factory in Haradh. The total consideration for the Agreement is two million, eight hundred thousand Euros (EUR 2,800,000), equivalent to eleven million, five hundred and fifty-eight thousand, five hundred and ninety Saudi Riyals and eighty-nine halalas (SAR 11,558,590.89).

The Agreement is governed by the laws of the Kingdom. Any disputes shall be resolved by arbitration under the Arbitration Rules of the Saudi Chamber of Commerce in Riyadh, the Kingdom of Saudi Arabia.

3- Sale, Supply and Installation Agreement with TMG Impianti SPA (hereinafter referred to as "TMG")

The Company entered into a sale, supply and installation agreement with TMG on 10/08/1444H (corresponding to 02/03/2023G). The Agreement shall continue until the fifty-second week (52) of 2023G (i.e., the period from 12/06/1445H until 18/06/1445H (corresponding to 25/12/2023G until 31/12/2023G)). Under the Agreement, TMG shall supply, install, test, operate, train and perform acceptance testing of the Company's automatic palletizing system. The total value of the Agreement is eight hundred thousand Euros (EUR 800,000), equivalent to three million, three hundred and two thousand, four hundred and fifty-four Saudi Riyals and fifty-four halalas (SAR 3,302,454.54).

The Agreement does not specify the applicable law or forum for dispute settlement.

10.5.3 Agency Agreements

1- Commercial Agency Agreement with K4

The Company entered into a one-year commercial agency agreement with K4 on 10/03/1436H (corresponding to 01/01/2015G). The Agreement is automatically renewable unless terminated by either party upon a two-month notice prior to the expiration of the Agreement term. Pursuant to such Agreement, K4 operates as the Company's commercial agent in the State of Kuwait and is responsible for all services and administrative works before governmental and non-governmental authorities in the State of Kuwait, while the Company is liable for managing all operational marketing and sales services for its products and for incurring the related expenses.

The payments made by the Company to K4 for the services provided represent a percentage of the total annual sales.

The Company bears all fees and expenses arising from the services provided, including water and electricity bills and license issuance fees.

The Agreement states that neither party may assign the Agreement without the prior written consent of the other party.

The Agreement stipulates that all property and assets owned by the Company in the State of Kuwait must be registered in the name of K4 whenever the applicable laws so require. It should be noted that the actual ownership rests with the Company, as recorded by K4 in a written declaration.

The Agreement is governed by the laws of the Kingdom. Any disputes shall be resolved through arbitration under the Arbitration Rules of the Saudi Chamber of Commerce in the Kingdom.

2- Commercial Agency Agreement with Mohammed bin Salem bin Sultan Al Qasimi

The Company entered into a five-year commercial agency agreement with Mohammed bin Salem bin Sultan Al Qasimi on 12/10/1417H (corresponding to 20/02/1997G). The Agreement commenced from the date of issuance of the commercial license of the Company's branch in Sharjah in the UAE, on 24/04/1419H (corresponding to 17/08/1998G). The Agreement is automatically renewable unless terminated by either party upon a three-month notice prior to the expiration of the Agreement term. Mohammed bin Salem bin Sultan Al Qasimi is the Company's commercial agent in the city of Sharjah in the UAE for the purpose of opening a branch of the Company, which will be represented by an office. Mohammed bin Salem bin Sultan Al Qasimi will be responsible for all administrative and business services before government authorities in the city of Sharjah. The Company shall retain the exclusive authority to manage, operate and finance the office and shall be the sole owner of all assets.

The Company shall pay Mohammed bin Salem bin Sultan Al Qasimi an amount of ninety thousand Emirati dirhams (AED 90,000), equivalent to ninety-one thousand, nine hundred and twenty-eight Saudi Riyals and fifty-six halalas (SAR 91,928.56) within fourteen (14) days of the annual renewal of the office's commercial license.

The Agreement is governed by the laws of the city of Sharjah in the UAE. Any disputes shall be resolved through arbitration by an arbitrator to be appointed by the parties within fifteen (15) days of the occurrence of the dispute. In the event that the parties cannot agree on an arbitrator, the Director General of the Sharjah Chamber of Commerce and Industry shall appoint the arbitrator. The arbitration shall take place in the city of Sharjah in the UAE and shall be adjudicated in accordance with the laws of the city of Sharjah.

10.5.4 Distribution Agreement

1- Manufacturing and Supply Agreement with the Arabian Food Industries Company

The Company entered into a one-year manufacturing and supply agreement with the Arabian Food Industries Company on 03/01/1444H (corresponding to 01/08/2022G). The Agreement is automatically renewable for a similar period unless either party notifies the other party of its intention of non-renewal at least ninety (90) days prior to the expiration of the Agreement term. Under the Agreement, the Arabian Food Industries Company manufactures, packages and delivers feta cheese bearing the Company's branding to the Company for the Company's benefit. The consideration for the Agreement is paid based on an agreed price list, under monthly invoices submitted to the Company within thirty (30) days of the Company's receipt of such invoices.

The Agreement states that neither party may assign the Agreement without the prior written consent of the other party. The Agreement grants either party the right to termination without cause upon a 90-day written notice.

The Agreement is governed by the laws of the Kingdom. Any disputes shall be resolved by arbitration under the Arbitration Rules of the Saudi Chamber of Commerce in Riyadh, the Kingdom of Saudi Arabia.

10.5.5 Transportation and Logistics Agreements

1- Customs Clearance, Transportation and Unloading Agreement with HET

The Company entered into a three-year customs clearance, transportation and unloading agreement with HET on 08/06/1444H (corresponding to 01/01/2023G). Such Agreement is renewable by written notice between the parties. Under the Agreement, HET will handle all customs clearance for the Company's products in all ports of the Kingdom. This includes products delivered from within the Kingdom or from abroad. HET will then transfer such products to the Company's plant in the city of Haradh. The value of the Agreement is based on an agreed price list under monthly invoices to be paid within fifteen (15) days of their receipt.

This agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts in Riyadh, the Kingdom of Saudi Arabia.

2- Product Transportation Agreement with G&P Logistics

The Company entered into a one-year product transportation agreement with G&P Logistics on 05/03/1444H (corresponding to 01/09/2022G). The Agreement may be renewed by either party upon a 90-day written notice to the other party. G&P Logistics provides refrigerated and non-refrigerated trucks to transport the Company's refrigerated and dry products from regions within the Kingdom to its branches and customer warehouses, whether they are located on the borders of the Kingdom, in GCC countries, or in other Arab countries. The value of the Agreement is based on an agreed price list under monthly invoices to be paid within fifteen (15) days of their receipt. The Agreement grants the parties the right to termination without cause under a written notice of sixty (60) days in the case of the Company and ninety (90) days in the case of G&P Logistics.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom.

3- Lease Agreement for Trucks and Sales Vehicles with Theeb Car Rental

The Company entered into a five-year agreement with Theeb Car Rental on 04/07/1440H (corresponding to 11/03/2019G) for the lease of trucks and sales vehicles. Theeb Car Rental leases refrigerated vending trucks and vans to the Company. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within sixty (60) days of their receipt. The Agreement prohibits the parties from assigning any responsibility or obligation thereunder without the prior written consent of the other party.

The Agreement is governed by the laws of the Kingdom. Any disputes shall be resolved through arbitration under the Arbitration Rules of the Saudi Chamber of Commerce in the Kingdom.

4- Product Transportation Service Agreement with Malak Al-Reem Transport Company

The Company entered into a one-year product transportation service agreement with Malak Al-Reem Transport Company on 15/04/1444H (corresponding to 09/09/2022G). Such Agreement may be renewed by either party by a 30-day notice prior to the end of its term. Malak Al Reem Transport Company transports petroleum products from warehouses in Jizan and Yanbu to the Company's plant in Haradh. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within thirty (30) days of their receipt. The Agreement grants the Company the right to termination without cause at any time upon a thirty (30)-day notice.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom.

10.5.6 Nadec City Agreements

1- Long-term Lease Contract with Pure Harvest

The Company entered into a long-term lease contract with Pure Harvest on 29/11/1441H (corresponding to 19/07/2020G). The lease term is twenty (20) years and is renewable for a further five (5) years up to a maximum period of fifty (50) years from its effective date, upon a three (3)-month notice granted by either party to the other. Under the lease, the Company leases a plot owned by it with an area of approximately one hundred thousand (100,000) square meters in the city of Haradh to Pure Harvest. The remaining area of the plot, amounting to three hundred and twenty thousand (320,000) square meters, will be leased over the course of five (5) years following the effective date of the Agreement, in conjunction with the expansion of the project. Pure Harvest will determine the final size of the site expansion area when planning the construction of the project and will notify the Company in writing of the same. The project involves the lease of the Company's plots located in the city of Haradh to Pure Harvest, which will develop and operate high-tech greenhouses for climate control on such plots.

The Agreement requires that the Agreement be registered on the Ejar platform. The Agreement allows Pure Harvest to sublease the leased property with the prior written consent of the Company, and to assign the rights and obligations thereunder to any subsidiary or financial institution providing financing to Pure Harvest. Pure Harvest is also entitled to own the buildings constructed on the leased property and lease them to third parties. The Company undertakes to Pure Harvest not to allow any plot within the property or within two kilometers of the leased property under the control of the Company to be occupied by a person who competes with Pure Harvest or has a negative impact on the business of Pure Harvest.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved through arbitration by the London Court of International Arbitration (LCIA) at the Dubai International Financial Centre (DIFC) in Dubai.

2- Usufruct Agreement with Pure Harvest

The Company entered into a usufruct agreement with Pure Harvest on 12/03/1443H (corresponding to 18/10/2021G). Such Agreement shall remain valid until the termination of the Long-term Lease Contract with Pure Harvest (for further details regarding the lease, please refer to Section 10.5.6 (1) "**Long-term Lease Contract with Pure Harvest**" of this Prospectus). Under the Agreement, the Company shall supply energy output and backup sources, including, inter alia, solar energy, to Nadec City for the term of the Long-term Lease Contract with Pure Harvest. The electricity prices will be based on a weighted average production cost within the Company's land in Haradh, plus 5%, to be set on a monthly basis. These costs are passed on to Pure Harvest on a monthly basis under monthly invoices payable within thirty (30) days of their receipt.

The Agreement prohibits the parties from assigning any responsibility or obligation thereunder without the prior written consent of the other party.

This Agreement is governed by the laws of Dubai International Financial Centre. Any dispute arising out of or in connection with this Agreement shall be resolved through arbitration by the London Court of International Arbitration or the Arbitration Rules of the Dubai International Financial Centre in Dubai.

10.5.7 Customer Agreements

1- Supply Agreement with Panda Retail Company

The Company entered into a one-year supply agreement with Panda Retail Company on 06/05/1441H (corresponding to 01/01/2020G). Such Agreement is automatically renewable. This Agreement is not binding on Panda Retail Company, but it governs the relationship between the parties in the event that Panda Retail Company purchases the Company's products based on purchase orders issued by it to the Company. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within sixty (60) days of their receipt. The Agreement stipulates that if Panda Retail Company finds the same products that it has purchased advertised in its competitors' flyers or advertisements at lower prices during the same period, Panda Retail Company will match those prices in area in which they are advertised and will be compensated for the price difference by the Company. The Company shall also indemnify Panda Retail Company against all claims made in connection with the quality of the products or their expiry or the infringement of patents, copyrights, trademarks and any claims made in connection with the breach of this Agreement in general.

This Agreement is governed by the laws of the Kingdom, but does not specify a dispute settlement forum.

2- Sales Agreement with a Saudi trading company.

The Company entered into a one-year sales agreement with a Saudi trading company. on 07/11/1443H (corresponding to 06/06/2022G). Such Agreement is automatically renewable. The Saudi trading company purchases the Company's products based on the purchase orders issued by it to the Company. The value of the Agreement is based on an agreed price list under monthly invoices which are payable within sixty (60) days of their receipt. The Agreement stipulates that in the event the prices of products supplied by the competitors of Abdullah Al Othaim Markets Co. decrease, Abdullah Al Othaim Markets Co. shall compensate the Company for the price difference and provide it with discounts on future supplies in the Company's warehouses.

The Agreement does not specify the applicable law or forum for dispute settlement.

10.5.8 Energy-Saving Agreements

1- Power Purchase Agreement (PPA) with GDFI Haradh for Energy (hereinafter referred to as "GDFI Haradh")

The Company entered into a 25-year power purchase agreement with GDFI Haradh on 26/11/1440H (corresponding to 29/07/2019G). Such Agreement may be renewed by either party upon a two-year notice prior to the expiry of the Agreement term. Under the Agreement, GDFI Haradh will develop, finance, design, procure, manufacture, test, transport, construct, install, complete and operate an independent power generation plant consisting of twenty-nine megawatts, nine thousand, nine hundred and twenty-two kilowatts (29.9922 MW) of solar photovoltaic and associated facilities and infrastructure, to be built, operated and owned by GDFI Haradh in the city of Haradh. The Company is developing electricity and water connection facilities to serve the construction process of the facility, which GDFI Haradh will manage under the Agreement.

The value of the Agreement is based on invoices submitted by GDFI Haradh for services under the Agreement and by the Company for water and electricity services. Neither party may assign the Agreement without the prior written consent of the other party.

This Agreement is governed by the laws of England and Wales. Any dispute arising out of or in connection with this Agreement shall be resolved through arbitration under the rules of the International Chamber of Commerce in Manama, the Kingdom of Bahrain.

2- Lease Agreement with GDFI Haradh

The Company entered into a 25-year lease contract with GDFI Haradh on 26/11/1440H (corresponding to 29/07/2019G). Such Agreement is automatically renewable unless terminated by either party. The Company leases to GDFI Haradh the plot on which GDFI Haradh will build and operate the facility in accordance with the Power Purchase Agreement (PPA) with GDFI Haradh (for further details regarding the Agreement, please refer to Section 10.5.8 (1) "**Power Purchase Agreement (PPA) with GDFI Haradh**" of this Prospectus). The lease amount for the initial period is one Saudi Riyal per annum, provided that an additional rent shall be determined for the renewal period. Upon the expiry of the Agreement term without renewal, the constructed facility and any other materials placed thereon shall be removed from the leased plot, unless the Company requests the purchase of GDFI Haradh's property rights in the facility or the parties agree otherwise. Neither party may assign the Agreement without the prior written consent of the other party.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Board of Grievances in the Kingdom.

10.5.9 Marketing Agreements

1- Marketing Agreement with Tetra Pak Manufacturing Ltd. (hereinafter referred to as "Tetra")

The Company entered into a one-year marketing agreement with Tetra on 02/12/1443H (corresponding to 01/07/2022G). Such Agreement is automatically renewable for a similar period unless either party notifies the other party of its intention of non-renewal at least fifteen (15) days prior to the expiration of the Agreement term. Under the Agreement, the Company and Tetra shall execute a joint marketing project to increase consumer consumption of flavored milk in two hundred milliliters (200 ml) and one hundred and twenty-four milliliters (124 ml) cartons through mass promotion and product promotion in non-traditional media. The total budget agreed for marketing activities is three million, two hundred thousand Saudi Riyals (SAR 3,200,000), of which Tetra shall invest 50%, or an amount of one million, six hundred thousand (1,600,000) Saudi Riyals, whichever is less, in marketing activities.

It should be noted that the Company has the right to terminate the Agreement without cause at any time, upon a written notice of fifteen (15) days. This agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts in Riyadh, the Kingdom of Saudi Arabia.

10.5.10 Shareholders' Agreements

1- Shareholders' Agreement with Leha Agriculture

The Company concluded a shareholders' agreement with Leha Agriculture on 08/07/1444H (corresponding to 30/01/2023G), whereby the two parties shall establish a joint venture under the name "Al-Taqawi National Company for Agricultural Production" for the import and production of all kinds of seed potatoes, as well as the sale and export thereof as tubers using pneumatic and other techniques. The Agreement shall enter into effect five (5) business days after the last of the conditions for incorporation is met and Al-Taqawi National Company for Agricultural Production is incorporated, i.e., on 17/08/1444H (corresponding to 09/03/2023G) (for further information regarding Al-Taqawi National Company for Agricultural Production on, please refer to Section 10.3 "**Subsidiaries**" of this Prospectus). The Agreement shall remain valid for the term of Al-Taqawi National Company for Agricultural Production, i.e., for a period of ninety-nine (99) years from the date of the incorporation thereof, and may be renewed by a resolution of the General Assembly. The Agreement grants the Company the right to appoint three (3) directors, while Leha Agriculture has the right to appoint (2) directors. The Agreement stipulates that no dividends will be distributed before the end of the fourth financial year of Al-Taqawi National Company for Agricultural Production. The parties may not transfer their shares in Al-Taqawi National Company for Agricultural Production within three (3) years from the date of its establishment.

The initial capital of Al-Taqawi National Company for Agricultural Production is five million Saudi Riyals (SAR 5,000,000), divided as follows:

- The Company owns 51% of the capital of Al-Taqawi National Company for Agricultural Production, with a total capital of two million and five hundred and fifty thousand Saudi Riyals (SAR 2,550,000); and
- Leha Agriculture owns 49% of the capital of Al-Taqawi National Company for Agricultural Production, with a total capital of two million, four hundred and fifty thousand Saudi Riyals (SAR 2,450,000).

The Agreement stipulates that neither party may enter into negotiations, directly or indirectly, without the prior written consent of the other party, or engage in business or activities that compete, directly or indirectly, with the business of Al-Taqawi National Company for Agricultural Production (which is the activity of importing and producing all types of potato seeds, selling and exporting them by tubers using aerobic and other technologies). This non-compete clause shall remain in effect for a period of two (2) years following the full sale of the shares by either party. Additionally, any of the parties may compete with the business of Al-Taqawi National Company for Agricultural Production for any type of potato seeds as long as it does not fall within the scope of Al-Taqawi National Company for Agricultural Production's business, provided that the other party is notified of such intent to compete. Al-Taqawi National Company for Agricultural Production must submit this within thirty (30) days to its general assembly to decide on the type of potato seeds to be produced by Al-Taqawi National Company for Agricultural Production, and in the absence of a decision within thirty (30) days, the relevant party may continue the production.

This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the competent courts of the Kingdom.

10.6 Material Agreements with Related Parties

Transactions payable to Related Parties amounted to two million, two hundred and seventy-seven thousand, three hundred and thirty-three Saudi Riyals (SAR 2,277,333), six million, two hundred and forty-two thousand, seven hundred and fifty Saudi Riyals (SAR 6,242,750) and eleven million, two hundred and sixty-six thousand and one hundred and nine Saudi Riyals (SAR 11,266,109) for the financial years ended 31 December 2020G, 2021G and 2022G, respectively. Meanwhile, receivables due from Related Parties amounted to nil (SAR 0), twenty-six million, forty-eight thousand, three hundred and forty-six Saudi Riyals (SAR 26,048,346) and ninety-three thousand, one hundred and sixty-eight Saudi Riyals (SAR 93,168) for the financial years ended 31 December 2020G, 2021G and 2022G, respectively. This section provides a summary of the material agreements with the Directors, which the Directors believe to be material with respect to the Company's business or which may affect Investors' decisions to subscribe for the Rights Shares. The summary of the agreements and contracts referred to below does not cover all of the terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements.

The Directors confirm that none of the agreements with Related Parties described in this section include any preferential terms and that all such agreements have been concluded in accordance with the laws and regulations and on appropriate and fair commercial bases. Except as mentioned in this section of the Prospectus, the Directors declare that the Company is not bound by any transactions, agreements, commercial relations or real estate deals with another Related Party.

The Directors also declare they will comply with Article 72 of the Companies Law and the provisions of Article 46 of the CGRs issued by the CMA with regard to agreements with Related Parties.

Table (10.4): Details of Agreements and Transactions with Related Parties in which the Company's Directors and Executive Management have an Interest as of 31 December 2022G

#	Agreement/Transaction	Transaction Value as of 31 December 2022G (SAR)	Interested Board Member or Executive Management Member	Type of Interest	Cause of Interest
1-	Purchase of plastics from Saudi Plastic Packaging Systems	SAR 28,217,191	Saleh bin Hassan Al-Afaleq (former Director, whose membership ended on 08/04/1444H (corresponding to 04/10/2022G))	Indirect interest	Former Company Director Saleh bin Hassan Al-Afaleq is a director of Takween Advanced Industries, which owns Saudi Plastic Packaging Systems.
2-	Purchase of packaging materials from Al-Kifah Holding Company	SAR 8,933,912	Saleh bin Hassan Al-Afaleq (former Director, whose membership ended on 08/04/1444H (corresponding to 04/10/2022G))	Indirect interest	Former Company Director Saleh bin Hassan Al-Afaleq is a director of Al-Kifah Holding Company.
3-	Purchase of plastics from Al Sharq Plastic Industries Ltd.	SAR 7,182,693	Saleh bin Hassan Al-Afaleq (former Director, whose membership ended on 08/04/1444H (corresponding to 04/10/2022G))	Indirect interest	Former Company Director Saleh bin Hassan Al-Afaleq is a director of Takween Advanced Industries, which owns Al Sharq Plastic Industries Ltd.
4-	Technical services provided to the Food Security Holding Company	SAR 5,808,465	Badr bin Abdulrahman Al Sayari (representative of Sulaiman bin Abdulaziz Al Rajhi Holding Company)	Indirect interest	The Director Badr bin Abdulrahman Al Sayari is a member of the alliance that established the Food Security Holding Company.
5-	Purchase of olive oil from the National Agricultural Holding Company	SAR 7,821,290	Badr bin Abdulrahman Al Sayari (representative of Sulaiman bin Abdulaziz Al Rajhi Holding Company)	Indirect interest	The Director Badr bin Abdulrahman Al Sayari is also a director of the National Agricultural Holding Company.
6-	Sale of olive oil to the National Agricultural Holding Company	SAR 383,988	Badr bin Abdulrahman Al Sayari (representative of Sulaiman bin Abdulaziz Al Rajhi Holding Company)	Indirect interest	The Director Badr bin Abdulrahman Al Sayari is also a director of the National Agricultural Holding Company.

Source: The Company

10.7 Financing Agreements

The Company has entered into ten (10) key financing agreements with Riyad Bank, Saudi Awwal Bank, the Agricultural Development Fund, Arab National Bank and Al Rajhi Bank. The following provides a summary of the financing agreements concluded by the Company:

10.7.1 First Facility Agreement with Riyad Bank dated 25/08/1442H (corresponding to 07/04/2021G)

Table (10.5): First Facility Agreement with Riyad Bank dated 25/08/1442H (corresponding to 07/04/2021G)

Parties	Riyad Bank and The Company.
Date	25/08/1442H (corresponding to 07/04/2021G).
Type of Financing	• A direct loan of SAR 300,000,000. • Tawarruq of SAR 142,500,000. • Tawarruq of SAR 100,000,000. • Tawarruq of SAR 300,000,000. • A letter of guarantee of SAR 100,000,000.
Total Financing Amount	• SAR 300,000,000.
Term	12/11/1449H (corresponding to 07/04/2028G).
Guarantees	Riyad Bank may request guarantees at any time and has the right to use all the Company's accounts with Riyad Bank as collateral.
Purpose	Operational expenses.
Summary of Key Terms and Obligations	The Company shall obtain prior written approval from Riyad Bank regarding any changes in ownership. The Company may not sell or mortgage any of its assets without the prior written approval of Riyad Bank until all dues under the Agreement have been paid in full.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach of any of the obligations stipulated under the Agreement. • A breach of any of the guarantees provided by the Company. • Any inaccuracies in the guarantees or information provided by the Company or its guarantors to Riyad Bank. • A breach by any of the guarantors of their obligations under the Agreement. • A breach by the Company or any of its Subsidiaries of any of their obligations under any other financing agreements. • A breach by the Company of any of its Subsidiaries' obligations that could affect any guarantee provided by them to any other bank. • Any change in the control or management of the Company, its Subsidiaries, or the guarantors without the prior written consent of Riyad Bank. • Subjection of the Company, its Subsidiaries or the guarantor to a court judgment that Riyad Bank considers will adversely affect compliance with the obligations hereunder. • The liquidation, bankruptcy or insolvency of the Company, its guarantor or any of its Subsidiaries.
Acceleration of Payment	Upon the occurrence of any of the following events, all amounts shall become immediately due and payable by the Company: • Failure to pay any amount due under the Agreement within seven days of the due date, or any breach of the guarantees or obligations under the Agreement. • Any judicial proceedings that lead to the liquidation of the Company. • If the Company notifies Riyad Bank of its intention to cease its activities or if the Company is unable to perform its obligations towards third parties. • If the Company does not pay any financial dues after being duly notified thereof, unless the Company provides a guarantor acceptable to Riyad Bank.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts.

Source: The Company

The Company submitted a letter dated 22/11/1444H (corresponding to 11/06/2023G) notifying Riyad Bank of the Offering which will result in a change in the Company's ownership structure, and Riyad Bank submitted its consent thereto.

10.7.2 Second Facility Agreement with Riyad Bank dated 25/08/1442H (corresponding to 07/04/2021G)

Table (10.6): Second Facility Agreement with Riyad Bank dated 25/08/1442H (corresponding to 07/04/2021G)

Parties	Riyad Bank and The Company.
Date	25/08/1442H (corresponding to 07/04/2021G).
Type of Financing	Tawarruq of SAR 300,000,000.
Total Financing Amount	SAR 300,000,000.
Term	28/09/1445H (corresponding to 07/04/2024G).
Guarantees	Riyad Bank may request guarantees at any time and has the right to use all the Company's accounts with Riyad Bank as collateral.
Purpose	Operational expenses.
Summary of Key Terms and Obligations	The Company shall obtain prior written approval from Riyad Bank regarding any changes in ownership. The Company may not sell or mortgage any of its assets without the prior written approval of Riyad Bank until all dues under the Agreement have been paid in full.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach of any of the obligations stipulated under the Agreement. • A breach of any of the guarantees provided by the Company. • Any inaccuracies in the guarantees or information provided by the Company or its guarantors to Riyad Bank. • A breach by any of the guarantors of their obligations under the Agreement. • A breach by the Company or any of its Subsidiaries of any of their obligations under any other financing agreements. • A breach by the Company of any of its Subsidiaries' obligations that could affect any guarantee provided by them to any other bank. • Any change in the control or management of the Company, its Subsidiaries, or the guarantors without the prior written consent of Riyad Bank. • Subjection of the Company, its Subsidiaries or the guarantor to a court judgment that Riyad Bank considers will adversely affect compliance with the obligations hereunder. • The liquidation or bankruptcy of the Company, its guarantor or any of its Subsidiaries.
Acceleration of Payment	Upon the occurrence of any of the following events, all amounts shall become immediately due and payable by the Company: • Failure to pay any amount due under the Agreement within seven days of the due date, or any breach of the guarantees or obligations under the Agreement. • Any judicial proceedings that lead to the liquidation of the Company. • If the Company notifies Riyad Bank of its intention to cease its activities or if the Company is unable to perform its obligations towards third parties. • If the Company does not pay any financial dues after being duly notified thereof, unless the Company provides a guarantor acceptable to Riyad Bank.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts.

Source: The Company

The Company submitted a letter dated 22/11/1444H (corresponding to 11/06/2023G) notifying Riyad Bank of the Offering which will result in a change in the Company's ownership structure, and Riyad Bank submitted its consent thereto.

10.7.3 Third Facility Agreement with Riyad Bank dated 25/08/1442H (corresponding to 07/04/2021G)

Table (10.7): Third Facility Agreement with Riyad Bank dated 25/08/1442H (corresponding to 07/04/2021G)

Parties	Riyad Bank and The Company.
Date	25/08/1442H (corresponding to 07/04/2021G).
Type of Financing	A direct loan of SAR 40,000,000.
Total Financing Amount	SAR 40,000,000.
Term	28/09/1445H (corresponding to 07/04/2024G).
Guarantees	Riyad Bank may request guarantees at any time and has the right to use all the Company's accounts with Riyad Bank as collateral.
Purpose	Operational expenses.
Summary of Key Terms and Obligations	The Company shall obtain prior written approval from Riyad Bank regarding any changes in ownership. The Company may not sell or mortgage any of its assets without the prior written approval of Riyad Bank until all dues under the Agreement have been paid in full.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach of any of the obligations stipulated under the Agreement. • A breach of any of the guarantees provided by the Company. • Any inaccuracies in the guarantees or information provided by the Company or its guarantors to Riyad Bank. • A breach by any of the guarantors of their obligations under the Agreement. • A breach by the Company or any of its Subsidiaries of any of their obligations under any other financing agreements. • A breach by the Company of any of its Subsidiaries' obligations that could affect any guarantee provided by them to any other bank. • Any change in the control or management of the Company, its Subsidiaries, or the guarantors without the prior written consent of Riyad Bank. • Subjection of the Company, its Subsidiaries or the guarantor to a court judgment that Riyad Bank considers will adversely affect compliance with the obligations hereunder. • The liquidation or bankruptcy of the Company, its guarantor or any of its Subsidiaries.
Acceleration of Payment	Upon the occurrence of any of the following events, all amounts shall become immediately due and payable by the Company: • Failure to pay any amount due under the Agreement within seven days of the due date, or any breach of the guarantees or obligations under the Agreement. • Any judicial proceedings that lead to the liquidation of the Company. • If the Company notifies Riyad Bank of its intention to cease its activities or if the Company is unable to perform its obligations towards third parties. • If the Company does not pay any financial dues after being duly notified thereof, unless the Company provides a guarantor acceptable to Riyad Bank.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts.

Source: The Company

The Company submitted a letter dated 22/11/1444H (corresponding to 11/06/2023G) notifying Riyad Bank of the Offering which will result in a change in the Company's ownership structure, and Riyad Bank submitted its consent thereto.

10.7.4 Fourth Facility Agreement with Riyad Bank dated 06/07/1437H (corresponding to 13/04/2016G)

Table (10.8): Fourth Facility Agreement with Riyad Bank dated 06/07/1437H (corresponding to 13/04/2016G)

Parties	Riyad Bank and The Company.
Date	06/07/1437H (corresponding to 13/04/2016G)
Type of Financing	• Tawarruq of SAR 142,500,000.
Total Financing Amount	• SAR 142,500,000.
Term	12/11/1449H (corresponding to 07/04/2028G).
Guarantees	Riyad Bank may request guarantees at any time and has the right to use all the Company's accounts with Riyad Bank as collateral.
Purpose	Operational expenses.
Summary of Key Terms and Obligations	The Company shall obtain prior written approval from Riyad Bank regarding any changes in ownership. The Company may not sell or mortgage any of its assets without the prior written approval of Riyad Bank until all dues under the Agreement have been paid in full.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach of any of the obligations stipulated under the Agreement. • A breach of any of the guarantees provided by the Company. • Any inaccuracies in the guarantees or information provided by the Company or its guarantors to Riyad Bank. • A breach by any of the guarantors of their obligations under the Agreement. • A breach by the Company or any of its Subsidiaries of any of their obligations under any other financing agreements. • A breach by the Company of any of its Subsidiaries' obligations that could affect any guarantee provided by them to any other bank. • Any change in the control or management of the Company, its Subsidiaries, or the guarantors without the prior written consent of Riyad Bank. • Subjection of the Company, its Subsidiaries or the guarantor to a court judgment that Riyad Bank considers will adversely affect compliance with the obligations hereunder. • The liquidation, bankruptcy or insolvency of the Company, its guarantor or any of its Subsidiaries.
Acceleration of Payment	Upon the occurrence of any of the following events, all amounts shall become immediately due and payable by the Company: • Failure to pay any amount due under the Agreement within seven days of the due date, or any breach of the guarantees or obligations under the Agreement. • Any judicial proceedings that lead to the liquidation of the Company. • If the Company notifies Riyad Bank of its intention to cease its activities or if the Company is unable to perform its obligations towards third parties. • If the Company does not pay any financial dues after being duly notified thereof, unless the Company provides a guarantor acceptable to Riyad Bank.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts.

Source: The Company

The Company submitted a letter dated 28/01/1445H (corresponding to 15/08/2023G) notifying Riyad Bank of the Offering which will result in a change in the Company's ownership structure, and Riyad Bank submitted its consent thereto.

10.7.5 Fifth Facility Agreement with Riyad Bank dated 20/10/1440H (corresponding to 30/09/2018G)

Table (10.9): Fifth Facility Agreement with Riyad Bank dated 20/10/1440H (corresponding to 30/09/2018G)

Parties	Riyad Bank and The Company.
Date	20/10/1440H (corresponding to 30/09/2018G).
Type of Financing	• Tawarruq of SAR 100,000,000.
Total Financing Amount	• SAR 100,000,000.
Term	12/11/1449H (corresponding to 07/04/2028G).
Guarantees	Riyad Bank may request guarantees at any time and has the right to use all the Company's accounts with Riyad Bank as collateral.
Purpose	Operational expenses.
Summary of Key Terms and Obligations	The Company shall obtain prior written approval from Riyad Bank regarding any changes in ownership. The Company may not sell or mortgage any of its assets without the prior written approval of Riyad Bank until all dues under the Agreement have been paid in full.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach of any of the obligations stipulated under the Agreement. • A breach of any of the guarantees provided by the Company. • Any inaccuracies in the guarantees or information provided by the Company or its guarantors to Riyad Bank. • A breach by any of the guarantors of their obligations under the Agreement. • A breach by the Company or any of its Subsidiaries of any of their obligations under any other financing agreements. • A breach by the Company of any of its Subsidiaries' obligations that could affect any guarantee provided by them to any other bank. • Any change in the control or management of the Company, its Subsidiaries, or the guarantors without the prior written consent of Riyad Bank. • Subjection of the Company, its Subsidiaries or the guarantor to a court judgment that Riyad Bank considers will adversely affect compliance with the obligations hereunder. • The liquidation, bankruptcy or insolvency of the Company, its guarantor or any of its Subsidiaries.
Acceleration of Payment	Upon the occurrence of any of the following events, all amounts shall become immediately due and payable by the Company: • Failure to pay any amount due under the Agreement within seven days of the due date, or any breach of the guarantees or obligations under the Agreement. • Any judicial proceedings that lead to the liquidation of the Company. • If the Company notifies Riyad Bank of its intention to cease its activities or if the Company is unable to perform its obligations towards third parties. • If the Company does not pay any financial dues after being duly notified thereof, unless the Company provides a guarantor acceptable to Riyad Bank.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts.

Source: The Company

The Company submitted a letter dated 28/01/1445H (corresponding to 15/08/2023G) notifying Riyad Bank of the Offering which will result in a change in the Company's ownership structure, and Riyad Bank submitted its consent thereto.

10.7.6 Sixth Facility Agreement with Riyad Bank dated 09/07/1441H (corresponding to 04/03/2020G)

Table (10.10): Sixth Facility Agreement with Riyad Bank dated 09/07/1441H (corresponding to 04/03/2020G)

Parties	Riyad Bank and The Company.
Date	09/07/1441H (corresponding to 04/03/2020G)
Type of Financing	• Tawarruq of SAR 100,000,000.
Total Financing Amount	• SAR 100,000,000.
Term	28/09/1445H (corresponding to 07/04/2024G).
Guarantees	Riyad Bank may request guarantees at any time and has the right to use all the Company's accounts with Riyad Bank as collateral.
Purpose	Operational expenses.
Summary of Key Terms and Obligations	The Company shall obtain prior written approval from Riyad Bank regarding any changes in ownership. The Company may not sell or mortgage any of its assets without the prior written approval of Riyad Bank until all dues under the Agreement have been paid in full.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach of any of the obligations stipulated under the Agreement. • A breach of any of the guarantees provided by the Company. • Any inaccuracies in the guarantees or information provided by the Company or its guarantors to Riyad Bank. • A breach by any of the guarantors of their obligations under the Agreement. • A breach by the Company or any of its Subsidiaries of any of their obligations under any other financing agreements. • A breach by the Company of any of its Subsidiaries' obligations that could affect any guarantee provided by them to any other bank. • Any change in the control or management of the Company, its Subsidiaries, or the guarantors without the prior written consent of Riyad Bank. • Subjection of the Company, its Subsidiaries or the guarantor to a court judgment that Riyad Bank considers will adversely affect compliance with the obligations hereunder. • The liquidation, bankruptcy or insolvency of the Company, its guarantor or any of its Subsidiaries.
Acceleration of Payment	Upon the occurrence of any of the following events, all amounts shall become immediately due and payable by the Company: • Failure to pay any amount due under the Agreement within seven days of the due date, or any breach of the guarantees or obligations under the Agreement. • Any judicial proceedings that lead to the liquidation of the Company. • If the Company notifies Riyad Bank of its intention to cease its activities or if the Company is unable to perform its obligations towards third parties. • If the Company does not pay any financial dues after being duly notified thereof, unless the Company provides a guarantor acceptable to Riyad Bank.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts.

Source: The Company

The Company submitted a letter dated 28/01/1445H (corresponding to 15/08/2023G) notifying Riyad Bank of the Offering which will result in a change in the Company's ownership structure, and Riyad Bank submitted its consent thereto.

10.7.7 Facility Agreement with Saudi Awwal Bank dated 19/01/1444H (corresponding to 17/08/2022G)

Table (10.11): Facility Agreement with Saudi Awwal Bank dated 19/01/1444H (corresponding to 17/08/2022G)

Parties	Saudi Awwal Bank and The Company.
Date	19/01/1444H (corresponding to 17/08/2022G).
Type of Financing	• Short-term financing facilities (Tawarruq) of SAR 250,000,000. • A letter of credit of SAR 250,000,000. • A shipping guarantee of SAR 250,000,000. • Import financing facilities (Tawarruq/Murabaha) of SAR 312,500,000. • Letter of guarantee facilities of SAR 25,000,000. • Letter of guarantee facilities of SAR 25,000,000. • Letter of guarantee facilities of SAR 10,000,000. • Term financing facilities (Tawarruq) of SAR 266,666,666.65. • Term financing facilities (Tawarruq) of SAR 190,476,190.50. • Hedging facilities of SAR 750,000. • A credit card with a limit of SAR 2,000,000.
Total Financing Amount	SAR 693,226,189.80.
Term	• 13/01/1445H (corresponding to 31/07/2023G) for all facilities. • 27/10/1447H (corresponding to 15/04/2026G) for financing of SAR 266,666,666.65. • 02/05/1448H (corresponding to 13/10/2026G) for financing of SAR 190,476,190.50.
Guarantees	A promissory note of SAR 693,226,190. The resolution of the Company's Board of Directors accepting the facilities and authorizing the individuals to sign the documentation. The plot located in Al Sulay district, Riyadh, with Deed No. 12/2095 (for further information regarding the real estate of the Company, please refer to Section 10.8.1 "**Real Estate Owned by the Company**" of this Prospectus).
Purpose	• Short-term financing facilities (Tawarruq) for meeting working capital requirements/purchasing goods. • Letter of credit for the import or purchase of local commodities. • Shipping guarantee for the issuance of shipping guarantees. • Import financing facilities (Tawarruq / Murabaha) to finance payment obligations in respect of the import supplier's letter of credit related to import invoices. • Letter of guarantee facilities for the issuance of bid/performance bonds and advance payment bonds. • Term financing facilities to guarantee current short-term financing with various banks. • Hedging facilities to enter into Sharia-compliant foreign exchange contracts. • A credit card for the Company's business use.
Summary of Key Terms and Obligations	• The EBITDA to debt service ratio must not fall below 1:1. • The total liabilities to tangible net worth ratio must not exceed 2:50:1 for each period. • The minimum tangible net worth must be in excess of SAR 1,200,000,000 at all times.
Events of Default	N/A
Acceleration of Payment	N/A
Jurisdiction	N/A

Source: The Company

10.7.8 Facility Agreement with the Agricultural Development Fund dated 06/08/1444H (corresponding to 26/02/2023G)

Table (10.12): Facility Agreement with the Agricultural Development Fund dated 06/08/1444H (corresponding to 26/02/2023G)

Parties	The Agricultural Development Fund and The Company.
Date	06/08/1444H (corresponding to 26/02/2023G).
Type of Financing	A loan of SAR 148,087,500.
Total Financing Amount	SAR 148,087,500.
Term	08/11/1444H (corresponding to 28/05/2023G).
Guarantees	Pledge of Company inventory valued at SAR 296,175,000.
Purpose	Purchase of maize and soybeans.
Summary of Key Terms and Obligations	N/A
Events of Default	N/A
Acceleration of Payment	All amounts shall become immediately payable and due if the Company: • Breaches any of the provisions of the Agreement. • Fails to make payment of any amounts when they fall due. • Uses the loans provided for purposes other than those for which were granted. • Provides inaccurate or false information to obtain the loan. • Fails to maintain the securities provided. • Breaches of any of its undertakings.
Jurisdiction	N/A

10.7.9 Facility Agreement with Arab National Bank dated 23/01/1440H (corresponding to 03/10/2018G)

Table (10.13): Facility Agreement with Arab National Bank dated 23/01/1440H (corresponding to 03/10/2018G)

Parties	Arab National Bank and The Company.
Date	23/01/1440H (corresponding to 03/10/2018G).
Type of Financing	• Revolving joint facilities of SAR 75,000,000. - Documentary credits at sight and deferred, with a limit of SAR 75,000,000. - Financing credits/collection bills with a limit of SAR 75,000,000. - Short-term Tawarruq financing with a limit of SAR 75,000,000. • Short-term revolving Tawarruq financing with a limit of SAR 50,000,000. • Islamic letters of guarantee with a limit of SAR 10,000,000. • Foreign exchange contracts with a limit of SAR 15,000,000.
Total Financing Amount	Credit facilities of SAR 75,000,000.
Term	12/12/1444H (corresponding to 30/06/2023G).
Guarantees	A promissory note in the amount of SAR 75,000,000 and any other guarantees required by the Arab National Bank.
Purpose	• Documentary credits at sight and deferred through the issuance of certain letters of credit in favor of beneficiaries acceptable to the bank, in order to import goods and finance working capital. • Financing credits/collection bills to finance imports under documentary credits and guaranteed collection bills open to the bank. • Short-term Tawarruq financing to finance invoices approved and accepted by the Arab National Bank. • Short-term revolving Tawarruq financing to finance working capital. • Islamic letters of guarantee for the issuance of letters of guarantee for the benefit of the beneficiaries of the Arab National Bank. • Foreign exchange contracts for prevention and hedging against the risks of currency fluctuations.

Summary of Key Terms and Obligations	The Company hereby undertakes that for the term of these facilities and as long as there is an outstanding amount to be paid, it will: • Maintain its financial, administrative and legal status and ownership, and not change its activity as of the date of this Agreement, as well as conduct its business in accordance with all applicable laws, instructions, approvals, agreements and obligations. • Not issue or approve the issuance of new shares or quotas, or grant options, guarantees or the right to subscribe for any additional shares in the Company's capital to any person other than an existing Shareholder or partner in the Company. • Not merge with another entity or take any steps towards the dissolution of the Company. • Not announce or pay any profits or dividends to Shareholders or extend any loans to Shareholders in the event of a breach. • Not create or permit the creation of any encumbrances on all or any part of its assets that are not permissible encumbrances. • Not expose itself to incurring any financial indebtedness other than the permissible encumbrances, or incur any other financial encumbrances except in the course of its ordinary business. • Not guarantee or become in any way directly, indirectly or contingently liable for any loss, damage or expense arising from non-payment of any debt or obligation.
Events of Default	Events of default shall constitute the occurrence of any of the following events by the Company which would grant the Company the right to accelerate payment and/or to terminate this Agreement: • Failure to pay any amounts owed under the Agreement when they fall due. • A breach by the Company or any of the guarantors of any of the obligations stipulated in the Agreement or any other facility agreement, if such breach is not remedied within seven days of the Arab National Bank becoming aware thereof or the Company's receipt of notice to remedy such breach, whichever is earlier. • Any inaccuracy or invalidity of representations, guarantees or data provided by the Company or its guarantors to the Arab National Bank. • Any indebtedness that becomes payable or is considered accelerated before its due date. • Seizure by any creditor of all or part of the Company's business, assets or property, or the execution of a legal attachment or any other legal action against the Company. • The filing of any petition, the initiation of any procedure, the issuance of any order, award or notice of a meeting for the purpose of the issuance of any award or any other measure liquidating the Company or declaring its bankruptcy or insolvency. • The Company ceases to pay its debts to its creditors or to any class of its creditors or becomes unable to pay its debts. • The bankruptcy, death or incapacity of any guarantor, or the termination or suspension of any guarantor's obligations under this Agreement or any other facility agreement. • The issuance of any regulation, order or amendment that releases the Company or any guarantor from its obligations under this Agreement or any other facility agreement. • The Company's failure to provide the required information. • Any change in the ownership or control of the Company. • The failure of any of the Company's Subsidiaries to pay all or part of their indebtedness, whether to the Arab National Bank or to others. • The Company mortgages or arranges any mortgage on any of its fixed or movable assets in favor of any other party without the prior written approval of the Arab National Bank.
Acceleration of Payment	The occurrence of any of the events of default constitutes the right to accelerate payment.
Jurisdiction	The Agreement is governed by the laws of the Kingdom and any dispute shall be resolved by the Banking Disputes Committee. However, the Arab National Bank reserves the right to resolve disputes with the competent authorities in the Kingdom or elsewhere.

Source: The Company

The Company submitted a letter dated 22/11/1444H (corresponding to 11/06/2023G) notifying the Arab National Bank of the Offering which will result in a change in the Company's ownership structure, and the Arab National Bank submitted its consent thereto.

10.7.10 Facility Agreement with Al Rajhi Bank dated 20/07/1441H (corresponding to 15/03/2020G)

Table (10.14): Annex to the Facility Agreement with Al Rajhi Bank dated 20/07/1441H (corresponding to 15/03/2020G)

Parties	Al Rajhi Bank and The Company.
Date	20/07/1441H (corresponding to 15/03/2020G)
Type of Financing	• A facility for the purpose of financing capital requirements with a limit of SAR 175,000,000. - Forward sale line facility with a limit of SAR 50,000,000. - Documentary credit facility with a limit of SAR 175,000,000. - Financial guarantees line facility with a limit of SAR 10,000,000. - Commodity trading facility with a limit of SAR 40,000,000. - Import finance facility with a limit of SAR 175,000,000. • A working capital financing facility with a limit of SAR 125,000,000. - Supplier financing facility with a limit of SAR 125,000,000. • A facility for the purpose of financing working capital with a limit of SAR 400,000,000. • Forward sale line facility with a limit of SAR 400,000,000.
Total Financing Amount	SAR 175,000,000
Term	29/12/1444H (corresponding to 17/07/2023G)
Guarantees	N/A
Purpose	• Forward sale line facility for the purpose of financing working capital. • Documentary credit facility for the purpose of financing working capital. • Guarantee facility for the purpose of financing working capital. • Commodity trading facility for the sale and purchase of currencies for the purpose of supporting the Company's currency exchange requirements. • Import finance facility for the purpose of financing working capital and import financing. • Supplier financing facility for the purpose of financing working capital. • Forward sale line facility to repay the Company's obligations with other banks.
Summary of Key Terms and Obligations	• The Company guarantees that no member of the Company Group will issue New Shares or amend any rights associated with their issued shares without the prior written consent of Al Rajhi Bank. • The Company guarantees that no member of the Company Group shall pay, declare or distribute any dividends or any other distributions without the prior written consent of Al Rajhi Bank. • The Company shall not make any change in the ownership or capital of the Company or the guarantor without the prior written consent of Al Rajhi Bank. • The Company shall not guarantee any indebtedness or compensation or obtain any loans or grants (other than in the ordinary course of its business) without the prior written consent of Al Rajhi Bank. • The Company guarantees that no member of the Group shall create a financial restriction on any of the proceeds or assets. • The Company must maintain a debt service ratio of at least 1.1x throughout the financing period. • The Company must maintain a debt service ratio of at least 2.5x throughout the financing period.
Events of Default	The Company's breach of any of its undertakings, guarantees or obligations grant Al Rajhi Bank the right to terminate the Agreement and accelerate payment.
Acceleration of Payment	The Company's breach of any of its undertakings, guarantees or obligations grant Al Rajhi Bank the right to terminate the Agreement and accelerate payment.
Jurisdiction	This Agreement is governed by the laws of the Kingdom. Any dispute arising out of or in connection with this Agreement shall be resolved by the Saudi courts in the city of Riyadh.

Source: The Company

The Company submitted a letter dated 22/11/1444H (corresponding to 11/06/2023G) notifying Al Rajhi Bank of the Offering which will result in a change in the Company's ownership structure, and Al Rajhi Bank submitted its consent thereto.

10.8 Real Estate

10.8.1 Real Estate Owned by the Company

The following table shows the details of the real estate owned by the Company:

Table (10.15): Real Estate Owned by the Company

#	Deed No. and Date	Owner	Location	Purpose	Area (sqm)	Mortgage Status
The Kingdom						
1-	744304992708 dated 29/03/1443H (corresponding to 04/11/2021G)	The Company	Plot No. 2732 located in Busaytah, Al Jouf	Undertaking agribusiness	72,000,000	Not mortgaged
2-	912604002692 dated 06/02/1443H (corresponding to 13/09/2021G)	The Company	Plot No. 3 of Plan No. 249 located in Kamda village in Wadi Al Dawaser Governorate	Undertaking agribusiness	9,209.64	Not mortgaged
3-	312604002693 dated 06/02/1443H (corresponding to 13/09/2021G)	The Company	Plot No. 4 of Plan No. 249 located in Kamda village in Wadi Al Dawaser Governorate	Undertaking agribusiness	7,246,720	Not mortgaged
4-	212604002694 dated 06/02/1443H (corresponding to 13/09/2021G)	The Company	Plot No. 1 of Plan No. 249 located in Kamda village in Wadi Al Dawaser Governorate	Undertaking agribusiness	48,759,420	Not mortgaged
5-	312604002691 dated 06/02/1443H (corresponding to 13/09/2021G)	The Company	Plot No. 2 of Plan No. 249 located in Kamda village in Wadi Al Dawaser Governorate	Undertaking agribusiness	933,239,901	Not mortgaged
6-	242202005589 dated 25/10/1443H (corresponding to 26/05/2022G)	The Company	Plot No. 1 of Plan No. 780 located in Al-Baqaa village in Hail	Undertaking agribusiness	193,082,300	Not mortgaged
7-	361505005854 dated 25/05/1440H (corresponding to 31/01/2019G)	The Company	A plot in the city of Unaizah, Al Qassim	Undertaking agribusiness	19,781	Not mortgaged
8-	210106060677 dated 29/05/1440H (corresponding to 04/02/2019G)	The Company	A plot of Plan No. 1392 located in Riyadh	Undertaking commercial business	6,737	Not mortgaged
9-	372720009401 dated 16/05/1442H (corresponding to 31/12/2020G)	The Company	Plot No. 13 of Plan No. 2/P/832/1428 located in Waddah Valley in Khamis Mushait	The Company's product distribution center	10,000	Not mortgaged
10-	32023000319 dated 02/08/1442H (corresponding to 15/03/2021G)	The Company	Plot No. 220 of Plan No. B/238 located in Al Muntazahat district, Jeddah	The Company's product distribution center	2,637.5	Not mortgaged
11-	320241000378 dated 04/08/1442H (corresponding to 17/03/2021G)	The Company	Plot No. 219 of Plan No. B/238 located in Al Muntazahat district, Jeddah	The Company's product distribution center	2,250	Not mortgaged
12-	820241000259 dated 03/08/1442H (corresponding to 16/03/2021G)	The Company	Plot No. 211 of Plan No. B/238 located in Al Muntazahat district, Jeddah	The Company's product distribution center	2,115	Not mortgaged
13-	420240000241 dated 18/07/1442H (corresponding to 02/03/2021G)	The Company	Plot No. 212 of Plan No. B/238 located in Al Muntazahat district, Jeddah	The Company's product distribution center	2,478.5	Not mortgaged
14-	371710009401 dated 16/05/1442H (corresponding to 31/12/2020G)	The Company	Plot No. 13 of Plan No. 2/P/832/1428 located in Waddah Valley in Khamis Mushait	The Company's product distribution center	10,000	Not mortgaged
15-	342111009346 dated 19/05/1442H (corresponding to 03/01/2021G)	The Company	Plot No. 196 of Plan No. 702 located in Al-Suwaifila district in Hail	The Company's product distribution center	437.5	Not mortgaged

#	Deed No. and Date	Owner	Location	Purpose	Area (sqm)	Mortgage Status
16-	08/2195 dated 15/06/1406H (corresponding to 19/02/1986G)*	The Company	Plot No. 149/E located in Al Kharj	Unspecified	30,000	Not mortgaged
17-	12/2095 dated 27/07/1414H (corresponding to 10/01/1994G)*	The Company	Plot No. 8 of Plan No. 1391 located in Al Sulay district in Riyadh	The Company's product distribution center	17,043	Mortgaged in favor of Saudi Awwal Bank
UAE						
18-	5018 dated 21/07/1433H (corresponding to 12/06/2021G)	The Company	Plot located in Industrial Area No. 17 in the city of Sharjah	Undertaking commercial business	3,657.6	Not mortgaged
19-	2015/208721 dated 19/06/1436H (corresponding to 08/04/2015G)	The Company	Office on Plot No. 183 located in Al Barsha South 3 in the city of Dubai	Undertaking commercial business	84.15	Not mortgaged
20-	2015/208709 dated 19/06/1436H (corresponding to 08/04/2015G)	The Company	Office on Plot No. 183 located in Al Barsha South 3 in the city of Dubai	Undertaking commercial business	85.18	Not mortgaged

* The deed has not been registered electronically.

Source: The Company

Except as described above, the Directors confirm that the Company does not own any other real estate.

10.8.2 Real Estate Leased by the Company

The following table shows the details of the real estate leased by the Company:

Table (10.16): Real Estate Leased by the Company

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent Amount (SAR)	Lease Term
The Kingdom						
1-	Ali Mahmoud Ali Al Machot	The Company	11 housing units for laborers in the city of Bisha	14/11/1444H (corresponding to 01/06/2023G)	120,000 per year	Three (3) years
2-	Mohsen Ali Jadaan Al Shammari	The Company	A housing unit for laborers in the city of Arar	26/10/1444H (corresponding to 16/05/2023G)	9,000 for 183 days	183 days
3-	Mohamed Saad Ayed Al Qahtani	The Company	Four (4) housing units for laborers in the city of Jizan	27/11/1443H (corresponding to 26/06/2022G)	300,000 per year	Five (5) years
4-	Yahya Musa Nasser Hussein	The Company	Housing units for laborers in Al Darab in the city of Jizan	15/11/1443H (corresponding to 14/06/2022G)	7,200 per year	One year
5-	Salman Mushabab Salman Al Qahtani	The Company	Eight (8) housing units for laborers in Al-Reith in Jizan	15/11/1443H (corresponding to 14/06/2022G)	6,000 per year	One year
6-	Fatima Abdullah Othman Aqili	The Company	A housing unit for laborers in Farasan in Jizan	17/11/1443H (corresponding to 16/06/2022G)	9,600 per year	One year
7-	Al Dilam Municipality	The Company	Plot No. 7 located in the east of Dilam	04/12/1443H (corresponding to 22/06/2023G)	12,325 per year	Five (5) years

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent Amount (SAR)	Lease Term
8-	Al Dilam Municipality	The Company	Plot No. 8 located in the east of Dilam	04/12/1443H (corresponding to 22/06/2023G)	12,325 per year	Five (5) years
9-	Al Dilam Municipality	The Company	Plot No. 9 located in the east of Dilam	04/12/1443H (corresponding to 22/06/2023G)	11,600 per year	Five (5) years
10-	Al Dilam Municipality	The Company	Plot No. 10 located in the east of Dilam	04/12/1443H (corresponding to 22/06/2023G)	11,962 per year	Five (5) years
11-	Al Jouf Municipality	The Company	Plot No. 667 located in Qurayyat, Al Jouf	28/04/1442H (corresponding to 13/12/2020G)	12,241 per year	Five (5) years
12-	Saleh Daham Ali Al Bujai	The Company	A plot located in Hafar Al-Batin	29/01/1442H (corresponding to 17/09/2020G)	200,000 per year	Ten (10) years
13-	Saad Huwaidi Salem Al Ruwais	The Company	A plot located in Tabuk	06/07/1444H (corresponding to 28/01/2023G)	140,000 per year	One year
14-	Abdullatif Abdulrahman Muhammad Abdullatif	The Company	A commercial unit located in Al Khobar	18/05/1443H (corresponding to 22/12/2021G)	517,500 per two years	Two (2) years
15-	Madinah Municipality	The Company	Eight (8) commercial units located in Madinah	17/06/1443H (corresponding to 20/01/2022G)	111,777.96 per year	Five (5) years
16-	Said Ali Said AL Nasser	The Company	Forty-eight (48) commercial units located in Jizan	08/07/1443H (corresponding to 09/02/2022G)	600,000 per year	Eight (8) years
17-	Mohsen Ali Jadaan Al Shammari	The Company	A unit located in Arar	01/07/1444H (corresponding to 23/01/2023G)	21,600 per year	One year
18-	Maryam Ateeq Rashid Al Dosari	The Company	A unit located in Al Aflaj	12/10/1444H (corresponding to 02/05/2023G)	14,000 per year	One year
19-	Ammash Saad Ammash Al Subaie	The Company	Three (3) units located in Khurmah, Makkah	29/10/1443H (corresponding to 30/05/2022G)	30,000 per year	Six (6) years
20-	Chamber of Commerce - Riyadh	The Company	Unit No. 31 at the Local Products Center in Riyadh	25/10/1444H (corresponding to 15/05/2023G)	70,820.45 per year	One year
21-	Dhafer Khalfa Abdul Rahman Al Shehri	The Company	A unit located in Al Namas, Asir	29/07/1444H (corresponding to 20/02/2023G)	30,000 per year	One year
22-	Saad Abdulaziz Mohamed Al Halil	The Company	Two warehouses located in Al Dilam	06/02/1444H (corresponding to 02/09/2022G)	130,000 per year	One year
23-	Amir Aqil Aniz Al Mutairi	The Company	A warehouse located in Al Majma'ah	28/05/1444H (corresponding to 22/12/2022G)	260,000 for two (2) years	Two (2) years
24-	Hammoud Saleh Mohamed Al Sunaidi	The Company	A warehouse located in Makkah	29/03/1444H (corresponding to 25/10/2022G)	977,500 per year	One year

#	Lessee	Lessor	Location	Effective Date of the Lease	Annual Rent Amount (SAR)	Lease Term
25-	Sarah Nasser Hadi Al Zaibi	The Company	A warehouse located in Nairiyah	15/07/1443H (corresponding to 16/02/2022G)	484,523 for four (4) years	Four (4) years
26-	Hadi Mehdi Hadi Al Yami	The Company	Five (5) warehouses located in Najran	28/05/1443H (corresponding to 01/01/2022G)	80,000 per year	Ten (10) years
27-	Al Quwaiiyah Municipality	The Company	Two warehouses located on plots No. 47 and 45 in Al Quwaiiyah	01/12/1443H (corresponding to 30/06/2022G)	3,750 per year	Five (5) years
28-	Abeer Farhan Mudhahi Al Enezi	The Company	A warehouse located in Sakaka	01/04/1444H (corresponding to 26/10/2022G)	85,000 per year	One year
29-	Abdullah Ali Saleh Al Ghamdi	The Company	A warehouse located in Tabuk	02/06/1444H (corresponding to 26/12/2022G)	207,000 per year	Five (5) years
30-	Ghaleb Abdullah Meshary Al Saadoun	The Company	A warehouse located in Taif	20/04/1444H (corresponding to 14/11/2022G)	150,000 per year	One year
31-	Aqeb Mubashar Awad Al Juhani	The Company	A warehouse located in Yanbu	22/04/1444H (corresponding to 16/11/2022G)	140,844 per year	One year
32-	Ahmed Saeed Kisan Al Zahrani	The Company	A warehouse located in Nawan, Al Baha	08/06/1444H (corresponding to 01/01/2023G)	150,000 per year	One year
UAE						
33-	Ahmed Abdulrahman Ahmed Al Malik	The Company	An apartment in the city of Sharjah	23/08/1444H (corresponding to 15/03/2023G)	AED 16,800 per year, equivalent to SAR 17,161.34	One year
Kuwait						
34-	Abdullatif Abdul Rahman Al Manees	The Company	Unit No. 1 of Plot No. 2 in Al Ardiya district, Kuwait City	05/12/1432H (corresponding to 01/11/2011G)	9,500 Kuwaiti dinars per month, equivalent to SAR 116,044.33	Ten (10) years
35-	Sheikh Khaled Ahmed Mohamed Al Sabah	The Company	Twelve (12) apartments on Plot No. 6 in Al Ardiya district, Kuwait City	06/07/1444H (corresponding to 29/01/2023G)	3,360 Kuwaiti dinars per month, equivalent to SAR 41,043.05	One year
Kingdom of Bahrain						
36-	Mohamed Abdullah Al Duhayan	The Company	Apartments No. 11 and 12 located in the Eastern Riffa district in the Kingdom of Bahrain	13/12/1444H (corresponding to 01/07/2023G)	320 Bahraini dinars per month, equivalent to SAR 3,189.40	One year
37-	Zainab Al Saeed Mohamed Reza Qahri	The Company	Nine (9) apartments located in Building No. 646 located in Nuwaidrat village in the Kingdom of Bahrain	29/08/1443H (corresponding to 01/04/2022G)	1,575 Bahraini dinars per month, equivalent to SAR 15,697.82	Two (2) years
Republic of Sudan						
38-	Jerah Alsheikh	The Company	Agricultural plot located in the city of Khartoum	26/06/1442H (corresponding to 08/02/2021G)	60,000 SDG per month, equivalent to SAR 374	Twenty five (25) years

Source: The Company

Table of Content >

10.9 Intangible Assets

The Company has registered a number of trademarks in the Kingdom, the UAE, the Kingdom of Bahrain, the State of Kuwait, the Hashemite Kingdom of Jordan, the Republic of Iraq, the Republic of Djibouti, the Republic of Yemen, the Islamic Republic of Pakistan, the Sultanate of Oman, the Syrian Republic, the Arab Republic of Egypt, the State of Palestine, the State of Libya, the Kingdom of Morocco, the Republic of Turkey, the State of Qatar, the Republic of Tunisia, the Republic of Lebanon and the Republic of Sudan. To operate its business and market its services, the Company relies on its trademarks. Therefore, if the Company fails to protect its trademarks or has to take the necessary legal action to protect such trademarks, this may adversely and materially affect its ability to use them, which would affect its business and the results of its operations (for further information regarding the relevant risks, please refer to Section 2.1 "**Risks related to the Company's Business**" of this Prospectus). The following table shows the key particulars of the Company's trademarks:

Table (10.17): Key Particulars of the Company's Registered Trademarks

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
The Kingdom							
1-	نادك nadec	The Kingdom	The Company	143212252	26/11/1442H (corresponding to 06/07/2021G)	25/11/1452H (corresponding to 19/03/2031G)	29
2-	نادك nadec	The Kingdom	The Company	143212250	26/11/1442H (corresponding to 06/07/2021G)	25/11/1452H (corresponding to 19/03/2031G)	31
3-	نادك nadec	The Kingdom	The Company	143212251	26/11/1442H (corresponding to 06/07/2021G)	25/11/1452H (corresponding to 19/03/2031G)	30
4-	نادك nadec	The Kingdom	The Company	1426023960	18/11/1436H (corresponding to 02/09/2015G)	17/11/1446H (corresponding to 15/05/2025G)	32
5-	نادك nadec Gold	The Kingdom	The Company	1435000104	05/01/1435H (corresponding to 07/11/2013G)	03/01/1445H (corresponding to 21/07/2023G)	29
6-	Cavita	The Kingdom	The Company	1438022715	N/A	15/10/1448H (corresponding to 23/03/2027G)	30
7-	كافيتا	The Kingdom	The Company	1436008532	24/07/1436H (corresponding to 13/05/2015G)	21/05/1446H (corresponding to 23/11/2024G)	32
8-	ابتكارات nadec	The Kingdom	The Company	1443005181	07/02/1443H (corresponding to 14/09/2021G)	06/02/1453H (corresponding to 27/05/2031G)	35
9-	golife قوالیف	The Kingdom	The Company	1442033021	03/11/1442H (corresponding to 13/06/2021G)	02/11/1452H (corresponding to 24/02/2031G)	32
10-	golife قوالیف	The Kingdom	The Company	1442033019	01/11/1442H (corresponding to 11/06/2021G)	02/11/1452H (corresponding to 24/02/2031G)	29

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
11-		The Kingdom	The Company	1442033017	28/10/1442H (corresponding to 09/06/2021G)	27/10/1452H (corresponding to 19/02/2031G)	31
12-		The Kingdom	The Company	1439017658	01/08/1439H (corresponding to 17/04/2018G)	30/07/1449H (corresponding to 28/12/2027G)	32
13-		The Kingdom	The Company	1440008602	02/04/1440H (corresponding to 09/12/2018G)	01/04/1450H (corresponding to 22/08/2028G)	32
14-		The Kingdom	The Company	144008604	02/04/1440H (corresponding to 09/12/2018G)	01/04/1450H (corresponding to 22/08/2028G)	32
15-		The Kingdom	The Company	1440011031	04/05/1440H (corresponding to 10/01/2019G)	03/05/1450H (corresponding to 22/09/2028G)	29
16-	PLANTÉ	The Kingdom	The Company	1442033026	11/04/1443H (corresponding to 14/06/2021G)	03/11/1452H (corresponding to 25/02/2031G)	32
17-		The Kingdom	The Company	1442034829	11/11/1442H (corresponding to 21/06/2021G)	10/11/1452H (corresponding to 04/03/2031G)	32
18-		The Kingdom	The Company	1442034828	11/11/1442H (corresponding to 04/03/2031G)	10/11/1452H (corresponding to 04/03/2031G)	29
Outside the Kingdom							
Kingdom of Bahrain							
19-	nadec	Kingdom of Bahrain	The Company	116457	08/01/1439H (corresponding to 28/09/2017G)	07/10/1447H (corresponding to 26/03/2026G)	32
UAE							
20-	nadec	UAE	The Company	271029	09/07/1438H (corresponding to 06/04/2017G)	29/10/1448H (corresponding to 06/04/2027G)	30
Kuwait							
21-	nadec	Kuwait	The Company	137316	07/09/1437H (corresponding to 12/07/2016G)	12/12/1447H (corresponding to 12/06/2026G)	29
22-	nadec	Kuwait	The Company	157450	29/10/1435H (corresponding to 16/05/2016G)	29/11/1447H (corresponding to 16/05/2026G)	32
Hashemite Kingdom of Jordan							

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
23-	نادك nadec	Hashemite Kingdom of Jordan	The Company	148075	09/08/1437H (corresponding to 16/05/2016G)	29/11/1447H (corresponding to 16/05/2026G)	N/A
Republic of Iraq							
24-	نادك nadec	Republic of Iraq	The Company	72397	09/08/1437H (corresponding to 16/05/2016G)	29/11/1447H (corresponding to 16/05/2026G)	32
Republic of Djibouti							
25-	نادك nadec	Republic of Djibouti	The Company	14/197	29/10/1435H (corresponding to 25/08/2014G)	21/02/1446H (corresponding to 25/08/2024G)	N/A
Republic of Yemen							
26-	نادك nadec	Republic of Yemen	The Company	74765	09/08/1437H (corresponding to 16/05/2016G)	29/11/1447H (corresponding to 16/05/2026G)	32
Islamic Republic of Pakistan							
27-	نادك nadec	Islamic Republic of Pakistan	The Company	368883	29/10/1435H (corresponding to 25/08/2014G)	21/02/1446H (corresponding to 25/08/2024G)	32
28-	نادك nadec	Islamic Republic of Pakistan	The Company	368883	29/10/1435H (corresponding to 25/08/2014G)	21/02/1446H (corresponding to 25/08/2024G)	29
Sultanate of Oman							
29-	نادك nadec	Sultanate of Oman	The Company	129603	04/11/1441H (corresponding to 25/06/2020G)	13/02/1451H (corresponding to 25/06/2029G)	29
Republic of Syria							
30-	نادك nadec	Republic of Syria	The Company	1366506	23/04/1437H (corresponding to 02/02/2016G)	14/08/1447H (corresponding to 02/02/2026G)	29
Arab Republic of Egypt							
31-	نادك nadec	Arab Republic of Egypt	The Company	0306297	29/10/1435H (corresponding to 25/08/2014G)	21/02/1446H (corresponding to 25/08/2024G)	29
32-	نادك nadec	Arab Republic of Egypt	The Company	335334	10/08/1437H (corresponding to 17/05/2016G)	29/11/1447H (corresponding to 16/05/2026G)	32
Palestine							
33-	نادك nadec	West Bank	The Company	25442	14/01/1443H (corresponding to 22/08/2021G)	20/06/1457H (corresponding to 24/08/2035G)	29
34-	نادك nadec	West Bank	The Company	25443	14/01/1443H (corresponding to 22/08/2021G)	20/06/1457H (corresponding to 24/08/2035G)	32

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
35-		Gaza	The Company	21855	09/11/1438H (corresponding to 01/08/2017G)	02/01/1445H (corresponding to 20/07/2023G)	32
Libya							
36-		Libya	The Company	37593	15/12/1440H (corresponding to 06/08/2019G)	17/03/1451H (corresponding to 29/07/2029G)	32
37-		Libya	The Company	37594	15/12/1440H (corresponding to 06/08/2019G)	25/03/1451H (corresponding to 06/08/2029G)	29
Kingdom of Morocco							
38-		Kingdom of Morocco	The Company	175809	09/08/1437H (corresponding to 16/05/2016G)	28/11/1447H (corresponding to 25/05/2026G)	32
39-		Kingdom of Morocco	The Company	161746	03/11/1435H (corresponding to 29/08/2014G)	24/02/1446H (corresponding to 28/08/2024G)	29
Republic of Turkey							
40-		Republic of Turkey	The Company	6943/2014	30/10/1435H (corresponding to 08/09/2015G)	21/02/1446H (corresponding to 25/08/2024G)	29, 32
Republic of Tunisia							
41-		Republic of Tunisia	The Company	N/E/250/2016	24/11/1438H (corresponding to 16/08/2017G)	30/11/1447H (corresponding to 17/05/2026G)	32
Republic of Sudan							
42-		Republic of Sudan	The Company	51272	N/A	21/02/1446H (corresponding to 25/08/2024G)	29
Republic of Lebanon							
43-		Republic of Lebanon	The Company	174549	03/09/1437H (corresponding to 08/06/2016G)	11/02/1453H (corresponding to 07/06/2013G)	32
44-		Republic of Lebanon	The Company	160287	23/11/1435H (corresponding to 18/09/2014G)	08/05/1451H (corresponding to 17/09/2029G)	29
Qatar							
45-		Qatar	The Company	105046	15/02/1440H (corresponding to 24/10/2018G)	14/10/1447H (corresponding to 02/04/2026G)	32
46-		Qatar	The Company	91334	17/07/1437H (corresponding to 24/04/2016G)	21/02/1446H (corresponding to 25/08/2024G)	29

Source: The Company

10.10 Insurance

The Company maintains insurance policies covering various types of risks associated with its activities. The following table shows the key particulars of the insurance policies held by the Company:

Table (10.18): Company's Insurance Policies

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Value of the Insured/Maximum Insurance Coverage
1-	Medical expenses insurance policy	Bupa Arabia for Cooperative Insurance	The Company	503883007	06/11/1445H (corresponding to 14/05/2024G)	1,000,000
2-	Money insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	MON/5801626-2023	18/06/1445H (corresponding to 31/12/2023G)	26,358,713
3-	Marine cargo insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	MAO/6079172-2023	18/06/1445H (corresponding to 31/12/2023G)	Maximum limit per shipment: • Recovery: 40,000,000 • Export: 3,000,000 • Truck: 3,000,000
4-	Vehicle insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	MOC-5864475	17/06/1445H (corresponding to 30/12/2023G)	The maximum compensation is 10,028,000 for each of the four sections of the policy.
5-	Property insurance policy against all risks, including business interruption	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	PIR-5803770-2023	18/06/1445H (corresponding to 31/12/2023G)	4,445,578,078
6-	Public liability insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	PIR-5800669-2023	18/06/1445H (corresponding to 31/12/2023G)	10,000,000
7-	Land transit insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	LTO-6079263-2023	18/06/1445H (corresponding to 31/12/2023G)	Maximum limit per truck: 500,000
8-	Fidelity insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	FGA-5800768-2023	18/06/1445H (corresponding to 31/12/2023G)	63,619,543
9-	Directors' and officers' liability insurance	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	DOL-1603372 -2022	23/01/1445H (corresponding to 10/08/2023G)	37,500,000
10-	Equipment and supplies insurance policy	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	BES-1603372-2023	18/06/1445H (corresponding to 31/12/2023G)	145,388,478
11-	Sabotage and terrorism insurance	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	The Company	STA-5830054-2023	19/06/1445H (corresponding to 01/01/2024G)	100,000,000 per incident

Source: The Company

10.11 Litigation

10.11.1 Summary of the Dispute over the Haradh Agricultural Project Plot

The Company is undertaking an agricultural project on a plot with a total area of 375.5 million square meters in Haradh in Al Ahsa Governorate, which was granted to the Company by virtue of the Council of Ministers' Resolution No. 151 dated 05/09/1401H and Royal Decree No. M/41, dated 17/10/1401H. A dispute arose between the Company and Saudi Aramco over 125 square kilometers of the Haradh Agricultural Project plot, which was to be allocated for gas pipeline installation, drilling operations and right-of-way between pipelines. In 1426H, a lawsuit was filed by the Company against Saudi Aramco at the Khobar General Court. The court issued a ruling ordering Saudi Aramco to relinquish its ownership and control over the Company's plot. Although the ruling became res judicata, the Company was unable to effectuate it after several attempts. Saudi Aramco also filed a lawsuit demanding the cancellation of the Company's title deed for the Haradh Agricultural Project plot. A judgment was issued by Haradh Court rejecting the lawsuit due to the validity of the deed. The case was then referred to Court of Appeal and His Majesty the King through the Ministry of Justice. Thereupon, the Court of Appeal approved the deed and the case was referred to the Supreme Court, which upheld the ruling of the Court of Appeal. Royal Decree No. 60415 was issued on 11/11/1441H, requiring the Supreme Court to review its ruling by a reconstituted circuit in order to achieve the desired outcome. The Third Circuit of the Supreme Court issued Award No. 423056, dated 13/01/1442H, which provided for cancellation of its previous ruling approving the deed, the reversal of the award of the Court of Appeal, the cancellation of Title Deed No. 87 pertaining to the Haradh Agricultural Project, the revision of the deed and the service of a copy to both parties. As of the date of this Prospectus, the Company's business has not been withdrawn from the Haradh Agricultural Project. The Company has submitted an appeal to the competent higher authorities to pursue this dispute (for further information regarding the risks related to Haradh Agricultural Project, please refer to Section 2.1.1 "**Risks related to the Haradh Agricultural Project Plot Deed**" of this Prospectus).

10.11.2 Other Litigation

The following tables show a summary of the lawsuits and claims filed by or against the Company as of the date of this Prospectus.

Table (10.19): Summary of the lawsuits and Claims Filed by the Company as of the Date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
Commercial cases					
1-	The Company	Defendant No. 1	Claims raised by the Company in accordance with the marine insurance contract concluded between it and the Plaintiff	The Company has submitted a request for reconsideration, the date for which has not yet been set	763,315
2-	The Company	Defendant No. 2	Allegation of embezzlement	The lawsuit was referred to the Public Prosecution	312,529
3-	The Company	Defendant No. 3	Allegation of embezzlement	The lawsuit was referred to the Public Prosecution	262,577
4-	The Company	Defendant No. 4	Allegation of embezzlement	The lawsuit was referred to the Public Prosecution	Unspecified
5-	The Company	Defendant No. 5	Vehicle ownership transfer requested by the Company	The judge ruled the case inadmissible, but the Company submitted a memorandum objecting to the decision and appealed the ruling.	Unspecified
6-	The Company	Defendant No. 6	Allegation of embezzlement	The case is still pending in court	Unspecified
7-	The Company	Defendant No. 7	Amounts demanded by the Company	The case is still pending in court	29,615
8-	The Company	Defendant No. 8	Amounts demanded by the Company	The case is still pending in court	126,536
9-	The Company	Defendant No. 9	Amounts demanded by the Company	The case is still pending in court	35,983
10-	The Company	Defendant No. 10	Allegation of embezzlement	The case is still pending in court	55,673
11-	The Company	Defendant No. 11	Amounts demanded by the Company	The case is still pending in court	99,884
12-	The Company	Defendant No. 12	Amounts demanded by the Company	Settlement is in progress	5,210,365

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
13-	The Company	Defendant No. 13	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	27,916
14-	The Company	Defendant No. 14	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	55,432
15-	The Company	Defendant No. 15	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	48,307
16-	The Company	Defendant No. 16	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	18,925
17-	The Company	Defendant No. 17	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	3,792
18-	The Company	Defendant No. 18	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	13,606
19-	The Company	Defendant No. 19	The Company filed a lawsuit in the State of Kuwait demanding payment of debts owed to it.	The case is still pending in court	52,754
20-	The Company	Defendant No. 20	Amounts demanded by the Company	The case is still pending in court	60,724
21-	The Company	Defendant No. 21	Allegation of theft of a Company vehicle by the Defendant	The Public Prosecution decided to enforce public and private rights in favor of the Company	Unspecified
22-	The Company	Defendant No. 22	Allegation of embezzlement	Judgment was rendered by the court	36,404
23-	The Company	Defendant No. 23	Amounts demanded by the Company	The case is still pending in court	400,000
24-	The Company	Defendant No. 24	Financial collection demanded by the Company	The case is still pending in court	49,999
25-	The Company	Defendant No. 25	Amounts demanded by the Company	The court rendered a judgment in favor of the Company which is currently being submitted to the Enforcement Court for execution	7,454,047
Total					**15,118,383**

Source: The Company

Table (10.20): Summary of the lawsuits and Claims Filed Against the Company as of the Date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
Commercial cases					
1-	Plaintiff No. 1	The Company	The Plaintiff requested suspension of the bill of exchange	The case is still pending in court	55,673
Labor cases					
2-	Plaintiff No. 1	The Company	The dispute has not yet commenced as the Plaintiff did not attend.	Proceedings have not yet commenced, as a hearing was held on 25/08/1442H (corresponding to 07/04/2021G) and the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
3-	Plaintiff No. 2	The Company	End-of-service benefits demanded by the Plaintiff	Proceedings have not yet commenced, as a hearing was held but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
4-	Plaintiff No. 3	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
5-	Plaintiff No. 4	The Company	Claims for labor entitlements by the Plaintiff.	Pending hearing date	Unspecified
6-	Plaintiff No. 5	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
7-	Plaintiff No. 6	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
8-	Plaintiff No. 7	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was referred to the Labor Court	Unspecified
9-	Plaintiff No. 8	The Company	Objection to a disciplinary sanction by the Plaintiff	The lawsuit was referred to the Labor Court	Unspecified
10-	Plaintiff No. 9	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held on 05/07/1443H (corresponding to 06/02/2022G) but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
11-	Plaintiff No. 10	The Company	End-of-service benefits demanded by the Plaintiff	Proceedings have not yet commenced, as a hearing was held on 04/08/1443H (corresponding to 07/03/2022G) but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
12-	Plaintiff No. 11	The Company	Sponsorship transfer lawsuit against the Defendant	Proceedings have not yet commenced, as a hearing was held but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
13-	Plaintiff No. 12	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held on 07/10/1443H (corresponding to 08/05/2022G) but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
14-	Plaintiff No. 13	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was closed on 24/11/1443H (corresponding to 23/06/2022G)	Unspecified
15-	Plaintiff No. 14	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was closed on 01/12/1443H (corresponding to 30/06/2022G)	Unspecified
16-	Plaintiff No. 15	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was closed on 04/01/1444H (corresponding to 02/08/2022G)	Unspecified
17-	Plaintiff No. 16	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was closed on 06/01/1444H (corresponding to 04/08/2022G)	Unspecified
18-	Plaintiff No. 17	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was closed on 02/03/1444H (corresponding to 27/09/2022G)	Unspecified
19-	Plaintiff No. 18	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	475,219
20-	Plaintiff No. 19	The Company	Compensation for damages caused to the leased property demanded by the Plaintiff	The case is still pending in court	100,000

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
21-	Plaintiff No. 20	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held but the Plaintiff did not attend. Thus, the lawsuit is now pending	Unspecified
22-	Plaintiff No. 21	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit is pending before the court	Unspecified
23-	Plaintiff No. 22	The Company	Claims for labor entitlements by the Plaintiff.	Proceedings have not yet commenced, as a hearing was held on 12/05/1444H (corresponding to 06/12/2022G) but the Plaintiff did not attend. Thus, the lawsuit is now pending.	Unspecified
24-	Plaintiff No. 23	The Company	End-of-service benefits and compensation for termination demanded by the Plaintiff.	The case is still pending in court	11,771,456
25-	Plaintiff No. 24	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	Unspecified
26-	Plaintiff No. 25	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	Unspecified
27-	Plaintiff No. 26	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	Unspecified
28-	Plaintiff No. 27	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	783,735
29-	Plaintiff No. 28	The Company	Claims for labor entitlements by the Plaintiff.	The lawsuit was closed on 06/01/1444H (corresponding to 04/08/2022G)	Unspecified
30-	Plaintiff No. 29	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	Unspecified
31-	Plaintiff No. 30	The Company	Claims for labor entitlements by the Plaintiff.	A date has not yet been set for the hearing	Unspecified
32-	Plaintiff No. 31	The Company	Claims for labor entitlements by the Plaintiff.	The case is still pending in court	4,637
Total value of claims filed against the Company					**13,190,720**

Source: The Company

Other than as disclosed above, the Directors confirm that the Company is not involved, as of the date of this Prospectus, in any litigation, arbitration, administrative proceedings or investigations that could, individually or in aggregate, have an adverse effect on its financial position or results of operations. Moreover, they confirm that they are not aware of any substantial lawsuits or claims threatened to be filed.

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11. Underwriters

The Company has entered into an agreement with the Underwriters (Riyad Capital and Al Rajhi Capital) 17/04/1445H (corresponding to 01/11/2023G) (hereinafter referred to as the "**Underwriting Agreement**") to underwrite 100% of the New Shares, amounting to two hundred million (200,000,000) ordinary shares, at an Offer Price of ten Saudi Riyals (SAR 10) per share, subject to certain terms and conditions contained in the Underwriting Agreement. The following are the names and addresses of the Underwriters:

11.1 Names and Addresses of the Underwriters

Riyad Capital Granada Business Park 2414, Al-Shuhada Dist. Unit No. 69 Riyadh 13241-7279 Kingdom of Saudi Arabia Tel: +966114865649 Fax: +966114875908 Website: www.riyadcapital.com Email: ask@riyadcapital.com	الرياض المالية Riyad Capital
Al Rajhi Capital Headquarters, King Fahd Road P.O. Box 5561, Riyadh 11432 Kingdom of Saudi Arabia Tel: +966920005856 Fax: +9661146000625 Website: www.alrajhi-capital.com Email: PR@alrajhi-capital.com	الراجحي المالية alrajhi capital
SNB Capital Company King Saud Road, SNB Regional Building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 920000232 Fax: +966 (11) 4060052 Website: www.alahlicapital.com Email: Snbc.cm@alahlicapital.com	SNB Capital

11.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

1- The Company undertakes to the Underwriters that, on the Allocation Date, it shall issue and allocate to the Underwriters at the Offer Price all the underwritten New Shares which were not subscribed for during the Rump Offering Period.

2- The Underwriters undertake to the Company that, on the Allocation Date, they will purchase at the Offer Price all the underwritten New Shares which were not subscribed for during the Rump Offering Period.

3- The Underwriters shall receive financial consideration for the provision of such underwriting services, and these expenses will be deducted from the subscription proceeds and are included in the Offering Expenses (for further information, please refer to Section 7 "**Use of Offering Proceeds and Future Projects**" of this Prospectus).

4- The Underwriters' obligation to purchase the Rump Shares during the Rump Offering Period is subject to all the terms and conditions of the Underwriting Agreement, which include provisions related to termination of the Agreement and satisfaction of conditions precedent.

5- Under the Underwriting Agreement, the Company shall provide a number of guarantees and representations to the Underwriters.

The following table shows the details of the New Shares underwritten by the Underwriters:

Table (11.1): Underwritten Shares

Underwriter	No. of New Shares Underwritten	Percentage of New Shares Underwritten
Riyad Capital	50,000,000	25%
Al Rajhi Capital	75,000,000	37.5%
SNB Capital Company	75,000,000	37.5%

Source: The Company

12. Waivers

The Company has not obtained any waivers from the CMA in connection with the Offering.

13. Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and offer of the New Shares and an application to the Exchange for the listing of the New Shares. All requirements have been fulfilled in accordance with the OSCOs.

All Eligible Persons and Institutional Investors must carefully read the subscription terms and conditions before completing electronic subscription, submitting a Subscription Application through a broker or filling out the Rump Offering Form. The submission of the Institutional Investors' subscription form or the signature and delivery of the Institutional Investors' subscription form shall be deemed an approval and acceptance of the terms and conditions of the subscription.

13.1 Offering

The Offering represents an increase in the Company's capital by way of a Rights Issue through the issuance and Offering of two hundred million (200,000,000) new ordinary shares for subscription, representing 196.77% of the Company's capital prior to the capital increase, at an Offer Price of ten Saudi Riyals (SAR 10) per share, with a nominal value of ten Saudi Riyals (SAR 10) and a total Offering Value of two billion (SAR 2,000,000,000). The New Shares will be issued at a ratio of 1.9677 New Shares for each Existing Share. Only Eligible Persons may subscribe for the New Shares.

13.2 How to Subscribe for the Rights Shares

Eligible Persons wishing to subscribe for the Rights Issue shall submit subscription applications during the Subscription Period through the investment portfolios of trading platforms where buy and sell orders are entered. Applications for subscription may also be made using any other means provided by the brokers or the custodian of the shares during the Subscription Period. In the event Eligible Persons do not exercise their right to subscribe for the New Shares by the end of the Subscription Period, the Rump Shares will be offered to Institutional Investors during the Rump Offering Period.

The number of shares that each Eligible Person may subscribe for is determined based on the number of Preemptive Rights owned thereby. The subscription payable by Subscribers is calculated by multiplying the total number of Rights by the Offer Price of ten Saudi Riyals (SAR 10).

By submitting the Subscription Application Form, each Subscriber:

- Agrees to subscribe for the number of shares specified in the Subscription Application Form;
- Warrants they have read and carefully examined this Prospectus and understood all of its contents;
- Accepts the Company's Bylaws and the terms mentioned in this Prospectus;
- Declares that they have not previously submitted an application to subscribe for the New Shares that are the subject of the subscription application with the broker, and that the Company has the right to reject all duplicate subscription applications;
- Accepts the shares allocated thereto under the subscription application and all other terms and conditions of the subscription contained in the Prospectus and subscription application form; and
- Warrants not to cancel or amend the subscription application after submitting it to the broker.

13.3 Applying for Subscription

Eligible Persons wishing to exercise their full rights and subscribe to New Shares to which they are entitled must subscribe through the investment portfolio of trading platforms where buy and sell orders are placed, or through any other means provided by the broker and the custodian of the shares. The number of New Shares an Eligible Person is entitled to subscribe for is calculated according to the number of Preemptive Rights they own. The subscription amount payable by Subscribers is calculated by multiplying the number of existing Preemptive Rights they own before the end of the Subscription Period by the Offer Price of ten Saudi Riyals (SAR 10).

13.4 Trading, Subscription and Rump Offering Period

Eligible Persons wishing to subscribe for the Rights Shares shall submit their subscription applications during the Subscription Period, which commences three (3) working days after the approval of the Extraordinary General Assembly on the Capital Increase, on Thursday 25/04/1445H (corresponding to 09/11/2023G) and ends on Tuesday 07/05/1445H (corresponding to 21/11/2023G). If Eligible Persons do not exercise their Rights by the end of the Offering Period, the remaining New Shares (i.e., the Rump Shares) will be offered to Institutional Investors during the Rump Offering period.

The Extraordinary General Assembly on the Capital Increase 21/04/1445H (corresponding to 05/11/2023G) approved the recommendation of the Board of Directors to increase the Company's capital through a Rights Issue by offering two hundred million (200,000,000) new ordinary shares at an Offer Price of ten Saudi Riyals (SAR 10) per share, with a nominal value of ten Saudi Riyals (SAR 10) per share. This will increase the Company's capital from one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000) to three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000) and will increase the number of the Company's shares from one hundred and one million, six hundred and forty thousand (101,640,000) shares to three hundred and one million, six hundred and forty thousand (301,640,000) shares. Subscription to the Rights Shares is open to Shareholders registered in the Company's Shareholder register at the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase held on 24/04/1445H (corresponding to 08/11/2023G) and to Eligible Persons who purchased Preemptive Rights during the Trading Period for Preemptive Rights, including Registered Shareholders who purchased additional Preemptive Rights to those they already own.

Registered Shareholders may trade the Preemptive Rights deposited in their portfolios via the Exchange. Such Rights are acquired by all Shareholders registered in the Company's register at the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase. Preemptive Rights will be issued to all Shareholders registered in the Company's register maintained with the Depository Center at the end of the second trading day following the date of the Extraordinary General Assembly and will be calculated based on the number of Existing Shares owned by Registered Shareholders according to the Entitlement Ratio. The Entitlement Ratio is 1.9677 Preemptive Rights for every one (1) Existing Share held by Registered Shareholders on the Eligibility Date. Each Preemptive Right grants its holder the right to subscribe for one New Share at the Offer Price. Preemptive Rights will appear in the portfolios of Registered Shareholders under a new code designated for Preemptive Rights. Registered Shareholders be notified of the deposit of Preemptive Rights in their portfolios through an announcement on the website of the Exchange, as well as through the Tadawulaty service provided by the Depository Center and via SMS messages sent by the brokers. Preemptive Rights cannot be traded or subscribed for by the Registered Shareholders until the start of the Trading and Subscription Periods.

Rights Shares will be offered in accordance with the periods and dates set out below:

- **Eligibility Date:** Shareholders who own Existing Shares at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register at the end of trading on the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase on 24/04/1445H (corresponding to 08/11/2023G).
- **Trading and Subscription Periods:** The Trading and Subscription Periods shall commence concurrently, three (3) business days after the approval of the Extraordinary General Assembly on the Capital Increase on Thursday 25/04/1445H (corresponding to 09/11/2023G). The Trading Period shall end on Thursday 02/05/1445H (corresponding to 16/11/2023G), while the Subscription Period shall continue until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). It should be noted that both the Trading Period and the Subscription Period shall commence on the same day. The Trading Period shall last until the end of the sixth day from the start of the period, while the Subscription Period shall last until the end of the ninth day from the start of the same period.
- **Rump Offering Period:** The period commencing Sunday 12/05/1445H (corresponding to 26/11/2023G) from 10:00 a.m. until 5:00 p.m. of the following Monday, dated 13/05/1445 (corresponding to 27/11/2023G). During this period, the Rump Shares will be offered to a number of Institutional Investors, provided that they submit their bids to purchase the Rump Shares during the Rump Offering Period. The Rump Shares shall be allocated to the Institutional Investors in descending order of their bids (provided that such bids are not less than the Offer Price). If multiple Institutional Investors submit the same bid, the shares shall be allocated pro rata to such investors. Fractional Shares will be added to the Rump Shares and will be subject to the same treatment. The minimum subscription price for the Rump Shares will be the Offer Price. If the Rump Shares are sold for higher than the Offer Price, the difference (if any) will be distributed as compensation to the holders of Preemptive Rights who did not exercise their rights and holders of Fractional Shares, in proportion to their holdings of Preemptive Rights.
- **Final Allocation of Shares:** The New Shares shall be allocated to each Investor based on the number of Preemptive Rights they have correctly and fully exercised. Fractional Shares will be accumulated and offered to Institutional Investors during the Rump Offering Period. The Company will receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares. The proceeds from the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offer Price) will be distributed to Eligible Persons, as per entitlement, no later than Monday 27/05/1445H (corresponding to 11/12/2023G).
- **Trading of the New Shares on the Exchange:** Trading of the New Shares will commence on Tadawul upon the completion of all procedures relating to the registration, allocation and listing of the New Shares, provided that the period between the end of the subscription in the Preemptive Rights and the deposit of the New Shares in Shareholders' portfolios shall be nine (9) Business Days.

13.5 Illustration of the Mechanism for Trading and Subscription of Preemptive Rights

Figure (4): Illustration of the Mechanism for Trading and Subscription of Preemptive Rights

13.6 Eligible Persons not Participating in the Subscription for the New Shares

Registered Shareholders who do not participate fully or partially in the subscription for the New Shares will be subject to a dilution of their ownership percentage in the Company, in addition to a decrease in the value of the shares they currently own. Eligible Persons who do not subscribe or sell their Rights will be exposed to loss. Eligible Persons who fail to subscribe for the New Shares will not receive any benefits for the Rights Shares they are entitled to other than cash compensation from the sale proceeds of the Rump Shares in excess of Offer Price, each according to their entitlement. This is in the event that Institutional Investors purchase the New Shares at a price that exceeds the Offer Price during the Rump Offering Period.

If Institutional Investors wish to purchase the Rump Shares only at the Offer Price, or in the event that Institutional Investors do not subscribe for the Rump Offering and therefore the Underwriter purchases the Rump Shares at the Offer Price, Eligible Persons who did not participate in the subscription will not receive any compensation as a result of not exercising their Preemptive Rights in the New Shares.

The compensation amount (if any) will be determined for Eligible Persons who did not participate fully or partially in the subscription to the New Shares and those entitled to Fractional Shares by dividing the compensation amount by the total number of shares that were not subscribed for by Eligible Persons and persons entitled to Fractional Shares.

13.7 Allocation and Refunds

The Company and the Lead Manager will open an escrow account in which the subscription proceeds will be deposited. Shares shall be allocated to each Investor based on the number of Preemptive Rights they have correctly and fully exercised. Fractional Shares will be accumulated and offered to Institutional Investors during the Rump Offering Period. The Company will receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares. The proceeds from the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offer Price), if any, will be distributed to Eligible Persons, as per entitlement, no later than Monday 27/05/1445H (corresponding to 11/12/2023G). If shares remain unsubscribed for, the Underwriters will purchase the remaining New Shares at the Offer Price and such shares shall be allocated to the Underwriters.

The announcement of the final number of New Shares allocated to each Eligible Person without any charges or withholdings by the Lead Manager is expected to occur once such shares are deposited into the accounts of Subscribers. Eligible Persons must contact the broker through which the subscription application was made for any additional information. The results of the allocation will be announced no later than Wednesday 15/05/1445H (corresponding to 29/11/2023G).

13.8 Payment of Compensation Amounts

Compensation amounts (if any) will be paid to Eligible Persons who did not participate fully or partially in the subscription to the Rights Shares without any fees or withholdings, no later than Monday 27/05/1445H (corresponding to 11/12/2023G).

13.9 Supplementary Prospectus

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations (OSCOs), the Company must submit a supplementary prospectus to the CMA if, at any time following the publication of this Prospectus and before the completion of the Offering, the Company becomes aware that:

1- there has been a significant change in material matters contained in the Prospectus; or
2- any significant issues have arisen that should have been included in the Prospectus.

Investors who subscribe for the New Shares prior to the publication of the supplementary prospectus may cancel or amend their subscription for such shares before the end of the Subscription Period.

13.10 Circumstances where the Offering may be Suspended or Canceled

The CMA may issue a resolution at any time to suspend the Offering if it considers that the Offering may result in a breach of the CML, its Implementing Regulations or the Exchange Rules. The Offering may also be canceled in the event the Extraordinary General Assembly does not approve the Offering.

13.11 Approvals and Decisions under which the New Shares are Offered

The following are the approvals and decisions under which the New Shares are publicly offered:

1- The Company's Board resolution dated 12/09/1444H (corresponding to 03/04/2023G) recommending the increase of the Company's share capital through a Rights Issue of two billion Saudi Riyals (SAR 2,000,000,000).
2- The Company's Extraordinary General Assembly resolution dated 21/04/1445H (corresponding to 05/11/2023G) approving the increase of the Company's capital through a Rights Issue by offering two hundred million (200,000,000) new ordinary shares at an Offer Price of ten Saudi Riyals (SAR 10) per share, with a nominal value of ten Saudi Riyals (SAR 10) per share. This will increase the Company's capital from one billion, sixteen million, four hundred thousand Saudi Riyals (SAR 1,016,400,000) to three billion, sixteen million, four hundred thousand Saudi Riyals (SAR 3,016,400,000) and will increase the number of the Company's shares from one hundred and one million, six hundred and forty thousand (101,640,000) shares to three hundred and one million, six hundred and forty thousand (301,640,000) shares.
3- The approval of Saudi Tadawul dated 32/01/1445H (corresponding to 10/08/2023G) to list the New Shares.
4- The announcement of the CMA dated 20/03/1445H (corresponding to 05/10/2023G) approving the Offering of the Rights Shares, the publication of this Prospectus and all supporting documentation requested by it.

13.12 Statement on Lock-up Arrangements Restricting the Disposal of Particular Shares

To the best of the Company's knowledge, there are currently no arrangements in place restricting the disposal of any particular shares.

13.13 Questions and Answers on the New Rights Issue Mechanism

- **What are Preemptive Rights?**

They are tradable securities that grant their holder the right to subscribe for the rights offering upon approval of the capital increase. These securities become an acquired right for all Shareholders registered in the Company's Shareholder register at the Depository Center by the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase. Each Right shall grant its holder eligibility to subscribe for one New Share at the Offer Price.

- **Who are Preemptive Rights granted to?**

All Shareholders who own shares in the Company at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase and are registered in the Company's Shareholder register maintained with Edaa at the end of trading on the second trading day following the Extraordinary General Assembly meeting, i.e., the Eligibility Date.

- **When will the Preemptive Rights be deposited?**

After the Extraordinary General Assembly has been convened and has approved the capital increase through a rights issue. Preemptive Rights are deposited as securities in the portfolios of the Shareholders registered in the Company's Shareholder register maintained with the Depository Center by the end of the second trading day following the Extraordinary General Assembly. The Rights will appear in their portfolios under a new code designated for Preemptive Rights. These Rights cannot be traded or subscribed for by the Registered Shareholders until the start of the Trading and Subscription Periods.

- **How are Registered Shareholders notified of the deposit of Preemptive Rights in their portfolios?**

Registered Shareholders will be notified of the deposit of Rights in their portfolios through an announcement on the Tadawul website, as well as through the Tadawulaty service provided by the Depository Center and via SMS messages sent by brokerage companies.

- **How many Preemptive Rights will be granted to each Registered Shareholder?**

The number of rights that will be granted to each Registered Shareholder will depend on the number of shares they own in the Company, as per the Company's Shareholder register maintained with the Depository Center by the end of the second trading day following the Extraordinary General Assembly meeting. The number of Rights granted to each Registered Shareholder will be determined on the basis of the Entitlement Ratio.

- **What is the Entitlement Ratio?**

It is the Ratio that enables Registered Shareholders to calculate the number of Preemptive Rights due to them in exchange for the shares they own as of the end of the second trading day following the Extraordinary General Assembly. This Ratio is calculated by dividing the number of New Shares by the number of the Company's Existing Shares. Accordingly, the Entitlement Ratio is approximately 1.9677 Rights for every one (1) share owned by a Registered Shareholder on the Eligibility Date. As such, if a Registered Shareholder owns one thousand (1,000) shares on the Eligibility Date, they will be allocated one thousand, nine hundred and sixty-seven (1,967) Rights in consideration of the shares they own.

- **Will the name and code for the trading of Rights be different from the name and code of the Company's shares?**

Yes, the acquired Rights will be added to the Investors' portfolios under the name of the original share, with the addition of the words "**Preemptive Rights**", and a new code for such Rights.

- **What will the opening price of the Rights be upon the commencement of trading?**

The opening price of the Rights will be the difference between the closing price of the Company's shares on the day preceding the day on which the Rights are listed and the Offer Price (the Indicative Value of the Right). For example (using hypothetical prices), if the closing price of the Company's shares was fifteen Saudi Riyals (SAR 15) and the Offer Price was ten Saudi Riyals (SAR 10) , then the opening price of the Rights would be five Saudi Riyals (SAR 5).

- **Who is a Registered Shareholder?**

Any shareholder who appears in the Company's Shareholder register at the end of the second trading day following the date of the Extraordinary General Assembly Meeting on the Capital Increase.

- **Can Registered Shareholders subscribe for additional shares?**

Yes, Registered Shareholders may subscribe for additional shares by purchasing new rights through the Stock Exchange during the Trading Period.

- **Is it possible for Shareholders to lose their entitlement to obtain Preemptive Rights even if they are entitled to attend the Extraordinary General Assembly and vote on the Rights Issue?**

Yes, Shareholders lose their entitlement to obtain Preemptive Rights if they sell their shares on the day of the Extraordinary General Assembly or one business day prior thereto.

- **What is the procedure for subscription?**

Applications for subscription may be submitted through the investment portfolios of trading platforms where buy and sell orders are placed, as well as through any other means provided by brokers to the Investors.

- **Is it possible to subscribe multiple times through multiple brokers?**

Yes, although the number of New Shares that may be subscribed for through each broker will depend on the number of Preemptive Rights available in each investment portfolio at the respective broker. In any event, it should be noted that the number of New Shares subscribed for may not exceed the number of Preemptive Rights owned at the end of the Trading Period for Preemptive Rights. If the number of New Shares subscribed for exceeds the number of Preemptive Rights owned at the end of the Trading Period, this will result in the cancellation of the subscription application.

- **Can an Eligible Person subscribe for New Shares in excess of the Preemptive Rights owned by them?**

No. Eligible Persons cannot subscribe for New Shares in excess of the Preemptive Rights owned by them.

- **If the Company's shares are owned through multiple investment portfolios, which portfolio will the Preemptive Rights be deposited?**

The Preemptive Rights will be deposited in the same portfolio in which the corresponding shares of the Company are deposited. For example, if a Shareholder owns one thousand (1,000) shares in the Company as follows: Eight hundred (800) shares in Portfolio A and two hundred (200) shares in Portfolio B; the total Preemptive Rights that will be deposited will be one thousand (1,000) Preemptive Rights, in consideration of each share having one Right. Accordingly, eight hundred (800) Rights will be deposited in Portfolio A and (200) Rights will be deposited in Portfolio B.

If there are any fractional Rights, they will be combined. If the combination of fractional Rights completes one or more integer numbers, the integer number will be added to the portfolio in which the Investor owns the largest number of Rights.

- **If subscription is made through multiple portfolios, where will the New Shares be deposited?**

The New Shares will be deposited in the investment portfolio set out in the first subscription application.

- **Are holders of share certificates entitled to subscribe and trade?**

Yes, holders of share certificates are entitled to subscribe, but they will only be able to trade in the Preemptive Rights and subscribe for the New Shares after the certificates are deposited in investment portfolios through brokers or through the Securities Depository Center and after all required documents are submitted.

- **What happens if Registered Shareholders subscribe for New Shares and then sell their Preemptive Rights?**

Registered Shareholders who apply for New Shares but subsequently sell their Preemptive Rights and do not purchase Preemptive Rights equal to the number of New Shares subscribed for before the end of the Trading Period will have their entire subscription application rejected if they sell all of their Preemptive Rights. If a Registered Shareholder sells part of their Preemptive Rights, their subscription application will be partially rejected in proportion to the Preemptive Rights sold by the Registered Shareholder. Registered Shareholders will be notified if their application is rejected and the amount of the rejected application will be refunded to the Registered Shareholder through the relevant bank.

- **Can an investor who purchased additional Preemptive Rights trade them again?**

Yes, they have the right to sell them and purchase other Preemptive Rights during the Trading Period only.

- **Is it possible to sell a portion of the Preemptive Rights?**

Yes, Investors may sell a portion of the Preemptive Rights and use the remaining portion for subscription.

- **When can a Shareholder exercise the Preemptive Rights they purchased during the Trading Period?**

After the settlement of the Preemptive Rights purchase (two business days from the date of purchase), provided that subscription to the New Shares takes place during the Subscription Period.

- **Can Preemptive Rights' holders sell such Rights after expiry of the Trading Period?**

No, that is not possible. After expiry of the Trading Period, the Preemptive Rights holders will only be able to exercise their right to subscribe for the New Shares (or choose not to exercise such right). If Preemptive Rights are not exercised, Investors may face the risk of incurring a loss or witness a decrease in the value of their investment portfolios.

- **What happens to Preemptive Rights that are not sold or exercised during the Trading or Subscription Periods?**

If New Shares are not subscribed for during the Subscription Period, the unsubscribed New Shares (i.e., the Rump Shares) shall be offered to a number of Institutional Investors through the Lead Manager. The compensation amounts (if any) will be paid to the holder of the Preemptive Rights after deduction of the Offer Price. Investors will not receive any consideration if the Rump Shares are sold during the Rump Offering Period at the Offer Price.

- **Who is entitled to attend the Extraordinary General Assembly and vote on the Rights Issue?**

Shareholders who are registered in the Company's Shareholder register maintained with the Depository Center at the end of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase are entitled to attend the Extraordinary General Assembly and vote on the Rights Issue.

- **When will the Share Price be amended as a result of the Company's Rights Issue?**

The Share Price will be adjusted by the Exchange before the start of trading on the first day following the day of the Extraordinary General Assembly which approved the capital increase.

- **If an Investor purchases shares in the Company on the day of the Assembly meeting, will they be entitled to obtain the Preemptive Rights arising from the Issuer's capital increase?**

Yes, since the Investor will be registered in the Company's Shareholder register two business days from the share purchase date (i.e., by the end of the second trading day following the day of the Extraordinary General Assembly meeting), noting that Preemptive Rights will be granted to all Shareholders registered in the Company's registers at the end of the second trading day after the Extraordinary General Assembly meeting approving the capital increase. However, such Investor will not be entitled to attend or vote at the Extraordinary General Assembly Meeting on the Capital Increase.

- **What are the Trading and Subscription Periods?**

The trading and subscription of Rights will commence simultaneously, but the Trading Period will end when at the close of trading on the sixth day, while the Subscription Period shall continue until the ninth day, as stipulated in this Prospectus and the Company's announcements.

- **Is subscription available during the weekend?**

No, subscription is not available during the weekend.

- **Can investors other than Registered Shareholders subscribe for the Rights Shares?**

Yes, once the Preemptive Rights purchase is completed and settled through the Exchange during the Trading Period, subject to the regulatory restrictions imposed on listed shares in general.

- **Are there any additional fees applicable to trading Preemptive Rights?**

Transactions involving the sale and purchase of Preemptive Rights will be subject to the same commissions that apply to shares, but there will be no minimum commission amount.

Further Assistance:

In case of any inquiries, please contact the Company via email at: IR@Nadec.com.sa For legal reasons, the Company will only be able to provide information contained in this Prospectus. It will not be able to give advice on the merits of the Rights Issue or provide financial, tax, legal or investment advice (for further information regarding the subscription terms and conditions, please refer to Section 13 "**Subscription Terms, Conditions, and Instructions**" of this Prospectus and the rest of the information contained herein).

13.14 Trading of New Shares

The trading of the new shares will commence following completion of all the necessary regulatory procedures and will be announced via the website of the Exchange.

14. Price Dilution as a result of the Capital Increase

The closing price of the Company's shares on the day of the Extraordinary General Assembly Meeting on the Capital Increase is SAR 47.20. It is expected to be adjusted to SAR (22.53) at the opening of the trading session the following day. The change represents a decrease of (52.26%). In the event none of the Shareholders registered in the Company's Shareholders' register maintained with the Depository Center at the end of the second trading day following the Extraordinary General Assembly Meeting on the Capital Increase subscribe, this will lead to a dilution in their ownership in the Company.

The method of calculating the share price as a result of the capital increase is as follows:

First: Calculation of the market value of the Company at the close of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase:

The number of shares of the Company at the end of the day of the Extraordinary General Assembly Meeting on the Capital Increase X the closing price of the Company's share on the day of the Extraordinary General Assembly Meeting = the market value of the Company at the close of trading on the day of the Extraordinary General Assembly Meeting on the Capital Increase.

Second: Calculation of the share price at the opening of the trading session on the day following the day of the Extraordinary General Assembly Meeting on the Capital Increase:

(The market value of the Company at the close of trading on the day of the Extraordinary General Assembly Meeting + the value of the Rights Shares)/(the total number of the Company's shares at the end of the day of the Extraordinary General Assembly Meeting on the Capital Increase + the number of New Shares offered for subscription) = the expected share price at the opening of trading on the day following the day of the Extraordinary General Assembly Meeting on the Capital Increase.

15. Subscription Declarations

15.1 Subscription Application and Declarations

Applications for subscription can be made using the trading platforms or through any other means provided by brokers to the Investors. The New Shares will be offered for subscription in one phase, in accordance with the following:

- During such period, all Registered Shareholders and New Investors who hold Rights may subscribe for the New Shares.
- Registered Shareholders may subscribe directly for the New Shares in proportion to the number of Preemptive Rights or part thereof allocated thereto during the Subscription Period. In the event that Registered Shareholders purchase new Preemptive Rights, they may subscribe therewith following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Preemptive Rights).
- New Investors who purchase Preemptive Rights during the Trading Period may subscribe for the New Shares following the end of the Preemptive Rights purchase settlement period (two business days from the date of purchasing the new Preemptive Rights).
- Subscription will be made available electronically through investment portfolios on trading platforms and applications where buy and sell orders are placed, as well as through other channels and means available to brokers.

Each Preemptive Right grants its holder the right to subscribe for one New Share at the Offer Price. Each Subscriber to the New Shares acknowledges the following:

- they accept all of the terms and conditions of Subscription set forth in this Prospectus.
- they have read this Prospectus and understood all of its contents;
- they accept the Company's Bylaws; and
- they undertake not to cancel or amend the subscription application after submission thereof.

15.2 Allocation Process

The Rights Shares shall be allocated to Eligible Persons based upon the number of Preemptive Rights they have correctly and fully exercised. The Rump Shares shall be allocated to Institutional Investors in descending order of their bids (provided that such bids are not less than the Offer Price). If multiple Institutional Investors submit the same bid, the shares shall be allocated pro rata to such investors. Fractional Shares shall be added to the Rump Shares and will be subject to the same treatment. The Company will receive the total Offer Price obtained from the offering of the Rump Shares and Fractional Shares. The remainder of the proceeds from the sale of the Rump Shares and Fractional Shares (i.e., in excess of the Offer Price) shall be distributed among Eligible Persons, as per entitlement, no later than Monday 27/05/1445H (corresponding to 11/12/2023G). If shares remain unsubscribed for, the Underwriters will purchase the remaining New Shares and such shares shall be allocated to the Underwriters. Investors who do not subscribe or sell their Rights and owners of Fractional Shares during the Rump Offering Period will not be compensated.

Eligible Persons must contact the broker through which the subscription application was made for any additional information. The results of the allocation will be announced no later than Wednesday 15/05/1445H (corresponding to 29/11/2023G).

15.3 Saudi Tadawul

In 1990G, full electronic trading of equities was introduced in the Kingdom. The Tadawul system was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated mechanism that covers the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week in one period between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, outside these times, orders can be entered, amended or canceled from 9:30 a.m. until 10:00 a.m. Trading times are subject to change during the holy month of Ramadan and are announced by Saudi Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which provides trading data in real time to information providers such as Reuters. Exchange transaction are settled on a T + 2 basis, i.e., share ownership transfer takes place two business days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important to investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

15.4 Trading of the New Shares on the Exchange

Trading of the New Shares is expected to commence after finalization of the allocation process. The date for the start of trading in the New Shares will be announced on the Saudi Tadawul website. It should be noted that the dates and times mentioned in this Prospectus are indicative and may be changed at any time subject to the approval of the CMA.

Although the Existing Shares of the Company are listed on the Exchange, the New Shares can only be traded after the allocated Rump Shares have been credited to Subscribers' accounts. Pre-trading in the New Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in connection with pre-trading activities.

15.5 Miscellaneous

The subscription application and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription, their respective successors, permitted assigns, executors, administrators and heirs. Neither the subscription application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the terms and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English. The Arabic version is the only one approved by the CMA. In the event of a discrepancy between the Arabic and English texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the New Shares to any person in any country other than the Kingdom are expressly prohibited, except for foreign financial institutions, subject to the applicable laws and directives. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offering and the sale of the New Shares and to observe all such restrictions.

16. Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters, between 8:00 a.m. and 4:00 p.m., from Monday 01/04/1445H (corresponding to 16/10/2023G), for a period of no less than fourteen (14) days prior to the date of the Extraordinary General Assembly Meeting on the Capital Increase. Such documents will remain available for inspection until the end of the Offering Period:

1- The announcement of the CMA dated 20/03/1445H (corresponding to 05/10/2023G) approving the Offering of the Rights Shares.
2- The approval of Saudi Tadawul dated 23/01/1445H (corresponding to 10/08/2023G) to list the New Shares.
3- The resolution of the Company's Board of Directors dated 12/09/1444H (corresponding to 03/04/2023G) recommending the increase of the Company's capital through a Rights Issue.
4- The resolution of the Company's General Assembly dated 21/04/1445H (corresponding to 05/11/2023G) approving the increase of the Company's capital through a Rights Issue.*
5- The Company's Bylaws.
6- The Company's Commercial Registration Certificate issued by the Ministry of Commerce.
7- The feasibility study prepared for the projects that will be financed using the Offering Proceeds.
8- Letters of consent from each of:
    1- The Financial Advisor, Lead Manager and Underwriter (Riyad Capital) for the inclusion of its name and logo in this Prospectus.
    2- The Underwriter (Al Rajhi Capital) for the inclusion of its name and logo in this Prospectus.
    3- The Underwriter (SNB Capital Company) for the inclusion of its name and logo in this Prospectus.
    4- The Legal Advisor (The Law Firm of Latham & Watkins) for the inclusion of its name, logo and statement in this Prospectus.
    5- The Financial Due Diligence Advisor (PricewaterhouseCoopers Public Accountants) for the inclusion of its name, logo and statements in this Prospectus.
    6- The Auditor for 2020G and 2021G (KPMG Professional Services) for the inclusion of its name, logo and statement in this Prospectus.
    7- The Auditor for 2022G (Ernst & Young Professional Services (a professional limited liability company)) for the inclusion of its name, logo and statement in this Prospectus.
9- The Underwriting Agreement.**

* The document will be available for inspection on the first Business Day following the date of the Extraordinary General Assembly Meeting on the Capital Increase.

** The document will be available for inspection on the first Business Day following the date of conclusion of the Agreement.

NADEC

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