

RIGHT ISSUE PROSPECTUS

TABUK AGRICULTURAL DEVELOPMENT COMPANY

Tabuk Agricultural Development Company is a Saudi joint stock company pursuant to Royal Decree No. (M/11) on 06/07/1403H (corresponding to 21/03/1983G) approving the license to establish the company, which was registered in the Commercial Registration in Tabuk under the Commercial Registration Certificate No. 3550005403. 15/08/1404H (corresponding to 17/05/1984G).

Offering of (15,000,000) fifteen million ordinary shares with an offering price of (10) riyals per share by issuing Right issue shares with a total value of (150,000,000) one hundred and fifty million riyals, comprising an increase in the company's capital for about 62.04%. Hence the company's capital will become (391,767,000) Three hundred and ninety-one million seven hundred and sixty-seven thousand riyals.

Trading period: Starts from Monday date 30/08/1442H (corresponding to 12/04/2021G), to Monday date 07/09/1442H (corresponding to 19/04/2021G).

Subscription period: Starts from Monday date 30/08/1442H (corresponding to 12/04/2021G), to Thursday date 10/09/1442H (corresponding to 22/04/2021G).

Tabuk Agricultural Development Company (hereinafter referred to as "the company" or "Tabuk") was established as a Saudi joint stock company pursuant to Royal Decree No. (M/11) on 06/07/1403H (corresponding to 22/04/1983G) and it was registered with the Ministry of Commerce in the Commercial Registration No. 3550005403 issued in Tabuk on 15/08/1404H (corresponding to 17/05/1984G). The head office of the company is located in Tabuk, Halat Ammar Road, before Bir Ibn Herma, PO Box 808, Tabuk 71421, Kingdom of Saudi Arabia. The current capital of the company amounts to 241,767,000 Saudi riyals, divided into 24,176,700 ordinary shares with a nominal value of (10) Saudi riyals per share, paid in full (referred to individually as "current share" and collectively as "current shares"). As of the date of this prospectus, the major shareholders of the company who own 5% or more of the company's shares directly is Mr. Abdullah Abdulaziz Al-Rajhi who owns 6.66% of the company's shares prior to the offering.

The company's board of directors recommended on 22/07/1442H (corresponding to 12/07/2020G), to increase the company's capital through an offering of Right issue shares with the amount of SAR 150,000,000, after obtaining all the necessary regulatory approvals and the approval of the extraordinary general assembly.

On 24/08/1442H (corresponding to 06/04/2021G), the extraordinary general assembly of the company approved the increase of the company's capital by issuing Right issue shares, and the subscription consists in offering (15,000,000) new ordinary shares (referred to as "Rights issue shares" or "new shares") at the offering price of (10) Saudi riyals per share (referred to as the "offering price"), with a nominal value of (10) Saudi riyals, in order to increase the company's capital from 241,767,000 Saudi riyals to 391,767,000 Saudi riyals, And increase the number shares from 24,176,700 ordinary shares to 39,176,700 ordinary shares.

Right issue will be issued as tradable securities (referred to collectively as "Rights shares" and individually as "Rights share") to shareholders who own shares at the end of trading on the day of the extraordinary general assembly that includes the approval of the "capital increase" (referred to as "rights issue date") those registered in the company's shareholders' register with the depository center at the end of the second trading day following the day of the extraordinary general assembly that includes the approval of the capital increase on 26/08/1442H (corresponding to 08/04/2021G). (referred to collectively by "the registered shareholders" and individually as "the registered shareholder") provided that those rights are deposited in the portfolios of the registered shareholders after the holding of the extraordinary general assembly, taking into consideration the settlement procedures of (0.620) right for each (1) share of each of the shares of the company. Each right shall grant its holder eligibility to subscribe for new share at the offer price.

The registered shareholders and other general investors (referred to as "new investors") - who may trade rights and subscribe to new shares - will be able to trade and subscribe to the Right issue shares in the Saudi Stock Exchange (referred to as "Tadawul" or "Stock Exchange"). The trading period and the subscription period starts on Monday 30/08/1442H (corresponding to 12/04/2021G), the trading period ends on Monday 07/09/1442H (corresponding to 19/04/2021G) (referred to as "the trading period") While the subscription period continues until the end of Thursday 10/09/1442H (corresponding to 22/04/2021G), (referred to as the "subscription period"). It should be noted that the trading period and the subscription period will start on the same day however the trading period cease on sixth day of the start of the period, while the subscription period will end on the ninth day of the said period.

The registered shareholders will be able to trade the Right issue during the trading period, by selling the obtained rights or part of it, or buying additional rights from the stock exchange. New investors may, during the trading period, buy rights from the stock exchange and sell the rights that are bought during the trading period.

the new shares could be subscribed to during the subscription period via a single phase as follows:

- 1- During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
- 2- The registered shareholder will be allowed to subscribe directly for the number of his shares or less than the number of his shares during the subscription period, and if he buys new rights, he will be allowed to subscribe to them after the end of the settlement period (two working days).
- 3- New investors will be able to subscribe to the new shares immediately after settlement of such shares (two business days).
- 4- Subscription will be available online through the investment portfolio in Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other media and channels available at the intermediary.

If there are any unsubscribed shares by the end of the subscription period (referred to as "Rump Shares"), then those shares will be offered to



A number of institutional investors (referred to as "institutional investors") and this offering is referred to as a "Rump offering"

Those institutional investors submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 AM on Tuesday 15/09/1442H (corresponding to 27/04/2021G) until 05:00 PM of Wednesday 16/09/1442H (corresponding to 28/04/2021G) (referred to as the "rump offering period"). The Rump Shares will be allocated to the institutional investors with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), with shares being allocated on a pro rata basis, among those being the institutional investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and treated in a similar way, and the total offering price obtained from the Rump offering process will be paid to the company, and the remaining proceeds of the offering process will be distributed without counting any fees or deductions maximum by Thursday 15/10/1442H (corresponding to 27/05/2021G).

In the event that the institutional investors do not subscribe to all the Rump Shares and fractional shares, the remaining Shares will be allocated to the underwriter who will purchase them at the offering price (please see section "Information on shares and its terms and conditions"). The final allocation for the new shares will be announced no later than 20/09/1442H (corresponding to 02/05/2021G) (referred to as "the allocation date") (please see section "Information on shares and the terms and conditions of the offering") upon completion the offering, the company's capital will be 391,767,000 SAR, divided into 39,176,700 ordinary shares. The net proceeds of the offering will be used for disbursement on operating and agricultural plan, payment of company debts and loans, and the acquisition of income-generating real estate businesses (please refer to section (7) "Use of offering proceeds and future projects").

All the shares of the company are of one class, and no share holder shall have any preferential rights. The new shares will be fully paid and will equal exactly to the outstanding shares. Each share grants its holder one vote, and each shareholder in the company (referred to as "the shareholder") has the right to attend the general meeting (referred to as the "general meeting") (whether ordinary or extraordinary) and vote in it. Owners of the new shares shall be entitled to receive any dividends declared by the company as of the date of the offering (if any).

When the company was established on 21/03/1983G, the capital amounted to (200,000,000) two hundred million riyals divided into (2,000,000) two million ordinary shares of equal value with a nominal value of (100) one hundred riyals per share. Note that the nominal value of the share was amended in 1998G from (100) one hundred riyals to (50) fifty riyals so that the number of shares became (4,000,000) four million ordinary shares of equal value, and in 2006G the nominal value of the shares was amended again from (50) fifty riyal to (10) ten riyals per share, so the number of shares becomes (20,000,000) twenty million ordinary shares of equal value, and this value is still the nominal value of the share to date.

On 15/03/1436H (corresponding to 01/06/2015G), the extraordinary general assembly approved the recommendation of the Board of Directors to increase the capital from 200,000,000 two hundred million riyals to 450,000,000 four hundred and fifty million Saudi riyals through the issuance of Right issue shares in a number of 25,000,000 twenty-five million shares (10) Riyals.

On 23/07/1441H (corresponding to 18/03/2020G), the extraordinary general assembly approved the recommendation of the Board of Directors to reduce the company's capital from 450,000,000 four hundred fifty million riyals to 241,767,000 two hundred and forty-one million seven hundred and sixty-seven thousand riyals, at a reduction of 46,274% of the capital.

The company's outstanding shares are currently traded in the Saudi Stock Exchange. The company has submitted an application to the Capital Market Authority in the Kingdom of Saudi Arabia (referred to as the "CMA") to register and offer new shares. It has also submitted a request to the Saudi Stock Exchange Company (Tadawul) to accept its listing. All the required documents have been submitted and all the requirements of the relevant authorities have been fulfilled, and this prospectus has been approved. It is expected that the new shares will start trading in the market within a short period after the completion of the process of allocating the new shares and returning the surplus (please refer to page No. (xi) "Key dates and subscription procedures").

Trading in the new shares - after their registration and acceptance of their listing - will be available for citizens of the Kingdom of Saudi Arabia and residents of the Kingdom of Saudi Arabia who reside legally in it, GCC nationals, Board, Saudi and GCC investment companies and funds, in addition to qualified foreign investors under the rules regulating the investment by qualified foreign institutional investors in the listed shares. Moreover, other categories of foreign investors are entitled to obtain the economic benefits associated with the new shares by concluding swap agreements with persons authorized by the CMA (referred to as "the licensed person"), knowing that the licensed person will be in this case. The legal owner of the shares.

This prospectus must be read in full and the "Important Notice" section on page (i) and the "Risk Factors" section (2) on page (5) of this prospectus must be considered prior making an investment decision related to the rights or new shares.

Financial Advisor and Underwriter



Lead Manager



This prospectus includes information provided as part of the application for registration and offer of securities in compliance with the rules on the offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the listing rules of the Saudi Stock Exchange. The directors, whose names appear on page (iii) collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this prospectus, do not make any representation 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 unofficial English language translation of the official Arabic language prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts."

This prospectus is dated 26/06/1442H, (corresponding to 08/02/2021G).



www.tadco-agri.com



Important notification

This prospectus (the “**prospectus**”) contains full details about Tabuk Agricultural Development Company and the Right issue shares offered for subscription. When submitting an application to subscribe in the new shares, investors will be treated on the basis that their requests are based on the information contained in the prospectus, a copy of which can be obtained from the company's headquarters and from the company's lead manager or by visiting the websites of the company www.agrit.com, the Financial Adviser (www.wasatah.com.sa) and the Capital Market Authority (www.cma.org.sa).

The prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the extraordinary general assembly for the capital increase. In the event that the extraordinary general assembly does not approve within six months from the date of the authority's approval, for registering and offering the Right issue, such approval given by the authority shall be deemed to be canceled.

The company has appointed (Wasatah Capital) as a financial advisor (referred to as “**financial advisor**”) and underwriter (referred to as “**underwriter**”) (please refer to Section (11) “**Underwriter**” of this prospectus) and Al-Jazira Capital, the Lead Manager (referred to as the “**Lead Manager**”), in relation to the offering of Right issue shares to increase the company's capital in accordance with this prospectus.

The prospectus contains information provided according to the requirements of the rules on the offer of securities and continuing obligations issued by the Board of the Capital Market Authority pursuant to its resolution No. 3-123-2017 and dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G), as amended by Resolution of the Capital Market Authority Board No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019G). The members of the board of directors whose names appear on page (iii) collectively and individually bear the full responsibility for the accuracy of the information contained in the prospectus, and they confirm, according to their knowledge and belief, after conducting the possible studies and to the extent, there are no other facts that, not including them in the prospectus, would make any statement contained in it misleading. The Capital Market Authority and the Saudi Stock Exchange Company (Tadawul) do not bear any responsibility for the contents of this prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the issuance mentioned in the prospectus or from depending on any part thereof.

Although the company has carried out all reasonable studies to verify the validity of the information contained in this prospectus on the date of its issuance, part of the information contained in this prospectus has been obtained from external sources, although the company, any of the directors, members of its board directors, the financial advisor, or any of the company's advisors mentioned in pages (iv) and (v) (“**the advisors**”) have no reason to believe that this information is inaccurate in its essence, except that the information has not been independently verified. No commitment or statement may be made regarding the accuracy or completeness of this information.

The information contained in the prospectus as on the date of its issuance is subject to change, especially that the company's financial position and the value of the shares may be negatively affected as a result of future developments such as inflation factors, interest rates, taxes, or other economic and political factors or other factors beyond the company's control (please see Section (2) “**Risk Factors**” of this prospectus). Neither the delivery of this prospectus nor any verbal or written information related to the Offer Shares, or their interpretation or reliance on them, in any form, shall be considered as a promise, confirmation, or acknowledgment regarding the realization of any revenues, results, or future events.

This prospectus shall not be considered as a recommendation by the company, its board members, or any of its advisors to participate in the subscription process for Right issue shares. The information contained in the prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition or special investment needs. Each recipient of the prospectus, before making an investment decision, is responsible for obtaining professional advice from a financial advisor licensed by the CMA regarding the subscription to assess the suitability of this investment and the information contained in the prospectus for his goals, conditions and financial needs.

The registered shareholders and other public investors (“**new investors**”) - who may trade in rights and subscribe to the new shares - will be able to trade and subscribe to Right issue shares on the Saudi Stock Exchange (“**Tadawul**” or “**Exchange**”). The trading period and the subscription period start on Monday 30/08/1442H (corresponding to 12/04/2021G), and the trading period ends on Monday 07/09/1442H (corresponding to 19/04/2021G) (the “**Trading Period**”), while the subscription period continues until the end of the day Thursday 10/09/1442H (corresponding to 22/04/2021G) (the “**Subscription Period**”). It should be noted that the trading period and the subscription period will start on the same day while the trading period continues until the end of the ninth day from the beginning of the period.

The registered shareholders will be able to trade in the Right issue during the trading period, by selling the acquired Right issue or part of them, or purchasing additional Right issue through the exchange. New investors will be able, during the trading period, to buy rights through the exchange and sell the rights that are bought during the trading period.

The subscription to the new shares will be available during the subscription period via a single phase as follows:

- 1- During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
- 2- The registered shareholder will be allowed to subscribe directly for the number of his shares or less than the number of his shares during the subscription period, and if he buys new rights, he will be allowed to subscribe for them after the end of the settlement period (two working days).

- 3- New investors will be able to subscribe to the new shares immediately after settlement of such shares (two business days).
- 4- Subscription will be made available online through the investment portfolio in the Tadawul platforms and applications that are used to submit purchase and sale orders. Additionally, subscription shall be available through other media and channels available at the intermediary.

In the event that shares remain unsubscribed after the end of the subscription period (the **"Rump Shares"**), those shares will be offered to a number of institutional investors (**"institutional investors"**) (and this offering is referred to as **"the Rump offering"**).

Those institutional investors submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 AM on Tuesday 15/09/1442H (corresponding to 27/04/2021G) until 05:00 PM on Wednesday 16/09/1442H (corresponding to 28/04/2021G) (**"Rump Offering Period"**).

The Rump Shares will be allocated to the institutional investors with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), with shares being allocated on a pro rata basis, among those being institutional investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and be treated similarly, and the total offering price obtained from the Rump offering process will be paid to the company, and the remaining proceeds of the offering will be distributed (in excess of the value of the offering) among those entitled to obtain them, subject to eligibility within a maximum limit of Thursday days 15/10/1442H (corresponding to 27/05/2021G).

In the event that the institutional investors have not subscribed to all the Rump Shares and fractional shares, the Rump Shares will be allocated to the underwriter who will purchase them at the offering price (please see the section **"Information related to shares and the terms and conditions of the offering"** in this prospectus). The final allocation for the new shares will be announced no later than 20/09/1442H (corresponding to 02/05/2021G) (**"the allocation date"**) (Kindly see section **"Information related to shares and the terms and conditions of the offering"** section of this prospectus).

Financial information

Consolidated audited financial statements for the fiscal years ending on December 31, 2017G and December 31, 2018G, December 31, 2019G, and June 30, 2020G, and notes, were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and publications that Approved by the Saudi Organization for Certified Public Accountants (SOCPA). The financial statements of the company for the financial years ending December 31, 2017G and December 31, 2018G were reviewed and audited by Sulaiman Abdullah Al-Kharashi Company (Al Kharashi & Co. Certified Accountants and Auditors), and the financial statements of the company were reviewed and audited for the period December 31, 2019G Ended on June 30, 2020G by BDO Dr. Mohamed Al-Amri & Co, and the company issues its financial statements in Saudi riyals.

Forecasts and Forward-looking Statements

The future projections included in this prospectus have been prepared on the basis of specific and announced assumptions mentioned in the relevant issues. The company's future conditions may differ from the assumptions used, and therefore there is no guarantee or commitment regarding the accuracy or completeness of any of these expectations, and the company has provided these expectations and statements based on its performance of the necessary professional due diligence.

Some of the data contained in this prospectus represent statements about future expectations. These future statements are generally inferred through the use of some words such as "intends", "plans", "estimates", "believes", "expects", or "it is possible" or "Will", "intend", "should", "expected", or "may" or formulas that negate these vocabulary and other vocabulary words that are close to or opposite to them in meaning.

These statements of aspirations reflect the current viewpoint of the company and its management regarding future events, but it is not a guarantee of future performance and there are many factors that may lead to the actual results, performance or achievements of the company being significantly different from any future results, performance or achievements that can be expressed explicitly or implicitly in the statements of those aspirations.

The most important risks or factors that could lead to such an impact are reviewed in more detail in other sections of this prospectus (please see the **"Risk Factors"** section of this prospectus). If one or more of these risks or uncertainties are realized, or if any of the assumptions that were relied upon are proven incorrect or accurate, the actual results may differ materially from those mentioned in this prospectus.

Observing the requirements of rules on the offer of securities and continuing obligations, the company must submit a supplementary prospectus to the Authority if the company becomes aware at any time after the date of the publication of this prospectus and before the completion of the offering of any of the following: (1) There is a significant change in material matters mentioned in the prospectus. Issuance or (2) any significant issues that should have been included in the prospectus have arisen.

With the exception of these two cases, the company does not intend to update or amend any information contained in this prospectus, whether as a result of new additional information or as a result of future incidents or otherwise related to the company, sector or risk factors.

Company's Guide


BOD members									
Company's BOD Designated on 01/08/2018G*									
						Owned shares as on date of prospectus			
Name	Position	Title		Nationality	Age	Direct		Indirect **	
		Executive / non-executive	Independent / non-independent			Number	Percentage	Number	Percentage
Alwaleed Khalid Alshethry	Chairman of the Board	Non-executive	non-independent	Saudi	40	1074	0,0044	-	-
Yousif Abdullah Alrajhi	Vice Chairman of the Board	Non-executive	non-independent	Saudi	64	17461	0,0722	-	-
Abdulaziz Ahmed Bin Dayel	member	Non-executive	independent	Saudi	46	-	-	-	-
Khaled Saad Almarshad	member	Non-executive	independent	Saudi	60	100	0,0004	-	-
Tariq Abdulaziz Alhamad	member	Non-executive	independent	Saudi	39	-	-	-	-
Mohammed Abdulaziz AlShetwy	member	Non-executive	independent	Saudi	39	-	-	-	-
Khalid Abdulrahman Alkhudairi ***	member	Non-executive	independent	Saudi	34	-	-	-	-

Source: the company

* The Ordinary General Assembly agreed to appoint members for the twelfth session for a period of three years, which began on 01/07/2018G and ends on 30/06/2021G.

** Means shares indirectly owned by members of the board of directors in the company through their ownership in companies that own shares in the company or shares owned by relatives of board members, either directly or through their ownership in companies that own shares in the company

*** The Board approved the resignation of Mr. Muhammad bin Abdullah Al-Rajhi on 24/01/1442H (corresponding to 12/09/2020G), and on 28/04/1442H (corresponding to 12/12/2020G), the Board of Directors issued a decision to appoint Mr. Khalid bin Abdulrahman Al-Khudairi as a non-executive independent member instead of Mr. Muhammad bin Abdullah Al-Rajhi, and the member will complete the remaining period in the current session of the board of directors. It is worth noting that the approval of the board is not considered final and this appointment will be presented to the first meeting of the General Assembly for approval. For more details about the changes that have occurred in the formation of the Board with the exit and entry of members up to the date of publication of this prospectus, please see Sub-paragraph 2-4 of the Board of Directors of Section 4 "The organizational structure of the company" of this Prospectus.

Company's address and its representatives	
Tabuk Agricultural Development Company Tabuk, Hallat Ammar Road, before bir ben Hermas PO Box 808 Tabuk 71421 Kingdom of Saudi Arabia Tel.: 00966 14 500000 Fax: 00966 14 500025 Email: tadco@tadco-agri.com Website: www.tadco-agri.com	

Company's representatives		
Item	Company's 1st signatory and representative	Company's 2nd signatory and representative
Name	Alwaleed Khalid Saleh Alshithry	Fahad Abdullah Ali Al Sameeh
Title	Chairman	CEO
Address	Tabuk PO Box 808 Postal code 71421	Tabuk PO Box 808 Postal code 71421
Telephone	+966 55 420 0022	+966 50 446 6187
Fax	+966 14 500 025	+966 14 500 025
Email	Alshathre@tadco-agri.com	Falsemail@tadco-agri.com

Saudi Stock Exchange	
Saudi Stock Exchange Company (TADAWUL) King Fahd Road, Olaya 6897 Unit number 15 Riyadh 12211 - 3388 Kingdom of Saudi Arabia Tel.: 00966 920001919 Fax: 00966 112189133 Email: csc@tadawul.com.sa Website: www.tadawul.com.sa	
Financial Advisor and Underwriter	
Al Wasatah Al Maliah Company (WASATAH CAPITAL) Riyadh, Olaya main street PO Box 50315 Riyadh 11523 Kingdom of Saudi Arabia Tel.: 00966 11 4944067 Fax: 00966 11 4944205 Email: www.Wasatah.com.sa Website: info@Wasatah.com.sa	
Lead Manager	
Aljazira Capital Riyadh, King Fahd Road PO Box 20438 Riyadh 11455 Kingdom of Saudi Arabia Tel.: 00966 11 2256000 Fax: 00966 11 2256068 Email: www.aljaziracapital.com.sa Website: contactus@aljaziracapital.com.sa	
Legal Advisor	
The law Firm of Dr. Sultan Almasoud Unit 10, 3rd floor, building 14 WH01 Alraeda Digital City, Alnakheel PO Box 90217 Riyadh 11613 Kingdom of Saudi Arabia Tel.: 00966 11 2137800 Email: www.shearman.com Website: Sultan.Almasoud@shearman.com	 شركة د. سلطان المسعود محامون ومستشارون قانونيون THE LAW FIRM OF DR. SULTAN ALMASOUD
Chartered Accountant For the fiscal year ending on 31/12/2017G and 31/12/2018G	
Sulaiman Abdullah Alkharashi Company (Alkharashi & Co. Chartered Accountants and Auditors) 7425 Sahab Tower, Takhassusi Street PO Box 8306 Riyadh 11482 Kingdom of Saudi Arabia Tel.: 00966 200282299 Fax: 00966 114774924 Email: general@alkharashicaa.com Website: www.alkharashicaa.com	

Chartered Accountant
For the fiscal year ending on 31/12/2019G and the period ended on 30 June 2020G

Dr. Mohammed Alamri & Co (Chartered Accountants and Auditors)

Dammam, Prince Mohammed Bin Fahd road

PO Box 2590 Dammam 4120 - 32415

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Email: www.alamri.com

Website: info@alamri.com



الدكتور محمد العمري وشركاه

Dr. Mohamed Al-Amri & Co.

Note: All the legal advisors and accountants mentioned above have given their written consent to include their names, logos, and statements in the form and content mentioned in this prospectus, and none of them has withdrawn this approval until this date. None of the legal advisors and accountants or their employees or any of their relatives own any shares or interest of any kind in the company as at the date of this prospectus.

Abstract of the offering

Investors wishing to subscribe to shares of this offering must read the entire prospectus before making their investment decision related to subscribing in Right issue shares, as the offering summary is not sufficient to make an investment decision. Below is a summary of the offering:

Issuer's name, description and information on its incorporation	<p>Tabuk Agricultural Development Company (hereinafter referred to as "the company" or "Tabuk") was incorporated as a Saudi joint stock company pursuant to the Royal Decree No. (M/ 11) dated 06/07/1403H (corresponding to 22/04/1983G) to approve the license to incorporate the company, which completed its registration in the commercial register in Tabuk under the certificate of the Commercial Registration No. 3550005403 dated 15/08/1404H (corresponding to 17/05/ 1984G). The headquarters of the company is located in Tabuk, Halat Ammar Road, before Bir ben Hermas, PO Box 808, Tabuk 714.</p>
Issuer's business activity	<p>According to the company's bylaw, the company shall be entitled to process business activities as follows:</p> <ol style="list-style-type: none"> 1- Establishing, managing, operating and carrying out crop cultivation and animal production activities, including the cultivation of permanent and non-permanent crops, plant multiplication, livestock production, mixed agriculture, agricultural support activities, post-harvest crop activities, hunting and related service activities, and establishing, managing, operating and practicing forestry and logging activities, Including planting forests and other forestry activities, logging, collecting non-timber forest products and support services for forestry, establishing, managing, operating and practicing fishing and aquaculture activities, including marine fishing, freshwater fishing, marine aquaculture, freshwater aquaculture and fish farming in both seas and fresh waters. 2- Carrying out activities of making food products, including preparing and preserving meat, preserving fish, crustaceans and molluscs, processing and preserving fruits and vegetables, making vegetable and animal oils and fats, making dairy products, making grain mills, starch, starch products, and making other food products, such as making bakery products, making sugar, making cocoa, chocolate, and sugary sweets. And the manufacture of prepared animal feed, and the carrying out of beverage-making activities, including malt beverage manufacturing, including (beer without alcohol), making non-alcoholic beverages, production of mineral water and other bottled water, soft drinks and drinks flavored with extracts and fruit spirits, production and bottling of water and other activities for the beverage industry And mineral water. 3- Manufacture of chemicals and chemical products, and this includes without limitation the manufacture of fertilizers and nitrogenous compounds, the manufacture of pesticides and other agricultural chemical products, and the undertaking of veterinary activities. 4- Carrying out water supply activities, drainage activities, waste management and treatment, including water collection, treatment, delivery, operation of irrigation channels, water collection from rivers, lakes, wells, etc., rainwater harvesting, and water technology for the purposes of water delivery and salinity of sea water or groundwater to produce water and operate irrigation channels. 5- Manufacture of agricultural machinery and forestry machinery, including the manufacture and assembly of agricultural machinery and equipment and the manufacture of machinery used in agriculture, horticulture or forestry to prepare the soil, planting or fertilizing crops, making plows, manufacturing seeding machinery, manufacturing harvesting machines, tree cutting, cleaning and sorting machines for eggs, fruits and vegetables, and industry Cattle milking machines, spraying machinery manufacturing for agricultural use, and other machinery used in agriculture, agriculture, forestry, animal husbandry, poultry, bees, and any other activities for the manufacture of agricultural and forestry machinery. 6- Managing and operating plant and animal parks and natural reserves, including parks, zoos, nature reserves, plant and animal gardens activities, and other natural reserves, and carrying out activities related to the service and maintenance of beautification of sites, including the care and maintenance of parks and gardens for the purposes of public housing and the care of building views, home gardens, roof gardens and building facades Care and maintenance of highway parks, care and maintenance of sports stadiums and golf courses, care and maintenance of static and running water, care and maintenance of plants for protection from noise, wind and desertification, care and maintenance of other types of landscapes that were not previously mentioned, and the activities of landscape design services and maintenance services activities to be conserved agricultural and environmentally friendly. 7- Marketing, retail trade, wholesale and wholesale trade on a fee or on a contract basis, and this includes without limitation the activities of commission agents such as sales agents in agricultural raw materials, sales agents of live animals, sales agents in food and beverages, conducting export and import activities, and engaging in material trade Wholesale of agricultural raw materials and live animals, including the wholesale sale of grains and seeds, the wholesale sale of fruits and oil fruits, the wholesale of flowers and plants, the wholesale of live animals, the wholesale of types of leather, the wholesale of other agricultural raw materials and recycled waste such as animal feed, and the sale of food and beverages, and this includes the wholesale sale of fruits, vegetables and dates. Wholesale of dairy products and eggs, wholesale of animal and vegetable oils and fats, wholesale of meat and their products, and fish products, wholesale of sugar, chocolate and their products, coffee, tea, cocoa, spices and honey, wholesale of bakery products, wholesale of beverages of all kinds, and wholesale of food and feed for domestic animals and households. A wholesale of food and beverages not listed above. 8- Owning, managing and operating grain silos and carrying out storage activities and support activities for transportation, including storage in warehouses such as stores of chilled and chilled goods (cold stores) and storage in silos and flour warehouses, food and agricultural products warehouses and general warehouses that contain a variety of commodities.

	<div>9- Carrying out food and beverage service activities, including restaurant activities, mobile food services, occasional food service activities, and other food services and beverage serving activities.</div> <div>10- Management and leasing of owned or leased (residential) real estate, managing the leasing of owned or leased properties (non-residential), and practicing short and long-term residence activities, including owning and operating hotels, motels, furnished apartments (hotel) and other accommodation facilities, chalets, rest houses, camps, parks and recreational resorts, and tourism, and the practice of specialized construction activities, including, but not limited to, demolition work, site blocking, electrical and plumbing works and other construction activities, building completion and finishing, and other specialized construction activities.</div> <div>11- Carrying out the activities of travel agencies, tour operators, sporting activities, leisure and entertainment activities, including the ownership, management and operation of equestrian clubs, horse racing, camel racing, and gyms.</div> <div>12- Working and investing inside and outside the Kingdom and practicing financial services activities, including financial intermediation, the activities of holding companies, activities of cartels, funds and similar financial entities and other financial services activities, in accordance with the controls set by the competent authorities and after obtaining the necessary licenses from the Capital Market Authority.</div> <div>The company carries out its activities according to the followed regulations and after obtaining the necessary licenses from the competent authorities.</div>														
substantial shareholders of the issuer, number of their shares, percentages of ownership before and after offering as on date of this prospectus	<div>According to the shareholders record of Tabuk Company dated 12/08/2020G, the major shareholders of the company who directly own 5% or more of the company's shares is Mr. Abdullah Abdulaziz Al-Rajhi who owns (1,611,785) shares, i.e. 6.66% of the company's shares before offering. The following is a table showing the ownership of major shareholders before and after the offering:</div> <table><tr><th rowspan="2">Shareholder</th><th colspan="2">Before offering Directly</th><th colspan="2">After offering * Directly</th></tr><tr><th>Number of shares</th><th>Percentage of ownership</th><th>Number of shares</th><th>Percentage of ownership</th></tr><tr><td>Abdullah Abdulaziz Alrajhi</td><td>1,611,785</td><td>6.66%</td><td>2,611,736</td><td>6.66%</td></tr></table> <div>* In the event that Mr. Abdullah Abdul Aziz Al-Rajhi subscribed to the full percentage of his eligibility in the new shares, and in the event that Mr. Abdullah Abdul Aziz Al-Rajhi subscribed for more than what was allocated to him by purchasing rights through trading, his ownership percentage will change</div>	Shareholder	Before offering Directly		After offering * Directly		Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Abdullah Abdulaziz Alrajhi	1,611,785	6.66%	2,611,736	6.66%
Shareholder	Before offering Directly		After offering * Directly												
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership											
Abdullah Abdulaziz Alrajhi	1,611,785	6.66%	2,611,736	6.66%											
The public	<div>In the Rules on the Offer of Securities and Continuing Obligations, it means the persons not mentioned below:</div> <div><div>1- affiliates of the issuer.</div><div>2- substantial shareholders of the issuer.</div><div>3- Board members and senior executives of the issuer.</div><div>4- Board members and senior executives of affiliates of the issuer.</div><div>5- Board members and senior executives of substantial shareholders of the issuer.</div><div>6- Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above.</div><div>7- Any company controlled by any of the persons described at (1, 2, 3, 4, 5, or 6) above. or</div><div>8- Persons who act in agreement together and collectively own (5%) or more of the class of shares to be listed.</div></div>														
Nature of offering	Capital increase through Rights issue.														
Purpose beyond issuing priority shares as proposed	Tabuk Agricultural Development Company aims to increase its capital by offering Rights issue shares to disbursement on operating and the agricultural plan, to repay the debts and loans of the company and to acquire income-generating real estate business.														

Total proceeds expected to be obtained and analysis and description of their potential use	It is expected that the total proceeds of the subscription for the rights issue will reach one hundred and fifty million (150,000,000) Saudi riyals. The net subscription proceeds will be used after deducting all the costs of the offering in disbursement on operating and the agricultural plan (the agricultural plan is to plant wheat and fruit seeds, and the operation is to manage the agricultural process from operating and maintaining planting equipment, harvesting, irrigation, and transporting crops), the payment of debts and loans to the company and the acquisition of Income-generating real estates business. For more details, please see Section (7) "Use the proceeds of the offering and future projects"). It is expected that the project will have positive impacts, including improving the company's financial performance and profitability. The table below shows the uses of proceeds:		
	N	use of prooceds	Amount (SAR)
	1	To pay for the debts and creditors of the company *	62,000,000
	2	To acquire income-generating real estate business	47,000,000
	3	To spend on operation and agricultural plan **	33,000,000
	4	Costs of offering	8,000,000
	Total		150,000,000
<p>* Suppliers will be paid in the amount of 29.68 million Saudi riyals, zakat and added tax will be paid in the amount of 15.838 million Saudi riyals, the loan of the subsidiary company Rakhaa for Agricultural Investment and Development will be paid in the amount of 6.667 million Saudi riyals, the Agricultural Development Fund will be paid in the amount of 4.315 million Saudi riyals, and government expenses related to employees will be paid In the amount of 5.5 million Saudi riyals</p> <p>** The agricultural plan consists in planting wheat and fruit seeds, and the operation is to manage the agricultural process from operating and maintaining equipment for planting, harvesting, irrigation and transporting crops. The amount allocated for spending will be distributed to the operation and the agricultural plan as follows:</p> <p>Wheat 16 million riyals, fruits such as grapes 3.5 million riyals, apricots 2.5 million riyals, peaches 2.5 million riyals, olive tree 3.5 million riyals, livestock raising 3 million riyals, orchards and nurseries 2 million riyals</p>			
Costs of offering	The costs of the offering are expected to amount to about eight million (8,000,000) Saudi riyals, and include the fees of: the financial advisor, the lead manager, the underwriter, the legal advisor, the chartered accountant, marketing expenses, printing, distribution and other expenses. Please see section (7) "Use the proceeds of the offering and future projects").		
Net proceeds of the offering	It is expected that the net proceeds of the offering will reach about one hundred forty-two million (142,000,000) Saudi riyals (please see to section (7) "Use the proceeds of the offering and future projects")		
Issuer's capital before offering	SAR 241,767,000		
Issuer's capital after offering	SAR 391,767,000		
Issuer's total number of shares before offering	24,176,700 ordinary shares		
Issuer's total number of shares after offering	39,176,700 ordinary shares		
Nominal value of share	SAR (10) per share		
Total number of offers shares	15,000,000 ordinary shares		
Percentage of offered shares to the capital	62.04% from issuer's total capital before offering		
Price of offering	SAR (10) per share		
Total value of offering	SAR 150,000,000		
Number of offering shares undertaken to be covered	15,000,000 ordinary shares		
Total value offering undertaken to be covered	SAR 150,000,000		
Categories of target investors	Registered shareholders and new investors		
Registered shareholders	Shareholders who own shares at the end of the trading day of the extraordinary general assembly for the capital increase and are registered in the company's records with the depository center at the end of the second trading day following the convening of the extraordinary general assembly for the capital increase.		
New investors	In general, individual and institutional investors - except for registered shareholders - who purchased Right issue during the trading period.		

Right issue	They are tradable securities that give their holder the right to subscribe to the new shares offered after approval of the capital increase. These securities are considered an acquired right of all registered shareholders. The right may be traded during the trading period. Each right gives the holder the right to subscribe for one share of the new shares at the offer price. The rights of priority will be deposited in the portfolio of registered shareholders after the holding of the extraordinary general assembly for the capital increase. These rights will appear in the shareholders' portfolios registered under a new code related to Right issue.
Number of Right issue issued	15,000,000 right (fifteen million)
Legibility factor	Each registered shareholder grants (0.620) a right to approximately every (1) share he owns. This factor is the result of dividing the number of new shares by the number of the current shares of the company.
Legibility date	Shareholders who own shares at the end of the trading day of the extraordinary general assembly for the capital increase and are shown in the company records at the end of the second trading day following the convening of the extraordinary general assembly for the capital increase, on 26/08/1442H (corresponding to 08/04/2021G)
Trading period	The trading period starts on Monday 30/08/1442H (corresponding to 12/04/2021G) and continues until the end of Monday 07/09/1442H (corresponding to 19/04/2021G). It is permissible during this period for all Right issue holders - whether they are registered investors Or new investors - to trade on the Right issue.
Subscription period	The subscription period starts on Monday day 30/08/1442H (corresponding to 12/04/2021G) and continues until the end of day Thursday 10/09/1442H (corresponding to 22/04/2021G). During this period, all holders of the Right issue - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares.
Rump Shares	The Rump Shares that were not subscribed to during the subscription period.
Rump offering	In the event that shares remain unsubscribed after the end of the subscription period (the Rump Shares), those shares will be offered to a number of institutional investors (investment institutions). These investment institutions submit their bids to buy the remaining shares. These offers will be received from ten o'clock in the morning Tuesday 15/09/1442H (corresponding to 27/04/2021G) until five o'clock in the evening. From the day of Wednesday 16/09/1442H (corresponding to 28/04/2021G) (the Rump offering period). The Rump Shares will be allocated to the investment institutions with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), provided that the shares are allocated on a pro rata basis to the investment institutions that offer the same offer. As for the fractional shares, they will be added to the Rump Shares and treated similarly.
Paying compensation amount (if any)	The monetary compensation amounts will be paid to eligible persons who have not exercised their right to subscribe in whole or in part to the new shares and to those entitled to fractional shares without any deductions, no later than 15/10/1442H (corresponding to 27/05/2021G), noting that the monetary compensation amounts represent the amount that exceeds the offering price from the net proceeds from the sale of the Rump Shares and fractional shares.
Listing and trading Right issue	The rights issue are listed in Tadawul and traded during the rights issue trading period. Right issue shall have a separate symbol and separate from the company's current stock symbol on the Tadawul screen. The registered shareholders have several options during the trading period, which include selling the rights or part of them in the Exchange, buying additional rights through the Exchange, or not taking any action on the Right issue, whether by selling them or buying additional rights. During the trading period, new investors will have the right to purchase rights through the Exchange, sell those rights or part of them, or not to take any action regarding the rights purchased during the trading period. The Tadawul system will cancel the Right issue symbol for the company on the trading screen after the end of the rights issue trading period. Therefore, the trading of the Right issue will stop at the end of that period.
Method of subscription	Eligible persons wishing to subscribe to new shares must submit their subscription requests electronically through the online intermediaries' websites and platforms that provide these services to the subscribers or through any other means provided by intermediaries.
Practicing subscription in Right issue	Eligible persons shall have the right to exercise their right to subscribe to Right issue shares by subscribing electronically via intermediaries' websites and online platforms that provide these services or through any other means provided by intermediaries'. In addition, eligible persons can exercise Right issue as follows: 1- Shareholders registered during the subscription period shall have the right to exercise the rights granted to them on the eligibility date and any additional rights that they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they own. 2- New investors shall, during the subscription period, have the right to exercise the rights that they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they own. In the event that none of the registered shareholders or the new investors exercise their right to subscribe to the new shares during the subscription period, the shares related to those rights will be offered in the Rump offering period.
Indicative value of the right	The indicative value of the right reflects the difference between the market value of the company's share during the trading period and the offer price. Tadawul will calculate and publish the right's indicative value during the trading period on its website, five minutes late, and market information service providers will also publish this information in order for investors to view the Indicative value when entering the order.
Trading price of the right	It is the price at which the right is traded, bearing in mind that it is determined through the mechanism of supply and demand, and therefore it may differ from the right's indicative value.
Date of allocation	Shares will be allocated no later than Sunday on 20/09/1442H (corresponding to 02/05/2021G).

Allocating the shares	Shares will be allocated to each investor based on the number of rights he has properly exercised And completed. Fractions of the shares will be collected and added to the Rump Shares and then offered to Investment institutions during the Rump offering period: The company will obtain the total offering price collected from the sale of the Rump Shares, while the remaining proceeds of the Rump offering will be distributed without taking into account any fees or deductions (i.e. What exceeds the offering price) for its beneficiaries who did not fully or partially subscribe to the new shares and for those entitled to fractional shares (please See to the section “ Terms, Conditions and Subscription Instructions ”).
Trading the new shares	Trading of new shares begins in Tadawul after completing all procedures related to registering, allocating and listing the new shares.
Legibility for profits	Owners of the new shares will be entitled to any dividends the company announces after the date it is issued.
Rights of voting	All shares of the company are of one class, and no share gives its holder preferential rights. The new shares will be fully valued and equal to the existing shares. Each share gives its holder the right to one vote, and every shareholder in the company has the right to attend the meeting of the general assembly of shareholders (whether ordinary or extraordinary) and vote in it.
Limitations of shares trading	There are no restrictions imposed on trading the company's shares, except for regulatory restrictions imposed on publicly listed shares.
Limitations of rights trading	There are no restrictions imposed on the circulation of rights except with the exception of foreign shareholders who are not entitled to purchase additional rights without the approval of the concerned authorities.
Shared previously enlisted by issuer	The capital at incorporation amounted to (200,000,000) two hundred million riyals divided into (2,000,000) two million ordinary shares of equal value with a nominal value of (100) one hundred riyals per share. Note that the nominal value of the share was amended in 1998G from (100) one hundred riyals to (50) fifty riyals, and in 2006G the nominal value of the shares was modified again from (50) fifty riyals to (10) ten riyals per share, and these are still Value is the nominal value of a stock to date. On 15/03/1436H (corresponding to 01/06/2015G), the extraordinary general assembly approved the recommendation of the Board of Directors to increase the capital from 200,000,000 two hundred million riyals to 450,000,000 four hundred and fifty million Saudi riyals through Right issue in the number of 25,000,000 twenty five million (10) Riyals. On 23/07/1441H (corresponding to 18/03/2020G), the extraordinary general assembly approved the recommendation of the Board of Directors to reduce the company's capital from 450,000,000 four hundred fifty million riyals to 241,767,000 two hundred and forty one million seven hundred and sixty-seven thousand riyals, at a rate of reduction of 46.274% of the company's capital.
Risk factors	Investing in Right issue stocks involves certain risks, and these risks can be classified into: 1) Risks related to the company's business 2) Risks related to the market and the sector 3) Risks related to the new shares in the risk category, and these risks has been discussed. Which must be carefully studied before making any investment decision in the rights issue.
Total proceeds obtained in the last issuance of rights right, their analysis, description and uses	<p>The total proceeds obtained by the company in the last Rights issue on 15/03/1436H (corresponding to 06/01/2015G) amounted to 250,000,000 Saudi riyals. The company increased its capital from 200,000,000 two hundred million riyals to 450,000,000 four hundred and fifty million Saudi riyals by Rights issue of 25,000,000 twenty five million shares and a nominal value of (10) riyals per share. The proceeds were used as follows:</p> <ol style="list-style-type: none"> 1- An amount of 15,851,305 Saudi riyals to establish a factory for the production of compound feed. 2- An amount of 6,141,234 Saudi riyals to construct an olive press. 3- An amount of 8,965,944 Saudi riyals to establish a factory for the production of ready-made potato fingers. 4- An amount of 24,414,513 Saudi riyals for the Tabuk Crop Production Company project in the Republic of Sudan. 5- An amount of 16,000,000 Saudi riyals for the offering expenses. 6- An amount of 11,829,807 Saudi riyals for general purposes*. 7- An amount of 28,500,000 Saudi riyals for the Food Horizons project. 8- An amount of 18,750,000 Saudi riyals for the feed sources project. 9- An amount of 119,547,197 Saudi riyals for the company's operating business. <p>* General purpose includes financial requirements for the daily business of the company, general and administrative expenses, and operating expenses.</p> <p>As indicated above, there has been a deviation in the amounts, ratios, uses, and actual spending percentage compared to the planned spending, the reasons for the deviation of the amounts for the proceeds mentioned in the relevant prospectus, the details of any changes in the terms of the offering and the action taken in this regard, in addition to the dates of approval by the General Assembly on Changing the use of the offering proceeds according to the provisions of the laws and regulations in this regard (Kindly see Item No. (8) “Using the Proceeds of the Rights Issue for the year 2015G” of sub-paragraph No. (10-12) contained in Section No. (10) “Legal Information”).</p>
Significant adjustments made to the information disclosed in the latest prospectus	The Authority has approved the publication of the company's last prospectus on 15/03/1436H (corresponding to 06/01/2015G) (please see sub-paragraph No. (10-12) The material information that has changed since the Authority's approval of the latest prospectus in Section No. 10) “ Legal Information ”)

Note: The section “**Important Notice**” on page (i) and the “**Risk Factors**” section on page (5) of this Prospectus should be carefully studied before making any investment decision in Rights Issues.

Key dates and subscription procedures	
Event	Date
The convening of the extraordinary general assembly that includes the approval of the capital increase and the determination of the eligibility date and the eligible shareholders, bearing in mind that the eligible shareholders are the shareholders who own the shares at the end of the trading day of the meeting of the extraordinary general assembly convened for approving increase of the shareholder's share capital and who are recorded in the company's shareholders record at the depositing center by end of the second day of trading after the extraordinary general assembly.	Tuesday 24/08/1442H (corresponding to 06/04/2021G).
Trading period	The trading period starts on Monday 30/08/1442H (corresponding to 12/04/2021G) and continues until the end of Monday 07/09/1442H (corresponding to 19/04/2021G). It is permissible during this period for all holders of Right issue - whether they are registered investors Or new investors - to trade on the Right issue.
The subscription period	The subscription period starts on Monday day 30/08/1442H (corresponding to 12/04/2021G) and continues until the end of day Thursday 10/09/1442H (corresponding to 22/04/2021G) During this period, all holders of the Right issue - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares.
The end of the subscription period	The subscription period ends and the receipt of subscription requests ends with the end of Thursday 10/09/1442H (corresponding to 22/04/2021G).
The Rump offering period	The Rump offering period starts at 10:00 AM morning on Tuesday 15/09/1442H (corresponding to 27/04/2021G) and continues until 05:00 PM in the evening Wednesday 16/09/1442H (corresponding to 28/04/2021G).
Notification of Final Allocation	On Sunday 20/09/1442H (corresponding to 02/05/2021G).
Compensation amounts (if any) to the eligible people who did not participate in the subscription fully or partially and who are entitled to fractional shares.	On Thursday 15/10/1442H (corresponding to 27/05/2021G).
The expected date to start trading in the Saudi stock market in new shares	After completing all the necessary procedures, the date of starting trading in the new shares will be announced on the Tadawul website.

Note: All dates mentioned in the above timeline are approximate, and actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul). (www.tadawul.com.sa).

Key announcement dates

Announcement	Announcer	Announcement
Announcing the call for the extraordinary general assembly meeting to increase the capital	The company	Sunday 01/08/1442H (corresponding to 14/03/2021G)
Announcing the results of the extraordinary general assembly of the capital increase	The company	Wednesday 25/08/1442H (corresponding to 07/04/2021G)
Announcing the company's share price adjustment, depositing the rights and the right indicative value	Tadawul	Wednesday 25/08/1442H (corresponding to 07/04/2021G)
Announcing the addition of the company's Right issue	Depositing	Sunday 29/08/1442H (corresponding to 11/04/2021G)
Announcing the specification of the rights trading period and the new shares subscription period	The company	Wednesday 25/08/1442H (corresponding to 07/04/2021G)
Announcing the start of the rights trading period and the new shares subscription period	Tadawul	Sunday 29/08/1442H (corresponding to 11/04/2021G)
A reminder announcement of the start of the rights trading period and the new shares subscription period	The company	Monday 30/08/1442H (corresponding to 12/04/2021G)
A reminder announcement about the last day for trading rights and a mention of the importance of those who do not wish to subscribe to sell the rights they own	The company	Sunday 06/09/1442H (corresponding to 18/04/2021G)
Announcement of: <ul style="list-style-type: none"> Results of the subscription Details of the sale of shares that have not been subscribed for (if any) and the start of the Rump offering period 	The company	13/09/1442H (corresponding to 25/04/2021G)
Announcing the results of the Rump offering and notification of the final allocation	The company	20/09/1442H (corresponding to 02/05/2021G)
Announcing the deposit of new shares in investors' portfolios	Depositing	Thursday 24/09/1442H (corresponding to 06/05/2021G)
Announcing the distribution of compensation amounts to the beneficiaries (if any).	The company	Thursday 15/10/1442H (corresponding to 27/05/2021G)

Notice: All the dates mentioned in the timeline above are approximate, and the actual dates will be announced on the website of the Saudi Stock Exchange (Tadawul) (www.tadawul.com.sa) in coordination with the Depository Center Company (Edaa) to determine date for depositing the shares.

It should also be noted that in the event that an advertisement related to the offering is published in a local newspaper after the publication of the prospectus, the announcement must include the following:

- 1- The name of the issuer and his commercial registration number.
- 2- The securities, their value, type, and class covered by the securities registration and offering application.
- 3- The addresses and places where the public can obtain the prospectus.
- 4- The date of publishing the prospectus.
- 5- A statement that the announcement is for information only and does not constitute an invitation or offer to acquire securities by purchasing or subscribing in them.
- 6- The name of the lead manager, the underwriter (if any), the financial advisor, and the legal advisor.
- 7- The disclaimer of responsibility in the following form: "The CMA and the Saudi Stock Exchange Company (Tadawul) do not bear any responsibility for the contents of this announcement, nor do they give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility for any loss they have suffered as a result of what is contained in this announcement or from reliance on any part of it.

How to apply for subscription

Subscription to Right issue shares is limited to eligible persons, whether they are registered shareholders or new investors, and in the event that the Right issue of the eligible persons are not exercised, any Rump Shares that have not been subscribed by the eligible persons will be offered to the investment institutions through their offering during the Rump offering period. Eligible persons wishing to subscribe to new shares must submit their subscription requests through the means and services provided by the broker to the investors, on the condition that the eligible person has an investment account with one of the brokers who provide these services.

Subscription requests are submitted through the investment portfolio in the trading platforms through which buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to the investors and the custodian of shares. The company reserves the right to reject any application to subscribe to new shares in whole or in part if it does not fulfill any of the conditions or requirements of the subscription. It is not permissible to amend or withdraw the subscription application after its delivery. The subscription application, upon submission, constitutes a binding contract between the company and the entitled shareholder.

Questions and answers on Right issue

What are Right issue?

They are tradable securities that give their holder the right to subscribe to the new shares offered upon approval of the capital increase, and it is a right acquired for all shareholders who own shares on the day of the extraordinary general assembly meeting for the capital increase and who are registered in the company's shareholders register at the Depository Center at the end of the second trading day following the date The extraordinary general assembly is held. Each right gives its holder the right to subscribe to one share, at the offering price.

To whom are the Right issue granted?

For all shareholders registered in the company's shareholders register at the end of trading on the second trading day following the date of the extraordinary general assembly.

When are Right issue deposited?

After the extraordinary general assembly convenes and its approval of the capital increase through the offering of Right issue shares, the Right issue are deposited as securities in the shareholders' own portfolios in the company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting. The shares will appear in their portfolios under a new symbol for Right issue. Trading or subscribing to these rights will not be permitted until the beginning of the trading and subscription periods.

How is the investor notified of the Right issue of depositing the rights in the portfolio?

The notification is made through announcement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company, and short text messages sent through the brokerage firms.

How many Right issue will the registered shareholder get?

The number depends on the percentage of what each shareholder owns in the capital according to the company's shareholders register at the Depository Center at the end of the second trading day after the holding of the extraordinary general assembly.

What is the eligibility factor?

It is the parameter that enables registered shareholders to know the number of Right issue due to them in exchange for the shares they own at the end of the second trading day after the extraordinary general assembly meeting. This parameter is calculated by dividing the number of new shares by the number of the current shares of the company, and accordingly, the eligibility factor is (0.620) right Approximately for every (1) share owned by the registered shareholder on the eligibility date, and accordingly, if a restricted shareholder owns (1000) shares on the eligibility date, then he will be allocated (620) rights in exchange for the shares he owns.

Will the name and symbol for trading these rights differ from the name and symbol of the company's shares?

Yes, as the acquired right will be added to the investors' portfolios under the name of the original share, by adding the word Right issue, in addition to a new symbol for these rights.

What is the value of the right when it starts trading?

The opening price of the right will be the difference between the closing price of the company's share on the day before the right's listing and the offering price (the right's indicative value). For example, if the closing price of the company's share on the previous day was (15) Saudi riyals, and the offering price (10) Saudi riyals, then the opening price of the right will be (5) Saudi riyals.

Who is the restricted shareholder?

It is any shareholder who appears in the company's shareholders' register at the end of the second trading day after the extraordinary general meeting.

Can registered shareholders subscribe to additional shares?

Yes, registered shareholders can subscribe to additional shares by purchasing new rights through the market during the trading period.

Is it possible for a shareholder to lose his eligibility to subscribe even if he has the right to attend the extraordinary general assembly and vote on increasing the capital through a rights issue?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the extraordinary general assembly meeting or one business day before it.

How does the subscription process take place?

Subscription requests are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to the investors and the custodian of shares.

Can the eligible person subscribe to more shares than the rights owned by him?

The eligible person cannot subscribe to more shares than the rights owned by him.

In the event that the company's shares are acquired through more than one investment portfolio, in which portfolio is the Right issue deposited?

The Right issue will be deposited in the same portfolio in which the company's shares of rights are attached. For example, if a shareholder owns (1,000) shares in the company as follows (800) shares in portfolio (A) and (200) shares in portfolio (B), then the total rights to be deposited are (2,957) rights considering that each Shares (2,957) right approximately. Accordingly, (2,366) rights will be deposited in portfolio (A) and (591) rights in portfolio (B).

Are holders of share certificates entitled to subscribe and trade?

Yes, holders of share certificates are entitled to subscribe, but they will not be able to trade except after depositing the certificates in electronic portfolios through the recipient or the Securities Depository Center Company ("Edaa") and bringing the necessary documents.

Can those who bought additional rights trade them again?

Yes, he has the right to sell them and buy other rights only during the trading period.

Is it possible to sell part of the Right issue?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe to the Right issue that he bought during the rights trading period?

After the end of the rights purchase settlement (which is two business days), provided that the subscription for Right issue is completed during the subscription period.

Can the holder of Right issue sell or assign the right after the end of the trading period?

No, it cannot. After the trading period has expired, the right owner remains only to exercise the right to subscribe to the Right issue shares, or not to exercise. In the event that the right is not exercised, the investor may be subject to a loss or decrease in the value of his investment portfolio.

What happens to Right issue that are not sold or exercised during the trading and subscription period?

In the event that the new shares are not fully subscribed during the subscription period, the remaining new shares shall be offered for an underwriting organized by the lead manager, and the compensation value (if any) is calculated for the rights owner after deducting the subscription price. Note that the investor may not receive any consideration if the sale is made in the Rump offering period at the offering price.

Who has the right to attend the extraordinary general assembly and vote to increase the company's capital by offering Right issue shares?

A shareholder who is registered in the company's shareholders' register at the Depository Center, after the end of the trading day of the Extraordinary General Assembly's day, has the right to attend the extraordinary general assembly and vote on increasing the company's capital by offering Right issue shares.

When is the share price adjusted as a result of the company's capital increase by offering Right issue shares?

The share price is adjusted by the market before the start of trading on the day following the day of the extraordinary general assembly.

If an investor buys securities on the day of the assembly, is he entitled to obtain the Right issue resulting from the increase in the issuer's capital?

Yes, as the investor will be registered in the company's shareholders' register two business days after the date of the shares' purchase (i.e. at the end of the second trading day following the day of the extraordinary general assembly meeting), bearing in mind that Right issue will be granted to all shareholders registered in the company's shareholders' register at the end of trading the second trading day following the date of the extraordinary general assembly. However, he will not be entitled to attend or vote in the extraordinary general assembly of the capital increase.

If the investor has more than one portfolio with more than one brokerage firm, how will the rights be calculated for him?

The investor's share will be distributed among the portfolios that the investor owns, according to the percentage of ownership in each portfolio, and in case there are fractions, those fractions will be collected, and if you complete one or more integer numbers, the correct number is added to the portfolio in which the investor owns the largest amount of rights.

What are the trading and subscription periods?

Trading and subscription of rights begins at the same time until the end of trading on the sixth day, while the subscription continues until the ninth day, according to what is mentioned in this prospectus and the company's announcements.

Is it possible to subscribe during the weekend?

No, it cannot.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of Right issue during the trading period.

Additional help:

In the event of any inquiries, please contact the company at tadco@tadco-agri.com and for legal reasons, the company will only be able to provide the information contained in this prospectus and will not be able to advise on the merits of issuing rights or even provide financial advice or Tax, legal or investment.

For more information on the terms, conditions and instructions of the offering, please see to the section "Information related to shares and the terms and conditions of the offering" and the rest of the information contained in this prospectus.

Summary of basic information

Notice to investors

This summary provides a brief overview of the key information included in this prospectus. Since it is summary, it does not include all information that may be of interest to shareholders and other general institutional and individual investors. The recipients of this prospectus must read it completely to ensure that they carefully read this prospectus completely and carefully and refer to the risk factors section before making any investment decision related to new rights or shares.

Company profile

The Tabuk Agricultural Development Company (hereinafter referred to as "the company" or "Tabuk") was established as a Saudi joint stock company pursuant to Royal Decree No. (M / 11) on 06/07/1403H (corresponding to 22/04/1983G) and it was registered with the Ministry of Commerce in the Commercial Registration No. 3550005403 issued in Tabuk on 15/08/1404H (corresponding to 17/05/1984G). The head office of the company is located in Tabuk, Halat Ammar Road, before Bir Bin Hermas, PO Box 808, Tabuk 71421, Kingdom of Saudi Arabia.

The company's capital structure

The Tabuk Agricultural Development Company (hereinafter referred to as "the company" or "Tabuk") was established as a Saudi joint stock company pursuant to Royal Decree No. (M / 11) on 06/07/1403H (corresponding to 22/04/1983G) and it was registered with the Ministry of Commerce in the Commercial Registration No. 3550005403 issued in Tabuk on 15/08/1404H (corresponding to 17/05/1984G), with a capital of (200,000,000) two hundred million riyals divided into (2,000,000) two million ordinary shares of equal value with a nominal value of (100) one hundred riyals per share. Note that the nominal value of the share was amended in 1998G from (100) one hundred riyals to (50) fifty riyals, and in 2006G the nominal value of the shares was modified again from (50) fifty riyals to (10) ten riyals per share, and these are still Value is the nominal value of a stock to date.

On 15/03/1436H (corresponding to 01/06/2015G), the extraordinary general assembly approved the recommendation of the board of directors to increase the capital from (200,000,000) two hundred million riyals to (450,000,000) four hundred and fifty million riyals, thus increasing the company's shares from (20,000,000) twenty million shares the number of shares offered for subscription reached (25,000,000) twenty-five million shares, at a nominal value of (10) ten million riyals.

On 23/07/1441H (corresponding to 18/03/2020G), the extraordinary general assembly approved the board of directors' recommendation to reduce the capital from (450,000,000) four hundred fifty million riyals to (241,767,000) two hundred and forty one million seven hundred and sixty-seven thousand riyals, thus reducing their shares the company from (45,000,000) forty-five million shares to (24,176,700) twenty-four million one hundred seventy six thousand and seven hundred shares, and that through the cancellation of (20,823,300) twenty million eight hundred and twenty-three thousand three hundred shares of the company.

A summary of the main activities of the company

According to the articles of association, the company is entitled to carry out the following activities:

- 1- Establishing, managing, operating and carrying out crop cultivation and animal production activities, including the cultivation of permanent and non-permanent crops, plant multiplication, livestock production, mixed agriculture, agricultural support activities, post-harvest crop activities, hunting and hunting and related service activities, and establishing, managing, operating and practicing forestry and logging activities, Including forestry and other forestry activities, logging, collection of non-timber forest products and support services for forestry, establishment, management, operation and practice of fishing and aquaculture activities, including marine fishing, freshwater fishing, marine aquaculture, freshwater aquaculture and fish farming in both seas and fresh waters.
- 2- Carrying out activities for making food products, including preparing and preserving meat, preserving fish, crustaceans and molluscs, processing and preserving fruits and vegetables, making vegetable and animal oils and fats, making dairy products, making grain mills, starch products, and starch products, and making other food products, such as making bakery products, making sugar, making cocoa, chocolate, and sugary sweets. And the manufacture of prepared animal feeds, and the carrying out of beverage-making activities, including malt beverage manufacturing, including (beer without alcohol), making non-alcoholic beverages, production of mineral water and other bottled water, soft drinks and drinks flavored with extracts and fruit spirits, production and bottling of water, and other activities for the beverage industry and mineral water.
- 3- Manufacture of chemicals and chemical products, and this includes without limitation the manufacture of fertilizers and nitrogenous compounds, the manufacture of pesticides and other agricultural chemical products, and the undertaking of veterinary activities.
- 4- Carrying out water supply activities, drainage activities, waste management and treatment, which includes water collection, treatment, delivery, operation of irrigation canals, water collection from rivers, lakes, wells, etc., rainwater harvesting, and water technology for the purposes of water delivery and the desalination of sea water or groundwater to produce water and operate irrigation channels.
- 5- Manufacture of agricultural machinery and forestry machinery, including the manufacture and assembly of agricultural machinery and equipment and the manufacture of machinery used in agriculture, horticulture or forestry to prepare the soil, planting or fertilizing crops, making plows, manufacturing seeding machinery, manufacturing harvesting and harvesting machines, tree cutting, cleaning and sorting machines for eggs, fruits and vegetables, and industry Cattle milking machines, spraying machinery manufacturing for agricultural use, and other machinery used in agriculture, agriculture, forestry, animal husbandry, poultry, bees, and any other activities for the manufacture of agricultural and forestry machinery.
- 6- Managing and operating plant and animal parks and natural reserves, including parks, zoos, nature reserves, plant and animal gardens activities, and other natural reserves, and carrying out activities related to the service and maintenance of beautification of sites, including the care and maintenance of parks and gardens for the purposes of public housing and the care of building views, home gardens, roof gardens and building facades Care and maintenance of highway parks, care and maintenance of sports stadiums and golf courses, care and maintenance of static and running water, care and maintenance of plants for protection from noise, wind and desertification, care and maintenance of other types of landscapes that were not previously mentioned, and the activities of landscape design services and maintenance services activities The lands to be preserved are agricultural and environmentally friendly.
- 7- Marketing, retail trade, wholesale and wholesale trade on a fee or on a contract basis, and this includes without limitation the activities of commission agents such as sales agents in agricultural raw materials, sales agents of live animals, sales agents in food

and beverages, conducting export and import activities, and engaging in material trade Wholesale of agricultural raw materials and live animals, including the wholesale sale of grains and seeds, the wholesale sale of fruits and oil fruits, the wholesale of flowers and plants, the wholesale of live animals, the wholesale of types of leather, the wholesale of other agricultural raw materials, and recycled waste such as animal feed, and the sale of food and beverages, and this includes the wholesale sale of fruits, vegetables and dates. Wholesale of dairy products and eggs, wholesale of animal and vegetable oils and fats, wholesale of meat and their products and fish products, wholesale of sugar, chocolate and their products, coffee, tea, cocoa, spices and honey, wholesale of bakery products, wholesale of beverages of all kinds, and wholesale of food and feed for domestic animals and households. A wholesale of food and beverages not listed above.

- 8- Owning, managing and operating grain silos and carrying out storage activities and support activities for transportation, including storage in warehouses such as stores of chilled and chilled goods (cold stores) and storage in silos and flour warehouses, food and agricultural products stores and general stores that contain a variety of goods.
- 9- Carrying out food and beverage services activities, including restaurant activities, mobile food services, occasional food service activities, and other food services and beverages activities.
- 10- Management and leasing of owned or leased (residential) real estate, managing the leasing of owned or leased properties (non-residential), and practicing short and long-term residence activities, including owning and operating hotels, motels, furnished apartments (hotel) and other accommodation facilities, chalets, rest houses, camps, parks and recreational resorts. Tourism, and the practice of specialized construction activities, including, but not limited to, demolition work, site blocking, electrical and plumbing works and other construction activities, building completion and finishing, and other specialized construction activities.
- 11- To carry out the activities of travel agencies, tour operators, sporting activities, leisure and entertainment activities, and this includes the ownership, management and operation of equestrian clubs, horse racing, camel racing and health clubs.
- 12- Working and investing inside and outside the Kingdom and practicing financial services activities, including financial intermediation, the activities of holding companies, activities of cartels, funds and similar financial entities and other financial services activities, in accordance with the controls set by the competent authorities and after obtaining the necessary licenses from the Capital Market Authority.

The company carries out its activities according to the followed regulations and after obtaining the necessary licenses from the competent authorities.

The company conducts and implements its activities through the following business sectors:

First: the field crops sector

The field crops sector activity is summarized by the production of seed wheat, where high quality wheat seeds are produced through the application of correct agricultural practices. The seeds provided by the Tabuk Agricultural Development Company have proven that they achieve the highest wheat productivity in all wheat-growing regions in the Kingdom.

Second: the fruit production sector

The fruit production sector activity is summarized as follows:

- Production of stone-core fruits and grapes, where harvesting is carried out in accordance with international standards of quality, as pickers undergo careful training in the correct handling of fruits and grapes. Soon the harvested fruits and grapes are transported to the cold rooms, where they are immediately cooled to maintain quality and by careful monitoring, the company ensures that the cold chain is maintained until the final product is delivered.
- Production of olive oil, where olives are harvested when the fruits are colored crimson until the coloring is complete, and this is the most appropriate stage for producing high-quality olive oil, and the fruits are harvested while they are in a state of ideal maturity, then they are squeezed as quickly as possible to ensure that the best olive oil is obtained in best possible quality.
- Dates production, where dates are mainly produced from the Barhi and Mejdool sorts.
- The apiary unit, where bees are used in the process of pollinating fruit trees in addition to producing honey.

Third: the nursery sector

The nurseries management is divided into three sections as follows:

- Hatching fruit trees, citrus fruits, olives, figs and vines. Currently, the company produces fruit trees for supply to the company's projects and selling to local clients.
- Hatching ornamental plants, indoor and outdoor plants, to meet internal needs, and selling them to customers through the "garden center" in Tabuk.
- Expansion services in afforestation and landscaping, where we set necessary plans for individual gardens based on needs, provide the necessary plants for them, and provide the necessary primary natural plants and trees. We also provide necessary maintenance services for afforestation projects.

Fourth: the livestock sector

The company recently started to enter animal production activity through a sheep breeding project, with the aim of producing sheep of high specifications and quality to cover part of the local need for red meat.

Company vision

For Tabuk Agricultural Company to become one of the leading holding companies in the agricultural industries sector in the Kingdom of Saudi Arabia, with a major contribution to the development of Tabuk region by 2021G.

Company's mission

Effective contribution to achieving sustainable development for Tabuk region by investing in companies that provide high quality products and services on a national scale.

The company's strategic goals and directions

The company's strategy aims to increase the production of sales of high-yielding varieties such as wheat and high-quality wheat seeds, as the Ministry of Environment recently decided to raise the production capacity in the Kingdom to 1.5 million tons starting next year 2021G instead of 700 thousand tons to cover the largest proportion of the internal needs that reach to 3.5 million tons annually, and it also aims to stop products that achieve low returns or achieve losses for the company, such as potatoes and onions.

The company aims to change the structure of sales management and add a section for commercial sale in order to achieve additional sales and new sales plans that are being implemented on the ground, increase sales outlets and achieve better selling prices through the intense presence in the large markets in the Kingdom, which number about 700 branches such as Hyper Panda, island markets, farm markets, etc.).

The company is also working on implementing the new strategy in dealing with wholesale distributors and listing transport vehicles for sale for small supplies. As well as making a decision to start electronic sales, as an agreement was signed with Cold Soft, in addition to the possibility of selling through other applications, with the strengthening of the nursery sector and the sheep sector and sales support through advertisements on social media channels.

The strengths and competitive advantages of the company

Tabuk Agricultural Development Company enjoys one of the best agricultural environments in the Kingdom due to the climate advantage enjoyed by the Tabuk region, which achieves the production of high-quality natural agricultural products, consistent with the applied standard technical specifications and at a competitive price to meet customer requirements and expectations, through:

- Establishing, implementing and maintaining a quality management system that complies with the requirements of the international standard ISO 9001: 2000.
- Compliance with HACCP requirements in the production stages, as an essential program for providing safe agricultural products.
- Produce natural products (ie, free from chemical residues and free from tampering with hormones).
- The use of modern production facilities and cold storage facilities, which are maintained and maintained through effective preventive maintenance programs.
- Continuous improvement of the company's performance and the effectiveness of the quality management system.
- Periodic review of quality objectives to ensure the continued relevance of company policy as a tool for continuous improvement.

Market overview

The agricultural market in Saudi Arabia is divided into grains, fruits and vegetables. The Kingdom of Saudi Arabia is the largest market for agricultural products in the GCC region. It should be noted that the demand for agricultural products is higher at present due to changing consumer patterns and increasing awareness of the positive benefits of consuming fruits and vegetables.

The agricultural market value in the Kingdom of Saudi Arabia amounted to 35,651 million Saudi riyals in 2018G and is expected to reach 45,600 million Saudi riyals in 2024G, where it will witness a compound annual growth rate of 4.53% during the expected period 2019G-2024G. The value of the fruit and vegetable market in the Kingdom of Saudi Arabia amounted to 13,125 million Saudi riyals in 2018G and is expected to reach 16,500 million Saudi riyals in 2024G.

It should be noted that the Kingdom of Saudi Arabia stopped the cultivation of green fodder based on the decision issued by the Board of Ministers No. (66) on 25/02/1437H (corresponding to 12/07/2015G) as an initiative to conserve water. As a result, the Kingdom of Saudi Arabia encouraged farmers to participate in activities Alternative sustainable agriculture, such as greenhouse farming and implementing advanced drip irrigation practices, to produce fruits and vegetables. After that, the General Grain Corporation decided to buy locally produced wheat from converting farmers to grow wheat in accordance with the controls for stopping the cultivation of green fodder issued by Cabinet Resolution No. (39) dated 16/01/1438H (corresponding to 17/10/2016G).

Source: Agriculture in Saudi Arabia - Growth, Trends and Outlook (2020G-2025G).

Summary of risk factors

There are a number of risks related to the issue of Right issue shares, which are detailed in the “**risk factors**” section of this prospectus, and they are summarized as follows:

- Risks related to the company's activities and operations.
- Market and sector related risks.
- Risks related to the offered securities.

Summary of financial information

The summary of the financial information presented below is based on the company's audited financial statements for the financial years ending on December 31, 2017G, 2018G and 2019G, and the unaudited period of the six months ending on June 30, 2020G, and the notes attached thereto.

Key performance indicators		Fiscal year ending on 31 December			The 6 months period ending on 30 June	
		2017G	2018G	2019G	2019G	2020G
Revenue growth rate	%	16.5%	(7.7%)	(15.0%)	56.2%	49.8%
Net loss growth rate	%	28.3%	105.0%	189.5%	NA	(86.8%)
Administrative expenses as a percentage of revenue	%	17.2%	20.4%	28.3%	18.1%	14.0%
Gross profit margin	%	28.6%	24.8%	(45.5%)	(52.7%)	18.8%
Operating profit margin	%	(24.4%)	(36.5%)	(119.9%)	(103.7%)	(12.2%)
Net profit margin	%	(28.3%)	(62.7%)	(213.7%)	(182.7%)	(16.1%)
Current assets / current liabilities	x	2.4	2.1	1.0	1.3	0.8
Non-current assets / non-current liabilities	x	22.1	16.6	31.0	18.1	12.2
Liabilities / Equity	x	0.2	0.3	0.5	0.4	0.8
Return on assets	%	NA	NA	NA	NA	NA
Return on Equity	%	NA	NA	NA	NA	NA
Debt to total equity	x	0.04	0.07	0.04	0.08	0.1
Total assets / total liabilities	x	5.2	4.6	3.0	3.3	2.3

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

X: This symbol is used to indicate that the rate is a number, not a percentage

Income Statement	Fiscal year ending on 31 December			The 6 months period ending on 30 June	
SAR thousands	2017G	2018G	2019G	2019G	2020G
Net revenues	107,177	98,977	84,121	48,048	71,975
Cost of revenues	(80,695)	(84,892)	(82,519)	(45,774)	(55,891)
Total (loss) profit	30,657	24,541	(38,280)	(25,306)	13,533
Net loss of the year before Zakat	(25,797)	(59,381)	(173,550)	(86,752)	(7,643)
Net loss	(30,293)	(62,099)	(179,784)	(87,760)	(11,613)

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

Balance sheet	fiscal year ending on 31 December			The 6 months period ending on 30 June	Increase / (decrease)			Accumulated annual growth
SAR Thousands	2017G	2018G	2019G		December 2018G	December 2019G	June 2020G	2017G - 2020G
Assets								
Current assets	255,270	220,121	127,971	150,816	(13.8%)	(41.9%)	17.9%	(19.0%)
Non-current assets	390,535	365,060	296,150	349,577	(6.5%)	(18.9%)	18.0%	(4.3%)
Total of assets	645,805	585,181	424,122	500,394	(9.4%)	(27.5%)	18.0%	(9.7%)
Liabilities								
Current liabilities	105,457	105,008	133,650	193,609	(0.4%)	27.3%	44.9%	27.5%
Non-current liabilities	17,710	22,002	9,555	28,627	24.2%	(56.6%)	199.6%	21.2%
Total of liabilities	123,168	127,010	143,205	222,236	3.1%	12.8%	55.2%	26.6%
Equities								
Total equities	522,638	458,171	280,916	278,158	(12.3%)	(38.7%)	(1.0%)	(22.3%)
Total equities and liabilities	645,805	585,181	424,122	500,394	(9.4%)	(27.5%)	18.0%	(9.7%)

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

Statement of Cash flow	Fiscal year ending on 31 December		The 6 months period ending on 30 June			Increase / (decrease)			Accumulated annual growth
SAR Thousands	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G - 2019G
Net cash from operating activities	(24,682)	(47,334)	8,541	(12,139)	14,402	91.8%	(118.0%)	(218.6%)	-
Net cash used in investing activities	25,569	53,529	28,641	15,028	(9,945)	109.4%	(46.5%)	(166.2%)	5.8%
Net cash used in the financing activity	(312)	(6,442)	(39,088)	(2,297)	9,676	1,967.1%	506.7%	(521.3%)	1,019.9%
The net increase in cash and cash equivalents	575	(248)	(1,906)	592	14,133	(143.1%)	669.0%	2,287.8%	-
Cash and cash equivalents at the beginning of the year	2,879	3,454	3,206	3,216	2,066	20.0%	(7.2%)	(35.8%)	5.5%
Cash and cash equivalents at the end of the year	3,454	3,206	1,300	3,808	16,199	(7.2%)	(59.4%)	325.4%	(38.5%)

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

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1. Definitions and terminologies

The table below shows a list of the definitions and terminologies for the phrases used in this prospectus:

Defined term or abbreviation	the definition
The kingdom	Kingdom of Saudi Arabia.
the government	The government of the Kingdom of Saudi Arabia.
Ministry of Human Resources	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Ministry of Commerce	The Ministry of Commerce in the Kingdom of Saudi Arabia.
The Ministry of Environment	The Ministry of Environment, Water and Agriculture in the Kingdom of Saudi Arabia.
Department of Energy	The Ministry of Energy in the Kingdom of Saudi Arabia.
The Ministry of Industry	The Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia.
Capital Market Authority or Authority	The Capital Market Authority in the Kingdom of Saudi Arabia.
The Saudi Stock Exchange Company	The Saudi Stock Exchange Company, established in accordance with the decision of the Council of Ministers on 29/02/1428H corresponding to 19/03/2007G), for the implementation of the exchange rules and regulation, and it is a closed joint stock company, which is the only entity that is the only authorized stock exchange in the Kingdom of Saudi Arabia to list and trade securities.
The Saudi Capital Market, Financial Market, Stock Market, Market, or Tadawul	The Saudi Capital Exchange for stock trading.
General Authority for Zakat and Income	The General Authority for Zakat and Income in the Kingdom of Saudi Arabia.
The General Organization for Social Insurance	The General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Saudi Organization for Certified Public Accountants (SOCPA)	The Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia.
The General Authority of Meteorology and Environmental Protection	The General Authority of Meteorology and Environmental Protection in the Kingdom of Saudi Arabia.
Agricultural Development Fund	It is a governmental credit institution specialized in financing various fields of agricultural activity in all regions of the Kingdom.
Tabuk company, company or issuer	Tabuk Agricultural Development Company.
Management	Tabuk Company management.
The bylaw	By-law of Tabuk Company.
Board, board of directors, or board members	The Board of Directors of Tabuk Company, whose names are mentioned on page (iii) of this prospectus.
General Assembly	General assembly of shareholders in Tabuk company.
Ordinary General Assembly	Ordinary general assembly of shareholders in Tabuk company.
The Extraordinary General Assembly	The extraordinary general assembly of shareholders in Tabuk company.
Significant subsidiaries	A subsidiary is considered material if it constitutes 5% or more of the issuer's total assets, liabilities, revenues, profits, or potential liabilities of the issuer. For the Company's essential subsidiary companies, please refer to the "Subsidiaries" section in the "Background on the Company and the Nature of its Business" section of this prospectus.
Subsidiaries	The companies that Tabuk Company controls through its ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively with a relative or affiliate through any of the following: (A) Owning a percentage equal to 30% or more of the Voting Right in a company, or (b) having the right to appoint 30% or more of the company's management staff. To know the company's subsidiaries, please refer to the "Subsidiaries" section in the "Background about the company and the nature of its business" section of this prospectus.
Advisors	Tabuk Company's advisors listed on page (iv) and (v).
Capital market law	Capital Market Law issued by Royal Decree No. (M / 30) dated 02/06/1424H (corresponding to 31/07/2003G).

Defined term or abbreviation	the definition
Tadawul system	Automated system for trading Saudi stocks.
Companies Regulation	The Companies Regulation in the Kingdom of Saudi Arabia, issued pursuant to Royal Decree No. (M / 3) on 28/01/1437H (corresponding to 10/11/2015G) and which entered into force on 25/07/1437H (corresponding to 05/02/2016G) and amended by the King Decree. (M / 79), dated 25/07/1439H, (corresponding to 11/04/2018G).
Offering Rules	Rules on the offer of securities and continuing obligation issued by the CMA Board pursuant to Decision No. (3-321-2017) and dated 04/09/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree 30/02 06/1424H, as amended by Capital Market Authority Council Resolution No. (2019-104-1), dated 01/02/1441H (corresponding to 30/09/2019G).
Listing Rules	The listing rules issued by the Saudi Stock Exchange (Tadawul) and approved by the Capital Market Authority Board Decision No. (3-123-2017) dated 04/09/1439H (corresponding to 27/12/2017G) and amended pursuant to Decision No. 01/02/1441H (Corresponding to 30/09/2019G).
Corporate Governance Regulations	Corporate Governance Regulations applicable in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Regulation issued by Royal Decree No. (M / 3) dated 28/01/1437H, as amended by Resolution of the Capital Market Authority Board No. (3-57-2019) dated 15/09/1440H (corresponding to 20/05/2019G).
International Accounting Standards for Financial Reporting (IFRS)	A set of accounting standards and their interpretations issued by the International Accounting Standards Board. (International Financial Reporting Standards)
Fiscal year / Fiscal years	It is the time-period for presenting the result of the Company's activity, which is defined for its beginning and end in the articles of incorporation or the articles of association of the concerned company. Note that the company's fiscal year ends on December 31.
Nationalization/ Saudization	Replace foreign workers with Saudi citizens in private sector jobs.
Riyal or Saudi riyal or riyal	The official currency of the Kingdom of Saudi Arabia.
Related party	It is meant in the rules for the offering of securities and continuing obligation, and according to Glossary of Defined Terms Used in the Regulation & Rules of Capital Market Authority issued by the Authority's board pursuant to Decision No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G). And its amendment No. (2-75-2020) dated 22/12/1441H (corresponding to 08/12/2020G), as follows: <ol style="list-style-type: none"> 1- Issuer affiliate. 2- Major shareholders of the issuer. 3- Board members and senior executives of the issuer. 4- Board members and senior executives of the issuer's subsidiaries. 5- Board members and senior executives of the issuer's major shareholders. 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.
A work day	Any day other than Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banking institutions close their doors from working in accordance with the applicable regulations and other governmental procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. (M / 51) dated 23/08/1426H (corresponding to 27/09/2005G) and the amendments thereto.
H	Hijri calendar.
G	Gregorian calendar.
Securities Depository Center Company	It is a closed joint stock company wholly owned by the Saudi Stock Exchange Company (Tadawul), established in 2016G under the Saudi Companies Law issued by Royal Decree No. (M / 3) on 28/01/1437H (corresponding to 11/11/2015G).
Value added tax VAT	According to the value-added tax system issued by Royal Decree No. (M / 113) on 02/11/1438H and amended by Royal Decree No. (M / 52) on 28/04/1441H, and Royal Decree No. (A / 638) on 15/10/1441H. The current rate of value-added tax is 15% of the value of a number of products and services.
Rights or Right Issues	These are tradable rights that grant their holders the right to subscribe to new shares upon approval of the increase in the capital. It is an acquired right for all registered shareholders, and each right grant its holder the right to subscribe to one of the new shares at the offering price. The rights are deposited after the convening of the extraordinary general assembly to increase the capital. These rights will appear in the shareholders' accounts registered under a new code related to these rights. The registered shareholders will be informed of the deposit of rights in their portfolios.
An indicative value of the right	The difference between the market value of the company's share during the trading period and the offering price.
Right trading price	It is the price at which the right is traded, given that it is determined through the mechanism of supply and demand, and therefore it may differ from the right's indicative value.

Defined term or abbreviation	the definition
Underwriter	Wasatah Capital
Lead manager	Aljazira Capital
The offering / offering price	Ten (10) Saudi Riyals per share.
The Rump shares	The rump shares that have not been subscribed for during the subscription period.
Rump offering	The offering of any remaining un-subscribed shares by the eligible persons to the investment institutions by offering them in the rump offering period.
The Rump offering period	The period starting from 10:00 am on Tuesday 15/09/1442H (corresponding to 27/04/2021G) to 05:00 pm on Wednesday 16/09/2021H (corresponding to 28/04/2021G).
New shares	15,000,000 ordinary shares, which will be issued to increase the company's share capital.
Right Issue Ratio	Result of dividing the number of new shares by the number of current shares of the company.
Eligible persons	All holders of rights, whether they are registered shareholders or those who have purchased rights during the trading period.
Major Shareholders	Shareholders who own 5% or more of the company's shares directly. For the knowledge of the company's major shareholders, refer to the section " Company Overview " in the " Background about the Company and the Nature of its Business " section of this prospectus.
The public	In the Rules for the Offer of Securities and Continuing Obligations, it is concerned with persons other than the following: <ol style="list-style-type: none"> 1- Affiliate of the issuer 2- Major shareholders of the issuer. 3- Board members and senior executives of the issuer. 4- Board members and senior executives of the issuer's subsidiaries. 5- Board members and senior executives of the issuer's major shareholders. 6- Any relatives of the persons referred to in (1, 2, 3, 4 or 5) above. 7- Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5, or 6) above. 8- Persons in concert, with a collective shareholding of (5%) or more of the class of shares to be listed.
Net offering proceeds	Net offering proceeds after deducting the offering expenses.
the person	Natural person.
Prospectus	This document prepared by the company in connection with the Rights Issue.
Enlisting	Listing securities in the main market or - where the context allows for this - submitting a listing application to the Saudi Stock Exchange (Tadawul)
Registered shareholders	Shareholders who own shares at the end of the trading day of the extraordinary general assembly for the capital increase and are registered in the company's shareholders 'register with the depository center at the end of the second trading day following the convening of the extraordinary general assembly for the capital increase.
New investors	In general, individual and institutional investors - with the exception of registered shareholders - who have purchased priority rights during the trading period.
Shares	Ordinary shares of the company amounting to (15,000,000) ordinary shares, with a nominal value of (10) Saudi riyals per share.
Brokers	They are institutions licensed by the Capital Market Authority to engage in the activity of dealing in securities as an agent.

Defined term or abbreviation	the definition
Investment institutions	<p>It includes a group of institutions, which are as follows:</p> <ol style="list-style-type: none"> 1- Governmental entities and companies owned by the government, directly or through a private portfolio manager, or any international body recognized by the CMA, or the exchange, and any other stock exchange recognized by CMA, or the depository center. 2- Public investment funds established in the Kingdom that are publicly offered in addition to the private funds that invest in securities listed on the Saudi Stock Exchange if the terms and conditions of the fund allow this, while adhering to the provisions and restrictions stipulated for the investment. 3- Persons authorized to deal in securities as a principal, while adhering to the requirements of Capital Adequacy. 4- Clients of an authorized person in practicing management business, provided that that authorized person has been appointed under conditions that enable him to take decisions regarding accepting participation in the offering and investing in the Saudi Stock Exchange on behalf of the client without the obtaining prior approval thereof 5- Any other corporate persons may open an investment account in the Kingdom and an account with the depository center, taking into consideration the investment controls of the companies listed in the securities, provided that the participation of the company does not lead to any conflict. 6- Gulf investors with legal personality, which includes companies and funds established in the Cooperation Council countries for the Arab Gulf states. 7- Eligible foreign investors. 8- An ultimate beneficiary of those with legal capacity in a swap agreement concluded with a person authorized in accordance with the terms and conditions of the swap agreements.
Subscriber	Any person who subscribes the Right Shares.
Gross Domestic Production	The gross domestic product of the Kingdom of Saudi Arabia. It is an expression of the market value of all locally recognized final goods and services that are produced within a specific period of time.
Underwriting Agreement	Underwriting agreement between the company and the underwriter.
The rules for Qualified Foreign Financial Institutions Investment in listed Securities.	They are rules regulating investment in securities by non-Saudi persons residing outside the Kingdom. Issued by the Capital Market Authority Board pursuant to Decision (1-42-2015) and dated 15/07/1436H (corresponding to 05/04/2015G) and amended by CMA Board Decision No. (3-56-2019) and dated 10/14/1440H (corresponding to 17 06/2019G).
Procedures and Instructions related to listed companies with accumulated losses reaching (20%) or more of their capital	Rules for companies with accumulated losses issued by the CMA's Board pursuant to Decision No. (4-48-2013) and dated 15/01/1435H (corresponding to 18/11/2013G), as amended by CMA Board Resolution No. (1-77-2018) and dated 05/11/1439H (corresponding to 18/07/2018G).
Agroforestry	Agroforestry is an integrated approach to use the interactive benefits of combining trees and shrubs with crops and / or livestock. It combines agricultural and forestry techniques to create more diverse, productive, profitable, healthy and sustainable land use systems.
Seeds - Agricultural seeds	<p>The word seed means any part of the plant parts used in the reproduction of the crop, so seeds may be:</p> <ul style="list-style-type: none"> ▪ Seeds such as alfalfa, beans, lupine, cotton and flax. ▪ Fruits containing one seed, such as wheat, barley, rice, and corn, or more than one seed, such as sugar beet. ▪ Whole or partial vegetable parts with buds such as onions, as in onions or stem cuttings, as in sugar cane, or cuttings prepared from stems as in henna or tubers, complete or partial, as in potatoes or grapes as in taro.
Enterprise Resource Planning	A system based on reducing costs and increasing productivity, such as knowing the lands in which there is an abundance of water, as well as knowing the quality of suitable agriculture in the target land.

2. Risk factors

In addition to the other information contained in this prospectus, whoever wishes to invest in shares offered for subscription must carefully study all the information contained in this prospectus, including the risk factors set out below in the disclosures in this matter. The below may not include all the risks that the company may face. Rather, it is possible that additional risks may exist that are not known to the company at the present time, or that the company may consider them as immaterial, or that they may not hinder its operations. The company's activity, its financial position, the results of its operations, its cash flows and its future prospects may be affected negatively and substantially in the event that one of the risk factors mentioned below occurs or materializes.

The company's board members also acknowledge, according to their knowledge and belief, that there are no material risks that the lack of mention may affect the decision of the shareholders and potential investors, and they will be known to them up to the date of this prospectus except as disclosed in this Section. An investment in the offered shares is not suitable except for investors who are able to assess the risks and advantages of that investment and who have sufficient resources to bear any loss that may result from that investment. The potential investor who has doubts about the decision to invest in the company should seek the assistance of a financial advisor licensed by the Capital Market Authority to obtain appropriate advice regarding investing in the offered shares.

In the event that any of the risk factors that the company at the present time believes are important, or the occurrence of any other risks that the company could not identify, or which it considers at the present time to be immaterial, may lead to a decrease in the price and the potential investor may lose all or part of an investment in these shares. For clarification, the ranking of the risks mentioned below does not express their importance, and the additional risks that are not known or that are currently considered immaterial may have the same effects described in this prospectus.

2.1 Risks related to the company's activity and operations

2.1.1 Risks related to the inability to implement the strategy

The company's ability to increase its revenues and improve its profitability depends on the effective implementation of its business plans, the successful implementation of its strategy and the implementation of its future projects. For example, but not exclusively, the ability of the company to expand its business in the future depends on its ability to continue implementing and improving the operational, financial and administrative information systems efficiently and in a timely manner, as well as raising the efficiency of the operation and productivity of the company's farms for the production of wheat seeds and the cultivation of fruits such as grapes, apricots, peaches and olive trees and its own factories for olive squeezing, packaging and then selling. As well as its ability to increase its workforce, its training, motivation and management. In addition, any business expansion plans that the company intends to undertake in the future will be subject to the estimated costs and the specified time implementation schedule. The estimated costs of the project or in the event that the desired profitability of these projects is not achieved, which may be attributed to various reasons, including a change in the market situation at the time of the implementation of these projects or a defect in the feasibility study, then this will negatively affect the competitive outcome of the company.

The ability of the company to implement its current strategy is subject to different factors, some of which are outside its control, and there are no guarantees that no defect will occur in the farms or the spread of diseases that may affect the crops during the expansion process and the measures or that the company and their employees depend on whom they are responsible for sufficient to support growth and future expansion and achieve its strategy with success, and in the event that the company fails to implement any part of its strategy for any reason, this will have a negative and substantial impact on the company's business, its future business and its results.

2.1.2 Liquidity risk

It is the risk that the company will encounter difficulties in obtaining the necessary financing to meet its financial obligations arising from operating activities and liabilities on time. Liquidity risk may arise when the company is unable to sell a financial asset quickly and at a value close to its fair value. The company's liquidity ratio reached (1.88) times as in December 2017G, (1.21) times as in December 2018G, (0.43) times as in December 2019G, and (0.47) times as on June 30, 2020G. Liquidity risk is managed through regular monitoring of the adequacy of the available liquidity to meet the company's financial obligations. There is no guarantee that the company will be able to fulfill its obligations by the due dates. The company does not guarantee that any emergency or sudden event will not occur that may require immediate liquidity, which will negatively affect the company's business and consequently the results of the operational and financial operations.

2.1.3 Credit Risk

Credit risk is the risk that one party will not be able to meet its obligations and cause the other party to incur a financial loss. Trade receivables do not carry interest and often have a credit period in line with market standards, so that the company continues to collect customer debts on a continuous and consecutive basis until the credit period does not exceed the amount and period specified for it, and the periods vary according to the solvency of customers and usually between 30 days To 90 days. The guarantees may be letters of guarantee, letters of credit, certificate holder, and forward sale agreements, so that the sales operations are within their legal framework and in light of the market norms. The company does not have a focus on credit risk as the customer base is distributed at the economic and geographical levels alike, and the number of customers reaches more than a hundred customers to sell the company's products, and the company's distribution centers are spread in the main cities in the Kingdom, and it represents the main distributors of the company for the year 2019G. It accounted for 16.8% of sales, and the main customers of the company for the year 2019G accounted for 18.5% of

sales. The company reviews the recoverable amounts for each commercial debt on an individual basis at the end of the reporting period to ensure that there is adequate provision for the non-recoverable amounts. In addition, impairment analysis is also performed at each reporting date based on facts and circumstances existing at that date to determine expected losses due to the time value of money and credit risk. For the purposes of this analysis, each indebtedness is subsequently evaluated for impairment using an expected credit loss model in accordance with the requirements of IFRS 9. The calculation is based on a provision matrix which considers actual historical data adjusted appropriately for expectations and future possibilities. Loss rates are based on actual experience of credit losses over the past years. Loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected life of the receivables. It is mentioned that the company did not write off any uncollected receivables for the previous three fiscal years. The company cannot guarantee that the parties with whom it deals will not fail to fulfill their obligations, and it is also not able to accurately predict their future ability to comply. The net receivables of the company in 2019G amounted to 5.8 million Saudi riyals, and in the event that the creditors fail to pay the dues of the company, this will negatively and fundamentally affect the company, its financial position and the results of its operations.

2.1.4 Risks of not extracting or not renewing licenses, permits and certificates

The company must obtain or update the various permits, licenses and regulatory approvals regarding its activities and maintain them, as the company has expired and not renewed licenses or it did not extract some licenses and these licenses include the municipal license, civil defense license and environmental licenses for cork factory, oil extraction and filling plant. (For more information, please refer to the section **"Government approvals and licenses"** in the **"Legal Information"** section of this prospectus).

The company's failure to obtain a civil defense license may expose it to the penalties and fines stipulated in Article 30 of the Civil Defense Law issued by Royal Decree No. (M / 10) dated 10/05/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M / 66). And the date 02/10/1442H (corresponding to 26/11/2003G), which stipulates imposing a penalty on the violator, consisting of imprisonment for a period not exceeding six months or a fine not exceeding 30,000 riyals or both for each violation. Failure to obtain this license will result in the company not being able to obtain or renew the municipality license. Failure to obtain a civil defense license may lead to the closure of the headquarters that did not obtain this license, which may have a material negative impact on the company's business and its financial position. In addition, the company's failure to obtain a municipality's license exposes it to one of the penalties stipulated in the regulations of fines and penalties issued by Cabinet Resolution No. (218) dated 06/08/1422H, which states that the fine for such a violation ranges from 1,000 to 5,000 riyals for each facility. Closing the site, in addition to suspending the electronic services of the labor office, which may have a material negative impact on the company's business and its financial position.

In addition, the company's failure to obtain an environmental license may expose it to the penalties stipulated in the list of violations and penalties attached to the environmental public order issued by Royal Decree No. (M / 34) dated 28/07/1422H, which set a fine not exceeding 10,000 riyals for each violation that may reach a limit. The closure of the facility may have a material negative impact on the company's business and its financial position.

The imposition of such penalties above may result in the company's operations being disrupted and incurring additional costs, which will negatively affect the company's business, the results of its operations, its financial position and its future expectations.

2.1.5 Risks of reliance on key employees and executive management

The company and its future plans for success depend on the experiences and competencies of its senior management and key employees, and the company aims to attract and employ qualified people to ensure the efficiency and quality of business through effective management and proper operation. There is no assurance that the company will be able to ensure the continuity of the services of its employees. The company will also need to increase the salaries of its employees in order to ensure their survival or to attract new cadres with appropriate qualifications and experiences. Accordingly, if the company loses any of its senior executives or qualified employees and is unable to employ alternatives with the same level of experience and qualifications at a cost appropriate to the company, this will have a fundamental negative impact on the company's business and profitability.

By reviewing the statutory documents related to some of the main employees in the company, it becomes clear to us that the head of the finance sector submitted his resignation from the company on 28/10/2020G, and it was also found that the general manager of sales in the company does not match his current job title with the job title in the work permit. It is considered in violation of the Labor Law, which may subject the company to a fine of 10,000 Saudi riyals according to the schedule of violations and penalties issued according to the decision of the Minister of Human Resources and Social Development No. 178743 dated 27/09/1440H, noting that this fine is repeated with repeated violations. Failure to settle this statutory violation or not appoint a replacement for the resigned head of finance may have a material negative impact on the company's business, profit, results of its operations and its future expectations.

2.1.6 Risks of employees' mistakes or misconduct

The company has a work organization regulation approved by the Labor Office No. (44958) and dated 22/03/1441H. The company cannot guarantee that employees' misconduct or mistakes, such as fraud, intentional and unintentional mistakes, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf, will be avoided without obtaining the required administrative authorizations. Consequently, those actions may result in consequences and responsibilities for the company, or statutory penalties, or a financial liability, which will negatively affect the reputation of the company. Therefore, the company cannot guarantee that the misconduct of its employees or their mistakes will not materially harm its financial position or the results of its operations and its future prospects. On 19/12/2016G, the Board of Directors approved the disbursement of part of the EOS gratuity dues to the employee who has completed

10 years of service in the company. According to the financial statements for the year 2019G, the total EOS gratuity provider amounted to 2,588,436 million riyals. This is due to the absence of any guarantee that those employees who have been granted part of their services reward will not violate their job duties or commit any of the violations stipulated in Article (80) of the Labor Law, which gives the company the right to terminate their services without a service reward or compensation. Employees are part of the EOS gratuity in advance that may harm the interests of the company.

2.1.7 The risks associated with the increase in the company's liabilities

The rate of increase in the company's liabilities is consistent with its agricultural activity, as the percentage of total liabilities of the assets reached 19% as on December 31, 2017G, 22% as on December 31, 2018G, and 34% as on December 31, 2019G. For more details, please see Subparagraph (6-7) balance sheet from Section (6) **"Management Discussion and Analysis of the financial Position of the Company and results of its Operations"**). However, the risks of the increase in the company's liabilities remain due to the increase in the prices of agricultural production inputs, and accordingly, the increase in the company's liabilities will lead to an impact on its financial position and increase the costs of financing, and in the event that this occurs it will be difficult for the company to fulfill its commitment, which leads to material and negative damage to its financial position or company's performance, operational and future plans.

2.1.8 the risks associated with the availability of financing in the future

The company may need to obtain loans and bank facilities to finance its future expansion plans. For more details, please refer to the current liabilities and non-current liabilities from Section (6) **"Management Discussion and Analysis of the financial Position of the Company and results of its Operations"**). It is worth noting that obtaining financing depends on the company's capital, its financial position, cash flows and the guarantees provided. The company faced difficulties in obtaining financing due to the accumulated losses during the years 2019G and 2020G, and due to the lack of financing, the company was unable to implement its operational plans that were aimed at increasing revenues and profitability, and if this was repeated in the future and the company did not obtain financing if the need arises, It will have a negative impact on the performance of the company, its operations, profitability and future plans. The company does not give any assurance or guarantee that it will obtain financing or appropriate financing if the need arises. Therefore, the company's inability to obtain the financing it needs from financiers, or financing with preferential terms that are suitable for the company's performance, will be compatible with the company's performance operational and future plans.

2.1.9 Risks related to accumulated losses

The company's capital amounted to 450,000,000 Saudi riyals divided into 45,000,000 shares with a par value of 10 Saudi riyals per share. On 18/03/2020G, the capital was reduced by 46.274% to become 241,767,000 Saudi riyals with a nominal value of 10 Saudi riyals to cover the company's accumulated losses until 30/09/2019G amounting to 208,233,000 Saudi riyals. For more details, please refer to the accumulated losses (profits) item from Section (6) **"Management Discussion and Analysis of the financial Position of the Company and results of its Operations"**). Also, the company's accumulated losses until 30/06/2020G amount to about 19% of the current capital, and it is possible that the company's losses by the end of 2020G will reach 20% of the capital, which will require public disclosure and announcement. There are no guarantees that the company will not continue to record additional losses. And in the event that the percentage of accumulated losses exceeds (50%) or more, the company will be subject to a number of requirements, in particular Article (150) one hundred fifty of the Companies Law, which obliges members of the Board of Directors to invite the (extraordinary) general assembly within fifteen days of its knowledge. Therefore, to consider the possibility of continuing the company's business or dissolving it before the end of its term if the accumulated losses of the company exceeded half of the company's capital, reduce it, or dissolve the company before the term specified in its basic system, and the company may be considered terminated by the force of the system if the extraordinary general assembly did not meet during the period specified above Or, if it meets and is unable to issue a decision on the matter, or if it decides to increase the capital according to the conditions stipulated in this article, and the entire capital increase has not been subscribed within (90) ninety days of the association's decision to increase it. If the company incurs additional losses in the future, it will affect the availability of liquidity necessary for the company's business and expansion plans, and will negatively affect the results of its operations and its financial position.

2.1.10 Risks of changes in significant accounting standards and new standards

The company applied the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia for the first time, starting from the beginning of 2017G, as the annual financial statements of the company for the year 2017G were issued in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia. The accounting policies and calculation methods applied in preparing the company's financial statements are in line with those used in preparing the annual financial statements for the year ending 31/12/2019G. Failure to comply with accounting standards in accordance with the requirements of International Financial Reporting Standards (IFRS- International Financial Reporting Standards) may result in reservations in the financial statements by the chartered accountant, and this may result in fundamental changes to the financial statements of the company and thus the non-compliance or any changes in these standards, or the mandatory application of some new standards, they may negatively affect the financial statements and thus the company's financial results and its financial position.

2.1.11 Risks associated with Localization requirements

Compliance to the requirements of Localization is a legal requirement in the Kingdom whereby all companies operating in the Kingdom are committed to employing a certain percentage of Saudi employees among their total employees and maintaining that percentage. According to the "Nitaqat" program issued by the Ministry of Human Resources and Social Development, the rate of resettlement as at 11/04/1442H was 15.46% and classified within the platinum range of the "Nitaqat" program. Although the company is not currently

committed to the required settlement rate, it is not. Maintaining this percentage, or in the event that the Ministry of Human Resources and Social Development decides to impose more stringent settlement policies in the future and the company is not able to comply with the requirements of the Ministry of Human Resources and Social Development, this may lead to the imposition of penalties on the company, such as the suspension of labor requests for the company. Participation in government tenders is prohibited, and access to financing and other government incentives, which will have a fundamental negative impact on the company's business, its financial position, results of its operations, and expectations (for more information, please refer to the section **"Employees and Saudization"** in the **"Background"** section of the company and the nature of its work in this prospectus) is related to the Saudization requirements for companies Saudi Arabia's subsidiary to Tabuk Company, Food Afaaq Company Ltd., Tabuk Nursery and Garden Coordination Company, Al Watania Company for Seed Production and Agricultural Services, East Asia Agricultural Development and Investment Company, and Fodder Sources Company are committed to the required Saudization percentage. She has no employees. As for the Saudi Agricultural Group Company, Jannat Agricultural Investment Company, and the Gulf Tech Sustainable Energy Company, Tabuk Company stated that these companies are under liquidation and do not have any employees. Failure of the subsidiaries to comply with the Saudization requirements may lead to the imposition of penalties on these companies, such as suspension of work visa applications, transfer of guarantees to non-Saudi workers, a ban on participation in government tenders, and a ban on obtaining financing and other government incentives, which will have a substantially negative impact on the company's money. Its operations and expectations, which may consequently lead to a negative and material impact on Tabuk Company, its financial position, results of its operations and its expectations.

2.1.12 Risks related to reliance on non-Saudi employees

The percentage of non-Saudi employees constitutes about 85.8% of the total employees in the company (for more information, please refer to the item **"Employees and Saudization"** in the **"Background about the company and the nature of its work"** section of this prospectus), which may affect the results of the company's business and its financial position and operational results will be negatively affected if it is not able to maintain its non-Saudi cadres or find replacements for them with the same required skills and experiences, or if there is a change in the policies and regulations of the Ministry of Human Resources and Social Development that results in an increase in the Saudization rate of the sector. In addition to the company's dependence on a high percentage of non-Saudi employees, which leads to higher government fees that the company incurs in exchange for each non-Saudi employee in terms of work permits and residency, which leads to an increase in general the costs of the company, consequently, it negatively affects its business, financial performance and the results of its operations.

2.1.13 Risks related to natural disasters and force majeure

Any damage from natural disasters that affects the company's facilities, such as floods, earthquakes, and other natural events, or force majeure that affect the company's activity, such as the Corona pandemic, may cause the company to incur large and irrevocable costs. It also severely affects the ability of the company to carry out its operations and thus reduce their operational results. In the event of natural disasters occurring and damaging the company's facilities, this will have a negative and fundamental impact on the company's business, the results of its operations, its financial position and its future expectations.

2.1.14 Risks related to lawsuits

There are some lawsuits filed by or against the company that arose in the context of the company's conduct of its activities, whether with some of its clients, suppliers or employees. As the lawsuits filed by the company, to date, constitute 6 cases, of which the claim amounts amounted to 45,280,658 riyals. Whereas, to date, the lawsuits filed against the company amounted to 8 cases, in which the claim amounts amounted to 6,689,150 riyals. (For more information, please review the **"litigation"** section in the **"legal information"** section of this prospectus). The company has entered into a number of financing agreements and has guaranteed a loan for one of its subsidiaries, which is the Rakhaa Company for Agricultural Investment and Development (in which the Tabuk Agricultural Development Company owns 21.62%). Tabuk of this loan represents 18.85% of the total loan amount (for more information, please refer to the item **"Loans and Credit Facilities"** in the **"Legal Information"** section of this prospectus). The company has not adhered to some of the terms and conditions related to the payment dates of the installments arising from some agreements, which allows the lenders to demand payment of the value of the loans immediately and may initiate the judicial implementation procedures on the guarantees provided in their favor and collect the value of the loans from them (for more information, please review the item **"Loans and Credit Facilities"** in the **"Legal Information"** section of this prospectus), which may negatively affect the company's business, its financial position, the results of its operations, and the implementation of its future plans.

In addition, the company may find itself a party to other lawsuits, whether the plaintiff or the defendant, and any negative outcome in relation to the litigation procedures and regulatory procedures may negatively affect the company's business, its future operations and its financial outlook.

It is noteworthy that the company has not set aside sufficient precautions to ward off any liability for it in the event that the full value of each claim is judged separately, which will put the company in front of financial obligations that are not substantial and unexpected, and therefore there is a risk of not setting aside sufficient reserves. The company is not able to accurately forecast the cost of the lawsuits or the judicial procedures that may be instituted or filed against them in the future, or the final results of those lawsuits or the judgments issued therein and the compensation and penalties they contain. These lawsuits may include - for example, but not limited to - zakat, tax, work system issues, errors, complaints and other damages that result from negligence or fraud by persons or institutions in a form outside of the company's control. Consequently, any negative consequences of such cases will negatively affect the company's business, the results of its operations, its financial position and its future expectations.

2.1.15 Risks associated with potential Zakat entitlements

There are amounts due from the company related to the zakat assessment for the years from 2005G to 2012G. Where the initial assessment included the existence of zakat differences of 6,414,882 Saudi riyals, and the company objected to the assessment before the first primary tax zakat objection committee in Riyadh on its decision No. (5) for the year 1439H. The committee's decision was issued with partial approval of the objection submitted by the company to accept the correction of the zakat assessment of 1,493,146 Saudi riyals. The company has appealed this decision. The decision of the First Appeal Committee for Income Tax Violations and Disputes was issued No. IR-2020-86, dated 02/23/1442H (corresponding to 10/10/2020G) to obligate Tabuk Company to pay an amount of (696,337) Saudi riyals only, in favor of the General Authority of Zakat and Tax. Note that the company is awaiting an official letter from the authority of the amount due, and the company has stated that it will pay the amount in one time if the payment number is issued by the General Authority for Zakat and Tax.

Also, there are amounts due from the company for the fiscal year 2019G, amounting to 2,512,552 riyals. The company intends to pay the amount in the second quarter of 2021G, and if it is not able to pay the amount, then the company may make be exposed make it good for violations by the General Authority for Zakat and Tax such as not issuing the Zakat certificate necessary to complete government transactions, General Authority for Zakat and Tax, which may negatively affect the company's profits, the results of its operations and its financial position.

2.1.16 Risks associated with transactions with related parties

Currently, the company does not deal in the normal course of its business of contracting and commercial operations with related parties - whether members of the board of directors, subsidiary companies, or others.

In the event that the commercial transactions and agreements with the related parties are not concluded in the future on purely commercial grounds, this will negatively affect the company's business, its financial position, business results and future expectations. (For more information, please refer to the "Related Party Transactions" section in the "Management Discussion and Analysis of the financial Position of the Company and results of its Operations" section of this prospectus).

2.1.17 Risks related to agreements, credit facilities and loans

The company entered into a number of financing agreements with the Agricultural Development Fund and also secured a loan for one of its subsidiaries with the Saudi Development Fund. The company did not abide by some of the terms and conditions related to the payment deadlines of the installments resulting from some agreements, which allows the lenders to demand payment of the value of the loans immediately, which may negatively affect the company's business, its financial position, the results of its operations and the implementation of its future plans. As for loans that are not due now, there is no guarantee of the company's ability to fulfill its obligations on maturity dates, which is considered a breach of the concluded agreements and therefore the lenders have the right to cancel or terminate the credit facilities and demand the company to pay the full debt. This negatively affects the company's business, its financial position, the results of its operations, its ability to borrow, finance, and implement its future plans.

The facilities and outstanding loans are secured by certificate holder for an order submitted by the company in addition to the mortgage of some of the assets and real estate owned by the company, as the company stated that it is in the process of mortgaging assets that are buildings for the company representing a value of 40,911,033 Saudi riyals, Also, it is in the process of mortgaging a part of the company's land if it owns it, and the company has pledged assets that are refrigerators that represent what its value 43,000,000 Saudi riyals, and the value of the mortgages represents 17% of the total assets of the company as of 30/09/2020G. (For more information, please refer to the "Loans and Credit Facilities" section in the "Legal Information" section of this prospectus.) If the company is not able to fulfill its repayment obligations under the loan agreements, or if it is not able to provide any other guarantees, the lenders may request it. Or if in the future it breaks any of the obligations or undertakings related to the debts incurred by them, the lenders may require the immediate repayment of the debt and the collection of the guarantees presented by the company. In this case, there is no guarantee that the company will be able to obtain such alternative sources of debt. Any of these factors will have a material negative impact on the company's business, its financial position and its future expectations.

2.1.18 Risks related to protecting the trademark and intellectual property rights of the company

The company relies in marketing its services and products on its name, which is reflected in its brand, which supports its business and its competitive position, and gives it a clear distinction in the market among customers. Its trademarks have been registered with the Ministry of Commerce, which number thirteen trademarks. (For more information, please see the "Trademarks" section in the "Legal Information" section of this prospectus). The company is very keen to protect the trademarks registered in the name of the company and to face any breach of intellectual property rights or unlawful use of the company's trademarks, which will affect the company's reputation, and to file any lawsuits and claims before the competent courts to protect the trademarks registered in the company's name in case of violation. To be keen on renewing trademarks before the end of the protection period according to the Trademarks Law issued in 1423H within a period of ten years in accordance with Article (22) of the Trademarks System, which stipulates that: The administration also keeps track of the registration of any similar marks, and objects to their registration during the statutory period so that this does not affect the company's business, the results of its operations, its financial position and its future expectations. Any breach of the intellectual property rights or the unlawful use of the company's trademarks will lead to an impact on the reputation of the company, and filing lawsuits and claims before the competent courts to protect these rights. It is an expensive process and requires a great deal of time and effort on the part of the company. In the event that the company fails to protect its trademark effectively when renewing the registration certificate or following similar marks, this will negatively affect its value, which will negatively affect the company's business, future financial results and position.

2.1.19 Risks related to insurance coverage

The company maintains different types of insurance policies to cover its business and assets, however, the company may not have all the optional insurance documents important for its business and its assets, or it may not have sufficient insurance coverage in all cases, or it may not cover it in all cases, or it may not cover it in all cases. It is also possible that future events may occur against which the company is not insured in a way that covers the potential losses, or it may not be insured at all. There is no guarantee that the company's insurance policies will remain available on commercially acceptable terms, or that they will remain available at all. Any of these events or circumstances or the occurrence of an uninsured event for the company will negatively and substantially affect the business and assets of the company, its financial conditions, business results, assets and future expectations. (For more details about the insurance documents, please refer to the "Insurance" section in the "Legal Information" section of this prospectus).

2.1.20 Risks related to unforeseen operation and interruption of business

The company relies on the continuation of its operations on the functioning and effectiveness of marketing and selling wholesale and retail products and its ability to maintain and operate its farms, and to operate its factories efficiently, and is considered to be exposed to major operational risks due to the occurrence of many factors or factors related to the performance of these factors. The supply of energy and electricity, and the activities of the company did not stop in the previous period, and these risks may cause great damage to the facilities of industrial facilities or their workforce, or cause the production process to be disrupted and the ability of the company to deliver its products. Consequently, a negative impact on the company's business, the results of its operations, its financial position and its future expectations.

2.1.21 Risks related to non-compliance with the quality standards and specifications required by consumers

The company's ability to market and sell its nutritional products depends to some extent on its ability to anticipate the nutritional tastes and habits of its customers and to provide high-quality products that satisfy the customers. These tastes are also subject to change, so any failure to anticipate or identify these changes and respond to them by the company or maintain the quality of the company's products may lead to a decrease in the demand for the company's products, which will have a role in the decrease in sales volume and operational profits, and thus negatively affect. On the company's operations, financial position and operating results.

2.1.22 Risks related to the company's inability to keep pace with technological developments

The company uses sophisticated and costly technologies and systems to preserve, transport and market its products, and to keep pace with developments in selling and marketing the company's products, the company must make repeated improvements to the products and the use of advanced technologies. The company does not guarantee its ability to quickly provide new technologies and apply its own regulations to its products in a timely and appropriate manner, and it may incur high costs in this field, which will affect the production of the products required by its customers within the specified timelines. Its operations, financial and operating performance and future expectations.

2.1.23 Environmental risks

Environmental conditions basically control the company's business due to its direct impact on agricultural crops. The following are some environmental factors that - if they occur - could negatively affect the company's operations, sales, profitability and financial position:

- 1- The occurrence of frost in the winter months, which leads to the fall of fruit blossoms and the death of potato and onion plants, and consequently the lack of production.
- 2- Heat waves in the summer, which speeds up the ripening of some fruits, especially apricots and peaches, which leads to an increase in the percentage of fruits that fall from the trees on the ground, and thus it is difficult to collect and fill them (over ripe fruits), as happened with the apricot crop this year.
- 3- Dust storms that lead to failure of pollination in fruit trees, as well as the impact of the wheat crop, which leads to a decrease in the productivity of the crop in a way that does not coincide with the target.
- 4- Rainfall on the farm, especially if it is heavy, and consequently affects the quality of agricultural crops in the fields, and consequently the degree of quality classification changes from first degree to a lower degree, which affects the selling price.

2.1.24 Risks related to price changes of major raw materials

The company relies in its production of agricultural crops on the purchase of seeds, fertilizers, spare parts of agricultural equipment and packaging materials necessary to sell its products, whether by local purchase or import from abroad, and this may affect its operations directly and negatively in the event of any delay in those supplies or any change in the terms of their provision or interrupted. Also, the change in the prices of the main raw materials used in the production of the company will affect the results of the company's operations. The company's profitability may be affected by the rise in the prices of raw materials if the company does not succeed in raising the selling prices of its products or covering the deficit by reducing other operational costs, which will have a negative impact on The company's business, financial position and future expectations.

2.1.25 Risks of the company relying on leasing assets in its operations

The company owns its assets and does not depend mainly on the leasing of assets except for the rental of some offices and small warehouses, and the company rents in Riyadh, Jeddah and Tabuk and the total annual rental amounts are approximately 316 thousand Saudi riyals, and the rented market value represents approximately 3.5% of the company's total real estate assets (for more Information, please refer to the item "Real Estate Lease Contracts" of "Substantive Contracts" in the "Legal Information" section of this prospectus). In the event that the company is unable to maintain the continuity of the lease contracts beyond the period specified in the contract or renew the contracts with the same current conditions or Preferential conditions, this will negatively affect the company and the results of its operations, as it may be difficult for the company to find alternative offices and warehouses with spaces commensurate with the nature of its activity.

2.1.26 Stop or decrease the utilization of the company's production capacity

On 25/02/1437H, Cabinet Decision No.(66) was issued, which decided to stop planting green fodder before 25/02/1440H (corresponding to 03/11/2018G. Accordingly, the company stopped planting green fodder, and the company cannot predict with future decisions to stop the cultivation of some products, and in the event that occurs - this stoppage could negatively affect the company or the results of its operations, its financial and operational performance and its future expectations.

2.1.27 Risks related to dependence on major suppliers

The company depends on supplying some raw materials from major suppliers, for example, the company depends on supplying raw materials such as seeds, fertilizers, spare parts for agricultural equipment and packaging materials necessary to sell its products, whether by local purchase or import from abroad. The cancellation of the supply agreement or the company's non-compliance with the terms of the agreements or in the event of a change in the terms of the prices or the quality of the materials supplied, or a sudden interruption of supply for any reason may negatively and substantially affect the profits of the company, the results of its operation, its financial position and its future expectations. Likewise, the company's reliance in its relationship with some major suppliers on direct purchase orders without the existence of agreements or contracts that may affect the supply chains of the company and thus may negatively and substantially affect the company's profits, the results of its operation, its financial position and its future expectations.

The following is a list of the main suppliers of the company and the materials that are supplied. The percentage of the main suppliers represents 42.3% of the total imports of the company for the year 2019G and their value:

Table (1): The main suppliers of the company

SN	Supplier	Materials	Value (SAR)
1	ARAMCO	Petroleum substances	9,531,060
2	Ali Mohammed Alrasheed Est.*	Fertilizers & chemicals	4,184,647
3	SABIC*	Fertilizers	2,809,934
4	Alkhuraif Trading Company*	Agent for tractors, irrigation equipment and spare parts	976,893
5	Alzahid Tractors & Heavy Equipment Company*	Agent for caterpillars, agricultural equipment and spare parts	944,553

Source: the company

* With the exception of Aramco, the company stated that it does not have contracts with these suppliers and is dealing with them by direct purchase orders.

2.1.28 Risks related to reliance on major distributors

The company distributes its products directly, which represents 23.8% of the company's total sales, and it also depends on a number of 5 main distributors in the Kingdom of Saudi Arabia, as shown in the table below, with whom it has contractual relations in effect to date. Cancellation of the distribution agreement or failure of distributors to abide by the terms of the agreements or a sudden interruption of distribution for any reason may negatively and substantially affect the profits of the company, the results of its operation, its financial position and its future expectations.

The agreements signed with the company's distributors include the requirement to provide financial guarantees from the distributors of the company, such as a certificate holder, cash amount, check or bank guarantee. It is mentioned that all distributors have provided guarantees to the company. Failure to provide guarantees by distributors may affect the preservation of the company's interests, and therefore this may negatively and substantially affect the company's profits, the results of its operation, its financial position and its future expectations.

The company reported that it dealt with some distributors despite the fact that Tabuk Company did not obtain contracts that were renewed and signed by distributors during the Corona period due to the difficulty of obtaining contracts that were renewed from distributors due to the total closure of 9 distributors, and the signed contracts that were made were obtained renewal by distributors after the completion of the total closure. Failure to renew these contracts and ensure that they include updated clauses that guarantee the interests of the company may adversely affect the future business of the company, its financial position and its operational results.

Table (2): The main distributors of the company for the year 2019G

SN	Name	Sales percentage	Country
1	Fruit Oasis Trading Company	6.50%	Saudi Arabia
2	Wasm Almaali contracting company	3.79%	Saudi Arabia
3	Mohammed Abdullah Alshaikh est.	2.50%	Saudi Arabia
4	Fahad Abdullah Aljalfan est.	2.22%	Saudi Arabia
5	Ghurm Saleh Alghamdi Est.	1.79%	Saudi Arabia

Source: the company

2.1.29 Risks related to dependence on clients

A company's performance depends on its ability to sell its products to its consumer customers. In the event that the company fails to maintain its relationships with its customers, this will negatively and substantially affect the profits of the company, the results of its operation, its financial position and its future expectations.

The company relies in its relationship with its main customers on direct sales without the existence of agreements or contracts, which may affect the sustainability of the company's sales and thus this may negatively and substantially affect the company's profits, the results of its operation, its financial position and its future expectations.

The following is a list of the company's most important customers and the percentage of sales made to them compared to the company's total sales:

Table (3): The main customers of the company for the year 2019G

SN	Name	Sales percentage	Country
1	Fahd Othman Ali Almousa	4.71%	Saudi Arabia
2	Sulaiman Saeed Aljabri Trade Est.	3.96%	Saudi Arabia
3	Mohammed Ali Alrashid Est.	3.02%	Saudi Arabia
4	Saudi Agricultural Development Company	2.68%	Saudi Arabia
5	Abdulrahman Mohammed Ibrahim Alnamer	2.47%	Saudi Arabia
6	Khalid Mohammed Abdullah Alhaqqas Est.	1.68%	Saudi Arabia

Source: the company

2.1.30 Risks related to inflation and slow movement of inventory

The company evaluates its inventory every financial period and the necessary provisions are taken when the net realizable value becomes less than its cost. Therefore, there are risks that may result from a decrease in the value of inventory, which may negatively affect the company or the results of its operations, financial and operational performance and its future expectations.

2.1.31 Risks related to government agencies supporting agricultural development

The risks related to government agencies supporting agricultural development are summarized - for example but not limited to - the possibility of imposing fees for future water use, stopping the production of wheat seeds for farmers, or limiting the cultivation of local wheat in the future. The occurrence of any of the aforementioned examples or other risks related to agricultural government support may negatively and substantially affect the profits of the company, the results of its operation, its financial position and its future expectations.

2.1.32 Risks of the Coronavirus (Covid19)

After the spread of the Coronavirus (Covid19) to the world in December 2019G, the World Health Organization declared it a global pandemic in March 2020G. The pandemic has negatively affected most business sectors around the world. With the outbreak of the virus, most countries of the world have taken precautionary measures to limit its rapid spread. The government of the Kingdom of Saudi Arabia was proactive in taking several precautionary measures to prevent the spread of the virus. This is despite the fact that most of the activities were affected, for example but not limited to, partial and complete closures, quarantine, travel restrictions or bans, difficulty of movement, and employee infections with the Coronavirus. The company's business was positively affected as the demand for the company's products increased. Nothing guarantees the continuation of the pandemic and its positive impact on the company. It may require the application of more precautionary measures, and therefore if anything occurs that would affect the business continuity of the company and its subsidiaries, this will negatively affect the company's business, the results of its operations, its financial position and its future expectations.

2.1.33 Risks related to the vacancy of the position of Head of Finance

The position of the head of the financial sector of the company is vacant at the present time after the resignation of the head of the finance sector, Mr. Muhammad Saad Bakri, on 28/10/2020G, and on 01/11/2020G, Mr. Hussam El Din Mukhtar was assigned the duties of the head of the finance sector until a replacement is appointed. The absence of a head of the financial sector will negatively and substantially affect the performance of that sector of its tasks, which will negatively affect the overall performance of the company.

2.1.34 Risks of non-compliance with accounting standards

The company did not issue consolidated financial statements with its subsidiary companies for the years 2017G-2018G and 2019G in accordance with the requirements of IFRS 10 "Consolidated Financial Statements", and the company also did not conduct a study of a decline in the value of assets directly related to operation and production in accordance with the requirements of International Accounting Standard No. 36 "Decline in value", which made the company's chartered accountant had qualified opinions the financial statements for the year 2019G. Failure to comply with accounting standards in accordance with the requirements of International Financial Reporting Standards (IFRS- International Financial Reporting Standards) may result in reservations in the financial statements by the chartered accountant, and this may result in fundamental changes to the financial statements of the company and thus the non-compliance or any changes in these standards, or the mandatory application of some new standards, they may negatively affect the financial statements and thus the financial results of the company and its financial position.

2.1.35 Risks related to non-owned assets of the company and its subsidiaries and the ability of the company's collection of property

The financial statements of the Agricultural Feed Resources Company "a subsidiary company" as in the financial statements of the company on December 31, 2019G included the following reservations by the external auditor, which is that all property, machinery and equipment with a net book value of 24.4 million Saudi riyals are registered in the name of one of the partners -Ahmed Hussein Al-Omari- and ownership has not been transferred. Those assets to the company as in the company's financial statements on December 31, 2019G, and the company is working to transfer ownership of the assets to become in the name of the company. Failure of the company to transfer ownership of its assets in its name Or a refund of the amount paid, which is 18 million Saudi riyals.

The company has not yet filed a lawsuit to refund the amount of 18,000,000 Saudi riyals, noting that two years have passed since the signing of the agreement due to the Tabuk Agricultural Development Company's attempt to end the matter amicably, as the other party "partner" Ahmed Hussein Al-Omari committed a letter dated 12/15/2019G to pay the amount 18,000 .000 Saudi riyals, but Ahmed Hussein Al-Omari has not committed to repay the agreed amount so far.

The company is in the process of filing a lawsuit against the partner - Ahmed Hussain Al-Omari - with the competent judicial authority to claim the refund of the amount of 18,000,000 Saudi riyals paid to against the partner - Ahmed Hussain Al-Omari in addition to the 10,000,000 Saudi riyals which is compensation for the missed benefit in addition to 1,800,000 Saudi riyals litigation fees (For more information, please review the "litigation" section in the "legal information" section of this prospectus). The failure of the company to transfer the ownership of its assets in its name or recover the amount paid by the company, this will negatively and substantially affect the financial statements and thus the financial results of the company and its financial position.

2.2 Risks related to the market and sector

2.2.1 Risks related to the economic performance of the Kingdom

The expected future performance of the company depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, factors of inflation, GDP growth, average per capita income, and so on. As the company's revenues depend mostly on the local market at the present time. The Kingdom's economy, in its entirety and in part, depends mainly on the oil and oil industries, which still control a large share of the GDP, and accordingly, any unfavorable fluctuations in oil prices will have a direct impact on the Kingdom's economy and its direct and main effects. Which would negatively affect the financial performance of the company.

The continued growth of the Kingdom's economy also depends on several other factors, including the continued growth of the population and the investments of the government and private sectors in the infrastructure. Therefore, a negative change in one of these factors will have a major impact on the economy and thus negatively and fundamentally affect the company's business, its financial results and its future expectations.

2.2.2 Risks related to political and economic instability in the Middle East

Many countries in the Middle East region suffer from political or security instability at the present time. There are no guarantees that the economic and political conditions in those countries or any other countries will not have a negative impact on the company's business, the results of its operations, its financial position and its future expectations.

2.2.3 Risks related to the competitive environment

The company operates in a strong competitive environment, and there is no guarantee that the company will continue to be able to compete effectively with other companies in the market, just as the company's competitors' pricing policies affect the increase in the supply of competitors as a guarantee and the provision of its competitors' services to continue to compete with those companies, which leads to a reduction in the company's share in the market and thus negatively affects the company's profits and financial results.

2.2.4 Risks of non-compliance with current laws and regulations and / or new regulations and laws being issued

The company and its subsidiaries (inside the Kingdom) are subject to the supervision of a number of government agencies in the Kingdom, including but not limited to the Capital Market Authority, the Ministry of Commerce, the Ministry of Environment, Water and Agriculture, the General Authority for Meteorology and Environment Protection, and others. Consequently, the company is subject to the risks of changes in the laws, regulations, circulars and policies in the Kingdom, as the legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, as they are continuously developed and improved. Note that the costs of complying with some of these regulations are high, including, for example, what is related to residence regulations, such as the financial compensation for escorts and dependents, or what is related to work systems, such as the financial compensation for expatriate workers. In the event that changes are introduced to the current laws or regulations or the issuance of new laws or regulations imposing new laws or regulations, this may lead to the company incurring additional unforeseen financial expenses for purposes related to adherence to those regulations and restrictions on these restrictions or requirements. Failure to comply with these bylaws and regulations, which will negatively affect its business, the results of its operations, its financial position and its future expectations. In the year 1441H, five environmental penalties were imposed by the General Authority for Meteorology and Environmental Protection due to the company's occurrence of some environmental violations, which are generally represented by the company engaging in some activities without obtaining the necessary environmental approval, or the presence of leaks of petroleum materials or untreated wastewater. The total of these fines amounted to 39,000 Saudi riyals, noting that all the five penalties decisions stipulated that in the event of recurrence, the penalty will be doubled and the facility closed for a period of 90 days. The company's failure to address environmental violations may negatively affect its financial position and the results of its operations.

2.2.5 Risks associated with VAT

According to the value-added tax system amended on 24/10/1441H, the value added tax amounts to 15% on a number of products and services, according to what is contained in the system. Its clients and supply the tax to the General Authority for Zakat and Tax. Any violation or wrong application of the tax system by the company or its subsidiaries will expose them to fines or penalties or lead to damage to their reputation, which will also increase the operating costs and expenses, this could reduce the competitive position of the company and its subsidiaries and the level of demand for their services., what will have a negative impact on the company, its financial position, the results of its operations and its future expectations.

2.2.6 Risks related to government fees applicable to employing non-Saudi employees

The government approved a number of decisions aimed at implementing comprehensive reforms to the labor market in the Kingdom of Saudi Arabia, which included setting additional fees for every non-Saudi employee working for a Saudi entity, starting from 01/01/2018G, and four months ago. A non-Saudi employee for the year 2018G, increased to six hundred (600) Saudi riyals per month in 2019G, then eight hundred (800) Saudi riyals per month in 2020G. This will lead to an increase in the company's costs in general, which will negatively affect its business, financial performance and the results of its operations.

In addition to that, the government has also approved fees for the issuance and renewal of residency for non-Saudi employees and escorts (escort fees), which became effective as of 07/01/2017G, noting that they will gradually increase in a year of one hundred (100) riyals per month. Up to four hundred (400) Saudi riyals per month for each dependent in the year 2020G, and accordingly, the increase in the fees for issuing and renewing the residency that the non-Saudi employee will bear on behalf of his family may lead to an increase in the cost of living for him, this would lead to a tendency for them to work in other countries where the cost of living is lower., and if such a matter occurs, the company will face difficulty in maintaining its non-Saudi employees, which may compel it to bear those costs on behalf of the non-Saudi employees, directly or partly from them, in a way or part of their wages. With its non-Saudi employees, which will lead to an increase in the company's costs, which will lead to an increase in security prices. The products and services provided by the company, and therefore it will have a negative impact on its business, its financial performance and the results of its operations. The effect of the additional fees is shown by the increase in employee salaries and wages by 17% between 2017G and 2019G.

2.2.7 The risks of non-disclosure or delay in disclosing the material events of the required financial reports

The company may be subject to penalties and fines in the event of non-compliance with the requirements of the Capital Market Authority, rules for the offering of securities, continuing commitments issued by the Capital Market Authority, and listing rules issued by the Saudi Stock Exchange (Tadawul), whether it is a specific piece of material. Immaterial (in accordance with Articles (62) and (63) of the Rules for the Offer of Securities and Continuing Obligations. In addition to the disclosure of the company's financial information and the reports of the board of directors, in accordance with articles (64) and (65) of the rules for the offering of securities and continuing obligations. A fine was obtained by the Capital Market Authority in the amount of 10 thousand Saudi riyals on 20/11/1440H (corresponding to 23/07/2019G) for violating Paragraph (b) of Article 46 of the Financial Market Law, due to the company's failure to provide the Authority with a number of information related to it for the year The financial period ended 31/12/2018G during the specified period. Failure to comply with non-disclosure by the company or delay in the timing of disclosure may expose the company to penalties and fines by the authority, which may have a negative impact on the company's business, the results of its operations, its financial position and its future expectations.

2.3 Risks related to the offered securities

2.3.1 Risks related to potential fluctuation in the rights issue price

The market price of the rights issue may be subject to large fluctuations due to a change in factors affecting the company's stock. This fluctuation may be large due to the difference between the permissible daily fluctuation rate (which is represented by 10% up and down from the closing price of the previous day) for rights compared to the permissible daily volatility percentage for the company's shares. The rights trading price depends on the trading price of the company's shares and the market's view of the fair price of the rights. These factors may adversely affect the rights trading price.

2.3.2 Risks related to potential fluctuations in the share price

The market price of the Rights during the trading period may not be an indication of the market price of the Company's shares after the offering. Also, the company's share price may not be stable and may be greatly affected due to fluctuations resulting from market conditions related to the company's current rights or shares. These fluctuations may also result from many factors, including but not limited to: stock market conditions, poor performance of the company, inability to implement the company's future plans, entry of new competitors into the market, change in the vision or estimates of experts and analysts of the stock market, and any announcement of the company or any other of its competitors related to strategic mergers and acquisitions or alliances.

The sale of large quantities of shares by shareholders or the belief that such a sale will occur will negatively affect the market price of the company's shares. In addition, shareholders may not be able to sell their shares in the market without negatively affecting the share price. There is no guarantee that the market price of the company's shares will not be less than the offering price, and if this matter occurs after the investors have subscribed to the new shares, the subscription cannot be canceled or modified. Accordingly, investors may incur losses as a result. In addition to the foregoing, there is no guarantee that a shareholder will be able to sell his shares at a price equal to or higher than the offering price after subscribing to the new shares.

2.3.3 Risks related to not being profitable or selling Right issue

There is no guarantee of earnings per share by trading it at a higher price. In addition, there is no guarantee of being able to sell it in the first place, indicating that there is no guarantee of sufficient demand in the market to exercise Right issue or receive compensation from the company.

2.3.4 Risks related to future data

Future results and performance data of the company cannot be actually anticipated and may differ from what is contained in this prospectus. As the achievements and ability of the company to develop are what determine the actual results, which cannot be expected or determined. The inaccuracy of data and results is one of the risks that the shareholder must know in order not to affect his investment decision.

2.3.5 Risks related to the possibility of issuing new shares

In the event that the company decides to issue new shares, the ownership of the shares will decrease proportionally, in addition to its attachments to the right to vote and obtain profits, which will affect the market price of the share.

2.3.6 Risks related to a decrease in the demand for Right issue and company shares

There is no guarantee that there will be sufficient demand for Right issue during the trading period to enable the holder of the Right issue (whether it is a restricted shareholder or a new investor) to sell the Right issue and make a profit from them, or enable him to sell the rights at all. Also, there is no guarantee that there will be sufficient demand for the company's shares by investment institutions during the Rump offering period. In the event that the investment institutions do not submit offers for the Rump Shares at a high price, there may not be sufficient compensation to be distributed to the holders of Right issue who have not exercised their right to subscribe. Moreover, there is no guarantee that there will be sufficient market demand for shares acquired by a subscriber either through the exercise of Right issue for these shares, or through a Rump offering or through the open market.

2.3.7 Risks related to low ownership

If the holders of Right issue do not fully subscribe their right of the new shares, their ownership and voting rights will decrease. Moreover, there is no guarantee that if the restricted rights holder wishes to sell his Right issue during the trading period that the return he receives will be sufficient to fully compensate him for the decrease in his ownership percentage in the company's capital as a result of the increase in its capital.

2.3.8 Risks related to not exercising Right issue in a timely manner

The subscription period starts on 30/08/1442H (corresponding to 12/04/2021G) and ends on 10/09/1442H (corresponding to 22/04/2021G). The rights owners and the financial intermediaries they represent must take appropriate measures to follow all necessary instructions before the subscription period expires. If the eligible shareholders are not able to properly exercise the subscription rights by the end of the subscription period, based on their pre-emption rights, there is no guarantee that there will be a compensation amount distributed to the deserving shareholders who are not participating or who have not properly performed the procedures for practicing the subscription.

2.3.9 Risks related to dividend distribution to shareholders

Future earnings per share depend on a number of factors, including the company's profitability, maintaining its good financial position, capital needs and distributable reserves, the credit strength available to the company, and general economic conditions. An increase in the company's capital may lead to a decrease in earnings per share in the future due to the fact that the company's profits will be distributed to a greater number of shares as a result of the increase in its capital.

The company does not guarantee any dividends, nor does it guarantee the amount that will be distributed in any given year. Profit distribution is subject to certain restrictions and conditions stipulated in the articles of association of the company.

2.3.10 Risks related to speculation in Right issue

Speculation in Right issue is subject to risks that could cause material losses. The permissible daily volatility range for the rights issue trading price exceeds the permissible daily fluctuation range for the market price (which represents in 10% up and down from the previous day's closing price). There is also a direct relationship between the company's share price and the right's indicative value. Where the right indicative value reflects the difference between the market value of the company's share during the trading period and the offering price, and accordingly the daily price limits (i.e. the daily fluctuation range) for rights trading will be affected by the daily price limits for trading shares. In the event that the speculator does not sell the rights before the end of the trading period, then he will be forced to exercise these rights to subscribe to the new shares and may incur some losses. Consequently, investors must review the full details of the mechanism for listing and trading new rights and shares and their method of operation, and be aware of all the factors affecting them, to ensure that any investment decision is based on full awareness.

3. Background about the company and the nature of its business

3.1 Company Overview

Tabuk Agricultural Development Company was established and hereinafter referred to as “the company” or “Tabuk” as a Saudi joint stock company under Royal Decree No. (M / 11) dated 06/07/1403H (corresponding to 22/03/1983G) and it was registered with the Ministry of Commerce in the Commercial Registration No. 3550005403 Issued from Tabuk on 15/08/1404H, (corresponding to 17/05/1984G).

The current capital of the company amounts to 241,767,000 Saudi riyals, divided into 24,176,700 ordinary shares, with a nominal value of (10) Saudi riyals per share, the value of which is fully paid. The major shareholder of the company is Mr. Abdullah Abdulaziz Al-Rajhi, who owns 6.66% of the company's shares.

The head office of the company is located in Tabuk, Halat Ammar Road, before Bir Bin Hermas, PO Box 808, Postal Code 71421.

3.2 The history of the company and the most important developments in its capital structure

The company was incorporated as a Saudi joint stock company and was registered with the Ministry of Commerce under the Commercial Registration No. 3550005403 dated 15/08/1404H (corresponding to 17/05/1984G). The capital at incorporation amounted to (200,000,000) two hundred million riyals divided into (2,000,000) two million ordinary shares of equal value with a nominal value of (100) one hundred riyals per share. Note that the nominal value of the share was amended in 1998 from (100) one hundred riyals to (50) fifty riyals, and in 2006G the nominal value of the shares was modified again from (50) fifty riyals to (10) ten riyals per share, and these are still Value is the face value of the stock to date.

The extraordinary general assembly on 01/06/2015G (corresponding to 15/03/1436H) approved the increase of the company's capital as follows:

- Increase the capital from 200,000,000 million riyals to 450,000,000 million riyals, with an increase of 125%.
- Increase the number of shares from 20,000,000 million ordinary shares to 45,000,000 million ordinary shares through an offer of right issue shares.
- The total value of proceeds from the rights issue will amount to 250,000,000 Saudi riyals.
- (1.25) rights are issued for each of the company's shares.
- The offer price is 10 Saudi riyals, including the nominal share value of 10 Saudi riyals.
- Eligibility for rights shares shall be for shareholders registered in the company's records at the Securities Depository Center (Tadawul) at the end of trading on this extraordinary general assembly day.
- The company's goal of raising the capital is to finance a number of projects and investments inside and outside the Kingdom.

The Extraordinary General Assembly on 23/07/1441H (corresponding to 18/03/2020G) approved the recommendation of the company's board of directors to reduce the company's capital to become as follows:

- The company's capital before the reduction is 450,000,000 Saudi riyals, the capital after the reduction is 241,767,000 Saudi riyals, with a reduction of 46.274% of the company's capital.
- The number of shares before the reduction is 45,000,000 shares, the number of shares after the reduction is 24,176,700 shares.
- Reason for capital reduction: written off the accumulated losses amounting to 208,233,000 Saudi riyals.
- Capital reduction method: To cancel 20,823,300 shares of the company's shares, 0.46274 shares will be reduced for every 1 share.
- The effect of reducing the capital on the company's liabilities: There is no significant effect of reducing the company's capital on its financial obligations.
- Date of reduction: From the date of the company's shareholders' approval in the meeting of the extraordinary general assembly to reduce the capital, the reduction decision has become enforceable on all the shareholders of the company registered in the company's records at the Securities Depository Center (Deposit Center) at the end of the second trading day following the convening of the extraordinary general assembly which approval the Capital Reduction

3.3 The main activities of the company

The company's activities, as mentioned in the articles of association, are represented in the following:

- 1- Establishing, managing, operating and carrying out crop cultivation and animal production activities, including the cultivation of permanent and non-permanent crops, plant multiplication, livestock production, mixed agriculture, agricultural support activities, post-harvest crop activities, hunting and hunting and related service activities, and establishing, managing, operating and practicing forestry and logging activities, Including planting forests and other forestry activities, logging, collecting non-timber forest products and support services for forestry, establishing, managing, operating and practicing fishing and aquaculture activities, including marine fishing, freshwater fishing, marine aquaculture, freshwater aquaculture and fish farming in both seas and fresh waters.

- 2- Carrying out activities of making food products, including preparing and preserving meat, preserving fish, crustaceans and molluscs, processing and preserving fruits and vegetables, making vegetable and animal oils and fats, making dairy products, making grain mills, starch products, starch products, and making other food products, such as making bakery products, making sugar, making cocoa, chocolate, and sugary sweets. And the manufacture of prepared animal feed, and the carrying out of beverage-making activities, including malt beverage manufacturing, including (beer without alcohol), making non-alcoholic beverages, production of mineral water and other bottled water, soft drinks and drinks flavored with extracts and fruit spirits, production and bottling of water and other activities for the beverage industry And mineral water.
- 3- Manufacture of chemicals and chemical products, and this includes without limitation the manufacture of fertilizers and nitrogenous compounds, the manufacture of pesticides and other agricultural chemical products, and the undertaking of veterinary activities.
- 4- Carrying out water supply activities, drainage activities, waste management and treatment, including water collection, treatment, delivery, operation of irrigation channels, water collection from rivers, lakes, wells, etc., rainwater harvesting, and water technology for the purposes of water delivery and salinity of sea water or groundwater to produce water and operate irrigation channels.
- 5- Manufacture of agricultural machinery and forestry machinery, including the manufacture and assembly of agricultural machinery and equipment and the manufacture of machinery used in agriculture, horticulture or forestry to prepare the soil, planting or fertilizing crops, making plows, manufacturing seeding machinery, manufacturing harvesting and harvesting machines, tree cutting, cleaning and sorting machines for eggs, fruits and vegetables, and industry Cattle milking machines, spraying machinery manufacturing for agricultural use, and other machinery used in agriculture, agriculture, forestry, animal husbandry, poultry, bees, and any other activities for the manufacture of agricultural and forestry machinery.
- 6- Managing and operating plant and animal parks and natural reserves, including parks, zoos, nature reserves, plant and animal gardens activities, and other natural reserves, and carrying out activities related to the service and maintenance of beautification of sites, including the care and maintenance of parks and gardens for the purposes of public housing and the care of building views, home gardens, roof gardens and building facades Care and maintenance of highway parks, care and maintenance of sports stadiums and golf courses, care and maintenance of static and running water, care and maintenance of plants for protection from noise, wind and desertification, care and maintenance of other types of landscapes that were not previously mentioned, and the activities of landscape design services and maintenance services activities The lands to be conserved are agricultural and environmentally friendly.
- 7- Marketing, retail trade, wholesale and wholesale trade on a fee or on a contract basis, and this includes without limitation the activities of commission agents such as sales agents in agricultural raw materials, sales agents of live animals, sales agents in food and beverages, conducting export and import activities, and engaging in material trade Wholesale of agricultural raw materials and live animals, including the wholesale sale of grains and seeds, the wholesale sale of fruits and oil fruits, the wholesale of flowers and plants, the wholesale of live animals, the wholesale of types of leather, the wholesale of other agricultural raw materials and recycled waste such as animal feed, and the sale of food and beverages, and this includes the wholesale sale of fruits, vegetables and dates. Wholesale of dairy products and eggs, wholesale of animal and vegetable oils and fats, wholesale of meat and their products, and fish products, wholesale of sugar, chocolate and their products, coffee, tea, cocoa, spices and honey, wholesale of bakery products, wholesale of beverages of all kinds, and wholesale of food and feed for domestic animals and households. A wholesale of food and beverages not listed above.
- 8- Owning, managing and operating grain silos and carrying out storage activities and support activities for transportation, including storage in warehouses such as stores of chilled and chilled goods (cold stores) and storage in silos and flour warehouses, food and agricultural products stores and general stores that contain a variety of commodities.
- 9- Carrying out food and beverage service activities, including restaurant activities, mobile food services, occasional food service activities, and other food services and beverage serving activities.
- 10- Management and leasing of owned or leased (residential) real estate, managing the leasing of owned or leased properties (non-residential), and practicing short and long-term residence activities, including owning and operating hotels, motels, furnished apartments (hotel) and other accommodation facilities, chalets, rest houses, camps, parks and recreational resorts. And tourism, and the practice of specialized construction activities, including, but not limited to, demolition work, site blocking, electrical and plumbing works and other construction activities, building completion and finishing, and other specialized construction activities.
- 11- Carrying out the activities of travel agencies, tour operators, sporting activities, leisure and entertainment activities, including the ownership, management and operation of equestrian clubs, horse racing, camel racing, and health clubs.
- 12- Working and investing inside and outside the Kingdom and practicing financial services activities, including financial intermediation, the activities of holding companies, activities of cartels, funds and similar financial entities and other financial services activities, in accordance with the controls set by the competent authorities and after obtaining the necessary licenses from the Capital Market Authority.

The company conducts and implements its activities through the following business sectors:

First: - The field crops sector:

The field crops sector activity is summarized by the production of seed wheat, where high quality wheat seeds are produced through the application of correct agricultural practices. The seeds provided by the Tabuk Agricultural Development Company have proven that they achieve the highest wheat productivity in all wheat-growing regions in the Kingdom.

Second: The fruit production sector:

The fruit production sector activity is summarized as follows:

- 1- Production of stone-core fruits and grapes, where harvesting takes place in accordance with international standards of quality, where pickers undergo careful training in the correct handling of fruits and grapes. Soon the harvested fruits and grapes are transported to the cold rooms, where they are immediately cooled to maintain quality and by careful monitoring, the company ensures that the cold chain is maintained until the final product is delivered.
- 2- Production of olive oil, where olives are harvested when the fruits are colored crimson until the coloring is complete, and this is the most appropriate stage for producing high-quality olive oil, and the fruits are harvested while they are in a state of ideal maturity, and then they are squeezed as soon as possible to ensure obtaining olive oil in the best possible quality.
- 3- Dates production, mainly from the Barhi and Mejdool varieties, dates are produced.
- 4- The apiary unit, where bees are used in the process of pollinating fruit trees in addition to producing honey.

Third: the nurseries sector:

The nurseries management is divided into three sections as follows:

- Hatching fruit trees, citrus fruits, olives, figs and vines. Currently, the company produces fruit trees for supply to the company's projects and sale to local customers.
- Hatching ornamental plants, indoor and outdoor plants, to meet internal needs, and selling them to customers through the "garden center" in Tabuk.
- Expansion services in afforestation and landscaping, where we set plans for the needs of individual gardens based on needs, provide the necessary plants for them, and provide the necessary primary natural plants and trees. The Company also provide necessary maintenance services for afforestation projects.

Fourth: the livestock sector:

The company recently started to enter animal production activity through a sheep breeding project, with the aim of producing sheep of high specifications and quality to cover part of the local need for red meat.

3.4 Company vision

For Tabuk Agricultural Company to become one of the leading holding companies in the agricultural industries sector in the Kingdom of Saudi Arabia, with a major contribution to the development of Tabuk region by 2021G.

3.5 Company Message & Mission

Effective contribution to achieving sustainable development for the Tabuk region by investing in companies that provide high quality products and services on a national scale. The firm values of Tabuk Company to achieve its mission and mission are as follows:

■ **Ambition**

We take pride and dedication in everything we do.

■ **Focus on results**

We are keen to fulfill all of our commitments.

■ **Integrity**

We are open, honest and transparent in our dealings.

■ **Cooperation**

We constantly challenge the way we do new things and innovations.

▪ Work as one team

Our team is supportive of each other's efforts, loyal to each other, and caring for each other both personally and professionally.

3.6 Company's strategy

The company's strategy aims to increase the production of sales of high-yielding products such as wheat and high-quality wheat seeds, as the Ministry of Agriculture recently decided to raise the production capacity in the Kingdom to 1.5 million tons from 700 thousand tons starting from next year 2021G to cover the largest proportion of the local needs that reach To 3.5 million tons annually, and it also aims to stop products that achieve low returns or achieve losses for the company, such as potatoes and onions.

The company aims to change the sales management structure, add a commercial sale section, achieve additional sales, and new sales plans to be implemented on the ground to increase points of sales and achieve better selling prices through the intensive presence in the known giant markets in the Kingdom, which number about 700 branches such as Hyper Panda and the Aljazeera Markets, Farm Markets, etc.).

The company is also working with the new strategy on dealing with wholesale distributors and introduce van cars for sale for small supplies, as well as making a decision to start On-line sales operations, as an agreement was signed with Cold Soft to enable electronic selling, in addition to the possibility of selling through other applications, while strengthening the nursery sector And the sheep sector, and sales support through advertisements through influencers in social media channels (social media).

3.7 The strengths and competitive advantages of the company

Tabuk Agricultural Development Company enjoys one of the best agricultural environments in the Kingdom due to the climate advantage enjoyed by the Tabuk region, which achieves the production of high-quality natural agricultural products, consistent with the applied standard technical specifications and at a competitive price to meet customer requirements and expectations, through:

- Establishing, implementing and maintaining a quality management system that complies with the requirements of the international standard ISO 9001: 2000.
- Compliance with Hazard Analysis Critical Control Points HACCP requirements in the production stages, as an essential program for providing safe agricultural products.
- Produce natural products (ie, free from chemical residues and free from tampering with hormones).
- The use of modern production facilities and cold storage facilities, which are maintained and maintained through effective preventive maintenance programs.
- Continuous improvement of the company's performance and the effectiveness of the quality control system.
- Periodic review of quality objectives to ensure the continued relevance of company policy as a tool for continuous improvement.

3.8 Subsidiaries

The table below shows the subsidiaries of Tabuk Company:

Table (4): Subsidiaries

#	Name of subsidiary	Capital	Percentage of shares ownership	Main activity	Place of incorporation
Subsidiary companies (whose 30% or more are owned by this company)					
1	Tabuk Nurseries and landscaping (Sole proprietorship, closed Joint stock)	SAR500,000	100%	Cultivation of pome fruits, including (apples, apricots, cherries, peaches, pears, plums... etc.)	Saudi Arabia
2	Tabuk Agricultural Marketing Company * (Sole proprietorship, closed Joint stock)	SAR 500,000	100%	Cultivation of pome fruits and pome fruits, including (apples, apricots, cherries, peaches, pears, plums... etc.)	Saudi Arabia
3	Feed Sources Company ** (Limited Liability Company)	SAR 1,250,000	60%	Flour mills and compound feed	Saudi Arabia
4	Food Horizons Company (Limited Liability Company)	SAR 31,089,480	50%	Food manufacturing, catering services and chain of restaurants	Saudi Arabia

#	Name of subsidiary	Capital	Percentage of shares ownership	Main activity	Place of incorporation
5	Gulf Tech Sustainable Energy Technology Company (Limited Liability Company) "under liquidation"	SAR 500,000	50%	Technology, uninterrupted, sustainable and electrical energy, wholesale and retail trade in all types of energy	Saudi Arabia
6	Saudi Agricultural Group Company (Limited Liability Company) "under liquidation"	SAR 300,000	33.33%	Managing and operating agricultural projects for the production of crops, grains, rice, barley, fruits, olives, vegetables, etc.)	Saudi Arabia
Subsidiary companies (whose less than 30% is owned by this company)					
1	Eastern Asia Agricultural Development and Investment Company (closed stock company)	100,000,000 SAR Paid 70,000,000 SAR	28.57%	Investing in activities of grain production, olive and citrus products, crop trade, and others	Saudi Arabia
2	Jannat Agricultural Investment Company (Limited liability company) "under liquidation"	63,000,000 SAR	27.8%	Investing in activities for the production of feed, grains and strategic food commodities	Saudi Arabia
3	Rakhaa Agricultural Investment Company (closed joint stock company- Egyptian)	80,000,000 Egyptian Pound	21.6%	Reclamation and cultivation of desert lands, meadows and agricultural processing (packaging and processing agricultural products, etc.)	Egypt
4	Alwatania Seed Production And Agricultural Services Company (limited liability company)	29,515,200 SAR	1.39%	Trade in seeds and plant tissues, developing and improving them, discovering the strains that suit the geographical and climatic conditions in the Kingdom, providing them to farmers and undertaking agricultural services work, purchasing lands to construct buildings on them, and investing those buildings by selling or renting for the company.	Saudi Arabia

Source: Company

* The Company did not carry any activities since its establishment

** Commercial Registration states that this company does not carry out its activities until after obtaining an industrial license and, to date, the company has not been able to obtain the required license. Also, according to the partnership agreement between Tabuk Company and Mr. Ahmed Al-Omari, Mr. Ahmed Al-Omari is obligated to transfer the ownership of the factory in the name of the Feed Sources Company in exchange for the Tabuk Company paying an amount of 18,000,000 million riyals, noting that the company has already paid this amount on 31/01/2019G to Mr. Ahmed Al-Omari, but Mr. Ahmed Al-Omari has not transferred the ownership of the plant in the name of the Feed Sources Company to date. Accordingly, the company is in the process of filing a lawsuit in this regard. For more details, see the "Litigation" section in the "Legal Information" section.

3.9 Business interruption

There was no interruption in the business of the company or any of its subsidiaries that could affect or have had a significant impact on the financial position during the last twelve (12) months.

3.10 Employees and Saudization

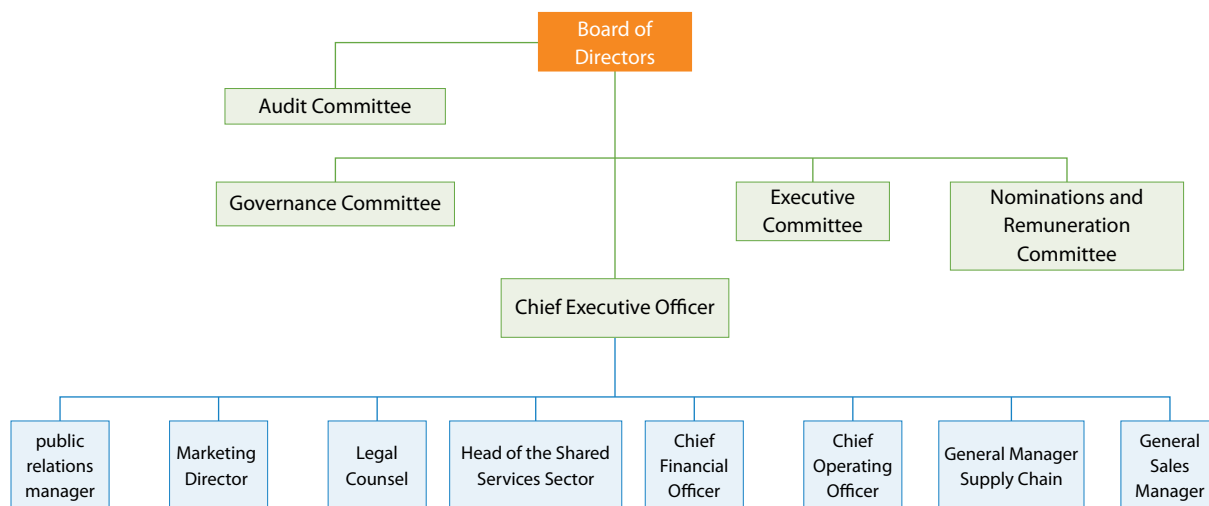
As on 11/04/1442H, the number of the company's employees reached 623, of whom 104 were Saudi and 519 were non-Saudi. According to the "Nitaqat" program issued by the Ministry of Human Resources and Social Development, the rate of Saudization, as of 11/04/1442, was about 15.46%, and is classified within the Platinum range.

4. The organizational structure of the company

4.1 Organizational Structure

The following figure shows the organizational structure of the company:

Figure No. (1): The Organizational Structure of the Company



4.2 Board of Directors

The table below shows the members of the company's board of directors as of the date of this prospectus:

Table (5): Members of the Company's Board of Directors

BOD members										
Company's BOD*										
Name	Title	Membership title		Nationality	Age	Shares owned as on prospectus date				Membership date
		Executive / non-executive	Independent / non independent			Direct		Indirect **		
						Number	Percentage	Number	Percentage	
Alwaleed Khalid Alshathri	BOD chairperson	Non-executive	non independent	Saudi	40	1074	0.0044	-	-	01/07/2018G
Yousuf Abdullah Alrajhi	BOD VP	Non-executive	non independent	Saudi	64	17461	0,0722	-	-	01/07/2018G
Abdulaziz Ahmed Bin Dayel	Member	Non-executive	independent	Saudi	46	-	-	-	-	01/07/2018G
Khalid Saad Almurshid	Member	Non-executive	independent	Saudi	60	100	0,0004	-	-	21/01/2019G
Tariq Abdulaziz Alhamad	Member	Non-executive	independent	Saudi	39	-	-	-	-	13/05/2020G
Mohammed Abdulaziz Alshatwi	Member	Non-executive	independent	Saudi	39	-	-	-	-	13/05/2020G
Khalid Abdulrahman Alkhudairi	Member	Non-executive	independent	Saudi	34	-	-	-	-	14/12/2020G

Source: The company

* Ordinary General Assembly No. (30), in its meeting held on 20/08/1439H (corresponding to 06/05/2018G), agreed to appoint 7 members of the Board of Directors for a period of 3 years, starting on 10/17/1439H (corresponding to 01/07/2018G) and ending on 20/11/1442H (corresponding to 06/30/2021G).

** Means the shares indirectly owned by members of the board of directors in the company through their ownership in companies that own shares in the company or shares owned by relatives of board members, either directly or through their ownership in companies that own shares in the company.

- The Company's Board of Directors, in its meeting held on 20/10/1439H (corresponding to 04/07/2018G), decided to appoint Mr. Muhammad Abdullah Abdul Aziz Al-Rajhi as Chairman of the Board of Directors, and to appoint Mr. Suleiman bin Saleh Salman Al-Sarraf as Deputy Chairman, and the announcement was made on the Board of Directors' decision on 20/10/1439H (corresponding to 04/07/2018G).
- On 14/05/1440H (corresponding to 20/01/2019G), Mr. Muhammad Abdullah Abdul Aziz Al-Rajhi stepped down from the presidency of the Board and was retained as a member of the Board, and in the same session Mr. Suleiman Saleh Salman Al-Sarraf was chosen to become Chairman of the Board and Mr. Yusef Abdullah Abdulaziz Al-Rajhi as Deputy Chairman of the Board, and the Board's decision was announced on 15/05/1440H, (corresponding to January 21, 2019G).
- On 21/01/2019G, the Board of Directors approved Dr. Khaled bin Saad Al-Murshid to occupy the vacant seat with the membership of the Board of Directors, and the announcement was made on Tadawul site on the same date, and the General Assembly on 20/06/2019G approved the recommendation of the Board of Directors, and the results of the Assembly were announced on the Tadawul website on 23/06/2019G. Note that Dr. Khaled Al-Murshid filled the vacant seat, which became vacant by the resignation of the Board member, Mr. Ghassan Ibrahim Aqil, who submitted his resignation on 13/10/2018G, and the Board approved the resignation as of 14/10/2018G.
- On 18/12/2019G (corresponding to 21/04/1441H, the Board approved the resignation of Mr. Sulaiman Salih Salman Al-Sarraf from the chairmanship and membership of the Board and Committees, and the Board chose Mr. Al-Walid Bin Khaled Salih Al-Shathry as Chairman of the Board of Directors, and that was announced on Tadawul website on 21/04/1441H, (corresponding to 18/12/2019G. Mr. Ahmed Abdul Aziz Al-Sammari resigned from the Board on 27/05/1441H (corresponding to 22/01/2020G), and the resignation was announced on the Tadawul website on the same date.
- On 19/09/1441H (corresponding to 05/12/2020G), the Board approved the two members Mr. Muhammad Abdul Aziz Al-Shetwi and Dr. Tariq Abdel Aziz Al-Hamad to fill the two vacant seats in the Board of Directors, which became vacant by the resignations of Mr. Suleiman Al-Sarraf and Mr. Ahmed Al-Samari, on That the new members come into effect on 20/09/1441H, (corresponding to 13/05/2020G), and the presentation to the first General Assembly, as the General Assembly approved No. 33 on 25/10/1441H (corresponding to 17/06/2020G) the Board Resolution described above.
- Mr. Muhammad Abdullah Al-Rajhi resigned from the Board on 22/01/1442H (corresponding to 10/09/2020G) and the Board approved the resignation 24/01/1442H (corresponding to 12/09/2020G) and was announced on Tadawul website on 25/01/1442H (corresponding to 13/09/2020G), and on 28/04/1442H (corresponding to 13/12/2020G), a decision of the Board of Directors was issued to appoint Mr. Khalid bin Abdulrahman Al-Khudairi, an independent non-executive member in place of Mr. Muhammad bin Abdullah Al-Rajhi, and the remaining member will complete the remaining period in the current session of the Board of Directors. It is worth noting that the approval of the Board is not considered final, and this appointment will be presented to the first meeting of the General Assembly for approval.

4.3 company committees

The company's board of directors has formed a number of committees in accordance with the requirements of the Companies Law, the Capital Market Authority's system and its implementing regulations, and according to the need and requirements of the company. The following is a description of the company's committees, their responsibilities and the current members of each committee:

4.3.1 Audit Committee

The audit committee was formed for the current session by General Assembly Resolution No. (30) dated 20/08/1439H (corresponding to 06/05/2018G).

- The committee began its membership with members (Mr. Walid Ahmed Bamarouf - Chairman, Mr. Faisal Saud Al Muammar - Member, Mr. Abdul Rahman Al Sultan - Member).
- Faisal Al-Muammar's membership in the committee ended with his resignation on 09/10/2018G.
- Ahmed Ibrahim Al-Sunaidi's membership in the committee began on 21/10/2018G as a substitute for the member Faisal Saud Al-Muammar.
- On 18/12/2019G, the Board of Directors approved the entry of Mr. Abdulaziz Ahmed Bin Dayel as a member of the Audit Committee (an independent board member), provided that the presentation is to the first association for approval, and was announced on the Tadawul website on the same date. The Extraordinary Assembly approved No. (19) on 23/07/1441H, (corresponding to 18/03/2020G), the accession of Mr. Abdul Aziz bin Dayel to the membership of the Committee, starting from the date of the Assembly's approval of 18/03/2020G.

Table (6): Members of the Audit Committee

Name	Title
Waleed Ahmed Bamaarouf	Chairperson
Abdulrahman Alsultan	Member
Ahmed Ibrahim Alsenaidi	Member
Abdulaziz Ahmed bin Dayel	Member

Source: The company

The duties and responsibilities of the audit committee

Committee purposes:

The committee, through its supervisory role over the operations of the internal audit unit, examines and recommends the reports of the external auditor to assist the board of directors in performing its responsibilities related to the following:

Ensuring the integrity of the financial and accounting policies and systems followed, including the systems related to the preparation of financial reports.

- Ensuring the application of appropriate control systems to manage risks by determining the general perception of the risks facing the company and presenting them with transparency.
- Reviewing the effectiveness of the company's internal control system and supervising its proper implementation.
- Monitoring the financial performance and external control operations of the company's accounts and financial reports and verifying their compliance with legal and regulatory requirements and fair financial transactions between the company and external parties related to the company's business.

Responsibilities and Powers:

The Audit Committee exercises its duties and responsibilities in accordance with the applicable laws, the Corporate Governance Regulations, and any other legal references related to monitoring the company's business. In this context, the committee has the following responsibilities and powers:

First: Internal audit

A. Responsibilities:

- 1- Supervising the company's internal audit department in order to verify its effectiveness.
- 2- Reviewing the annual plan of the company's internal audit department and approving it, and standing on the audit processes and reports, making the necessary notes about them, and standing on the corrective actions for the remarks received.
- 3- Studying and reviewing the company's internal and financial control system and preparing a written report that includes its recommendations and opinion on its adequacy, identifying any defect in it and setting an appropriate time limit for its correction, provided that sufficient copies of this report are deposited through the board of directors at the company's headquarters before the date of the meeting. The general assembly shall have at least twenty-one (21) days to provide a copy of it to the shareholders who wish and the report shall be read during the assembly.
- 4- The committee at least once a year evaluates the experiences and qualifications of the internal audit unit and verifies their conformity with professional standards and the ability of the team to carry out the tasks assigned to it.
- 5- Discussing the reports of the internal audit unit with the relevant authorities of the company and submitting notes about them to the board of directors.

B. Permissions:

- 1- Nominating and requesting the replacement of the head of the internal audit unit, evaluating his work and suggesting his salaries and remuneration.
- 2- The committee approves in advance the scope of internal audit services and terms of reference for members of the internal audit unit.
- 3- The internal audit unit submits its reports directly to the audit committee.
- 4- The committee approves the annual review plan prepared by the internal audit unit.

Second: Financial statements and reports

A. Responsibilities:

- 1- Study the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing its opinion and recommendation regarding them; to ensure its fairness and transparency.
- 2- Provide a technical opinion - upon the request of the Board of Directors - on whether the report of the board and the financial statements of the company are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the financial position or position of the company, its performance, business model and strategy.
- 3- Study any important or unfamiliar issues included in the financial reports and accounts, and carefully research any issues raised by the company's financial director, whoever assumes his duties, the company's compliance officer, or the external auditor.
- 4- Verification of accounting estimates in the fundamental issues mentioned in the financial reports.
- 5- Study the accounting policies applied in the company and express opinion and recommendation to the Board of Directors regarding them.

Third: The auditor

A. Responsibilities:

- 1- Examine and evaluate the qualifications of the annual audit team of the external auditor and verify their conformity with the required standards.
- 2- Discussing the annual audit plan for the final accounts with the external auditor and making observations about it, and following up with the management to provide the requirements for their implementation, and verifying that the external auditor does not provide technical and administrative works outside the scope of the audit work and taking their views on that.
- 3- Study the report of the external auditor on the results of the annual financial statements review and the notes contained therein, and follow up with the management to correct them.
- 4- Answer the inquiries of the external auditor.
- 5- Verifying the independence and objectivity of the external auditor and the effectiveness of the audit work, taking into account the relevant rules and standards.
- 6- Ensure that the auditor is licensed and that the number of candidates from among the auditors is not less than two.

B. Authorities:

Recommending to the Board to appoint the external auditor, determine his fees and terminate his contract, bearing in mind that the period of the auditor's contract does not exceed five (5) continuous years, and a period of two years must elapse before his reappointment.

Fourth: Ensure compliance with regulations

A. Responsibilities:

- 1- Review the results of the reports of the supervisory authorities and verify that the company has taken the necessary actions regarding them.
- 2- Verify the company's compliance with the relevant laws, regulations, policies and instructions.
- 3- Review the contracts and transactions proposed to be conducted by the company with related parties, and submit whatever it deems necessary in their regard to the Board of Directors.
- 4- Submitting to the Board of Directors with what it deems necessary to take action regarding them, such as procedures for employees to submit complaints related to internal control procedures, and to make recommendations on the steps that need to be taken.
- 5- Review the arrangements that allow the employees of the company to submit their observations regarding any infringement of financial reports or others in confidence, and verify the implementation of these arrangements by conducting an independent investigation commensurate with the size of the error or omission and adopting appropriate follow-up procedures.
- 6- Reviewing the current or potential cases and dealings that the company may conduct with related parties and submitting its proposals in this regard to the Board, based on a recommendation submitted by management.

General Powers:

The Audit Committee, in order to perform its duties:

- The right to access the company's records and documents.
- Request any clarification or statement from members of the Board of Directors or the executive management.
- To ask the board of directors to invite the company's general assembly to convene if it impedes its work or if the company suffers heavy damage or losses.
- The use of experts, consultants and specialists from outside the company during the performance of its work.
- Conducting investigations or assigning another party to do so in any matter related to the company that falls within the framework of its responsibilities, including the right to summon senior executives and any other party to appear before it for investigation purposes.

4.3.2 Nomination and Remuneration Committee

The Nominations and Remuneration Committee for the current session was formed by Board Resolution No. (12-1) dated 20/10/1439H (corresponding to 04/07/2018G).

Table (7): Members of the Nomination and Remuneration Committee

Name	Title
Abdulaziz Ahmed bin Dayel	Chairperson
Waleed Khalid Alshethri	Member
Aljawharah Sulaiman Alayed	Member
Hatem Mohammed Imama	Member

Source: The company

- The committee's membership began with Messrs. (Abdulaziz Ahmed bin Dayel, Al-Walid bin Khalid Al-Shathry, Ghassan Ibrahim Aqeel).
- On 14/10/2018G, the member Ghassan Ibrahim Aqeel resigned.
- The membership of Dr. Mari` Saad Habash at the committee on 21/10/2018G as a substitute for the resigned member / Ghassan Aqeel.
- On 14/02/2019G, the Board of Directors approved the establishment of a new committee named (Governance, Compliance and Risk Committee) and the separation of governance duties from the Nominations Committee to the new committee, and the transfer of Dr. Mari` Saad Al-Habbash from the Nominations and Remuneration Committee to become Chairman of the new Committee (Governance, Compliance and Risk) and choosing Ms. Al-Jawhara bint Suleiman Al-Ayed - Member of the Nominations and Remuneration Committee, and is pursuing this as of 01/03/2019G.
- On 10/10/2019G, the Board of Directors approved the membership of Eng. Hatem Muhammad Imam in the Nominations and Remuneration Committee, provided that the committee's work regulation is amended by increasing the number of its members to become (4) members instead of (3) and presenting the list to the first association for accreditation. The Assembly approved the regulations after amendment on 23/07/1441H,(corresponding to 18/03/2020G.

Duties and responsibilities of the Nomination and Remuneration Committee

The committee's responsibilities in respect of nominations include:

- 1- To propose clear policies and standards for membership in the Board of Directors and executive management.
- 2- Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime involving breach of honor and trust.
- 3- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and for executive management positions.
- 4- Determine the time that the member should allocate to the work of the Board of Directors.
- 5- Annual review of the necessary needs of appropriate skills for membership of the Board of Directors and executive management functions.
- 6- Reviewing the structure of the Board of Directors and the executive management and submitting recommendations regarding the changes that can be made.
- 7- Ensuring on an annual basis the independence of independent members, the absence of any conflict of interest if the member occupies the board of directors of another company, and setting up an appropriate mechanism to inform shareholders about any changes that may lead to the member losing his independence.

- 8- Establishing the statutory definitions for executive members, non-executive members, independent members and members of executive management.
- 9- Establishing special procedures in case the position of a member of the board of directors or a senior executive becomes vacant.
- 10- Determine the strengths and weaknesses of the Board of Directors, and propose solutions to address them in line with the company's interest.
- 11- Organizing training programs for executive directors related to corporate governance and ethical behavior.
- 12- Ensure that the company adheres to the nomination procedures for Board membership included in the Corporate Governance Regulations and the requirements decided by the Authority, taking into account the possibility that the number of candidates for the Board of Directors whose names are presented to the General Assembly exceeds the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.
- 13- Ensure that the company adheres to the procedures for publishing the announcement of candidacy for membership of the Board contained in the Corporate Governance Regulations.
- 14- Ensure that the company adheres to the procedures for vacancy of a seat of a member of the board of directors or senior executives, as stated in the company's corporate governance regulations and the Capital Market Authority's regulations.

The committee's responsibilities regarding remuneration include the following:

- 1- Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosing them, and verifying their implementation, including:
 - a. Determine the type and size of compensation and bonuses granted to Board members for attending sessions and related travel expenses in addition to the incentives that can be granted for each member's contribution to achieving specific strategic goals.
 - b. Determine the type and size of compensation and bonuses granted to members of the committees for attending the sessions and related travel expenses in addition to the incentives that can be granted for each member's contribution to achieving specific strategic goals.
 - c. Determining the quality and size of compensation and bonuses for the CEO and senior executives, taking into account that being guided by what is followed in similar companies and using standards related to performance.
- 2- Prepare a detailed annual report on the remunerations granted to members of the Board of Directors and the Executive Management, whether they are amounts, or benefits, whatever their nature and name, provided that this report is presented to the company's general assembly for discussion and opinion on it.
- 3- Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the objectives sought from it.
- 4- Recommending to the Board of Directors the remuneration of members of the Board of Directors and the committees emanating from it - except for the Audit Committee - and the company's senior executives, in accordance with the approved policy.
- 5- Annual review of the company's salary structure, incentives and remuneration system, and recommendations to the Board for required amendments or additions.
- 6- Evaluating the CEO's performance, determining the nature and periods of conducting the evaluation, supervising the evaluation process, submitting reports of the CEO's performance evaluation, together with the necessary recommendations, and discussing them with the Board.
- 7- Recommending to the board the main objectives of the company that should be linked to any proposed incentive plan for senior executives or departmental directors, department heads and supervisors, taking into account the target return on the rights of shareholders, the experiences of competing companies and the size of the incentives granted in the past years to the company.
- 8- Supervising the evaluation of the performance of senior executives in light of the annual goals of the company and the objectives related to business units and sectors and within the framework of the evaluation and rewards system approved by the company and recommending to the Board the incentives and rewards due.

The committee's responsibilities in terms of appointments include:

- 1- Bringing resumes for senior executives to occupy leadership positions in the company's structure.
- 2- Ensure that the applicants for some leadership positions in the company meet the conditions for that.
- 3- Conducting personal interviews for senior executives and making the necessary recommendations.

Committee powers:

- 1- The committee has the right to seek legal advisors or any other specialization according to what it deems necessary to assist in performing its duties in an optimal manner. The committee also has the right to determine the appropriate remuneration for the consultants who are hired without interference from the Board in this regard.
- 2- The committee has the right to seek assistance from information, data, reports and studies prepared by the following authorities in the company:
 - d. One or more persons from the company's senior management team or its employees who have expertise and experience in the subject area of research and investigation.
 - e. The external auditor, the internal audit unit, and the legal counsel of the company.
 - f. One of the Board's committees in matters related to its duties.
- 3- The committee has the right to conduct investigations or assign another party to do so in any matter related to the company that falls within the framework of its responsibilities, including the right to summon senior executives and any other party to appear before it for investigation purposes.

4.3.3 Governance, Compliance and Risk Committee

The Governance, Compliance and Risk Committee was formed for the current session by decision of the Board of Directors No. (7-12) dated 09/06/1440H (corresponding to 14/02/2019G).

Table (8): Governance, Compliance and Risk Committee

Name	Title
Mureea Saad Habbash	Chairperson
Khalid Mahmoud Mohammed Alnajjar	Member
Samah Hamad Alsubaie	Member

Source: The company

- On 14/02/2019G, the Board of Directors approved the establishment of a new committee under the name of the (Governance, Compliance and Risk) Committee and the separation of governance duties from the Nominations Committee to the new Committee, and the transfer of Dr. Mari` Saad Al-Habbash from his membership in the Nominations and Remuneration Committee to become Chairman of the new Committee (Governance, Compliance and Risk) The selection of (Mr. Mashary Faisal Al Shalhoub and Mr. Samah Bint Hamad Al Subaie) members of the new committee, and this shall be implemented as of 1/3/2019G.
- On 20/08/2020G, the resignation of Professor Mishary Faisal Al-Shalhoub, and on 20/09/2020G, the Board of Directors issued a decision appointing Mr. Khaled Mahmoud Mohamed Al-Najjar to succeed the resigned member.

Duties and responsibilities of the Governance, Compliance and Risk Committee:

Responsibilities of the committee in relation to governance:

- 1- Verify the company's compliance with the Corporate Governance Regulations and its annexes, the Corporate Governance Regulations, and any rules and regulations related to governance issued by the competent authorities.
- 2- Reviewing and updating the company's corporate governance regulation and its annexes in accordance with legal requirements and best practices.
- 3- Reviewing the professional behavior policy that represents the company's values, and other internal policies and procedures in a way that meets the needs of the company and is consistent with best practices, and submits it to the board for approval.
- 4- Supervising the preparation of an annual report that includes the requirements and procedures for completing the corporate governance rules and the extent of compliance with them, with its inclusion in the annual report prepared by the Board of Directors.
- 5- Keep members of the Board of Directors informed of developments in the field of corporate governance and best practices, or delegate any other committee or department to do so.

Committee responsibilities regarding compliance:

- 1- Ensure that the company is committed to ensuring that its disclosures to shareholders, the public and the Capital Market Authority are clear, correct and not misleading, and that the disclosure is based on the instructions and regulations issued by the Capital Market Authority and Tadawul.

- 2- Ensure that the company is committed to disclosing the material developments by informing the Capital Market Authority and the public without delay of any material developments that fall within the framework of its activities and whose knowledge is not available to the general public and affect its assets and liabilities or its financial position or the general course of its business or its subsidiaries, It can:
 - a. Lead to a change in the price of the securities listed by the company; or
 - b. That significantly affect the company's ability to fulfill its obligations related to debt instruments.
- 3- Ensure that the company is committed to disclosing the material developments and that the timing of the disclosure are in accordance with the instructions of the Saudi Capital Market Authority.
- 4- Ensure that the company adheres to the applicable regulations.
- 5- Follow up on the professional obligations of the members of the Board of Directors.

Risks responsibilities of the committee:

- 1- Supervising the development of a comprehensive strategy and policies for risk management commensurate with the nature and size of the company's activities, verifying their implementation, reviewing and updating them based on the internal and external variables of the company.
- 2- Ensure that an acceptable level of risks that the company may be exposed to is identified and maintained, and that the company does not exceed it.
- 3- Verifying the feasibility of continuing the company and successfully continuing its activity, with identifying the risks that threaten its continuation during the next twelve months.
- 4- Supervising the company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the company may be exposed to, in order to determine its deficiencies.
- 5- Supervising the process of re-evaluating the company's ability to withstand risks and its exposure to them periodically (by conducting stress tests, for example).
- 6- Discussing detailed reports on exposure to risks and the proposed steps for managing these risks, and submitting them to the Board of Directors.
- 7- Submit recommendations to the Board on issues related to risk management.
- 8- Ensure the availability of adequate resources and systems for risk management.
- 9- Review the organizational structure of risk management and make recommendations regarding it prior to its approval by the Board of Directors.
- 10- Verify the independence of the risk management personnel from the activities that may result in exposing the company to risks.
- 11- Verify that the risk management personnel understand the risks surrounding the company, and work to increase awareness of the risk culture.
- 12- Reviewing issues raised by the audit committee that may affect the company's risk management.

Type of potential risk:

- 1- Strategic risks: changes in government policies and procedures related to the strategic objectives of the company.
- 2- Operational risks: incurring unexpected losses as a result of the occurrence of problems related to environmental and climatic factors, manpower, equipment and means of production.
- 3- Financial and Investment Risks: Unexpected fluctuations in investment returns for the company's financial surpluses.
- 4- Marketing risks: unexpected fluctuations in the market supply and demand and price levels of products.
- 5- Human resources risks: the scarcity of availability of the competencies required for the company's operations and the steady increase in its costs.

Risk Management Policies and Procedures:

- Realizing the company's management represented by the Board of Directors and the executive management of the nature of agricultural work, which is characterized by multiple types of risks and their high degree, and sensing their responsibility towards maximizing the value for shareholders, the company is committed to working to ward off any type of risk that prevents this from being achieved through:
 - 1- Developing and implementing a risk management system for the company in which the responsibility of the various executive bodies regarding application requirements is specified.
 - 2- Determine the bodies responsible for implementing the system and for following up on implementation procedures with the aim of verifying the effectiveness of the results achieved and taking the necessary decisions in this regard.
 - 3- Providing the necessary resources to activate the system's work.

Risk Management System:

- The company applies an independent internal audit system based on risk management, and the system used for risk management in the company is represented in the following steps:
 - 1- Evaluation: The company evaluates the expected losses for each risk and its expected impact on the interest of shareholders and the rest of those interested in the company's affairs.
 - 2- Classification: Classifying the priorities of risks and how to deal with them by determining the cycles of occurrence, the level of risk and the time range for anticipating their occurrence, determining the consequences and classifying their degrees, identifying the sources of the causes of risks, means and appropriate techniques to prevent them, and determining the procedures, strategies, systems and information technologies necessary to deal with the risks in terms of preventing its occurrence, mitigation of its effects, or its referral to a third party.
 - 3- Analysis: Analyzing the main or critical risks to measure their financial effects, determining acceptable standards for possible deviations in the planned results, and ensuring that they are not exceeded in order to maintain the integrity of financial performance.
 - 4- Dealing with risks and continuous review: the application of procedures, strategies, systems and techniques developed to deal with risks and ward off their effects and include results in disclosure reports for shareholders, as well as continuous review of risks and strategies and making the necessary changes.

Responsibility for the risk management system:

- The following persons and entities shall be responsible for implementing the risk management system:
 - 1- Heads of departments and units within the company are responsible for determining the risks they face within their departments and units.
 - 2- The CEO is responsible for implementing the company's general risk management policy.
 - 3- The risk management department is responsible for setting, developing and analyzing the risk management policy and submitting a report to the Governance, Compliance and Risk Committee to recommend to the Board of Directors containing information on the general conditions of the risk management system, any defects discovered in the system and the steps taken for improvement.

Committee powers:

- 1- The committee has the right to request all information that helps it in carrying out its work.
- 2- The committee performs its duties and responsibilities in accordance with the applicable laws, the corporate governance regulations, the Capital Market Authority, and any other legal references related to governance, compliance and risks.
- 3- The committee has the right to seek the assistance of legal advisors or any other specialization as it deems necessary to assist in the optimal performance of its duties. The committee also has the right to determine the appropriate remuneration for the consultants who are hired.

4.3.4 Executive Committee

The Executive Committee was formed for the current session by decision of the Board of Directors No. (1-12) dated 20/10/1439H (corresponding to 04/07/2018G).

Table (9): The Executive Committee

Name	Title
Yousuf Alrajhi	Chairperson
Alwalid Alshathri	Member
Fahad Alsmeeh	Member

Source: The company

- The committee began its membership on 04/07/2018G with the following members (Mr. Suleiman Saleh Al-Sarraf as Chairman of the Committee, Mr. Yusef Al-Rajhi as Vice-Chairman, and the membership of both Mr. Ahmed Abdel Aziz Al-Sammari and Eng. Saad Muhammad Al-Swat).
- The Board of Directors approved, in the session held on 29/01/2019G, the restructuring of the members of the Executive Committee to become (Mr. Yusef Al-Rajhi - Chairman of the Committee, Mr. Suleiman Al-Sarraf - Deputy Chairman of the Committee, Mr. Ahmed Al-Sunaidi - Member).
- On 10/10/2019G, the Board of Directors approved the membership of Mr. Fahd Al Samih in the Executive Committee.
- On February 26, 2020G, the Board of Directors approved the resignation of Mr. Ahmed bin Ibrahim Al-Sunaidi from the membership of the committee, so that the number of members became (3) only.

Tasks and responsibilities of the executive committee:

Committee responsibilities:

- 1- Reviewing the annual planning budgets before submitting them to the Board for approval.
- 2- Follow up the implementation of the Board's decisions.
- 3- Follow up and supervise the implementation of plans, budgets and projects approved by the Board.
- 4- Continuous follow-up with the executive management to review and evaluate performance through periodic meetings.
- 5- Follow up the implementation of the company's internal and external investment policies and strategies to develop its business, increase its income and profits, and strengthen its financial position in support and confirmation of its future continuity, guided by the approved strategy of the company and with the approval of the Board, and to ensure its compatibility with the controls of Islamic law.
- 6- Follow up the direct and indirect investment management of the company, and evaluate its results and performance.
- 7- Analyzing the investment environment, identifying and selecting appropriate strategies to develop the company's business, taking into account the potential returns and expected risks.
- 8- Evaluate the investment opportunities and offers presented to the company, guided by the approved investment policy and philosophy list for the company, and the recommendations to the Board regarding them.
- 9- Submit the necessary recommendations periodically to the company's board of directors to take appropriate decisions to ensure continuous improvement of the company's performance and sustainable growth.
- 10- Reviewing and recommending to the Board the approval of the annual updates entered into the company's strategy in order to verify the reality of the variables and assumptions on which the proposed updates in the strategy are based.
- 11- Following up on the implementation of the programs designed to evaluate performance and develop human resources, such as training and incentives, attracting qualified and experienced human cadres, and reviewing the salary scale.
- 12- The committee submits the minutes of its meetings to the Board in its subsequent sessions.

Committee powers:

- 1- Recommending to the Board to buy and sell shares, debt instruments and financing instruments.
- 2- Recommending to the Board to subscribe to companies' shares.
- 3- Recommending to the Board to approve the conversion of any project or activity owned by the company into in-kind shares or shares for subscription in companies.
- 4- Recommending to the Board to liquidate the losing activities or sell part of the company's assets.
- 5- Study and recommend to the Board the approval of the agreements of understanding regarding the investment opportunities and offers submitted to the company.
- 6- Coordination with the licensed party to trade in securities to select the investment portfolios for the company's investments in securities.
- 7- Recommending to the Board to approve the terms of financing loans for investment projects.
- 8- Recommending to the Board to approve offers of acquisitions, mergers and partnerships with other parties.
- 9- The committee has the right to summon any of the senior executives or employees of the company to attend its meetings whenever it deems it necessary to complete the performance of its duties as required.

Delegating powers and seeking assistance from advisors:

- The committee may delegate some of its powers to the CEO as required by the interest of the company's work. It may also form fact-finding teams or seek the help of external consultants to study some topics of a specialized character or related to the work of the committee and make recommendations regarding them.

4.4 Executive Management

The table below shows the details of the executive management of the company:

Table (10): the executive management of the company

Name	Title	Nat.	Age	Date of designation	Owned shares as on prospectus date			
					Direct		Indirect	
					No	%	No	%
Fahad Abdullah Al Sameeh	CEO	Saudi	55	01/04/2019G	Non	Non	Non	Non
Yahya Ahmed Mubarak	Operation Sector director	Saudi	43	31/03/2003G	Non	Non	Non	Non
JAMEEL Rida Rafeeq	Director of Supplies Sector	Saudi	43	23/12/2019G	Non	Non	Non	Non
Hashim Farid Abu Alrabb	Director General of Sales	Jordanian	58	15/01/2019G	Non	Non	Non	Non
Hussam Eldin Mukhtar*	Acting chairman of financial Sector*	Egyptian	55	01/11/2020G	Non	Non	Non	Non
Hatim Mohammed Imam	Director of joint services sector	Saudi	42	06/02/2019G	Non	Non	Non	Non

Source: The company

* The head of the finance sector, Mr. Muhammad Saad Bakri, resigned on 28/10/2020G, and on 01/11/2020G Mr. Hussam El Din Mukhtar was assigned the duties of the head of the financial sector.

4.5 Compensation and remuneration of board members and senior executives

The responsibility for proposing compensation and bonuses to be paid by members of the Board of Directors and senior executives take place with the Nomination and Remuneration Committee. The table below shows the salaries, bonuses, and allowances that board members and the top five executives received during the past three years:

Table (11): Compensation and remunerations for members of the Board of Directors and senior executives

In Saudi riyals	Fiscal year ending on 31 December 2017G	Fiscal year ending on 31 December 2018G	Fiscal year ending on 31 December 2019G
BOD members	406,000	372,000	395,999
Top five directors	3,028,774	3,511,952	3,677,730
Total	3,434,774	3,883,952	4,073,729

Source: The company

5. Employees

5.1 Stock programs for employees existing prior to submitting the application for registration and offering the securities subject to this prospectus

As of the date of this prospectus, the company does not have any share allocation programs for its employees.

5.2 Employee capital sharing arrangements

As of this prospectus, there are no arrangements to share capital with employees.

6. Management Discussion and Analysis of the Financials and Results of Its Operations

6.1 Introduction

This following section “**Management Discussion and Analysis of the Financial Position of the Company and the Results of its Operations**” of the Tabuk Agricultural Development Company - TADCO (the “**Company**”) presents an analytical review of the Company's performance and its financial position for the three years ended on 31 December 2017G, 2018G, 2019G and the six-month period ending on 30 June 2020G.

Al Kharashi and Co. Certified Accountants and Auditors has audited the financial statements for the years ended 31 December 2017G and 2018G. Dr. Mohamed Al-Amri & Co.'s office has audited the financial statements for the period ended 31 December 2019G and has reviewed the financial statements for the six-month period ending on 30 June, 2020G.

Al Kharashi and Co. Certified Accountants and Auditors, the office of Dr. Mohamed Al-Amri & Co., or any of their subsidiary or sister companies does not own any stake or interest of any kind in the Company and its subsidiary companies, and they have given their written consent and have not withdrawn from it, regarding publishing their name and logo and their statements in this prospectus as auditors for the company for the years and period mentioned above.

The Company's financial statements for the financial years ending on 31 December 2017G, 2018G, 2019G and the six-month period ending on 30 June, 2020G, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved by the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Please note that the numbers shown in the tables of this section are in Saudi Riyals (SAR), unless otherwise stated. Percentages are rounded to the nearest decimal point. Therefore, calculating the percentage increase / decrease using the numbers in the tables (shown in thousands) may not fully match the percentages mentioned in the tables. In addition, and for the purposes of Management Discussion and Analysis of the Financial Position of the Company and the Results of its Operations, the financial information for the financial years ending on 31 December 2017G and 2018G was used from the comparative financial information presented in the Company's financial statements for the financial years ending on 31 December 2018G and 2019G respectively. The financial information for the six months ended 30 June 2020G has been extracted from the unaudited financial statements for the period.

The financial statements mentioned above also form an integral part of this prospectus, and this part must be read side by side with those statements and the accompanying explanations. These financial statements have been included in the section (“**Financial Statements and the Certified Public Accountant Report Thereon**”) of this prospectus.

This section may include hypothetical data regarding the future expectations of the Company based on the current plans and expectations of management regarding the growth of the Company, results of operations and financial position, and therefore may involve risks and uncertain probabilities. The Company's actual results may differ materially from those stated explicitly or implicitly in these hypothetical data as a result of various factors and future events, including that discussion below and in other places within this prospectus, particularly in the “**Risk Factors**” section of this prospectus.

It should be noted that the financial statements issued during the first half of the year 2020G are a consolidated financial statement issued for the first time and included the results of subsidiary companies in which the Company owns an ownership percentage of more than 50%. The subsidiary companies mentioned are: Food Horizons Company Ltd. (50% ownership), Agricultural Forage Resources Company (60% ownership), Tabuk Agricultural Marketing Company (100% ownership) and Tabuk Nursery Company (100% ownership). The audited financial statements that were issued between 2017G and 2019G did not include the results of the aforementioned subsidiaries, but rather exclusively reflected the results of the Tabuk Agricultural Development Company.

6.2 Directors' Declarations Regarding Financial Information

The members of the Board of Directors declare the following:

- The Board of Directors acknowledges that the financial information contained in this section has been extracted without substantial change from the audited financial statements and is presented in a format that is consistent with the financial statements and audited financial statements for the financial years ending on 31 December 2017G 2018G and 2019G and the six-month period ending on 30 June 2020G and the accompanying notes that were prepared in accordance with the international standards for financial report issued by the International Accounting Standards Board approved by the Kingdom and other standards and publications issued by the Saudi Organization for Certified Public Accountants without making any substantial modification to them.
- The Board of Directors declares that the Company incurred losses during the financial period ending between 31 December 2017G and 30 June 2020G and except as disclosed in the Prospectus in respect of the the accumulated losses in Section (6.6 Results of Operations - Income Statement), there has been no material adverse change in the financial and commercial position of the Company and its subsidiaries during the three financial years ending on 31 December 2017G, 2018G and 2019G, and the six-month period ending on 30 June 2020G, which immediately precedes the date of the application for registration and offering of securities subject to this Prospectus.

- There was no interruption in the Company's business, which could affect or have had a significant impact on the financial position during the last twelve (12) months from the date of this prospectus.
- The Board of Directors acknowledges that no commissions, discounts, brokerage fees, or non-cash compensation were granted by the Company (or its subsidiaries) to any of the Board Members, senior executives, those presenting or offering securities, or experts during the three fiscal years that immediately precede the date on which the securities are registered and offered, and until the date of this prospectus is approved.
- The Board of Directors declares that the company does not have any loans or other debts, including overdrafts from bank accounts, and acknowledges that there are no guarantee obligations (including personal guarantee, or not covered by a personal guarantee, or secured by a mortgage or not guaranteed by a mortgage) obligations under acceptance, acceptance credit, or lease purchase obligations, with the exception of what was disclosed in this section (Part No. 9-6 Liabilities and Contingent Liabilities) and Part No. 3-8-10 Loans and Credit Facilities in Section (10- Legal Information of this Prospectus).
- The Board of Directors declares that the company does not have any debt instruments issued, existing or approved and that have not been issued, nor has it granted term loans, loans secured by mortgage, or unsecured loans, or loans covered by a personal guarantee.
- The Board of Directors declares that there are no mortgages, rights, burdens or costs on the properties of the company and its subsidiaries, with the exception of what was disclosed in this section and the "Legal Information" section of this prospectus.
- With the exception of what has been mentioned in the section ("The Company's Organizational Structure") of this Prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the company or any of its subsidiaries.
- The Board of Directors acknowledges that, with the exception of what has been disclosed in this section and in the "Risk Factors" section of this Prospectus, the Company does not have information about any governmental, economic, financial, monetary or political policies or any other factors that affected or could influence in a way material (direct or indirect) in the operations of the Company or subsidiaries.
- The Board of Directors declares that, with the exception of what was disclosed in this section and in the "Risk Factors" section of this Prospectus, the Company does not have any seasonal factors or economic cycles related to the activity that may have an impact on the operations of the company or subsidiary companies.
- The Board of Directors declares that the Company has a working capital sufficient for the twelve (12) months immediately following the date of publication of this Prospectus.
- The Board of Directors declares that the Company (or its subsidiaries) does not own any property, including contractual securities or other assets whose value is subject to fluctuations or difficult to verify their value, which may significantly affect the evaluation of the financial position of the Company.
- The Board of Directors declares that there are no shares or capital covered by the rights option for the Company or its subsidiaries.
- The Board of Directors declares that there are no significant fixed assets to be purchased or leased.
- The Board of Directors declares that all the 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.

6.3 Main factors affecting the results of operations

Government decisions

The Company's work is affected by government decisions related to the agricultural sector. Governmental agencies periodically issue new decisions and regulations aimed at regulating the work of this sector and the companies operating in it. These agencies issue decisions such as prohibiting or permitting the cultivation and sale of certain types of products, vegetables or fruits. These decisions affect the Companies' sales and business strategies as the Company's management has to amend sales policies to suit the new government directions. It should also be noted that the lands used by the Company in its daily work are owned by government agencies. Although the Company is in the process of following up with government agencies in order to transfer ownership of these lands to the name of the Company, these procedures were not completed as of 30 June 2020G. As mentioned in Section 6.7 of the financial position list (part of property, equipment and machinery), government agencies have granted the company 35,000 hectares of land on condition that it be reclaimed and used in agricultural activity. In the year 2019G, the Board of Ministers decided to permit the joint-stock companies to own the agricultural lands granted to them based on the cultivated area of the land, after fulfilling the established procedures. In the year 2020G, the Ministry of Agriculture and Environment decided to grant the Company of the ownership of plot of land it holds, as the total cultivated area according to the decision amounts to 214.7 million square meters, equivalent to 21.4 thousand hectares out of 35.0 thousand originally granted by government. It is expected that the procedures of ownership transfer will complete before the end of the first quarter of 2021G.

Risks associated with disease outbreaks

At the beginning of the year 2020G, the emergence of the new Corona Virus (Covid-19) was confirmed, and the world is currently facing accelerated developments related to the outbreak of the new Corona virus, as countries, including Saudi Arabia, seek to take precautionary and preventive measures to limit the spread of the virus and mitigate its effects. These measures include limiting contact and close gatherings between people to the maximum degree, including barring meetings and mixing in workplaces and shopping. These measures may sometimes amount to imposing a complete curfew. Despite the negative impact this crisis has had on all economic sectors in the Kingdom of Saudi Arabia, the Company's management considers that it is possible that the spread of the Corona pandemic will give the Kingdom's agricultural sector an impetus in the coming months and years, given that countries are expected to become (including the Kingdom) more keen to rely on locally produced agricultural materials rather than importing foreign products.

Seasonal factors

Given that the Company's main activity is agricultural activity, the level of activity and sales may fluctuate during the year as fruit cultivation flourishes during the summer, while wheat, onions and olives flourish during the autumn. Therefore the Company's sales and revenues are usually higher in the summer and fall seasons compared to other periods of the year.

6.4 Summary of Significant Accounting Policies

The financial statements were prepared for the years between 2019G and the six-month period ending on 30 June 2020G, in addition to IFRS adopted in the Kingdom of Saudi Arabia and other standards and publications approved by the SOCPA.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the defined employee benefit obligations which have been actuarially assessed and the equity instruments at FVOCI as described in the accounting policies below.

Historical cost is usually based on the fair value of the consideration paid for goods and services.

The financial statements are presented in Saudi Riyals, which is the company's main currency, unless otherwise indicated.

Property, machinery and equipment

Property, plant and equipment, excluding land and capital work in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment in value, if any.

Historical cost includes expenses directly related to the acquisition of the asset. Subsequent costs are included in the carrying amount of the asset or are recorded as a separate asset, as appropriate. This is done only when it is probable that economic benefits related to the asset will flow to the company with the cost being able to be measured reliably.

Depreciation is recognized to write off the cost of the assets, net of their residual value, over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and any changes are accounted for on a prospective basis.

The Company applies the following years of estimated useful lives for property, machinery, and equipment:

Assets	Productivity lives
Buildings and constructions	2.5% - 10%
Machinery and equipment	2.5% - 17.5%
Wells and irrigation systems	3.33% - 20%
Means of transport and transportation	14.5% - 25%
Plants and fruitful trees	2.27% - 8.33%
Furniture and furnishing	17.5%

Property, plant and equipment used under finance leases are depreciated over the useful life of the asset or the lease period, whichever is shorter, if there is no reasonable assurance that the company will acquire the property at the end of the lease period.

Stock material and spare parts with a useful life of more than one year are depreciated over their estimated useful lives.

Any item of property, plant and equipment is derecognized when it is sold or when it is expected that there will be no future economic benefits from its continued use or sale. Any gain or loss arising from the exclusion of an item of property, plant and equipment, which is determined by the difference between the net sales proceeds and the book value of the asset, is recognized in the statement of profit or loss.

Bearer Plants

International Accounting Standard 16 "Property, Plant and Equipment" defines a bearer plant as "a living plant that:

- is used in the production or supply of agricultural produce;
- is expected to bear produce for more than one period; and
- has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants are initially recognized at the cost after deducting the accumulated depreciation and the accumulated losses of depreciation, if any. The cost includes the amounts incurred by the Company to acquire the asset and includes the costs of raw materials, labor and all other direct costs associated with placing the assets in the condition that enables it to achieve the purpose for which it was purchased.

Any gain or loss arising from the exclusion of bearer plants (calculated on the basis of the difference between the net proceeds of sale and the book value of the plants) is recognized in the other income item in the statement of profit or loss in the period in which it is eliminated.

Capital work in progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation of capital work-in-progress begins when the assets are ready for their intended use, which is then transferred to property, plant and equipment. Finance costs incurred on borrowings to finance the construction of qualifying assets are capitalized during the time period necessary to complete and prepare the asset for its intended use.

Biological Assets

Biological assets are measured at fair value less cost to sell unless the fair value cannot be measured reliably.

If the fair value cannot be reliably measured, the purchased biological assets appear at the cost of purchase, as the biological assets that have been internally raised at the cost of breeding or growth until commercial production takes place (called the increase in the value of the biological assets) minus the accumulated depreciation and the accumulated loss of the depreciation in the value. The cost of young biological assets is determined by the cost of breeding or growing according to the age group. Biological assets are depreciated using the straight-line method.

Rent

Rent before 1 January 2019G

Rents are classified as finance leases if the lease agreement results in a material transfer of the benefits and risks of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense using the straight-line method on the basis of the lease term, except where another systematic basis exists for the time scale in which the economic benefits from the leased asset are exhausted.

Rent after 1 January 2019G

The Company evaluates whether the contract is leasehold or contains lease, at the beginning of the contract. The Company recognizes the right to use the asset and the (corresponding lease liability in respect of all lease agreements in which the lessee is, with the exception of short-term leases (defined by leases of 12 months or less) and leases for lower value assets. For these leases, the Company recognizes lease payments as an operating expense on a straight-line basis over the lease term unless there is no other systematic basis for the timeline in which the economic benefits from the leased asset are exhausted.

The rental liability is initially measured at the present value of the lease payments not paid on the commencement date, discounted using the price implicit in the lease agreement. If this rate cannot be easily determined, the company uses the increased borrowing rate.

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

- Fixed rent payments (including fixed payments), less any rental incentives.
- Variable rental payments that depend on an index or price, measured initially using the index or price on the start date,
- The amount expected to be paid by the lessee under residual value guarantees,
- Price of call options practices, if the tenant is reasonably certain that the options are exercised, and
- Pay fines to terminate the lease, if the lease reflects the exercise of the option to terminate the lease.

The lease obligation is presented separately in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments.

The Company re-measures the lease liability (and adjusts for the right to use the related asset) if:

- The terms of the lease have changed or there has been a change in the evaluation of the purchase option exercise, in which case the lease liability is re-measured by deducting the revised lease payments using the revised discount rate.
- The lease payments have changed due to changes in an index or price or a change in the expected payment according to the guaranteed residual value, in which case the lease liability is re-measured by deducting the adjusted lease payments using the initial discount rate (unless the lease payments change due to a change in the prevailing interest rate. In this case, the modified discount rate is used.
- The lease contract is amended and the lease amendment is not accounted for as a separate lease contract, in which case the lease liability is re-measured by deducting the revised lease payments using the revised discount rate.

The Company has not made any such adjustments during the periods presented.

The right to use assets includes the initial measurement of the (corresponding lease liability, lease payments made on or before the commencement day and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment.

The right to use the assets is depreciated over the lease term and the specified useful life, whichever is shorter. If the lease transfers the ownership of the specified asset or the cost of the right to use the asset then this reflects that the Company expects to exercise the purchase option, the right to use the related asset is amortized over the useful life of the asset. Depreciation starts on the date of the commencement of the rental.

Intangible assets

Intangible assets with finite useful lives are carried separately at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, and any changes in estimates are accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but impairment testing is performed annually or at the reporting date when there is an indication of impairment in the value, either individually or at the cash-generating unit level. The indefinite ages calendar is reviewed annually to determine whether indefinite ages are still possible. If not, the useful life is changed from indefinite to indefinite on a prospective basis.

Intangible assets are written off upon disposal or when no future economic benefits are expected from their use. Gains or losses arising from the cancellation of intangible assets are measured by the difference between the net amounts received and the carrying value of the disposed asset and recognized in profit or loss upon disposal.

Decline in the value of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that these assets have suffered impairment losses. If any such indication exists, the asset's recoverable amount is estimated in order to determine the impairment in value (if any). If it is not possible to estimate the recoverable value of a specific asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset itself belongs. When a reasonable and consistent basis of allocation can be identified, joint assets are also allocated to cash generating units, or they are allocated to the smallest group of cash generating units for which a reasonable and consistent basis of allocation can be identified. The cash-generating unit to which the goodwill has been allocated is tested to determine the annual decline in value, whenever there is an indication of a decrease in the value of the unit by comparing the book value of the unit, including goodwill, with the recoverable amount of the unit. Intangible assets with an indefinite useful life are not amortized. Instead, the asset is tested for impairment annually, whenever there is an indication that the asset is impaired.

The recoverable amount is the fair value of the asset less cost to sell or use value, whichever is higher. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow assessment has not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than the book value, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable value. Impairment is recognized directly in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the recoverable reassessment, so that the revised carrying amount does not exceed the value of the asset (or cash-generating unit) if the impairment loss is not accounted for in previous years. The reversal of an impairment loss is recognized directly in profit or loss. An impairment loss recognized in past periods is not reversed for goodwill in a subsequent period.

Stock and spare parts

The inventory is shown at the lower cost or net realizable value. The net realizable value is the estimated selling price less all estimated costs to complete and any other costs involved in completing the sale.

The cost of raw materials and spare parts is determined on a weighted average basis. The cost of goods on the way is determined by the value of the invoice plus any other expenses incurred in obtaining the inventory until it reaches the warehouse on the reporting date. The cost of work-in-progress and finished goods are determined on a weighted average basis, which generally includes an allocation of labor and industrial costs.

Spare parts represent items that may result in a fixed capital outlay but are not identifiable. They are recorded at cost and are determined on a weighted average basis.

Trade receivables

Accounts receivable are recorded at original invoice amount, less impairment in value, at an amount equal to the estimated lifetime credit loss. When the receivables are uncollectible, they are written off against impairment. Any subsequent recoveries of amounts previously written-off against "impairment of trade receivables" are credited in profit or loss.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and deposits with banks that are all available for use by the Company unless otherwise specified, and whose maturity date is three months or less, and which are subject to immaterial risks of a change in value.

Statutory reserve

According to the Company's articles of association and the Saudi Companies Law, the Company must transfer 10% of the annual net profit to the statutory reserve until it becomes 30% of the capital.

Dividend

A liability is recognized in exchange for cash or non-cash distributions to shareholders when the distribution is approved by the general assembly of shareholders for annual distribution. Distributions are approved after approval of the Board of Directors.

Zakat

The company is subject to Zakat in accordance with the regulations of the General Authority for Zakat and Tax in the Kingdom of Saudi Arabia. Zakat and income tax are calculated on an accrual basis. Zakat is calculated on the basis of the Zakat base or the adjusted net profit, whichever is higher. Any differences in the estimate are recorded when the final assessment is approved, and at that time the provision is closed. The zakat charged is included in the statement of profit or loss.

Employee benefits

Defined employee benefit obligations

The EOSB gratuity is calculated using the projected unit credit method at the end of each financial year, with actuarial valuations performed at the end of each reporting period. The revaluation of defined benefit obligations consisting of actuarial gains and losses is recognized directly in other comprehensive income in the periods in which the revaluation has taken place, and the re-measurement recognized in other comprehensive income is included immediately in retained earnings and is not included in profit or loss during subsequent periods. Changes in the present value of benefit liabilities, resulting from changes or reductions, are recognized directly in profit or loss as service costs from prior periods. Interest is calculated by using the discount rate at the beginning of the period on defined employee benefit obligations. The defined benefit costs are classified as follows:

- service cost (including costs of current services and costs of past services, plus profits and losses arising from curtailments and adjustments);
- benefit cost; And the
- Re-measure.

The Company presents the first two components of defined benefit costs in profit or loss in related items.

Short-term employee benefits

A commitment is made for the benefits related to wages, salaries, annual leave, travel tickets and sick leaves, which are expected to be fully settled during the twelve months period following the end of the period in which the service is provided. The liability is recorded at the undiscounted amount of the benefits expected to be paid for those services.

Trade payables

These amounts represent liabilities related to goods and services provided to the company before the end of the financial period but which have not yet been paid. These are amounts without collateral. Credit balances are presented as current liabilities unless payment is not due within 12 months after the end of the financial period. They are recognized initially at their fair value and are subsequently measured at amortized cost using the effective interest method.

Provisions

Provisions are recognized when the company has a present obligation (legal or expected commitment) arising from past events, and it is probable that the Company will be required to pay the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the current obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the current obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When the provisions are deducted, the increase in the provision due to the passage of time is recognized as a finance cost.

Potential liabilities

Contingent liabilities are disclosed when there is a contingent liability arising from past events. Its existence is only confirmed by the occurrence or non-occurrence of the event for one or more uncertain future events so that it is not completely outside the control of the company or the current obligation that arises from previous events where it is unlikely that the matter will require an external cash flow to settle it or it is not possible to make reliable estimate of the amount.

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual terms of these instruments. Financial assets and financial liabilities are initially measured at fair value. For transaction costs directly related to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss), they are added to or deducted from the fair value of the financial assets or financial liabilities, if appropriate, upon initial recognition. Transaction costs directly attributable to the acquisition of a financial asset or financial liability are recognized at fair value through profit or loss in profit or loss when incurred.

Financial assets

Regular recognition and cancellation in all operations of buying or selling financial assets on the basis of the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe specified by regulations or market norms. All recognized financial assets are subsequently measured at amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that fulfill the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model that aims to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset arise on specific dates for cash flows that represent individual payments for the asset and interest on the principal outstanding amount.

Debt instruments that fulfill the following conditions are subsequently measured at fair value through other comprehensive income:

- The financial asset is kept within a business model that aims to both collect contractual cash flows and sell financial assets.
- The contractual terms of the financial asset arise on specific dates for cash flows that represent individual payments for the asset and interest on the principal outstanding amount.

The Company does not have any debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI).

By default, all other financial assets are subsequently measured at Fair Value through Profit or Loss (FVTPL). The company does not have any financial assets that were measured at FVTPL.

Notwithstanding the foregoing, the company may make irrevocable choices / appointments upon initial recognition of the financial asset:

- The company may choose, irrevocably, to display subsequent changes in the fair value of equity investment in other comprehensive income if certain criteria are met as stipulated in the relevant IFRS;
- The company may designate any debt investment in an irrevocable manner that meets amortized cost or fair value through other comprehensive income if measured at FVTPL if this results in deletion or material reduction in the failure to meet accounts.

Impairment of financial assets

IFRS 9 requires an entity to follow an expected credit loss model in relation to impairment of a financial asset.

The Expected Credit Losses (ECL) for financial assets that are measured at amortized cost or FVOCI should be measured, with the exception of investments in equity instruments.

Under the International Financial Reporting Standard, loss provisions are measured on one of the following basis:

- Expected credit loss over 18 months. This ECL arises from potential default events within the 12 months after the reporting date.
- Lifetime Expected Credit Loss. It is the expected credit loss that results from all default events over the expected life of the financial instrument.

For lifetime ECL, the measurement is applied if the credit risk of the credit assets has increased significantly at the reporting date since its initial recognition, and the ECL measurement is applied over a period of 18 months if this risk does not increase significantly.

A company can assume that the credit risk of a financial instrument has not increased significantly since its initial recognition if it is determined that the financial instrument has low credit risk at the reporting date. However, the lifetime ECL measurement is applied to trade receivables and contract assets without a substantial financing component, so the company can choose to apply this policy also for trade receivables with a substantial financing component.

The Company has chosen to evaluate the loss for impairment of trade receivables using the 18-month expected credit loss.

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is included in the profit or loss. Interest revenue continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans are written off, together with the provision attached to the loans, when there is no realistic view of future recovery and all guarantees have been realized or transferred to the company. In the event that, in a subsequent year, the amount of the estimated impairment loss increases or decreases due to an event that occurred after the decline in the value was recorded, then the previously proven impairment loss shall be increased or decreased by adjusting the allowance account. If a write-off entry is reversed at a later time, it is recorded in profit or loss in the period in which it was recovered.

Debt writing policy

The Company writes off the financial debt when there is information indicating that the debtor is facing severe financial difficulties and there is no realistic possibility of recovery, for example, when the debtor has been placed under liquidation or entered into bankruptcy proceedings. Wronged financial assets may still be subject to enforcement activities under the company's recovery procedures, subject to legal advice when appropriate. Any recoveries are recognized in profit or loss.

Cancellation of financial assets

The Company cancels the financial asset only when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and all of the risks and rewards of ownership of the asset to another entity. If the Company does not transfer or retain substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and the associated liability for the sums it may have to pay. If the Company substantially retains all the risks and benefits of ownership of the transferred financial asset, the Company continues to prove the financial asset and also acknowledges the secured borrowing of the consideration received.

When a financial asset measured at amortized cost is derecognized, the difference between the asset's carrying amount and the sum of the consideration received and the receivable recognized in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified either as financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of financial liabilities and the equity instrument.

Equity Instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized against the consideration received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss. The company does not have any financial liabilities that are measured at fair value through profit or loss.

Financial liabilities that are not (1) probable compensation to the acquirer in a business combination, (2) held for trading, or (3) classified at fair value through profit or loss, are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that discounts the estimated future cash flows (including all fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) over the expected life of the financial liability, or (if it is appropriate), a shorter period, to the amortized cost of the financial liability.

Cancellation of evidence of financial liabilities

The Company removes the recognition of a financial liability only when the Company's obligations are fulfilled, canceled, or expired. The difference between the carrying amount of the canceled financial liability and the consideration paid and payable is recognized in profit or loss.

Loans

Loans are recorded at the net value received, net of transaction costs incurred, and interest is credited on the loans using the effective interest method. Interest on long-term loans is recorded during the year in which they are due, and interest on long-term loans to finance a qualifying asset is capitalized as part of the cost of the asset in accordance with International Accounting Standard 23.

Revenues

Revenue is recognized when the Company fulfills its obligations in contracts with customers in an amount that reflects the material compensation that the Company expects in exchange for goods or services. Specifically, the standard provides a five-step model for revenue recognition:

The first step: Determine the contract or contracts with clients.

The second step: Determine the performance obligations in the contract.

The third step: Determine the transaction price.

Fourth step: Upload the transaction price to the performance obligations in the contract.

Step five: revenue recognition when the company fulfills performance requirements.

- Revenue is recognized upon performance of contractual obligations, that is, when control of the goods or services entrusted with performing a specific obligation is transferred to the customer so that he can use it for the purpose for which he was purchased and without restrictions or with his use of the services provided to him under the contract.
- Revenue from the sale of any by-products resulting from agricultural or industrial waste is treated as other income in the profit or loss statement.
- If the Company differentiates between the selling price of the product at the delivery site at its headquarters and the selling price of the same product during the delivery of the customer's location, the resulting difference will be treated as transport income and the (corresponding cost is included in the cost of revenue.

Discounts

Often additional discounts are granted to customers according to competitive conditions and market conditions, so revenue from sales is proven on the basis of the price specified in the contract or agreed upon with the customer after deducting the specific discounts for each customer, and the experience accumulated is used to estimate and provide discounts, using the expected value method, and is done recognition of revenue only to the extent that it is highly probable that no significant reversal will occur, the contractual obligation is recognized for the expected discounts in the volume of amounts payable to customers in respect of sales made up to the end of the reporting period.

Finance component

The company does not expect the existence of any contracts that exceed the period between the delivery of the products agreed to be sold to the customer and the payment by the customer of one year, so the company does not adjust any of the transaction prices with the time value of money.

Sales cost

Cost of sales includes all direct costs of production, including direct labor, direct materials, and production related expenses.

Expenses

Selling and distribution expenses mainly consist of costs incurred in distributing and selling the Company's products. All other expenses are classified as general and administrative expenses.

Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of qualifying assets and assets that require a substantial period of time to be ready for their expected use or sale are added to the cost of those assets until they are substantially ready for use or sale.

Investment income earned on the temporary investment of specific loans until it is spent on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Foreign currency transactions

The transactions carried out by the Company in currencies different from the currency of the main economic environment in which the company conducts its activity (its functional currency - the Saudi riyal) are recorded using the exchange rates prevailing on the date of these transactions. Monetary assets and liabilities are revalued using the exchange rates prevailing on the date of preparing the financial statements, and gains and losses from the resulting currency differences are recognized directly in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities are recorded at historical cost using the price prevailing on the date of the occurrence of those transactions, while non-monetary items recognized at fair value are transferred using the prevailing price on the date of valuing those assets, and the valuation gains and losses are recognized as part of that fair value.

Earnings per share

Basic earnings per share and reduced earnings per share (if any) are presented for ordinary shares, where basic earnings per share is calculated by dividing profits or losses of ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for the number of ordinary shares re-purchased or issued during the year. Diluted earnings per share is calculated by adjusting the profits or losses of ordinary shareholders of the Company and the weighted average number of shares outstanding during the year for the effects of all the reduced ordinary shares that are likely to be issued during the year.

Applying the new and revised international financial reporting standards

Standards issued but not yet implemented

The company has not yet implemented the following new and revised IFRSs that were issued but not yet effective:

New and revised International Financial Reporting Standards	Valid for the annual periods starting or after
Amendments to IFRS No. (10): Financial Statements and International Accounting Standard No. (28): Investments in Associates and Joint Ventures (2011G) recognition for transactions between an investor and its associate or joint venture for the partial gain or loss resulting from the sale or contribution of assets related to processing the sale or contribution of an asset by an investor to his associate or joint venture.	Date of implementation is not determined yet
International Financial Reporting Standard (17) Insurance Contracts: IFRS 17 requires insurance liabilities to be measured at the present value of the liability, and provides a more systematic approach to measuring and presenting all insurance contracts. These requirements are intended to achieve the goal of consistent, principles-based accounting for insurance contracts. IFRS 17 replaces IFRS (4) insurance contracts with effect from January 1, 2021G	01 January 2021G

The effect of applying the International Financial Reporting Standard No. (16) lease

IFRS 16 Lease (as issued by the International Accounting Standards Board in January 2016G) is effective on or after January 1, 2019G, and accordingly, the Company has chosen to adopt this standard with effect from January 1, 2019G.

International Financial Reporting Standard No. (16) introduces new or revised requirements regarding accounting for lease. It introduces fundamental changes in lessee accounting by removing the distinction between operating and financing leases which requires proof of right-to-use assets and lease liabilities at the commencement of the lease for all lease contracts, except for short-term leases and low-value asset leases. In contrast to lessee accounting, the lessor accounting requirements have remained largely unchanged.

The Company benefited from the optional exemptions given that short-term leases are renewed annually, and the lease contracts for assets are of relatively low value. Accordingly, the International Financial Reporting Standard No. (16) "Lease Contracts" had no effect on the financial statements of the Company.

Significant accounting judgments and key sources for estimating uncertainty

The following are the key assumptions relating to the future and other major sources of estimation uncertainty at the end of the reporting period that may have significant risks leading to a material adjustment to the carrying amounts of assets and liabilities during the following financial year:

Useful lives and residual values of property, plant and equipment, and intangible assets

The useful lives and residual values of property, plant and equipment and intangible assets are estimated for the purposes of calculating depreciation and amortization respectively. These estimates are based on the expected use of the useful lives. Residual value is determined based on experience and observable data where available.

The useful life and residual values of the assets of the company have been determined by the management based on the technical evaluation at the time of purchasing the asset, and it is reviewed annually to ensure its suitability. The useful life is based on historical experience with similar assets as well as anticipation of future events that may affect the life of the asset such as changes in technology.

Defined employee benefit obligations

The determination of defined employee benefit liabilities using actuarial valuation necessitates estimates of various inputs.

Decline in the value of trade receivables

The Company measures the loss allowance for trade receivables as an amount equal to the lifetime ECL. The expected credit losses in trade receivables are estimated using a provision matrix by referring to past experience of debt default, analyzing the debtor's current financial position, adjusting the debtors' special elements, general economic conditions of the industry in which the debtor operates and assessing the current and future trend of conditions at the reporting date. Trade receivables are usually assessed collectively unless there is a need to evaluate a specific debtor on an individual basis.

Provision for slow moving inventory

Inventories are stated at the lower of cost or net realizable value. Adjustments are made to reduce the cost of inventory to the net recoverable value.

The factors responsible for these adjustments include changes in the demand for inventory, technological changes, deterioration in quality, and quality matters. Accordingly, the Company analyses these factors and takes them into consideration in order to calculate the provision for slow moving and stagnant stocks. Any adjustments that may result from a difference in these factors are reviewed periodically.

Basis for qualified opinion for the fiscal year 2019G

- The financial statements of the associate and subsidiary companies were not available, and accordingly, the auditor was unable to verify the results of those companies' business, the obligations that may arise from them, and any modifications that may affect these financial statements. The Company also did not issue consolidated financial statements with its subsidiaries in accordance with the requirements of the International Financial Reporting Standard No. 10 "Consolidated Financial Statements".
- The Company did not conduct a study of impairment in the value of assets directly related to operation and production in accordance with the requirements of International Accounting Standard No. (36) "decline in value".

As a result of all the above matters, the external auditor was unable to determine whether there were any amendments that might have been necessary, to be entered into both the balance sheet as on 31 December 2019G and the financial statements for the fiscal year ending on 31 December 2019G for each of the profits or losses and other comprehensive income and change in equity and cash flow.

In addition to a conservative opinion, the financial statements for the year 2019G included drawing attention to the following points:

- The company's land, valued at 64.6 million Saudi riyals, as of 31 December 2019G, was not registered in the name of the Company and it was working to complete the necessary procedures for its ownership.
- The Company had stopped planting green fodder "alfalfa" according to Cabinet Resolution No. 66 issued on 25 Safar 1437H, which decided to stop the plantation of green fodder before Safar 25 1440H (corresponding to 3 November 2018G).

Basis for qualified opinion for the six-month period ending 30 June 2020G

- The external auditor was not provided with the financial statements of each of the East Asia Agricultural Investment Company and the Gulf Sustainable Energy Technology Company (under liquidation) for the fiscal year as on 31 December 2019G, in which a decrease in the total investment value was recorded, and accordingly the auditor was unable to verify the results of the business. Those companies, the obligations that may arise from them, and any amendments that may affect the condensed consolidated financial statements. The Company's management took the necessary legal measures to preserve the rights of the Company's shareholders on their investment in East Asia Agricultural Investment Company.
- All property, machinery and equipment belonging to the Agricultural Forage Sources Company "a subsidiary of Tabuk Company", whose value amounted to 24.2 million Saudi riyals, is registered in the name of one of the partners and the ownership of the assets has not been transferred to the company. Registered in the name of a related party - As of June 30, 2020G, the net assets of the Agricultural Feed Resources Company included in the financial statements amounted to 65.1 million Saudi riyals, its net liabilities of 18.1 million Saudi riyals, its net equity of 46.9 million Saudi riyals, and its revenues amounted to 23 million Saudi riyals, and its total expenses are 24.4 Million Saudi Riyals.

- The company received a decision of approval of the Ministry of Environment, Water and Agriculture to own the area of cultivated land, which amounts to 21.4 thousand hectares out of 35 thousand hectares the total land registered in the books of Company.

As a result of all these above matters, the external auditor was unable to determine whether there were any amendments that might have been necessary to be entered into both the balance sheet as on June 30, 2020G and the financial statements for the financial period ending on June 30, 2020G for both profits or losses and other comprehensive income. And the change in equity and cash flows.

6.5 Key Performance Indicators

The table below shows the company's key performance indicators for the financial years ending on December 31, 2017G, 2018G and 2019G, and the six-month period ending June 30, 2019G, and June 30, 2020G.

Table (12): Key Performance Indicators

Key Performance Indicators		Ffiscal year ending on 31 December			Fiscal period ending on 30 June	
		2017G	2018G	2019G	2019G	2020G
The average of revenue growth	%	16.5%	(7.7%)	(15.0%)	56.2%	49.8%
Net loss growth rate	%	28.3%	105.0%	189.5%	NA	(86.8%)
Administrative expenses as a percentage of revenue	%	17.2%	20.4%	28.3%	18.1%	14.0%
Gross profit margin	%	28.6%	24.8%	(45.5%)	(52.7%)	18.8%
Operating profit margin	%	(24.4%)	(36.5%)	(119.9%)	(103.7%)	(12.2%)
Net profit margin	%	(28.3%)	(62.7%)	(213.7%)	(182.7%)	(16.1%)
Current assets / current liabilities	x	2.4	2.1	1.0	1.3	0.8
Non-current assets / non-current liabilities	x	22.1	16.6	31.0	18.1	12.2
Liabilities / Equity	x	0.2	0.3	0.5	0.4	0.8
Return on assets	%	NA	NA	NA	NA	NA
Return on Equity	%	NA	NA	NA	NA	NA
Debt to total equity	x	0.04	0.07	0.04	0.08	0.1
Total assets / total liabilities	x	5.2	4.6	3.0	3.3	2.3

Source: Management information

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

X : This symbol is used to show that the average is a figure and not a percentage

The table below shows the company's income statement for the financial years ending on December 31, 2017G, 2018G and 2019G, and the six-month period ending June 30, 2019G, and June 30, 2020G.

6.6 Results of operations - income statement

The following table shows the company's income statement for the financial years ending December 31, 2017G, 2018G and 2019G, and the six-month period ending June 30, 2019G, and June 30, 2020G.

Table (13): Results of Operations - Income Statement

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)		Annual compound growth rate	
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G -2019G
Revenue, net	107,177	98,977	84,121	48,048	71,975	(7.7%)	(15.0%)	49.8%	(11.4%)
Cost of revenue	(80,695)	(84,892)	(82,519)	(45,774)	(55,891)	5.2%	(2.8%)	22.1%	1.1%
Valuation and decline in the value of stocks and crops at the point of harvest - net	4,175	10,456	(35,495)	(23,279)	(2,551)	150.4%	(439.5%)	(89.0%)	-
Decline in the value of biological assets	-	-	(4,387)	(4,300)	-	-	-	(100.0%)	-
Total (loss) profit	30,657	24,541	(38,280)	(25,306)	13,533	(19.9%)	(256.0%)	153.5%	-
Selling and distribution expenses	(38,449)	(40,513)	(38,802)	(15,812)	(12,232)	5.4%	(4.2%)	(22.6%)	0.5%
General and administrative expenses	(18,383)	(20,198)	(23,797)	(8,696)	(10,069)	9.9%	17.8%	15.8%	13.8%
Loss from operations	(26,175)	(36,170)	(100,879)	(49,813)	(8,768)	38.2%	178.9%	(82.4%)	96.3%
Decline in the value of capital projects	-	(9,600)	(44,351)	(17,815)	-	-	362.0%	(100.0%)	-
Provision for loan guarantee and liabilities from associates	-	(13,000)	(18,850)	(18,850)	-	-	45.0%	(100.0%)	-
Decline in associates and subsidiaries, investments in equity instruments	-	-	(6,234)	(250)	-	-	-	(100.0%)	-
The company's share of the results of the business of an associate	(842)	(776)	(4,038)	-	-	-	420.5%	-	-
Profits from short-term murabaha investments	4,008	1,027	755	507	93	-	(26.5%)	(81.6%)	(56.6%)
Finance costs	(259)	(1,018)	(2,391)	(1,143)	(405)	293.4%	134.9%	(64.6%)	204.0%
Other net income	1,711	156	2,439	613	1,436	(90.9%)	1,463.6%	134.4%	19.4%
Losses of clearing trees and damaging agricultural crops	(4,240)	-	-	-	-	(100.0%)	-	-	(100.0%)
Net loss for the year before zakat	(25,797)	(59,381)	(173,550)	(86,752)	(7,643)	130.2%	192.3%	(91.2%)	159.4%

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)		Annual compound growth rate	
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G -2019G
Zakat	(4,496)	(2,719)	(6,234)	(1,008)	(3,969)	(39.5%)	129.3%	293.9%	17.8%
Net loss	(30,293)	(62,099)	(179,784)	(87,760)	(11,613)	105.0%	189.5%	(86.8%)	143.6%
Other total loss items									
Items that shall not be re-classified later within profits and losses									
Actuarial profits (losses) from re-measuring EOS liabilities	-	-	2,531	-	(840)	-	-	-	-
Total comprehensive losses for the period	(30,293)	(62,099)	(177,253)	(87,760)	(12,453)	105.0%	185.4%	(85.8%)	141.9%

Source: Audited financial statements for the years between 2017G and 2019G and the non-audited statements for the six months period ended on 30 June 2020G

-: This symbol (-) is used to indicate that the number is zero

The revenues are related to the main business of the company, which consists of cultivation activities and selling of crops and fodder. Revenues decreased gradually between December 31, 2017G and December 31, 2019G. Revenues decreased by 7.7% from 107.2 million Saudi riyals in 2017G to 99.0 million Saudi riyals in 2018G, with a further decrease of 15.0% to 84.1 million Saudi riyals in 2019G.

Between 2017G and 2018G, the decline in the Company's revenues was mainly affected by the decrease in revenues from the sale of field crops, orchards and nurseries, as well as trading sales and sheep. While the decrease in field crops came as a result of a decrease in the quantities of fodder and wheat production, after the government issued a decision in 2018G to stop fodder cultivation, the decrease in revenues generated from orchards and nurseries was affected by the decrease in olive oil sales following the decrease in the productivity of olive fruits. With regard to the decrease in commercial and sheep sales, the decline came as a result of the decrease in potato sales following the decision of the administration to reduce potato cultivation and trade.

Between 2018G and 2019G, the decline in sales was in all categories. Field crop revenues continued to decline due to the continuous decrease in the quantities of forage and wheat production. The revenues of nurseries and orchards also continued to decline due to the decrease in fruit sales, specifically grape sales. Trade and sheep sales also registered a further decline after the decision taken in 2018G to gradually reduce potato cultivation and trade.

Revenues increased by 49.8% from 48.0 million Saudi riyals in the six-month period ended 30 June 2019G to 72.0 million Saudi riyals in the six-month period ended 30 June 2020G, as a result of reducing the selling price. It should be noted that the Company's management has developed a new sales strategy during the year 2020G, with the aim of enhancing the Company's ability to compete and increasing its market share. The decision to lower the prices of some products came as part of the new policy.

Cost of revenue mainly consists of costs of production operations. The cost of revenue fluctuated during the period between December 31, 2017G and December 31, 2019G. The cost of revenues increased by 5.2% from 80.7 million Saudi riyals in 2017G to 84.9 million Saudi riyals in 2018G. The cost of revenue returned and decreased by 2.8% from 84.9 million Saudi riyals in 2018G to 82.5 million Saudi riyals in 2019G. While the increase in the year 2018G was due to the increase in the cost of production components, the decrease in the cost of revenue in 2019G was affected by the decrease in the volume of activity and productivity during the year. The cost of revenues increased by 22.1% from 45.8 million Saudi riyals in the six-month period ended 30 June 2019G to 55.9 million Saudi riyals in the six-month period ended 30 June 2020G, in line with the increase in revenues.

The difference in the valuation of inventory and crops at the point of harvest represents the difference between the actual cost and the market value of the crops at the point of harvest after deducting the marketing and storage expenses and any other expenses expected up to the date of sale. These spreads fluctuate periodically as the market value fluctuates.

The decline in the value of Biological Assets in 2019G is related to the decline in the value of sheep and crops that the company raises and grows in the course of work.

The gross profit decreased by 19.9% from 30.7 million Saudi riyals in 2017G to 24.5 million Saudi riyals in 2018G. Then the Company recorded a loss of 38.3 million Saudi riyals in the year 2019G. While the decrease in the gross profit between 2017G and 2018G came as a result of the decrease in revenues between the two years, the loss that was recorded in the year 2019G was affected by the decrease in revenues and by recording a noticeable loss related to the decrease in the value of inventory during the same year. The increase in the gross profit came from a loss of 25.3 million Saudi riyals in the six-month period ending June 30, 2019G, to a profit of 13.5 million Saudi riyals in the six-month period ended June 30, 2020G, after an increase in the revenue during the first half of the year 2020G.

Selling and distribution expenses mainly comprise of salaries of sales staff and transportation and freight charges. These expenses fluctuated between December 31, 2017G and December 31, 2019G. The increase was 5.3% from 38.5 million Saudi riyals in 2017G to 40.5 million Saudi riyals in 2018G, due to the increase in freight and transportation expenses. Selling and distribution expenses decreased by 4.2% from 40.5 million Saudi riyals in 2018G to 38.8 million Saudi riyals in 2019G, after a decrease in shipping, transportation and packaging expenses. Selling and distribution expenses decreased by 22.6% from 15.8 million Saudi riyals in the six-month period ended June 30, 2019G to 12.2 million Saudi riyals in the six-month period ended June 30, 2020G, as a result of lower consumption and fuel and energy expenses.

General and administrative expenses mainly consist of the salaries and wages of administrative employees and remuneration of board and committee members. General and administrative expenses increased by 9.9% from 18.3 million Saudi riyals in 2017G to 20.2 million Saudi riyals in 2018G, with an additional increase of 17.8% to 23.8 million Saudi riyals in 2019G. General and administrative expenses increased by 15.8% from 8.7 million Saudi riyals in the six-month period ending on 30 June 2019G to 10.1 million Saudi riyals in the six-month period ending on 30 June 2020G. The increase during the period was affected by the rise in salaries and wages and the absence of transfers to projects under implementation.

The company did not record any profit from operations, but rather successive losses between December 31, 2017G and the six-month period ending June 30, 2020G. The amount of loss increased from 26.1 million Saudi riyals in 2017G to 36.2 million Saudi riyals in 2018G, then to a loss of 100.9 million Saudi riyals in 2019G. The loss during the two-year period was affected by the decrease in revenues, the increase in the cost of revenues, and the recording of a decrease in the value of inventory by a high value in the year 2019G. The loss decreased from 49.8 million Saudi riyals in the six-month period ended 30 June 2019G to 8.8 million Saudi riyals in the six-month period ending 30 June 2020G. The aforementioned improvement was affected by the increase in revenues between the two periods, the decrease in the loss of the inventory decline, and the decrease in selling and distribution expenses.

The decline in the value of registered capital projects between 2018G and 2019G is related to the write-off of some capital projects that the Company had launched in previous years and suspended work on between 2018G and 2019G due to the absence of profitability.

The loan guarantee provision and liabilities of the associates are related to loans secured by the associates of the company. The provision, which amounted to 13.0 million Saudi riyals in the year 2018G, was related to the decrease in the value of the Company's investment in the East Asia Agricultural Investment Company, as this provision was recorded after the company noticed the uncertainty about the possibility of recovering this investment. In the year 2019G, the value of the provision for loan guarantee and obligations of associates amounted to 18.9 million Saudi riyals, as the provision was linked to Jannat Agricultural Investment Company. Jannat Agricultural Investment Company owns an investment in the Rakhaa Agricultural Investment and Development Company (an Egyptian joint stock company). Jannat Agricultural Investment Company has guaranteed its share in the investment of 18.9% of a loan belonging to Rakhaa Agricultural Investment Company for the benefit of the Saudi Development Fund in the amount of 100 million Saudi riyals, of which the Tabuk Company's share is 18.9 million Saudi riyals. In the year 2016G, the Development Fund notified Jannat Agricultural Investment Company that, from that date, the loan due from Rakhaa Company is considered implicitly transferred to the guarantors of the loan with a fine guarantee and the performance and demand of the guarantor partners to quickly repay the obligations of the partners. Commitment. Accordingly, Tabuk Company established a provision for its share of the loan (18.9 million Saudi riyals) during the year 2019G. No additional allocations were recorded in the first half of 2020G.

Decline in associates and subsidiaries, investments in equity instruments, related to the decline in the value of investments in a number of associates. The company recorded a loss of 6.2 million Saudi riyals during the year 2019G. This loss was associated with a decrease in the investment value of the East Asia Agricultural Investment Company. No similar losses were recorded between 2017G and 2018G due to the absence of any decline in the value of the company's investments during the mentioned years.

Company's share of the results of an associate's business is the Company's share of the subsidiary's business. Losses amounting to 0.8 million Saudi riyals between 2017G and 2018G and 4.0 million Saudi riyals in 2019G were related to losses realized by Food Horizons Company Ltd. and the Feed Sources Company.

Profits from short-term murabaha investments are related to investments in Islamic murabaha funds with commercial banks. The Company recorded profits from short-term murabaha investments of 4.0 million Saudi riyals, 1.0 million Saudi riyals, 0.8 million Saudi riyals, 0.5 million Saudi riyals and 0.1 million Saudi riyals in the years 2017G, 2018G and 2019G, the six-month period ending June 30, 2019G and the six Months ending June 30, 2020G, respectively. These investments represent short-term murabahah in Islamic murabaha funds with local commercial banks. The rate of profits on these investments ranges between 1.0% and 2.5%.

The financing costs are related to the loans obtained by the Company from the Agricultural Development Fund. These costs increased in 2018G and 2019G due to increased loan withdrawals. The financing costs decreased from 1.1 million Saudi riyals in the six-month period ending June 30, 2019G, to 0.4 million Saudi riyals in the six-month period ending June 30, 2020G, after the company paid off part of the loans used in 2018G and 2019G.

Other revenues consist of the sale of product residues, grants from the Human Development Fund, and discounts earned as a result of repaying the Agricultural Development Fund loan before the payment due date.

The company recorded a net loss of 25.8 million Saudi riyals, 59.4 million Saudi riyals, and 173.5 million Saudi riyals in the years 2017G, 2018G, and 2019G, respectively. The increase in losses between 2017G and 2019G came as a result of the decrease in revenues and the recording of various allocations and losses, especially in the year 2019G. The net loss decreased from 86.8 million Saudi riyals in the six-

month period ended 30 June 2019G to 7.6 million Saudi riyals in the six-month period ended 30 June 2020G, as a result of the marked improvement in revenues and the absence of provisions during the period.

Zakat expenses decreased from 4.5 million Saudi riyals in 2017G to 2.7 million Saudi riyals in 2018G, then they increased and increased to 6.2 million Saudi riyals in 2019G. Zakat expenses increased from 1.0 million Saudi riyals in the six-month period ending June 30, 2019G, to 4.0 million Saudi riyals in the six-month period ending June 30, 2020G. It should be noted that the company submitted its zakat declarations until 2017G and obtained a zakat certificate registered until 2017G, and the final assessment was made until 2004G. The company submitted its approval for the year 2018G and obtained the approval of the General Authority of Zakat and Tax to install the amount in seven monthly payments of equal value. The company issued a final assessment for the years 2005G to 2012G and included zakat differences in the amount of 6.4 million Saudi riyals. The amount and the company created an allowance for the remaining zakat differences, which amount to 4.9 million Saudi riyals. On July 28, 2020G, the Authority issued a Zakat assessment decision for the year 2014G, requiring the company to pay an amount of SR 1.9 million, and a necessary provision was created to meet the potential liabilities.

The recorded loss fluctuated during the period between December 31, 2017G and the six-month period ending June 30, 2020G for the reasons mentioned above.

The items that will not be reclassified later as profit or loss were limited to measuring the EOS benefit obligations for employees, as the company in the year 2019G and the six-month period ending on June 30, 2020G prepared an actuarial study to re-measure the EOS benefit obligations.

Analyze revenues and gross profit by sectors

The table below shows the details of the revenues and profitability of the divisions and sectors for the fiscal years ending December 31, 2017G, 2018G and 2019G, and the six-month period ending June 30, 2019G, and June 30, 2020G.

Table (14): Revenues and profitability by sector

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G-2019G
Revenues									
Field crops	70,807	65,837	59,845	17,675	26,484	(7.0%)	(9.1%)	49.8%	(7.2%)
Orchards and nurseries	29,010	27,728	22,775	11,190	11,692	(4.4%)	(17.9%)	4.5%	(10.2%)
Sheep sales	7,360	5,412	1,502	915	778	(26.5%)	(72.2%)	(15.0%)	(50.7%)
subsidiaries									
Food Horizons Company Ltd.	-	-	-	10,075	9,955	-	-	(1.2%)	-
Agricultural Feed Resources Company Ltd.	-	-	-	8,193	23,066	-	-	181.5%	-
Affiliates (total revenue)	-	-	-	18,268	33,021	-	-	80.8%	-
Total revenue	107,177	98,977	84,121	48,048	71,975	(7.7%)	(15.0%)	49.8%	(10.2%)
Cost of revenue									
Field crops	51,627	47,232	45,241	21,473	18,567	(8.5%)	(4.2%)	(13.5%)	(5.7%)
Orchards and nurseries	23,146	25,827	20,463	6,399	6,922	11.6%	(20.8%)	8.2%	(5.3%)
Sheep sales	5,922	4,480	843	569	412	(24.3%)	(81.2%)	(27.6%)	(58.0%)
Miscellaneous expenses	-	7,353	15,972	-	-	-	117.2%	-	-
subsidiaries									
Food Horizons Company Ltd.	-	-	-	9,652	7,502	-	-	(22.3%)	-

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G-2019G
Agricultural Feed Resources Company Ltd.	-	-	-	7,681	22,488	-	-	192.8%	-
Affiliates (total cost of revenue)	-	-	-	17,333	29,989	-	-	73.0%	-
Total cost of revenue	80,695	84,892	82,519	45,774	55,891	5.2%	(2.8%)	22.1%	1.0%
gross profit									
Field crops	19,179	18,605	14,603	(3,798)	7,917	(3.0%)	(21.5%)	(308.5%)	(11.4%)
Orchards and nurseries	5,864	1,902	2,312	4,791	4,770	(67.6%)	21.6%	(0.4%)	(33.9%)
Sheep sales	1,438	932	659	346	366	(35.2%)	(29.3%)	5.6%	(29.3%)
Miscellaneous expenses	-	(7,353)	(15,972)	-	-	-	117.2%	-	-
subsidiaries									
Food Horizons Company Ltd.	-	-	-	423	2,453	-	-	480.1%	
Agricultural Feed Resources Company Ltd.	-	-	-	512	578	-	-	12.9%	
Affiliates (gross profit)	-	-	-	934	3,032	-	-	224.4%	-
Gross profit	26,482	14,085	1,602	2,273	16,084	(46.8%)	(88.6%)	607.5%	(71.3%)
gross profit margin									
Field crops	27.1%	28.3%	24.4%	(21.5%)	29.9%				
Orchards and nurseries	20.2%	6.9%	10.2%	42.8%	40.8%				
Sheep sales	19.5%	17.2%	43.9%	37.8%	47.0%				
Miscellaneous expenses									
Food Horizons Company Ltd.	-	-	-	4.2%	24.6%				
Agricultural Feed Resources Company Ltd.	-	-	-	6.2%	2.5%				
Subsidiaries (gross profit margin)				5.1%	9.2%				
Total	24.7%	14.2%	1.9%	4.7%	22.3%				

Source: Management information

Miscellaneous expenses are general expenses not allocated between the three sectors

The company's revenues are composed of several components and components, but it is possible to classify these revenues into three main categories: field crops, trading sales, sheep, orchards and nurseries.

Field crops

The revenues generated from field crops are the main component of the revenues that the company recorded between the year 2017G and the six-month period ending on June 30, 2020G. These revenues represented 66.1%, 66.5%, 71.1%, 36.8% and 36.8% of the total revenues that were recorded in 2017G, 2018G, 2019G and the six-month period ending June 30, 2019G, and June 30, 2020G, respectively.

Field crop revenues consist of several components including grains and fodder. Alfalfa feed sales, silage sales and wheat grain sales are the main components of field crop revenues.

Field crop sales decreased between 2017G and 2019G. Between 2017G and 2018G, field crops sales decreased by 7.0% from 70.8 million Saudi riyals in 2017G to 65.8 million Saudi riyals in 2018G, with a further decrease of 9.1% to 59.8 million Saudi riyals in 2019G.

Between 2017G and 2018G, the decline in field crop sales revenue was affected by a decrease in barley grain sales, barley straw feed sales and alfalfa feed sales. Between 2018G and 2019G, crop sales revenues continued to decline by 9.1% from 65.8 million Saudi riyals in 2018G to 59.8 million Saudi riyals in 2019G CE as a major result of the decline in silage sales, Sudanese corn sales, fodder sales (alfalfa), wheat seed sales and sales Potato (the autumnal loop).

The aforementioned declines between 2017G and 2019G were affected by several factors mainly related to the decrease in the quantities of fodder and wheat production following the issuance of a government decision in 2018G to stop fodder cultivation.

Field crops revenues increased by 49.8% from 17.7 million Saudi riyals in the six-month period ending June 30, 2019G to 26.5 million Saudi riyals in the six-month period ending June 30, 2020G, after the overall sale prices of the company's products were reduced.

Cost of revenue

The cost of field crops revenues decreased between 2017G and 2019G. Between 2017G and 2018G, the cost of field crops revenues decreased by 8.5% from 51.6 million Saudi riyals in 2017G to 47.2 million Saudi riyals in 2018G, with a further decrease of 4.2% to 45.2 million Saudi riyals in 2019G.

While the decline between 2017G and 2018G was concentrated in alfalfa feed, the decrease in the cost of revenue between 2018G and 2019G was mainly related to silage products, wheat grains and potato products (the autumn and spring season). The decrease in the cost of revenues was in line with the decline in field crops revenues between 2017G and 2019G.

The cost of revenue decreased by 13.5% from 21.5 million Saudi riyals in the six-month period ended 30 June 2019G to 18.6 million Saudi riyals in the six-month period ended 30 June 2020G. The decrease was affected by a new rationing policy adopted by the company in order to reduce expenses.

Gross profit and gross profit margin

The gross profit related to field crops products decreased by 3.0% from 19.2 million Saudi riyals in 2017G to 18.6 million Saudi riyals in 2018G, with a further decrease of 21.5% to 14.6 million Saudi riyals in 2019G. The gross profit movement was in line with the revenue movement between 2017G and 2019G.

The gross profit margin of field crop products fluctuated between 2017G and 2019G. The gross profit margin increased from 27.1% in 2017G to 28.3% in 2018G, as the rate of decrease in the cost of revenues related to field crop products in 2018G (8.5%) exceeded the rate of decline in revenues during the same year (7.0%). The gross profit margin returned and decreased to 24.4% in the year 2019G as a result of the decrease in revenues by 9.1%, which was more noticeable than the decrease in the cost of revenues by 4.2% in the same year.

This segment recorded a loss of 3.8 million Saudi riyals during the six-month period ending on 30 June 2019G, so that the cost of revenues exceeded (21.5 million Saudi riyals) revenues during the same period (17.7 million Saudi riyals). Accordingly, the loss margin during the period was 21.5%. The aforementioned loss was converted into profit of SAR 7.9 million during the six-month period ending on June 30, 2020G. The gross profit of the sector reached 29.9% during the same period after the increase in revenues and the decrease in the cost of revenues during the same period.

Orchards and nurseries

Revenues

Sales of orchards and nurseries consist mainly of fruit sales and sales of olives and honey. Fruit sales were the main component of revenues from orchards and nurseries between 2017G and June 30, 2020G.

The revenue from fruit sales was concentrated in those of grapes, apricots and peaches. As in the case of field crop sales, sales of orchards and nurseries decreased gradually between 2017G and 2019G. Sales of orchards and nurseries decreased by 4.4% from 29.0 million Saudi riyals in 2017G to 27.7 million Saudi riyals in 2018G, with a further decrease of 17.9% to 22.8 million Saudi riyals in 2019G.

The decline in revenues from sales of nurseries and orchards between 2017G and 2018G was affected by the decrease in oil sales, specifically olive oil, after the low level of olive productivity. Between the years 2018G and 2019G, the decrease in the revenues of nurseries and orchards was affected by the decrease in fruit sales, specifically the sales of grapes, the sale price of which decreased as a result of competition with imported grapes.

Income for nurseries and orchards increased by 4.4% from 11.2 million Saudi riyals in the six-month period ending June 30, 2019G to 11.7 million Saudi riyals in the six-month period ending June 30, 2020G. The aforementioned increase was affected by the decrease in the company's selling prices. It should be noted that the increase in revenues during the first half of the year 2020G was also affected by the presence of a new sales department that contributed to the development of an advanced sales strategy.

Cost of revenue

The cost of revenue associated with orchards and nurseries was concentrated in the cost of revenue for fruits, specifically the cost of grapes and peaches. It should be noted that the cost of revenue movement was not in line with the movement of orchards and nursery revenues. The cost of revenues associated with orchards and nurseries fluctuated between 2017G and 2019G. Between 2017G and 2018G, the cost of orchards and nursery revenues increased by 11.6% from 23.1 million Saudi riyals in 2017G to 25.9 million Saudi riyals in 2018G, due to the high cost of revenues for fruits, especially grapes and peaches. This increase was mainly driven by the increase in the cost of sales of grapes due to a temporary increase in the cost of production materials during the year (production materials mainly include agricultural seeds, fertilizers, pesticides and the costs of spare parts for equipment used in agricultural operations).

The cost of revenues has returned and decreased by 20.8% from 25.8 million Saudi riyals in 2018G to 20.4 million Saudi riyals in 2019G. The decrease was mainly affected by the decrease in the cost of sales associated with olive oil after the decrease in the level of production.

The cost of revenue has increased from 6.4 million Saudi riyals in the six-month period ended 30 June 2019G to 6.9 million Saudi riyals in the six-month period ended 30 June 2020G. The increase was in line with the increase in revenues during the same period.

Gross profit and gross profit margin

The movement of total profits fluctuated between 2017G and 2019G. Total profits decreased by 67.6% from 5.9 million Saudi riyals in 2018G to 1.9 million Saudi riyals in 2019G. This decrease came as a result of the decrease in revenues and the increase in the cost of revenues of nurseries and orchards between 2018G and 2019G. Total profits returned and rose by 21.6% from 1.9 million in 2018G to 2.3 million Saudi riyals in 2019G. On the other hand, the profit margin decreased from 20.2% in 2017G to 6.9% in 2018G, then it increased to 10.2% in 2019G. The movement of total profits and gross profit margin was affected by the movement of revenues and the cost of revenues, as the increase in the cost of revenues in 2018G was the main factor that led to the decrease in the total profits and the gross profit margin in the year 2018G.

The profits of the nurseries and orchards decreased by 0.4% from 4.8 million Saudi riyals in the six-month period ending June 30, 2019G to 4.7 million Saudi riyals in the six-month period ending June 30, 2020G, after the increase in the cost of revenues outweighed the increase in revenues during the same period. Accordingly, the sector's gross profit margin decreased from 42.8% in the six-month period ending June 30, 2019G to 40.8% during the six-month period ending June 30, 2020G.

Sheep sales

Trade and sheep sales consist mainly of potatoes, sheep and olive oil sales.

Revenues

Revenue from trading and sheep sales decreased by 26.5% from 7.4 million Saudi riyals in 2017G to 5.4 million Saudi riyals in 2018G, with a further decrease of 72.2% to 1.5 million Saudi riyals in 2020G. The decrease in revenue from trade and sheep sales between 2017G and 2019G was mainly affected by the decline in potato sales after the administration's decision to reduce potato cultivation and trade due to the absence of the required profitability. Mutajara and sheep sales continued to decline from 0.9 million Saudi riyals in the six-month period ended June 30, 2019G to 0.8 million Saudi riyals in the six-month period ending June 30, 2020G, after the continued decline in potato cultivation.

It should be noted that potato sales were an essential component of trading and sheep sales until 2017G. The value of these sales amounted to 4.9 million Saudi riyals, 1.4 million Saudi riyals, 0.1 million Saudi riyals, 0.1 million Saudi riyals and zero in the year 2017G, 2018G and 2019G, and the six-month period ending June 30, 2019G and the six-month period ending June 30, 2020G. These sales accounted for 66.4%, 26.3%, 0.04%, 0.07% and 0.0% of the total trading and sheep sales in 2017G, 2018G, 2019G, the six-month period ending June 30, 2019G and the six-month period ending 30 June 2020G.

Starting from the year 2017G, the company's management took a decision to gradually reduce potato sales due to the absence of high or desired profitability. Due to this effect, the sales of majara and sheep decreased gradually between 2017G and the six-month period ending on June 30, 2020G.

Cost of revenue

The movement in the cost of revenues between 2017G and 2019G was in line with the movement of revenues in the same period. The cost of revenues decreased by 24.3% from 5.9 million Saudi riyals in 2017G to 4.5 million Saudi riyals in 2018G, with a further decrease of 81.2% to 0.8 million Saudi riyals in 2019G. The decrease was in line with the movement of revenues and was concentrated in the cost of revenue of potatoes after the decline in production.

The cost of revenue decreased from 0.6 million Saudi riyals in the six-month period ended 30 June 2019G to 0.4 million Saudi riyals in the six-month period ended 30 June 2020G. The movement was in line with the revenue movement during the same period.

Gross profit and gross profit margin

Total profits decreased by 35.2% from 1.4 million Saudi riyals in 2018G to 0.9 million Saudi riyals in 2019G due to a decrease in revenues in the same year. Total profits returned and decreased by 29.3% to 0.7 million Saudi riyals in the year 2019G after the significant decrease in the cost of revenues.

The movement of gross profit margin was in line with the movement of total profits, as the gross profit margin decreased from 19.5% in 2017G to 17.2% in 2018G, and then returned and increased to 43.9% in 2019G.

The gross profit increased from 0.3 million Saudi riyals in the six-month period ended 30 June 2019G to 0.4 million Saudi riyals in the six-month period ended 30 June 2020G, as a result of the significant decrease in the cost of revenues between the two mentioned periods. The gross profit margin increased from 37.8% to 47.0% between the two periods.

Subsidiaries

The subsidiaries' activities are generally concentrated in the sale and production of feed and food products. The revenues consist of the revenues of Food Horizons Company Ltd. and the Agricultural Feed Resources Company Ltd.

Revenues

Revenue increased by 80.8% from 18.3 million Saudi riyals in the six-month period ended 30 June 2019G to 33.0 million Saudi riyals in the six-month period ended 30 June 2020G. It should be noted that the subsidiary companies started their activities between the end of the year 2018G and the beginning of the year 2019G, and the pace of activity increased gradually after the launch of the work wheel, which led to an increase in revenues between the six-month period ending on June 30, 2019G and the six-month period ending on June 30, 2020G. It should be noted that the increase in revenues was concentrated in the increase in the revenues of the Agricultural Feed Resources Company Limited by 181.5% from 8.2 million Saudi riyals in the six-month period ending June 30, 2019G to 23.1 million Saudi riyals in the six-month period ending June 30, 2020G. In the case of Food Prospects Ltd., revenues decreased by 1.2% from 10.1 million Saudi riyals in the six-month period ending June 30, 2019G to 10.0 million Saudi riyals in the six-month period ending June 30, 2020G, due to the spread of the Corona pandemic and the decrease in the pace of meat production and distribution. (The main activity of Food Horizons Company Ltd).

Cost of revenue

The cost of revenue increased by 73.0% from 17.3 million Saudi riyals in the six-month period ended 30 June 2019G to 30.0 million Saudi riyals in the six-month period ended 30 June 2020G. The increase in the cost of revenues was in line with the increase in revenues between the two periods. As in the case of revenues, the increase in the cost of revenues was concentrated in the increase in the revenue cost of the Agricultural Feed Source Company Ltd., which increased by 192.8% from 7.7 million Saudi riyals in the six-month period ended 30 June 2019G to 22.5 million Saudi riyals in the six-month period ending 30 June 2020G. The aforementioned increase was in line with the increase in the Company's revenues between the two periods.

In the case of Food Horizons Company Ltd., the cost of revenue decreased by 22.3% from SAR 9.7 million in the six-month period ending June 30, 2019G, to SAR 7.5 million in the six-month period ended June 30, 2020G. The decrease was in line with the decrease in the Company's revenues.

Gross profit and gross profit margin

Total profit increased by 224.4% from 0.9 million Saudi riyals in the six-month period ending June 30, 2019G to 3.0 million Saudi riyals in the six-month period ending June 30, 2020G. The gross profit margin also increased from 5.1% in the six-month period ended June 30, 2019G, to 9.2% in the six-month period ended June 30, 2020G.

In the case of Food Horizons Company Ltd., the gross profit increased by 480.1% from 0.4 million Saudi riyals in the six-month period ended 30 June 2019G to 2.5 million Saudi riyals in the six-month period ended 30 June 2020G. The gross profit margin associated with the company's business increased from 4.2% to 24.6% between the two periods. The increase in profit and gross margin came as a result of the marked decrease in the cost of revenues recorded by the company between the first half of 2019G and the first half of 2020G, which amounted to 22.3% compared to the decrease in revenues, which amounted to 1.2% between the two aforementioned periods.

In the case of Agricultural Feed Resources Limited, the gross profit increased by 12.9% from 0.5 million Saudi riyals in the six-month period ended 30 June 2019G to 0.6 million Saudi riyals in the six-month period ending June 30, 2020G. On the other hand, the gross profit margin associated with the company's business decreased from 6.2% to 2.5% between the two periods. The decrease in the gross profit margin came as a result of the significant increase in the cost of revenues recorded by the company between the first half of 2019G and the first half of 2020G, which amounted to 192.8% compared to the increase in revenues, which amounted to 181.5% between the two aforementioned periods.

Valuation and decline in the value of stocks and crops at the point of harvest - net

The inventory is evaluated by comparing the difference between the actual cost of stock at the point of harvest and the market value of the crops after deducting the marketing and storage expenses and any other expenses expected until the date of sale. In this regard, the

management determines the sales value through the sales department and makes a comparison with the average actual selling prices in order to assess the inventory and determine if there is any decline in the value.

The Company recorded profits of 4.2 million Saudi riyals and 10.5 million Saudi riyals in the years 2017G and 2018G respectively due to the high demand for wheat and fodder before the decision to stop the cultivation of fodder was issued at the end of 2018G. Then the company recorded a loss of 35.5 million Saudi riyals in the year 2019G as part of the feed stock was damaged due to the long storage period.

The loss related to the valuation of the stock and crops value at the point of harvest decreased from a loss of 23.3 million Saudi riyals in the six-month period ending 30 June 2019G to 2.6 million Saudi riyals in the six-month period ending on 30 June 2020G. The decrease in loss was associated with the treatment of damaged inventory and the decrease in the differences between the selling inventory value and the average actual selling price.

Decline in the value of Biological assets

The Company recorded a loss associated with the decline in the value of biological assets, amounting to 4.4 million Saudi riyals in 2019G. The Company's biological assets consist of sheep herds, fruit crops and various crops. The loss in 2019G was related to sheep flocks mainly after the management conducted a reassessment of the value of biological assets, especially sheep. No similar losses were recorded in the six-month period ending 30 June 2020G.

Total loss and profit

The Company recorded total profits of 30.7 million Saudi riyals and 24.5 million Saudi riyals in the years 2017G and 2018G, respectively. The total profit decreased by 19.9% between the two years as a result of the decrease in revenues and the increase in the cost of revenues during 2018G. On the other hand, the loss recorded by the Company in the year 2019G of 38.2 million Saudi riyals was related to the decline in the value of biological assets during the same year.

Between the six-month period ended June 30, 2019G and the six-month period ended June 30, 2020G, the Company recorded a loss of 25.3 million riyals, which turned into profit of 13.5 million Saudi riyals after the increase in revenues between the two aforementioned periods and the decrease in losses associated with the decline in the value of inventory and the value of biological assets.

Selling and distribution expenses

The table below shows the details of selling and distribution expenses for the financial years ending on December 31, 2017G, 2018G, and 2019G, and the six-month period ending on June 30, 2019G, and June 30, 2020G.

Table (15): Selling and distribution expenses

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G-2019G
Salaries, wages and benefits	11,300	14,335	15,010	5,922	5,940	26.9%	4.7%	0.3%	13.5%
Transportation and shipping expenses	3,602	5,578	4,851	1,034	727	54.8%	(13.0%)	(29.6%)	14.1%
Packaging expenses	5,005	6,301	5,991	2,363	1,533	25.9%	(4.9%)	(35.1%)	8.3%
Depreciation	7,379	7,760	6,690	3,522	1,762	5.2%	(13.8%)	(50.0%)	(4.3%)
Sales Commission	1,462	104	-	-	-	(92.9%)	(100.0%)	-	(100.0%)
Fuel and energy	2,668	3,984	3,479	1,219	507	49.3%	(12.7%)	(58.4%)	12.5%
Consumable items	1,044	897	608	294	157	(14.0%)	(32.3%)	(46.7%)	(21.4%)
Maintenance, repair and spare parts	1,025	611	505	214	53	(40.4%)	(17.3%)	(75.4%)	(27.0%)
Insurance expenses	156	203	153	76	11	30.1%	(24.8%)	(85.5%)	(0.9%)
Marketing and advertising	139	102	-	90	-	(26.9%)	(100.0%)	-	(100.0%)
Mail and phone	75	136	77	31	39	80.1%	(43.1%)	25.4%	1.1%
Rent expense	200	171	876	123	55	(14.5%)	412.5%	(55.1%)	92.8%
Travel and transportation	97	194	211	70	40	98.8%	8.8%	(43.5%)	40.9%

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G-2019G
Others	4,295	137	351	342	518	(96.8%)	155.9%	51.3%	(67.1%)
Subsidiaries	-	-	-	512	890	-	-	73.9%	-
Total	38,449	40,513	38,803	15,812	12,232	5.4%	(4.2%)	(22.6%)	0.5%

Source: Audited financial statements for the years between 2017G and 2019G and management information

Selling and distribution expenses consisted of salaries, wages and benefits, and amortization expenses. These two components represented 48.6%, 54.5%, 55.9%, 59.7% and 63.0% of the total selling and distribution expenses in the year 2017G, the year 2018G, the year 2019G, the six-month period ending on June 30, 2019G and the six-month period ending on 30 June 2020G, respectively.

Salaries, wages and benefits are related to the sales and distribution personnel responsible for marketing and advertising. Salaries, wages and benefits increased by 26.9% from 11.3 million Saudi riyals in 2017G to 14.3 million Saudi riyals in 2018G, with a further increase of 4.7% to 15.0 million Saudi riyals in 2019G. The noticeable increase in 2018G and the slight increase in 2019G was driven by the increase in residency permit renewal expenses after the issuance of the law regulating labor affairs and residents in the Kingdom of Saudi Arabia. Expenses of salaries and wages remained stable at the threshold of 5.9 million Saudi riyals between the six-month period ended June 30, 2019G, and the six-month period ended June 30, 2020G.

Transportation and freight expenses are the transportation and delivery of goods to the Company's customers, and these expenses mainly include the rental of freight and transport vehicles. Transport and freight expenses increased by 54.8% from 3.6 million Saudi riyals in 2017G to 5.6 million Saudi riyals in 2018G, then the expenses decreased by 13.0% from 5.6 million Saudi riyals in 2018G to 4.9 million Saudi riyals in 2019G. While the increase in the year 2018G was driven by the increase in cost of transport vehicle rentals following the increase in fuel prices, the decrease in 2019G came as a result of the decrease in the number and scope of freight operations. The aforementioned decrease was the main driver behind the decrease in transport and freight expenses by 29.6% from 1.0 million Saudi riyals in the six-month period ending June 30, 2019G to 0.7 million Saudi riyals in the six-month period ending June 30, 2020G.

Packaging expenses are incurred during the processing and packaging of goods prior to their delivery and shipment to customers. These expenses fluctuated between 2017G and 2019G, increasing by 25.9% from 5.0 million Saudi riyals in 2017G to 6.3 million Saudi riyals in 2018G, and then they decreased by 4.9% to 6.0 million Saudi riyals in 2019G. The increase in 2018G was driven by the Company's use of new packaging products with better quality and higher prices. The decrease in the following year was affected by the decrease in sales volume in general. Packaging expenses decreased from 2.4 million Saudi riyals in the six-month period ending June 30, 2019G to 1.5 million Saudi riyals in the six-month period ending June 30, 2020G after reclassifying a portion of these expenses as part of the cost of sales.

Depreciation expenses classified under selling and distribution expenses are related to furniture, furnishings and cars used by marketing and sales management and personnel. These expenses did not experience significant fluctuations between 2017G and 2018G. Depreciation expenses increased by 5.2% from 7.4 million Saudi riyals in 2017G to 7.8 million Saudi riyals in 2018G, as a result of slight increases in furniture, furnishings, and means of transportation. Depreciation expenses returned and decreased by 13.8% from 7.8 million Saudi riyals in 2018G to 6.7 million Saudi riyals in 2019G. Depreciation expenses decreased by 50.0% from 3.5 million Saudi riyals in the six-month period ended 30 June 2019G to 1.8 million Saudi riyals in the six-month period ending 30 June 2020G. The aforementioned decreases were affected by the accumulated depreciation of assets and the absence of significant increases.

Sales commission expenses are discounts and commissions given to wholesalers who purchase the company's products. Commission expenses decreased by 92.9% from 1.5 million Saudi riyals in 2017G to 0.1 million Saudi riyals in 2018G, then to zero in 2019G. This noticeable decline between 2017G and 2019G is due to the decrease in the volume of activities and the level of the company's revenues. No similar expenses were recorded in the first half of 2020G.

Fuel and energy expenses are included in the general expenses incurred by the company in the normal course of business. Fuel and energy expenditures are mainly related to electricity expenses. These expenses increased by 49.3% from 2.7 million Saudi riyals in the year 2017G to 4.0 million Saudi riyals in the year 2018G, then they decreased to 3.5 million Saudi riyals in the year 2019G. These expenses fluctuate during the normal course of business and are affected by energy and fuel prices and the amount of electricity and fuel used. The noticeable increase in 2018G was driven by the increase in electricity tariffs during the year. Fuel and energy expenditures decreased by 58.4% from 1.2 million Saudi riyals in the six-month period ending June 30, 2019G to 0.5 million Saudi riyals in the six months ending June 30, 2020G, after energy use rationalization.

Expenditures on consumables gradually decreased from 1.0 million in the year 2017G to 0.6 million Saudi riyals in the year 2019G, and from 0.3 million Saudi riyals in the six-month period ending on 30 June 2019G to 0.2 million in the period ending in the six-month period ending on 30 June 2020G. The decrease came as a result of the decrease in production operations during the mentioned periods.

Maintenance, repair and spare parts expenses are expenses for maintaining transportation machinery, equipment and vehicles. These expenses decreased by 40.4% from 1.0 million Saudi riyals in 2017G to 0.6 million Saudi riyals in 2018G, then they decreased by 17.3%

to 0.5 million Saudi riyals in 2019G. The expenses of maintenance, repair and spare parts decreased from 0.2 million Saudi riyals in the six-month period ending June 30, 2019G to 53 thousand Saudi riyals in the six-month period ending June 30, 2020G. This decrease was affected by the decrease in the scope of maintenance work during the first half of the year 2020G, after the spread of the Corona pandemic.

Insurance expenses are medical, property and inventory insurance expenses. Expenses increased by 30.1% from 0.1 million Saudi riyals in 2017G to 0.2 million Saudi riyals in 2018G, then they decreased by 24.8% to 0.1 million Saudi riyals in 2019G. The increase in the year 2018G was driven by the increase in the number of transport vehicles insured. Insurance expenses have also decreased from 76 thousand Saudi riyals in the six-month period ending June 30, 2019G to 11 thousand Saudi riyals in the six-month period ending June 30, 2020G. The decrease between the two periods came as a result of reclassifications made by the external auditor, where some insurance expenses were classified in the category of other expenses.

Marketing and advertising expenses are incurred on exhibitions, advertisements and advertising campaigns. These expenses remained fixed at 0.1 million Saudi riyals in 2017G and 2018G, then decreased to zero in 2019G. The noticeable decrease between 2017G and 2019G came after rationalizing costs and reducing the number of advertising campaigns. No advertising expenses were recorded in the first half of the year 2020G.

Postal and telephone expenses are public utility expenses that fluctuate in the normal course of business.

Rental expenses are related to leasing a number of shops and outlets in the Kingdom of Saudi Arabia. Rental expenses decreased by 14.5% from 0.2 million Saudi riyals in 2017G to 0.1 million Saudi riyals in 2018G, then they increased significantly by 412.5% to 0.9 million Saudi riyals in 2019G. While the slight decrease in the year 2018G was related to the decrease in the number of rented stores in the Kingdom after reducing sales and productivity, the increase in the year 2019G was driven by the increase in the rental value of some stores in some regions. Rental expenses were minor in the first half of 2020G.

Travel and transportation expenses are the accommodation and travel costs of the marketing and sales team during business trips and meetings. These expenses increased by 98.8% from 97 thousand Saudi riyals in 2017G to 0.1 million Saudi riyals in 2018G, with an additional increase of 8.8% to 0.2 million Saudi riyals in The year 2019G. These expenses were minor in the first half of 2020G. These expenses fluctuate in the normal business context and are related to the number and destinations of business trips.

Other expenses included a group of costs. These expenses fluctuate periodically.

The subsidiaries 'selling and distribution expenses mainly consisted of employees' salaries and wages. These expenses increased by 73.9% from 0.5 million Saudi riyals in the six-month period ending June 30, 2019G to 0.9 million Saudi riyals in the six-month period ending June 30, 2020G with the expansion of the subsidiary companies' activities and the expansion of the work team after hiring new employees to keep pace with the increase in the volume Business.

General and administrative expenses

The table below shows the details of the general and administrative expenses for the financial years ending on December 31, 2017G, 2018G, and 2019G, and the six-month period ending on June 30, 2019G, and June 30, 2020G.

Table (16): General and Administrative Expenses

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G-2019G
Salaries, wages and benefits	8,419	8,750	10,242	4,002	4,624	3.9%	17.1%	15.5%	9.1%
Remuneration for board and committee members	2,000	2,550	5,293	-	-	27.5%	107.6%	-	54.1%
Depreciation	1,080	1,036	1,092	542	690	(4.0%)	5.3%	27.3%	0.5%
Maintenance, repair and spare parts	829	656	130	92	19	(20.8%)	(80.1%)	(79.9%)	(56.0%)
Provision for expected credit losses	-	6,292	2,709	-	-	-	(56.9%)	-	-
Public relations and exhibitions	895	680	322	585	270	(24.1%)	(52.7%)	(53.8%)	(36.6%)
Donations	500	1,205	515	515	240	141.0%	(57.3%)	(53.3%)	1.3%
Licenses	589	271	439	101	53	(53.9%)	61.9%	(47.5%)	(12.2%)

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	December 2018G	December 2019G	June 2020G	2017G-2019G
Fuel and energy	339	452	443	-	-	33.4%	(2.2%)	-	12.6%
Consumables	143	186	122	214	156	30.0%	(34.7%)	(27.0%)	(7.0%)
Mail and phone	192	163	69	63	9	(14.9%)	(57.5%)	(85.9%)	(36.3%)
Professional advisory fees	2,330	829	655	28	178	(64.4%)	(21.1%)	530.6%	(43.1%)
Bank expenses	178	484	118	271	0	172.5%	(75.6%)	(100.0%)	(16.6%)
Rental expense	186	197	225	62	117	6.1%	14.3%	87.7%	9.0%
Insurance	69	57	49	3	87	(18.0%)	(14.4%)	2,748.8%	(14.5%)
Others	5,272	1,306	1,376	18	14	(75.2%)	5.3%	(21.3%)	(45.0%)
Transferred to projects under implementation	(4,637)	(4,915)	-	125	209	6.0%	(100.0%)	66.7%	(100.0%)
Subsidiary companies	-	-	-	2,074	3,403	-	-	64.1%	-
Total	18,384	20,198	23,797	8,696	10,069	9.9%	17.8%	15.8%	13.8%

Source: Audited financial statements for the years between 2017G and 2019G and management information

Salaries and wages are the main component of general and administrative expenses. Salaries and wages represented 45.8%, 43.3%, 43.0%, 46.0% and 45.9% of the total administrative and general expenses in the years 2017G, 2018G, and 2019G, the six-month period ending on June 30, 2019G, and the six-month period ending on June 30, 2020G.

These salaries and wages are related to the employees of the Company's administrative departments, which mainly include the accounting department. General and administrative expenses increased by 3.9% from 8.4 million Saudi riyals in 2017G to 8.7 million Saudi riyals in 2018G, with an additional increase of 17.1% to 10.2 million Saudi riyals in 2019G. These expenses also increased by 15.5% from 4.0 million Saudi riyals in the six-month period ending June 30, 2019G, to 4.6 million Saudi riyals in the six-month period ending June 30, 2020G. This increase was mainly caused by the increase in accommodation expenses, as mentioned above.

The remuneration of the members of the board and committees represents the remuneration of the members of the board of directors and its committees. Board and committee members' remuneration expenses increased by 27.5% from 2.0 million Saudi riyals in 2017G to 2.6 million Saudi riyals in 2018G, with an additional increase of 107.6% to 5.3 million Saudi riyals in 2019G. The year is 2020G. The nomination and remuneration committee is the committee authorized to recommend to the Board of Directors regarding the proposed remuneration to the Board and committees. The board studies the committee's recommendation and approves the allocation of remuneration amounts to the Board and committees, and it is submitted to the general assembly for approval.

Depreciation expenses classified under the general and administrative expenses related to furniture, furnishings and cars used by administrative staff. These expenses did not witness noticeable fluctuations between the years 2017G and the six-month period ending June 30, 2020G, but remained relatively constant at the threshold of one million Saudi riyals between 2017G and 2019G and at 0.6 million between the six-month period ending June 30, 2019G and the six-month period ending June 30, 2020G.

Maintenance expenses, repair and spare parts related to the cars of the administrative team. These expenses decreased by 20.8% from 0.8 million Saudi riyals in 2017G to 0.7 million Saudi riyals in 2018G, with an additional decrease of 80.1% to 0.1 million Saudi riyals in 2019G. Expenses were minor in the six-month period ending June 30, 2020G. The decrease was due to a reduction in the number and scope of maintenance operations.

Provision for expected credit losses associated with recorded provisions to cover bad or slow receivables. The provision decreased by 56.9% from 6.3 million Saudi riyals in 2018G to 2.7 million Saudi riyals in 2019G, after collecting part of the bad debts. No additional allocations were recorded in the first half of 2020G.

Public relations and exhibitions expenses include celebrations, events and exhibitions expenses. These expenses decreased from 0.9 million Saudi riyals in 2017G to 0.7 million Saudi riyals in 2018G, with a further decrease to 0.3 million Saudi riyals in 2019G. The decrease came after rationalizing expenditures and reducing the number of events and exhibitions. It was the main driver behind the decline in public relations expenses by 53.8% from 0.6 million Saudi riyals in the six-month period ending June 30, 2019G to 0.3 million Saudi riyals in the six-month period ended June 30, 2020G.

Donation expenses include donations to charities, hospitals, and government institutions. These expenses increased by 141.0% from 0.5 million Saudi riyals in 2017G to 1.2 million Saudi riyals in 2018G after the increase in donations to a number of hospitals in Tabuk governorate. These expenses decreased by 57.3% from 1.2 million Saudi riyals in 2018G to 0.5 million Saudi riyals in 2019G after the

adoption of policy to reduce expenses. This resulted in a decrease in the donation expenses from 0.5 million Saudi riyals in the six-month period ended 30 June 2019G to 0.2 million Saudi riyals in the six-month period ending 30 June 2020G.

License fee is the fee related to license for computer programs. License fees decreased by 53.9% from 0.6 million Saudi riyals in 2017G to 0.3 million Saudi riyals in 2018G, as a result of canceling a number of subscriptions with computer software companies. License fees increased by 61.9% from 0.3 million Saudi riyals in 2018G to 0.4 million Saudi riyals in 2019G, after renewing a number of computer program subscriptions and obtaining new software licenses. License fees were low in the first half of 2020G.

The fuel and energy expenditures are part of the public utility expenditures. These expenses do not follow a trend but rather fluctuate within the business context. In the six-month period ending June 30, 2020G, fuel and energy expenses were classified under other expenses.

Consumables include office materials used by management personnel. These expenses also fluctuate and their movement is affected by the amount of consumables used during the normal course of business.

Postal and telephone expenses decreased during the period by 14.9% from 0.2 million Saudi riyals in 2017G to 0.1 million Saudi riyals in 2018G, with a further decrease of 57.5% to 69 thousand Saudi riyals in 2019G. The decrease was affected by the policy of reducing expenses. These expenses were minor during the six-month period ending June 30, 2020G.

Professional and advisory fees are expenses incurred by the Company for a number of advisory and legal studies conducted by the Company. These fees decreased by 64.4% from 2.3 million Saudi riyals in 2017G to 0.8 million Saudi riyals in 2018G, with a further decrease of 21.1% to 0.7 million Saudi riyals in 2019G. This decrease was affected by the decrease in the number of studies conducted by the Company after adopting the policy to reduce expenses. Professional and consulting expenses increased from 28 thousand Saudi riyals in the six-month period ending on 30 June 2019G to 0.2 million Saudi riyals in the six-month period ending on 30 June 2020G. The increase was linked to some legal transactions and an increase in audit expenses during the first half of 2020G.

Bank charges relate to the day-to-day bank transactions that the Company undertakes that are incurred during import operations. These expenses increased by 172.5% from 0.2 million Saudi riyals in 2017G to 0.5 million Saudi riyals in 2018G due to the increase in the import of some seeds in 2018G. These expenses decreased by 75.6% from 0.5 million in 2018G to 0.1 million Saudi riyals in 2019G, after the decrease in the scope of import operations. No bank expenses were recorded during the first half of the year 2020G, after the absence of import operations due to the spread of the Corona pandemic.

The cost of rents is related to the Company's administrative headquarters in Tabuk Governorate. These expenses did not experience significant fluctuations between 2017G and 2019G. These expenses increased from 62 thousand Saudi riyals in the six period ending on 30 June 2019G to 0.1 million Saudi riyals in the six months ending on 30 June 2020G after renting a new administrative headquarters in Jeddah.

Insurance expenses include medical insurance expenses for administrative staff. These expenses also did not witness significant fluctuations between 2017G and 2019G. These expenses partially increased between the first half of 2019G and the first half of 2020G, as a result of renewing insurance policies at a higher price.

Other expenses are miscellaneous expenses. These expenses fluctuate periodically.

Transferred to projects under construction between 2017G and 2018G are expenditures that represent the Company's contributions to projects under construction until the end of the year 2018G before work was suspended. While the sums transferred to these projects represented deductions from general and administrative expenses, these amounts were recorded as expenses between the six-month period ended June 30, 2019G and the six-month period ended June 30, 2020G after launching some new projects, which consisted mainly of nurseries.

Decline in the value of capital projects

The capital projects that the Company is currently implementing are related to urban construction and immature orchard projects.

In the year 2018G, the Company recorded a loss associated with a decrease in the value of capital projects of SAR 9.6 million. This loss was associated with projects for fodder, potatoes, tourism and commercial projects that were in the process of implementation and the Company did not complete them as they were not profitable. As a result of the inability to complete the implementation of these projects, the Company's management decided to close the associated expenses and charge them to the income statement.

The loss associated with the decline in the value of capital projects increased by 362.0% from 9.6 million Saudi riyals in 2018G to 44.4 million Saudi riyals in 2019G. The increase was linked to additional allocations related to the projects, as all capital projects were suspended in 2019G.

It should be noted that the evaluation of the value of some of the capital projects was based on studies prepared by external consultants between 2018G and 2019G.

No additional provision was recorded in the first half of the year 2020G, due to the fact that the capital projects were completely stopped in 2019G.

Provision for loan guarantee and liabilities from associates

The Company recorded provision for loan and liability guarantee from associates amounting to SAR 13.0 million and SAR 18.9 million in 2018G and 2019G, respectively.

The provision amounting to SAR 13.0 million was related to the decrease in the value of the Company's investment in the associate company (East Asia Agricultural Investment Company). The Company has reserved the provision due to uncertain possibility of recovering this investment.

In the year 2019G, the provision for loan and liability guarantee from associates amounted to 18.9 million Saudi riyals. The provision was linked to Jannat Agricultural Investment Company. Jannat Agricultural Investment Company is a Saudi limited liability company that contributes 67% to Rakhaa for Agricultural Investment and Development (an Egyptian joint stock company). Jannat Agricultural Investment Company has guaranteed its share in the investment of 18.9% of a loan belonging to Rakhaa Agricultural Investment Company for the benefit of the Saudi Development Fund in the amount of 100 million Saudi riyals, of which the Tabuk Company's share is 18.9 million Saudi riyals. On October 24, 2016G, the Development Fund notified Jannat Agricultural Investment Company that, from that date, the loan due from Rakhaa Company is considered implicitly transferred to the guarantors of the loan with a fine and the performance and demand of the guarantor partners to quickly repay the obligations of the partners. That commitment. Accordingly, a provision was made for the claim amount (18.9 million Saudi riyals) during the year 2019G.

No additional allocations were recorded in the first half of 2020G.

Decline in associates and subsidiaries, investments in equity instruments

The Company recorded a loss of 6.2 million Saudi riyals during the year 2019G. This loss was associated with the East Asia Agricultural Investment Company. No similar losses were recorded between 2017G and 2018G or even during the first half of 2020G, as the company did not notice any similar decrease or decrease in investments in subsidiary companies.

The company's share of the results of the business of an associate

The Company recorded losses of 0.8 million Saudi riyals and 4.0 million Saudi riyals in 2018G and 2019G, respectively. The increase in the loss value was mainly related to realized losses by Food Horizons Company Ltd. and the Feed Sources Company.

Profits from short-term murabaha investments

Profits from short-term murabaha investments amounted to 4.0 million Saudi riyals, 1.0 million Saudi riyals, 0.8 million Saudi riyals, 0.5 million Saudi riyals and 0.1 million Saudi riyals in the years 2017G, 2018G and 2019G, the six-month period ending June 30, 2019G and the six-month period ending on June 30, 2020G, respectively. These investments represent short-term murabahah in Islamic murabaha funds with local commercial banks. The rate of profits on these investments ranges between 1.0% and 2.5%.

Finance costs

The financing costs are related to the loans obtained by the Company between 2017G and 30 June 2020G, as the Company obtained a loan from the Agricultural Development Fund to support the requirements of projects and working capital. The financing costs gradually increased from 0.3 million Saudi riyals in 2017G to 2.4 million Saudi riyals in 2019G, as a result of renewal and rescheduling of the loan. The financing costs decreased from 1.1 million Saudi riyals in the six-month period ended 30 June 2019G to 0.4 million Saudi riyals in the six-month period ended 30 June 2020G, as a result of continuous payments.

Other income (net)

Other revenues consisted mainly of waste products, materials and equipment, government aid and discounts earned. Other income decreased from 1.7 million Saudi riyals in 2017G to 0.2 million Saudi riyals in 2018G after the decrease in support from the Human Resources Development Fund (the fund contributes to the salaries and benefits of Saudi employees). Other revenues improved and rose to 2.4 million Saudi riyals in the year 2019G after the company obtained earnings from the Agricultural Development Fund after repaying part of the loans before the maturity period. This was the main driver behind the increase in other income from 0.6 million Saudi riyals between the six-month period ending 30 June 2019G to 1.4 million Saudi riyals in the six-month period ending 30 June 2020G.

Net loss for the year before zakat

The Company recorded consecutive losses during the period and these losses were mainly related to losses from operations. The net loss increased by 130.2% from 25.8 million Saudi riyals in 2017G to 59.4 million Saudi riyals in 2018G after recording noticeable losses as a result of a drop in the value of capital projects and loan guarantee and obligations from associates.

The net loss recorded an additional increase of 192.3% from 59.4 million Saudi riyals in the year 2018G to 173.5 million Saudi riyals in the year 2019G after the increase in the losses of the decline in the value of capital projects and the guarantee of loan and obligations from associates. The increase in losses was also affected by additional losses associated with investments in equity instruments during the year 2019G.

The loss for the year decreased from 86.8 million Saudi riyals in the six-month period ending on 30 June 2019G to 7.6 million Saudi riyals in the six-month period ending on 30 June 2020G, due to the increase in revenues between the two periods and the absence of any high value provisions during the first half of the year 2020G.

Zakat

Zakat expenses gradually increased from 4.5 million Saudi riyals in the year 2017G to 6.2 million Saudi riyals in the year 2019G, and from 1.0 million Saudi riyals in the six-month period ending on 30 June 2019G to 4.0 million Saudi riyals in the six-month period ending on 30 June 2020G. The aforementioned increases were driven by additional zakat expenses related to the period between 2005G and 2012G, as there were zakat differences between the zakat accounts provided by the company and the calculations estimated by the Income and Zakat Authority.

Net loss for the year

The fluctuation of the net loss between 2017G and the first half of 2020G. The net loss increased from 30.3 million Saudi riyals in 2017G to 62.1 million Saudi riyals in 2018G, with an additional increase to 179.8 million Saudi riyals in the year 2019G after the decrease in revenues and the increase in provisions between Two years. The net loss decreased from 87.8 million Saudi riyals in the six-month period ended June 30, 2019G, to 11.6 million Saudi riyals in the six-month period ended June 30, 2020G, after higher revenues and no provisions were recorded in the first half of the year 2020G.

Actuarial gain (loss) on re-measurement of employees' EOS benefits liabilities

Items that will not be reclassified subsequently to profit or loss include actuarial gains on re-measurement of employees' EOS benefits liabilities. The Company appointed an actuary during the year 2019G to periodically evaluate the EOS gratuity obligations for employees. The revaluation resulted in a gain of SAR 2.5 million, which was recorded as other comprehensive loss. This profit is converted into a loss of 0.8 million Saudi riyals, which was recorded during the first half of the year 2020G, based on the results of the expert actuary.

Total comprehensive loss for the period

The other comprehensive loss was identical to the net loss for the year during the period with the exception of the year 2019G and the six-month period ended June 30, 2020G. The net loss and comprehensive loss amounted to 30.3 million Saudi riyals in the year 2017G, 62.1 million Saudi riyals in the year 2018G and 87.8 million Saudi riyals in the six-month period ending on 30 June 2019G.

The overall loss amounted to 177.3 million Saudi riyals in the year 2019G, compared to a net loss of 179.8 million Saudi riyals in the same year. The loss decreased after the actuarial gain was recognized in the other comprehensive loss items.

Other comprehensive loss amounted to 12.5 million Saudi riyals in the six-month period ending on 30 June 2020G, compared to a net loss of 11.6 million Saudi riyals during the same period. The increase in the loss was driven by the actuarial loss recorded during the same period.

6.7 Financial position list

The table below shows the balance sheet as on December 31, 2017G, December 31, 2018G, December 31, 2019G and June 30, 2020G.

Table (17): the financial position list

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Assets								
Current assets	255,270	220,121	127,971	150,816	(13.8%)	(41.9%)	17.9%	(19.0%)
Non-current assets	390,535	365,060	296,150	349,577	(6.5%)	(18.9%)	18.0%	(4.3%)
Total assets	645,805	585,181	424,122	500,394	(9.4%)	(27.5%)	18.0%	(9.7%)
Liabilities								
Current liabilities	105,457	105,008	133,650	193,609	(0.4%)	27.3%	44.9%	27.5%
Non-current liabilities	17,710	22,002	9,555	28,627	24.2%	(56.6%)	199.6%	21.2%
Total liabilities	123,168	127,010	143,205	222,236	3.1%	12.8%	55.2%	26.6%
Shareholders' equity								

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Total shareholders' equity	522,638	458,171	280,916	278,158	(12.3%)	(38.7%)	(1.0%)	(22.3%)
Total equity and liabilities	645,805	585,181	424,122	500,394	(9.4%)	(27.5%)	18.0%	(9.7%)

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

Total assets decreased by 9.4% from 645.8 million Saudi riyals as of December 31, 2017G to SR 585.2 million as on December 31, 2018G, with a further decrease of 27.5% to SR 424.1 million as of December 31, 2019G. This decrease was a result of the decrease in current and non-current assets after the decline of the Company's activities between the two years. Assets increased to 500.4 million Saudi riyals as on June 30, 2020G, and this increase was a result of the increase in the value of property, machinery and equipment (which is the main component of non-current assets). The increase in the value of property and equipment was related to the increases in the machinery and equipment, buildings and constructions associated with the subsidiaries. It should be noted that the subsidiary companies depend on operating cash flows and loans granted by banks to finance working capital requirements and expansion activities without any capital-related changes.

The company's liabilities increased by 3.1% from 123.2 million Saudi riyals as on December 31, 2017G to 127.0 million Saudi riyals as on December 31, 2018G, with a further increase of 12.8% to 143.2 million Saudi riyals as on December 31, 2019G. The increases were affected by the increase in non-current liabilities as at December 31, 2018G and the increase in current liabilities as on December 31, 2019G. Liabilities continued to rise and recorded an increase of 55.2% to 222.2 million Saudi riyals on June 30, 2020G, as the increase was mainly affected by the increase in receivables and other credit balances.

Total equity decreased by 12.3% from 522.6 million Saudi riyals as on December 31, 2017G to 458.2 million Saudi riyals as on December 31, 2018G, with a further decrease of 38.7% to SAR 280.9 million as on December 31, 2019G. The decrease was affected by the accumulated losses between 2017G and 2019G. Equity recorded a further decrease of 1.0% to 278.2 million as on June 30, 2020G, and the decrease was due to a decrease in capital between December 31, 2019G, and June 30, 2020G.

Non-current assets

The table below shows non-current assets as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (18): non-current assets

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Property, plant and equipment, net	265,080	258,909	248,492	302,734	(2.3%)	(4.0%)	21.8%	5.5%
Biological assets, net	-	4,762	1,564	2,055	-	(67.2%)	31.4%	-
Projects under implementation, net	105,989	78,378	33,355	44,220	(26.1%)	(57.4%)	32.6%	(29.5%)
Investments in associates and subsidiaries	18,833	22,253	12,739	-	18.2%	(42.8%)	(100.0%)	(100.0%)
Investments in equity instruments	633	758	-	413	19.8%	(100.0%)	-	(15.7%)
Right to use assets	-	-	-	143	-	-	-	-
Intangible assets (net)	-	-	-	12	-	-	-	-
Total non-current assets	390,535	365,060	296,150	349,577	(6.5%)	(18.9%)	18.0%	(4.3%)

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

Property and equipment are the main component of non-current assets. Property and equipment represented 67.9%, 70.9%, 83.9% and 86.6% of total non-current assets as of December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Non-current assets recorded a gradual decline between December 31, 2017G and December 31, 2019G. The value of non-current assets decreased by 6.5% from 390.5 million Saudi riyals on 31 December 2017G to 365.1 million Saudi riyals on December 31, 2018G, with a further decrease of 18.9% to 296.2 million Saudi riyals as on 31 December 2019G. The decrease between December 31, 2017G and December 31, 2019G was mainly affected by the decrease in the value of projects under construction.

Non-current assets increased by 18.0% from 296.2 million Saudi riyls as of December 31, 2019G to 349.6 million Saudi riyls as on June 30, 2020G, as a result of the increase in the book value of property, machinery and equipment and the increase in projects under construction.

Property, equipment and machinery

The table below shows the property, equipment and machinery as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (19): Property, equipment and machinery

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Lands	64,621	64,621	64,621	64,621	-	-	-	-
Buildings and constructions	103,926	100,352	103,702	130,478	(3.4%)	3.3%	25.8%	9.5%
Machines and equipment	35,925	31,521	23,036	46,883	(12.3%)	(26.9%)	103.5%	11.2%
Wells and irrigation systems	32,905	29,894	28,623	26,126	(9.1%)	(4.3%)	(8.7%)	(8.8%)
Means of transportation & transportation	5,819	3,402	2,348	3,011	(41.5%)	(31.0%)	28.3%	(23.2%)
Bearer plants and trees	19,039	28,409	25,537	29,414	49.2%	(10.1%)	15.2%	19.0%
Furniture	904	711	626	2,202	(21.4%)	(11.9%)	251.6%	42.8%
Sheep	1,942	-	-	-	(100.0%)	-	-	(100.0%)
Total	265,080	258,909	248,492	302,734	(2.3%)	(4.0%)	21.8%	5.5%

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

Land, buildings and constructions are the main components of property, equipment and machinery. These components represented 63.6%, 63.7%, 67.7% and 64.4% of the total value of property, equipment and machinery as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G respectively.

The lands owned by the Company include an area of 32,175 hectares of land located in Tabuk, which is used by the Company in agricultural activities. The book value of the lands did not witness any significant fluctuations between December 31, 2017G and June 30, 2020G. It should be noted that according to Prime Minister Decree No. 141 of 1985G, the Company was granted 35,000 hectares of land on condition that it be reclaimed and used in agricultural activity. In the year 2019G, the Board of Ministers decided to allow joint-stock companies to own the agricultural lands granted to them based on the cultivated area of the land, after fulfilling the established procedures. In the year 2020G, the Ministry of Agriculture and Environment decided to grant Tabuk Agricultural Development Company of the plot of land which it holds, as the total cultivated area in accordance with the decision came out to be 214.7 million square meters, equivalent to 21.4 thousand hectares out of 35 thousand hectares, the total value of the Government grant. The Company is currently in the process of following up with government agencies to complete the procedures for ownership.

Buildings and structures include cold storage assets that the company uses to store materials and products. It should be noted that these buildings and constructions are mortgaged in favor of the Agricultural Development Fund as a guarantee for the loan granted to the company.

Machinery and equipment mainly include agricultural machinery and heavy equipment that are used during land cultivation. The carrying value of the machinery and equipment did not experience any significant fluctuation between December 31, 2017G and June 30, 2020G.

Wells and irrigation systems are used during cropping operations. The book value of wells and irrigation systems gradually decreased from 32.9 million as on 31 December 2017G to 26.1 million Saudi riyls as on 30 June 2020G. The decline was due to the accumulation of consumption during the period and the absence of any noticeable purchases.

Means of transportation include cars, buses, and trucks. These buses and trucks are mainly used in agriculture, while a number of cars are used by the administrative staff as well.

Plants and fruit trees are various apricot, peach and fruit trees. The value of plants and fruit trees fluctuated during the period, as the net value increased by 49.2% from 19.0 million Saudi riyals as on December 31, 2017G to 28.4 million Saudi riyals as on December 31, 2018G as a result of additions amounting to 12.8 million Saudi riyals during the year 2018G. These additions were mainly related to additional plantings that the company carried out before the issuance of the law to stop planting fodder and some seeds at the end of 2018G. The book value of fruit plants and trees decreased by 10.1% from 28.4 million Saudi riyals as of December 31, 2018G to 25.5 million Saudi riyals as on December 31, 2019G as a result of exclusions amounting to 10.9 million Saudi riyals as on December 31, 2019G. These exclusions related to transfers of harvested fruit to stock. The book value of fruit plants and trees increased from 25.5 million Saudi riyals as on December 31, 2019G to 29.4 million Saudi riyals as on June 30, 2020G, after the flowering of fruit trees during the spring season.

Furniture and furnishings include supplies, stationery, and furniture located in the company's administrative offices and workers accommodation units. The book value of furniture and furnishings did not witness any major changes during the period between December 31, 2017G and December 31, 2019G. This value increased by 251.6% from 0.6 million Saudi riyals as on 31 December 2019G to 2.2 million Saudi riyals as on 30 June 2020G, as the aforementioned increase is related to the furniture and furnishings of the subsidiary companies.

The sheep herd, which amounted to 1.9 million Saudi riyals, as of December 31, 2017G, includes herds of cattle. Sheep were reclassified as biological assets in the years following 2016G, which explains the decrease in the book value to zero between December 31, 2017G and June 30, 2020G.

Biological assets

The table below shows the biological assets as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (20): biological assets

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Crops	-	16,644	23,270	19,470	-	39.8%	(16.3%)	-
Sheep herd	-	4,762	1,564	2,055	-	(67.2%)	31.4%	-
Classification of biological assets					-	-	-	-
Current biological assets	-	16,644	23,270	19,470	-	39.8%	(16.3%)	-
Non-current biological assets	-	4,762	1,564	2,055	-	(67.2%)	31.4%	-
Total	-	21,406	24,834	21,525	-	16.0%	(13.3%)	-

Source: Audited financial statements for the years between 2017G and 2019G and management information

The biological assets include crops and herds of sheep. While the crops consist of the fruits of uncut trees, the herd of sheep consists of the herds of livestock that the Company raises.

As mentioned previously, the biological assets were classified under property and equipment as on December 31, 2016G. The value of biological assets increased gradually between December 31, 2017G and June 30, 2020G, as the increase was mainly driven by the increase in the book value of crops, which gradually increased from 16.6 million Saudi riyals as on 31 December 2018G to 23.3 million Saudi riyals as on 31 December 2019G. This increase was affected by the increase in the amount of raisins crops in 2019G. The book value of crops decreased by 16.3% from 23.3 million Saudi riyals as on December 31, 2019G to 19.5 million Saudi riyals as on June 30, 2020G, after reclassifying mature crops under the stock category.

In contrast to the increase in the book value of crops between December 31, 2018G and June 30, 2020G, the book value of the sheep flock decreased from 4.8 million Saudi riyals as on December 31, 2018G to 1.6 million Saudi riyals on December 31, 2019G, and returned to 2.0 million Saudi riyals on June 30, 2020G. The decline in the value of biological assets was affected by a revaluation exercise carried out by management during the period.

Projects under construction

The table below shows projects under implementation as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (21): Projects under implementation

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Capital Projects (net)	53,151	50,527	-	-	(4.9%)	(100.0%)	-	-
Civil construction	4,664	6,528	4,078	4,012	40.0%	(37.5%)	(1.6%)	(5.8%)
Immature orchard projects	28,390	18,883	26,413	22,364	(33.5%)	39.9%	(15.3%)	(9.1%)
Other	19,785	2,440	2,864	5,430	(87.7%)	17.4%	89.6%	(40.4%)
Subsidiary companies	-	-	-	12,414	-	-	-	-
Total	105,989	78,378	33,355	44,220	(26.1%)	(57.4%)	32.6%	(29.0%)

Source: Audited financial statements for the years between 2017G and 2019G and management information

Projects under implementation consist of several types of projects and businesses.

Between December 31, 2017G and December 31, 2018G, capital projects were the main component of projects under construction. The value of the capital projects amounted to 53.2 and 50.5 million Saudi riyals on December 31, 2017G and December 31, 2018G respectively. The value of these projects decreased to zero between December 31, 2019G and June 30, 2020G. These projects consisted of construction and implementation projects for feed mills, potato mills, and olive presses, in addition to tourism projects that the Company had started implementing in 2016G.

The Company stopped implementing these projects during the year 2019G, as the company's management decided that the future profit associated with these projects was not in line with the company's expectations and ambitions.

During the year 2019G, the Company, based on decisions issued by the ordinary general assembly, established allocations to decrease the value of projects, and the remaining amounts were transferred in the case of some projects (the feed project), which is the value of machinery and equipment to property and equipment.

Civil constructions are workshops and subsidies that are set up to support the business of growing grapes, various fruits and fodder. The value of civil construction increased by 40.0% from 4.7 million Saudi riyals as on December 31, 2017G to 6.5 million Saudis on December 31, 2018G after the production of a high amount of fodder. The value of civil construction has decreased from 6.5 million riyals on December 31, 2018G, to 4.1 million riyals and 4.0 million riyals on December 31, 2019G, and June 30, 2020G, respectively. The decrease came as a result of the decrease in the amount of feed produced.

The immature orchard projects represent freshly planted fruit trees still in the process. The value of immature orchard projects fluctuates according to the amount of trees planted and the speed of growth of these trees, since mature trees are reclassified from projects in progress to property.

Other projects are tourism projects and nurseries that the company started in 2017G and 2018G. The value of other projects fluctuated during the period with a significant decrease of 87.7% from 19.8 million Saudi riyals as on December 31, 2017G to 2.9 million Saudi riyals as on December 31, 2018G, after these projects were stopped due to no profitability. The value of other projects increased by 89.6% to 5.4 million Saudi riyals as on June 30, 2020G, after launching a number of nursery projects.

Other projects related to subsidiary companies, which amounted to 12.4 million Saudi riyals as of June 30, 2020G, were associated with expansion projects for feed and food production plants owned by these companies.

Investments in associates and subsidiaries

The table below shows investments in associates and subsidiaries as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (22): Investments in subsidiary associates

SAR Thousands	Percentage Of sharing	Nature of sharing	Fiscal year ending on 31 December			The six months period ended on 30 June
			2017G	2018G	2019G	
Eastern Asia Agricultural Investment co.	28.6%	Sister Co.	18,484	17,708	17,708	-
Deduct: Provision of liabilities & decline			-	(13,000)	(17,708)	-
Net value of investing in Eastern Asia Agricultural Investment co.			-	4,708	-	-
Food Horizons Company limited	50%	Subsidiary	-	15,545	11,507	-
Tabuk Agricultural Marketing Co.	100%	Subsidiary	-	500	500	-
Tabuk Nursery Company	100%	Subsidiary	-	500	500	-
Gulf Tech Sustainable Energy Co. (under liquidation)	50%	Sister Co.	250	250	-	-
Supreme Flour Mills Co.	60%	Subsidiary	-	750	-	-
Fodder Sources Company	60%	Subsidiary	-	-	232	-
Jannat Agricultural Investment Co. (under liquidation)	27.8%	Sister Co.	-	-	-	-
Saudi Agricultural Group	-	-	100	-	-	-
Total			18,834	22,253	12,739	-

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

Investments in associates and subsidiaries represent investments in companies in which the Company owns equity stakes of varying proportions.

As of December 31, 2017G, investments in associates and subsidiaries were concentrated in East Asia Agricultural Investment Company, and the investment value in this company amounted to 18.5 million Saudi riyals. East Asia Agricultural Investment Company was incorporated on May 7, 2013G, and it is a closed Saudi joint stock company registered in the Kingdom of Saudi Arabia with a capital of 70.0 million Saudi riyals. The East Asia Company was established for the purpose of agricultural investment and establishment of agricultural projects to produce crops, grains and rice. It should be noted that the management has booked a provision for impairment of the investment value of SAR 13.0 million on December 31, 2018G. The value of the provision increased from 13.0 million Saudi riyals on December 31, 2018G to 17.7 million Saudi riyals on December 31, 2019G, so the net investment value became zero as on December 31, 2019G and June 30, 2020G.

The value of investments in associates and subsidiaries fluctuated between December 31, 2018G and December 31, 2019G. The value of investments in associates and subsidiaries increased by 18.2% from 18.8 million Saudi riyals on December 31, 2017G to 22.3 million Saudi riyals as on December 31, 2018G. The increase was driven by the new investments that the company acquired in Food Horizons Company Ltd.

The value of investments in associates decreased from 22.3 million Saudi riyals on December 31, 2018G to 12.7 million Saudi riyals on December 31, 2019G due to the decrease in the net investment value in East Asia Agricultural Investment Company and the decrease in the value of Food Horizons Company Ltd.

The value of investments in associates and subsidiaries decreased from 12.7 million Saudi riyals on December 31, 2019G to zero as on June 30, 2020G, as the results of the company were consolidated with the results of its subsidiaries.

As mentioned previously, the Company is one of the partners in Jannat Agricultural Investment Company, which is a Saudi limited liability company that contributes 67% in Rakhaa for Agricultural Investment and Development (an Egyptian joint stock company). The company has guaranteed the equivalent of its share in Jannat's investment in Rakhaa Company, at a rate of 18.9% of a loan belonging to Rakhaa Agricultural Investment Company for the benefit of the Saudi Development Fund in the amount of 100 million Saudi riyals. Accordingly, a provision was made for the claim amounting to SR 18.9 million in 2019G.

Investments in equity instruments

The table below shows investments in equity instruments as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (23): Investments in equity instruments

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate 2017G-2020G
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
The national company for Seed production and trade	413	538	538	413	30.3%	-	(23.3%)	-
Potato Cooperative Society	200	200	200	-	-	-	(100.0%)	-
Wheat Cooperative Society	20	20	20	-	-	-	(100.0%)	-
Deduct: Provision for Impairment	-	-	(758)	-	-	-	(100.0%)	-
Total	633	758	-	413	19.8%	(100.0%)	-	-

Source: Audited financial statements for the years between 2017G and 2019G and management information

Investments in equity instruments that the Company registered between December 31, 2017G and December 31, 2018G represent the Company's investments in equity of unlisted companies that are evaluated based on available information that could lead to changes in policy assumptions and have an impact on determining the fair value of these investments. The Company recorded a impairment provision of 0.8 million Saudi riyals in the year 2019G, which led to a decrease in the value of investments in equity instruments to zero on December 31, 2019G.

The investments in equity instruments, as on June 30, 2020G, were related to the National Company for Seed Production and Trade.

Right to use assets

Right-to-use assets that were recorded as on June 30, 2020G, with a value of 0.1 million Saudi riyals, are related to goodwill for the subsidiaries of the company.

Intangible assets (net)

The intangible assets that were revenue as part of the non-current assets are related to information programs owned by the subsidiaries.

Current assets

The table below shows non-current assets as on December 31, 2017G, December 31, 2018G, December 31, 2019G and June 30, 2020G.

Table (24): Current assets

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate 2017G-2020G
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Inventory, net	56,355	93,032	48,081	59,118	65.1%	(48.3%)	23.0%	1.9%
Biological assets - crops	-	16,644	23,270	19,470	-	39.8%	(16.3%)	-
Advance payments and other debit balances	20,914	24,050	8,447	24,753	15%	(64.9%)	193.1%	-
Net short-term murabaha	149,848	54,790	8,622	8,631	(63.4%)	(84.3%)	0.1%	(68.1%)
Financial investments at charging value through profit or loss	2,475	1,037	-	-	(58.1%)	(100.0%)	-	(100.0%)
Due from related parties	-	12,955	31,012	630	-	139.4%	(98.0%)	-
Property, machinery and equipment for sale	1,259	379	1,387	1,387	(69.9%)	266.5%	-	4.0%

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Trade receivables, net	20,966	14,018	5,843	20,628	(33.1%)	(58.3%)	253.0%	(0.6%)
Cash and cash equivalents	3,454	3,216	1,310	16,199	(6.9%)	(59.3%)	1,136.4%	85.5%
Total current assets	255,270	220,121	127,971	150,816	(13.8%)	(41.9%)	17.9%	(19.0%)

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

Inventory is the main component of current assets. The inventory accounted for 22.1%, 42.3%, 37.6% and 39.2% of the total current assets as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Current assets decreased by 13.8% from 255.3 million Saudi riyals on 31 December 2017G to 220.1 million Saudi riyals on December 31, 2018G, with a further decrease of 41.9% to 128.0 million Saudi riyals as on December 31, 2019G. While the decline between December 31, 2017G and December 31, 2019G was mainly affected by the decrease in the value of inventory and net short-term murabahah, the decrease on December 31, 2019G was due to the decrease in inventory.

Current assets increased by 17.9% from 128.0 million Saudi riyals on 31 December 2019G to 150.8 million Saudi riyals on 30 June 2020G due to an increase in inventory, advance payments and other debit balances.

Inventory

The table below shows the inventory as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (25): Stock

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Fodder	17,748	48,271	22,459	16,332	172.0%	(53.5%)	(27.3%)	(3.3%)
Grains	4,281	9,574	5,511	13,480	123.6%	(42.4%)	144.6%	58.2%
Seeds	2,659	699	919	285	(73.7%)	31.5%	(69.0%)	(59.1%)
Vegetables & fruit	9,139	9,066	23	661	(0.8%)	(99.7%)	2,781.4%	(65.0%)
Food substances	2,399	881	719	1,736	(63.3%)	(18.3%)	141.4%	(12.1%)
Trees	698	3,050	7,853	6,950	337.2%	157.4%	(11.5%)	150.8%
Fertilizers & chemicals	5,426	5,272	901	1,470	(2.8%)	(82.9%)	63.2%	(40.7%)
Spare parts and other consumables	14,145	16,372	13,792	14,022	15.7%	(15.8%)	1.7%	(0.3%)
Subsidiary companies	-	-	-	8,278	-	-	-	-
Total	56,495	93,185	52,177	63,214	64.9%	(44.0%)	21.2%	4.6%
Slow motion stock provision	(140)	(153)	(4,096)	(4,096)	9.1%	2,578.5%	0.0%	285.8%
Total	56,355	93,032	48,081	59,118	65.1%	(48.3%)	23.0%	1.9%

Source: Audited financial statements for the years between 2017G and 2019G and management information

The inventory includes foodstuffs, fodder and agricultural crops that are stored in the refrigerated warehouse of the Company's warehouse in Tabuk. The inventory also includes chemicals and spare parts that are used during the agricultural and production processes.

Feed is the main component of the Company's stock. Fodder represented 31.5%, 51.8%, 46.7% and 27.6% of the total net stock as on December 31, 2017G, December 31, 2018G, December 31, 2019G and June 30, 2020G respectively.

The feed is divided between foodstuffs such as wheat and animal feed, such as alfalfa.

Other inventory components (grains, seeds, vegetables, fruits and trees) are related to agricultural crop products that are harvested from agricultural operations and activities.

Fertilizers and chemicals are used during tillage and farming operations.

Spare parts and other consumables related to agriculture and tillage machinery.

The stock balance fluctuated between December 31, 2017G and June 30, 2020G. The balance increased by 65.1% from 56.4 million Saudi riyals on 31 December 2017G to 93.0 million Saudi riyals on 31 December 2018G. The increase was concentrated in the increase in feed balances from 17.7 million Saudi riyals on December 31, 2017G to 48.3 million Saudi riyals on December 31, 2018G. It should be noted that government agencies were in the process of issuing a government decision to stop fodder cultivation at the end of 2018G, and the company's management anticipated the decision to raise the level of productivity during the year 2018G, which led to an increase in the stock of fodder stocks.

The net stock balance returned to decline from 93.0 million Saudi riyals on December 31, 2018G to 48.1 million Saudi riyals on December 31, 2019G, after the government decision to stop the cultivation of fodder came into effect at the end of 2018G.

The Inventory balance increased from 48.1 million Saudi riyals as on 31 December 2019G to 59.1 million Saudi riyals as on 30 June 2020G. The aforementioned increase was related to the stock of subsidiaries, which consisted mainly of feed and food raw materials. It should be noted that the aforementioned increase was concentrated in the increase in grain stocks from 5.5 million Saudi riyals on December 31, 2019G to 13.5 million Saudi riyals on June 30, 2020G. The increase in grain stocks came as a result of the company approval from the Seed Producers Committee of the Ministry of Environment, Water and Agriculture on 11/06/1440H (corresponding to 07/09/2019G) that allows it to grow grains instead of just importing and purchasing.

Biological assets - crops

The current portion of biological assets is mainly related to crops. The value of the current portion of biological assets increased from 16.6 million Saudi riyals on December 31, 2018G to 23.3 million Saudi riyals as on December 31, 2019G. As mentioned above, the increase in yields was driven by the increase in the cultivation of raisins. The value of crops decreased to 19.5 million Saudi riyals as on June 30, 2020G, after reclassifying mature crops within the stock category.

Advance payments and other debit balances, net

The table below shows prepayments and other debit balances as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (26): Advance payments and other debit balances

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate 2017G-2020G
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Prepaid expenses	1,661	4,607	1,938	1,768	177.3%	(57.9%)	(8.8%)	2.5%
Advance payments to suppliers	13,046	7,133	3,542	4,119	(45.3%)	(50.3%)	16.3%	(36.9%)
Payments from companies invested in	635	1,803	1,803	1,803	184.0%	-	-	51.8%
Third-party guarantees	677	340	265	265	(49.8%)	(22.0%)	-	(31.3%)
Revenues receivable	2,793	1,869	623	708	(33.1%)	(66.6%)	13.5%	(42.3%)
Employees advances	1,100	8,017	2,588	2,416	628.9%	(67.7%)	(6.7%)	37.0%
Others	1,001	281	395	1,094	(72.0%)	40.6%	177.3%	3.6%
Subsidiary companies	-	-	-	15,289	-	-	-	-
Deduct: Provision for expected credit losses	-	-	(2,709)	(2,709)	-	-	-	-
Total	20,914	24,050	8,447	24,753	15.0%	(64.9%)	193.1%	7.0%

Source: Audited financial statements for the years between 2017G and 2019G and management information

Advances and other debit balances consisted mainly of advances to suppliers, which represented 62.4%, 29.7%, 41.9% and 16.6% of total advance payments and other debit balances as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G, respectively.

Advances to suppliers are payments made to suppliers of seeds and machinery mainly. The Company makes advance payments to some suppliers, and the payment usually represents 5% of the value of purchases. Advance payments to suppliers decreased by 45.3% from 13.0 million Saudi riyals on December 31, 2017G to 7.1 million Saudi riyals as on December 31, 2018G and 3.5 million riyals Saudi Arabia

as on December 31, 2019G, as a result of the decrease in the volume of purchases after the decline in the volume of activity and business between 2017G and 2019G. The increase in advance payments and other balances by 16.3% from 3.5 million Saudi riyals on December 31, 2019G to 4.1 million Saudi riyals on June 30, 2020G, was due to the increase in purchases following the improvement in the volume of activities and the level of the company's revenues.

Prepaid expenses include expenses such as renewal fees for residency, insurance costs, various other insurance expenses, and accountants and department heads. Prepaid expenses increased by 177.3% from 1.7 million Saudi riyals on 31 December 2017G to 4.6 million Saudi riyals on 31 December 2018G. Then the prepaid expenses decreased by 57.9% from 4.6 million Saudi riyals as on December 31, 2018G to 1.9 million Saudi riyals as on December 31, 2019G, with an additional decrease to 1.8 million Saudi riyals as on June 30, 2020G. The movement mainly fluctuated continuously during the course of work, which represents some of the amounts given to some employees in order to manage the daily work needs.

Payments from the invested company are sums paid to Jannat Agricultural Investment Company in order to support business requirements. The balance increased by 184.0% from 0.6 million Saudi riyals on 31 December 2017G to 1.8 million Saudi riyals on 31 December 2018G after the increase in the amounts submitted to Jannat Company. The balance did not witness any fluctuation between December 31, 2018G and June 30, 2020G, as the amount has not yet been collected.

Third-party guarantees are margins paid on guarantees issued by the Company in favor of suppliers. The margins of the collateral are about 5% of the value of the issued guarantee. These amounts are paid in advance to the banks upon issuing the letters of guarantee. The movement of the balance is affected by the movement and volume of the issued collateral. While the balance did not witness any change between December 31, 2018G and June 30, 2020G, the decrease between December 31, 2017G and December 31, 2018G was affected by the decrease in the volume of work and activity between 2017G and 2018G and the decrease in the number of guarantees issued.

Accrued revenue is revenue accrued on various investments and deposits owned by the Company. Accrued revenues decreased from 2.8 million Saudi riyals as on December 31, 2017G to 0.7 million Saudi riyals as on June 30, 2020G. The gradual decrease during the period was due to the liquidation of a large part of the investments owned by the Company.

Advances and employees' pledges are low-value loans granted to employees in the form of short-term advances that are later repaid by deducting monthly payments from employees' salaries. The balance increased by 628.9% from 1.1 million Saudi riyals on December 31, 2017G to 8.0 million Saudi riyals on December 31, 2018G due to a partial increase in the number of employees. The employee advances and pledges gradually decreased from 8.0 million Saudi riyals as on December 31, 2018G to 2.4 million Saudi riyals as on June 30, 2020G, as a result of a significant reduction in the number of employees during the year 2018G and the suspension of the policy of granting loans to employees in order to provide liquidity.

Other expenses are general benefit expenses, hospitality expenses, and other miscellaneous expenses. These expenses increased from 0.3 million Saudi riyals as on 31 December 2018G to 1.1 million Saudi riyals as on 30 June 2020G. It should be noted that these expenses fluctuate continuously in the normal course of business.

Expected credit losses are provisions withheld to cover any amounts that have been recorded in advance payments and other balances that may be difficult to collect in subsequent periods (such as money disbursed to an associate company, for example).

Advances and other receivables of the subsidiaries consisted mainly of prepaid expenses and prepayments to suppliers.

Net short-term murabaha

The investments consist of short-term murabaha in Islamic murabaha funds with local commercial banks. The net short-term murabaha value decreased by 63.4% from 149.8 million Saudi riyals as on 31 December 2017G to 54.8 million Saudi riyals on December 31, 2018G, with a further decrease of 84.3% to 8.6 million Saudi riyals as on 31 December 2019G. The net short-term murabaha value did not witness any significant changes between December 31, 2019G and June 30, 2020G. The gradual decline between December 31, 2017G and December 31, 2019G, after liquidating investments, with the aim of obtaining the necessary funds to support the work requirements.

Financial investments at fair value through profit or loss

The financial investments at fair value through profit and loss represent the value of the investments of the company in the Gulf Finance House. The units owned by the company were evaluated on the date of the financial statements, and the profit and loss were recognized in the statement of profit or loss. The company sold the investment during the year 2019G.

Receivable from related parties

The table below shows the dues from related parties as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (27): Transactions with related parties (due from the parties)

SAR thousands	Nature of Transaction	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G
		2017G	2018G	2019G	
Food Horizons Co.	Finance & support	-	12,955	12,955	-
Supreme Flour Mills Co.	Finance & support	-	-	18,056	630
Total		-	12,955	31,012	630

Source: Audited financial statements for the years between 2017G and 2019G and management information

Transactions between the Company and related parties were related to amounts that the Company granted to these parties in order to support and finance the business requirements of these companies.

The Company has granted Food Horizons Company Limited financing in the amount of 13.0 million Saudi riyals as an investment with the aim of entering as a partner in the project of establishing a food factory. The project is a food production plant in Dammam. The main activity of the factory include producing meat and selling it to restaurants.

In the year 2019G, the company transferred 18.1 million Saudi riyals to the Fakher Flour Mills Company as an investment with the aim of entering as a partner in the project of establishing a feed factory. The factory located in the Jeddah region is concerned with processing the feed and protein materials that are used as part of the food provided to the animals.

The balance due from related parties decreased from 31.1 million Saudi riyals as on 31 December 2019G to 0.6 million Saudi riyals on 30 June 2020G after the balances were reconciled in the consolidated financial statements. It should be noted that the financial statements issued until the end of the year 2019G were non-consolidated financial statements that did not include the results of the subsidiaries, and the balances due from the related parties were included as separate balances. In the six-month period ending on June 30, 2020G, the financial statements issued in consolidated financial statements included the results of the company and its subsidiaries, and the balances due from related parties were settled in these statements.

Property, machinery and equipment for sale

Property, plant and equipment for sale includes fully expendable machinery and equipment. The value of these property and machinery fluctuates continuously so that the departments of the various departments conduct continuous inventories to assess the condition of the machines and equipment that are worn out and are no longer suitable for practical use.

Trade receivables, net

The table below shows trade receivables (net) as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (28): Trade receivables (net)

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Trade receivables	22,524	24,010	11,500	26,488	6.6%	(52.1%)	130.3%	6.7%
Deduct: expected credit losses	(1,558)	(9,992)	(5,657)	(5,860)	541.2%	(43.4%)	3.6%	69.9%
Total	20,966	14,018	5,843	20,628	(33.1%)	(58.3%)	253.0%	(0.6%)

Source: Audited financial statements for the years between 2017G and 2019G and management information

Trade receivables are related to the amounts owed to the company by its customers. Trade receivables decreased gradually by 33.1% from 21.0 million Saudi riyals on December 31, 2017G to 14.0 million Saudi riyals on December 31, 2018G, with a further decrease of 58.3% from 14.0 million Saudi riyals on December 31, 2018G to 5.8 million Saudi riyals on December 31, 2019G. The balance of trade receivables increased by 253.0% to 20.6 million Saudi riyals on June 30, 2020G. The decrease between December 31, 2017G and December 31, 2019G was in line with the decrease in revenues and volume of activity during the period. The increase in trade receivables between December 31, 2019G and June 30, 2020G by 253% was in line with the increase in revenues by 49.8% during the six-month period ending on June 30, 2020G, driven by the merger of receivables balances related to subsidiaries with the company's balance. As mentioned previously,

revenues increased by 49.8% from 48.0 million Saudi riyals in the six-month period ended 30 June 2019G to 72.0 million Saudi riyals in the six-month period ended 30 June 2020G, which partly explains the increase in receivables balances by 130.3% from 11.5 million Saudi riyals on December 31, 2019G to 26.5 million Saudi riyals on June 30, 2020G. The merging of the company's accounts with the accounts of the subsidiary also contributed to the increase in trade receivables between December 31, 2019G and June 30, 2020G.

Table (29): Provision for expected credit losses

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Opening balance	1,558	3,701	9,992	5,657	137.5%	170.0%	(43.4%)	67.5%
Accumulated during the year	-	6,292	-	200	-	(100.0%)	-	-
Used during the year	-	-	(4,335)	-	-	-	(100.0%)	-
Closing balance	1,558	9,992	5,657	5,857	541.2%	(43.4%)	3.5%	69.8%

Source: Audited financial statements for the years between 2017G and 2019G and management information

The allowance for expected credit losses is those related to receivables that are slow or doubtful collection. The Company has calculated these provisions by following the expected credit loss model in relation to the decline in the value of financial assets, according to the requirements of IFRS 9. The provision increased by 541.2% from 1.6 million Saudi riyals on December 31, 2017G to 10.0 million Saudi riyals on December 31, 2018G, after debt evaluations carried out by the management which resulted in an increase in the provision value to cover any possible delay or risk related to the collection of due debts.

The provision returned and decreased by 43.4% from 10.0 million Saudi riyals on 31 December 2018G to 5.7 million Saudi riyals on 31 December 2019G as a result of collecting part of the debts that were due on 31 December 2018G. The balance remained stable as of June 30, 2020G.

The provision increased by 3.5% from 5.7 million Saudi riyals as on 31 December 2019G to 5.9 million Saudi riyals as on 30 June 2020G. The increase was linked to the receivables of the subsidiaries.

Table (30): Ages of trade receivables

SAR Thousand	0-90	91-180	181-365	365-730	> 730
	Days	Days	Days	Days	Days
Balance	13.854	4.839	2.050	867	4.877

Source: Management Information

The company gives customers a grace period ranging between 30 and 60 days to pay their dues. However, the aging schedule of receivables shows that approximately 5.4 million Saudi riyals of receivables (representing 20.4% of the total current receivables) are outstanding for a more than 730 days. The delay in collection is related to the general economic situation that affects the customer's ability to pay his debts. As mentioned previously, the Company follows the expected credit loss model in relation to the decline in the value of financial assets, in accordance with the requirements of IFRS 9. The provision is updated periodically and in cooperation with the external auditor after studying the aging balances in each period in order to determine whether it is necessary to raise or lower the provision.

Cash and cash equivalents

The table below shows cash and cash equivalents as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (31): Cash and cash equivalents

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Cash in fund	111	28	59	10	(74.8%)	110.3%	(82.8%)	(61.6%)
Cash in banks	3,343	3,188	1,251	16,189	(4.6%)	(60.7%)	1,193.6%	87.9%
Total	3,454	3,216	1,310	16,199	(6.9%)	(59.3%)	1,136.4%	85.5%

Source: Audited financial statements for the years between 2017G and 2019G and management information

Cash in the fund consisted of sums and pledges paid to department heads and accountants in order to meet expenses and daily business needs.

Cash with banks is distributed among three banks that the company deals with to collect and pay its dues.

The total cash balances decreased gradually from 3.5 million Saudi riyals on December 31, 2017G to 3.2 million Saudi riyals and 1.3 million Saudi riyals on December 31, 2018G and December 31, 2019G respectively. The movement of cash between 2017G and 2018G was affected by the movement of operational activities, so that the outflow from operating activities increased from 24.7 million Saudi riyals in 2017G to 47.3 million Saudi riyals in 2018G. This increase came as a result of the increase in inventory balances between December 31, 2017G and December 31, 2018G.

Between 2018G and 2019G, the decline in cash was due to the increase in outflow from financing activities, from 6.4 million Saudi riyals in 2018G to 39.1 million Saudi riyals in 2019G, after the increase in the value of loans used by the company that were obtained by the Agricultural Development Fund.

Cash and cash equivalents increased by 1136.4% from 1.3 million Saudi riyals on December 31, 2019G to 16.2 million Saudi riyals on June 30, 2020G. The increase was due to increase in cash flows from operating activities from negative cash flow of 12.1 million Saudi riyals in the six-month period ended 30 June 2019G to a positive cash flow of 14.4 million Saudi riyals in the six-month period ended 30 June 2020G, as a result of the decrease in the recorded loss between the two periods, the increase in receivables and other credit balances. Also, most of the cash is available as a balance in one of the subsidiary companies (Food Horizons Company Ltd.)

Shareholders' equity

The table below shows shareholders' equity as of December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (32): Shareholders' Rights

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Capital	450,000	450,000	450,000	241,767	-	-	(86.1%)	(22.0%)
Statutory reserve	68,020	68,020	68,020	68,020	-	-	-	-
Other reserves	1,859	1,859	1,859	1,859	-	-	-	-
Cumulative changes in other comprehensive income items	-	-	2,531	1,691	-	-	(49.7%)	-
Accumulated losses	2,759	(61,708)	(241,493)	(45,901)	(2336.6%)	291.3%	(426.1%)	-
Non-controlling property rights	-	-	-	10,723	-	-	100.0%	-
Total	522,638	458,171	280,916	278,158	(12.3%)	(38.7%)	(1.0%)	(22.3%)

Source: Audited financial statements for the years between 2017G and 2019G and unaudited for the six months ending June 30, 2020G

Capital

The capital remained stable between December 31, 2017G and December 31, 2019G, with a value of 450 million Saudi riyals divided into 45 million shares, with a par value of 10 Saudi riyals per share. On March 18, 2020G, the capital was reduced from 450.0 million Saudi riyals to 241.8 million Saudi riyals in order to cover the accumulated losses. The capital of the subsidiaries has not witnessed any change since the date of inception.

Statutory reserve

According to Article 125 of the Saudi Companies Law, 10% of the net income is transferred to the statutory reserve. The company may stop making such a transfer when the sum of this reserve reaches 30% of the capital. This reserve is not available for dividend distribution. The statutory reserve remained stable between December 31, 2017G and June 30, 2020G due to the absence of transfers due to the lack of any profits made during the aforementioned period.

Other reserves

Other reserves include agreement reserve and contingency reserve. These reserves remained stable between December 31, 2017G and June 30, 2020G. These reserves are amounts that have been there since the year 2014G upon the request of the Company's general assembly. These amounts are maintained with the aim of supporting business requirements whenever the need arises and when the Company needs financing in order to keep pace with working capital requirements.

Cumulative changes in other comprehensive income items

The cumulative changes in the items of other comprehensive income are related to the actuarial gain on re-measurement of the employees' EOS benefits liabilities.

Accumulated losses (profits)

The company recorded a profit of SAR 2.8 million on December 31, 2017G. Profits turned into a loss of SAR 61.7 million and SAR 241.5 million on December 31, 2018G and December 31, 2019G. The increase in the accumulated loss between December 31, 2018G and December 31, 2019G was the result of the increase in the annual loss recorded by the company between the years 2018G and 2019G. The accumulated loss decreased by 426.1% from 241.5 million Saudi riyals on December 31, 2019G to 45.9 million Saudi riyals on June 30, 2020G, after reducing the capital from 450,000,000 Saudi riyals and by 46.274% to become 241,767,000 Saudi riyals with a nominal value of 10 Saudi riyals to cover the accumulated losses of the company up to 30/09/2019G, amounting to 208,233,000 Saudi riyals, and the loss decreased during the first half of the year 2020G, due to the increase in revenues during the period.

Current liabilities

The table below shows current liabilities as of December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (33): Current liabilities

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Provision for loan guarantee in an associate	-	-	18,850	18,850	-	-	-	-
The current portion of long-term loans	17,356	27,971	12,410	10,657	61.2%	(55.6%)	(14.1%)	(17.7%)
Trade payables	37,728	29,328	43,239	45,598	(22.3%)	47.4%	5.5%	7.9%
Accruals and other credit balances	22,648	21,836	27,117	57,906	(3.6%)	24.2%	113.5%	43.1%
Dividends payable to shareholders	23,230	23,155	23,082	23,211	(0.3%)	(0.3%)	0.6%	1.7%
Zakat due	4,496	2,719	8,953	13,026	(39.5%)	229.3%	45.5%	53.0%
Due to related parties	-	-	-	17,378	-	-	-	-
Banking facilities	-	-	-	6,973	-	-	-	-
Lease contracts liabilities - current part	-	-	-	9	-	-	-	-
Total current liabilities	105,457	105,008	133,650	193,609	(0.4%)	27.3%	44.9%	27.5%

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

Current liabilities consisted mainly of trade payables, accruals and other balances and dividends payable to shareholders. These three components represented 79.3%, 70.8%, 69.9% and 65.4% of the total current liabilities on December 31, 2017G, December 31, 2018G, December 31, 2019G and June 30, 2020G respectively. The current liabilities did not witness any major changes between December 31, 2017G and December 31, 2018G. Current liabilities increased by 27.3% from 105.5 million Saudi riyals on December 31, 2018G to Saudi riyals 133.6 million on December 31, 2019G after the increase in trade payables.

Current liabilities increased by 44.9% from 133.6 million Saudi riyals on 31 December 2019G to 193.6 million Saudi riyals on 30 June 2020G, due to the increase in Zakat due and balances due to related parties.

Provision for loan guarantee for an associate

As mentioned previously, the loan guarantee provision is related to Jannat Agricultural Investment Company. Jannat Investment Company has secured the loans of another company (Rakhaa Company for Agricultural Investment and Development), where Jannat Agricultural Investment Company contributes 67.0% in Rakhaa for Agricultural Investment and Development. Rakhaa Agricultural Investment Company obtained a loan of SAR93.5 million. On October 24, 2016G, the Saudi Development Fund notified Jannat Agricultural Investment Company that, from that date, the loan due from Rakhaa Company is considered to have been implicitly transferred to the guarantors of the loan with a fine and the performance and demand of the guarantor partners to quickly pay the obligations of the partners. Accordingly, the company has allocated 18.9 million Saudi riyals as of December 31, 2019G. The provision remained constant as of June 30, 2020G.

The current portion of long-term loans

The current portion of the long-term loans was linked to a loan obtained by the Company from the Agricultural Development Fund prior to 2017G in order to support business needs and the requirements of projects under implementation. The loan is repayable in full in 2022G and the loan was guaranteed through an investor's pledge letter to pledge the assets of the projects that were financed through the loan.

The loan balance increased by 61.2% from 17.4 million Saudi riyals as on December 31, 2017G to 28.0 million Saudi riyals as on December 31, 2018G as a result of withdrawals that the company made to support business requirements. The balance of the current portion of long-term loans gradually decreased from 28.0 million Saudi riyals as on 31 December 2018G to 10.7 million Saudi riyals as on 30 June 2020G as a result of continuous repayment.

Trade payables

The table below shows trade payables as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (34): Trade payables

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Local suppliers	36,065	27,477	41,435	39,289	(23.8%)	50.8%	(5.2%)	3.5%
Foreign suppliers	1,662	1,851	1,804	1,839	11.3%	(2.5%)	1.9%	4.1%
Subsidiaries	-	-	-	4,470	-	-	-	-
Total	37,728	29,328	43,239	45,598	(22.3%)	47.4%	5.5%	7.9%

Source: Audited financial statements for the years between 2017G and 2019G and management information

Trade payables consist of receivables from local and external suppliers that the Company deals with in order to acquire various materials, machinery and goods used in various agricultural and harvesting operations.

It should be noted that the company mainly deals with local suppliers, whereby the receivables to these suppliers represented 95.6%, 93.7%, 95.8% and 86.2% of the total payables on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Purchases from external suppliers consist of seeds that the Company imports from abroad, in addition to spare parts for some agricultural machinery used by the company.

Accounts payable decreased by 22.3% from 37.7 million Saudi riyals as on December 31, 2017G to 29.3 million Saudi riyals on December 31, 2018G after the decrease in the volume of activity between the two years. Accounts payable returned and increased by 47.4% from 29.3 million Saudi riyals on December 31, 2018G to 43.2 million Saudi riyals on December 31, 2019G, with an additional increase of 5.5% to 45.6 million Saudi riyals on June 30, 2020G. The aforementioned increase was affected by the delay in paying the amounts owed to suppliers after adopting the policy of rationalizing expenses to maintain a minimum level of liquidity.

Receivables and other credit balances

The table below shows accruals and other credit balances as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (35): Dues and other credit balances

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June	Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Clients payments in advance	2,161	2,227	4,486	3,232	3.0%	101.4%	(28.0%)	17.5%
Accrued expenses	7,627	7,622	8,875	8,689	(0.1%)	16.4%	(2.1%)	5.4%
Due to shareholders	8,526	9,016	9,016	9,426	5.7%	-	4.5%	4.1%
Board members remuneration	2,000	2,550	4,257	3,756	27.5%	66.9%	(11.8%)	28.7%
Miscellaneous creditors	-	420	483	1,292	-	14.9%	167.4%	-
Expenses borne by shareholders'	2,334	-	-	-	(100.0%)	-	-	(100.0%)
Subsidiary companies	-	-	-	31,511	-	-	-	-
Total	22,648	21,836	27,117	57,906	(3.6%)	24.2%	113.5%	45.6%

Source: Audited financial statements for the years between 2017G and 2019G and management information

Advance payments from customers are payments made by a number of customers when purchasing fruit and forage products. The Company requests advance payments from customers in cases where the goods requested by the customer are not available with the Company. In this case, the Company purchases the required products from other companies and asks the customer to make an advance payment in this regard. Advances from customers increased by 101.4% from 2.2 million Saudi riyals on 31 December 2018G to 4.5 million Saudi riyals on 31 December 2019G, as a significant number of customers made advance payments in exchange for the purchase of quantities of feed and fruits. The balance decreased to 3.2 million Saudi riyals on June 30, 2020G, as a result of delivering the required goods to customers.

Accrued expenses include mainly salaries and employee benefits, external auditor expenses and consulting expenses. Accrued expenses did not experience any significant fluctuation between December 31, 2017G and June 30, 2020G. The increase of 16.4% from 7.6 million Saudi riyals on December 31, 2018G to 8.9 million Saudi riyals on December 31, 2019G is a result of the increase in consulting expenses after conducting a number of actuarial studies and restructuring studies. Accrued expenses did not experience any significant fluctuation between December 31, 2019G and June 30, 2020G.

Depression and shareholder trusts are unpaid shareholder dividends related to prior years. These amounts did not witness any major changes between December 31, 2017G and June 30, 2020G.

Board members' remuneration are benefits paid to the board of directors. The value of these benefits fluctuates between one year and the next, as a recommendation is raised by the Nomination and Remuneration Committee, which is the committee authorized to recommend to the Board of Directors regarding the proposed remuneration to the Board and committees. The board studies the committee's recommendation and approves the allocation of remuneration amounts to the Board and committees, and it is submitted to the general assembly for approval.

Miscellaneous creditors include miscellaneous expenses such as general utility expenses, cleaning expenses and other expenses. These expenses fluctuate in the normal course of business.

The expenses borne by shareholders' that was registered as on December 31, 2017G includes expenses that some shareholders paid for Company's capital increase in previous years. The shareholders had not recovered these amounts as on December 31, 2017G.

Other receivables and credit balances of subsidiaries include mostly salaries and employee benefits in addition to various accrued expenses (insurance expenses, consulting expenses, and other miscellaneous expenses). Accruals and other credit balances fluctuated between 2017G and the six-month period ending June 30, 2020G. It was noted that these expenses recorded a significant increase of 113.5% or 30.8 million Saudi riyals, from 27.1 million Saudi riyals as on December 31, 2019G to 57.9 million Saudi riyals as on 30 June 2020G. The increase was mainly driven by the increase in salaries and benefits associated with employees of subsidiary companies as a result of the increase in the number of employees between the year 2019G (76 employees) and the six-month period ending on June 30, 2020G (104 employees).

Dividends payable to shareholders

Dividends payable to shareholders represent dividends that have been declared but not paid. These profits did not witness any major changes between December 31, 2017G and June 30, 2020G.

Zakat due

The Company submitted its zakat returns until 2017G and obtained a zakat certificate until 2017G, and the final assessment was made until 2004G. The Company submitted its zakat declaration for the year 2018G and obtained the approval of the General Authority for Zakat and Tax to pay the amount in 7 equal monthly installments. The Company issued a final assessment for the years from 2005G to 2012G and included zakat differences in the amount of 6.4 million Saudi riyals. For remainder of the amount the Company established an allowance which amount to 4.9 million Saudi riyals. On July 28, 2020G, the General Authority for Zakat and Tax issued a decision to link zakat for the year 2014G, so that the company is required to pay an amount of 1.9 million Saudi riyals, and a necessary provision has been booked to meet the potential obligations.

Due to related parties

The table below shows due to related parties as on December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (36): Due to related parties

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G	Increase / (decrease)			Annual compound growth rate 2017G-2020G
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
Tabuk Agricultural Marketing Co.	-	-	-	450	-	-	-	-
Tabuk Nurseries Co.	-	-	-	450	-	-	-	-
Food Horizons Co.	-	-	-	7,433	-	-	-	-
Supreme Flour Mills Co.	-	-	-	9,045	-	-	-	-
Total	-	-	-	17,378	-	-	-	-

Source: Management information

Due to related parties are related to amounts of financing that the company obtained from the subsidiary companies mentioned in the above table. The company obtained these funds in order to support business and working capital requirements for the six-month period ending June 30, 2020G.

Banking facilities

The table below shows the banking facilities as of June 30, 2020G.

Table (37): Bank facilities

SAR Thousands	Bank	Interest rate	Total of loan	Balance on 30 June 2020G
Bank facilities	ANB- SABB	CIBOR + 3%	13,350	6,973
Total			13,350	6,973

Source: Audited Financial Statements for the six months ending June 30, 2020G and management information

The banking facilities amounting to 7.0 million Saudi riyals as of June 30, 2020G are related to short-term loans obtained by the subsidiaries from the Arab National Bank and SABB Bank in order to support business requirements and working capital. The loan was obtained in late 2019G and the balance is still outstanding during the third quarter of 2020G. The loan did not include any specific financial covenants, nor were there any guarantees or collateral provided to the donor.

Lease obligations - current part

The value of the lease liability (current portion) amounted to nine thousand Saudi riyals as on June 30, 2020G. These obligations were related to the lease of the subsidiary companies' factories in the city of Jeddah. The lease associated with these factories has been classified under the lease obligations following the adoption of IFRS 16.

Non-current liabilities

The table below shows the non-current liabilities as at December 31, 2017G, December 31, 2018G, December 31, 2019G, and June 30, 2020G.

Table (38): Non-current liabilities

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G	Increase / (decrease)			Annual compound growth rate 2017G-2020G
	2017G	2018G	2019G		Dec. 2018G	Dec. 2019G	June 2020G	
The non-current portion of long-term loans	5,532	4,131	-	17,532	(25.3%)	(100.0%)	-	58.6%
Employees' EOS benefits obligations	10,654	16,605	9,555	10,072	55.9%	(42.5%)	5.4%	(2.2%)
Deferred revenue - government grants	1,524	1,265	-	877	(17.0%)	(100.0%)	-	(19.8%)
Liabilities for lease contracts - the non-current portion	-	-	-	146	-	-	-	-
Total non-current liabilities	17,710	22,002	9,555	28,627	24.2%	(56.6%)	199.6%	21.2%

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

The non-current portion of long-term loans

The non-current portion of long-term loans is related to loans obtained from the Agricultural Development Fund, as mentioned above. The non-current balance of loans increased from zero as on December 31, 2019G to SR 17.5 million as on June 30, 2020G, after companies obtained additional loans from the fund in order to support business expansion and keep pace with the rising level of business.

Employees' EOS benefits obligations

Employees' EOS benefits liabilities represent the end of work expenses due to the Company's employees. These expenses increased by 55.9% from 10.7 million Saudi riyals as on December 31, 2017G to 16.6 million Saudi riyals on December 31, 2018G due to the partial increase in salaries during the year. These expenses returned and decreased by 42.5% from 16.6 million Saudi riyals on December 31, 2018G to 9.6 million as of December 31, 2019G. The decrease in the year 2019G was the result of a restructuring study carried out by the Company, which resulted in reducing the number of employees. The company also conducted an actuarial study in order to re-evaluate end-of-service expenses, which contributed to the decrease in the company's liabilities. The balance of end-of-service indemnity liabilities increased from 9.6 million Saudi riyals from December 31, 2019G to 10.1 million Saudi riyals as on June 30, 2020G, as the increase was linked to the liabilities of the subsidiaries, whose number of employees increased between the two mentioned periods.

Deferred revenue - government grants

The Company recognizes deferred income (government grants) as a difference between the present value and the face value of the loan that the company obtained from the Agricultural Development Fund. Nominal interest is calculated on the loan balance against revenue of the same value that is amortized with the payment of the loan installments, and the balance is shown as deferred revenue on December 31, 2017G and December 31, 2018G. The deferred revenues were reclassified as liabilities on the company as on December 31, 2019G due to non-compliance with the terms of the Agricultural Development Fund, and then they were classified as a separate item on June 30, 2020G after the company obtained new loans from the fund.

Liabilities for Lease Contracts - non-current portion

The value of the rental obligations (non-current portion) amounted to 0.1 million Saudi riyals as on 30 June 2020G. These obligations were related to the subsidiaries' factories in the city of Jeddah, as mentioned previously.

6.8 Statement of cash flows

The table below shows the cash flows for the financial years ending on December 31, 2017G, 2018G, and 2019G, and the six-month period ending on June 30, 2019G, and June 30, 2020G.

Table (39): Cash flows

SAR thousands	Fiscal year ending on 31 December		The six months period ended on 30 June 2020G			Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Net cash from operating activities	(24,682)	(47,334)	8,541	(12,139)	14,402	91.8%	(118.0%)	(218.6%)	-
Net cash used in investing activities	25,569	53,529	28,641	15,028	(9,945)	109.4%	(46.5%)	(166.2%)	5.8%
Net cash used in the financing activity	(312)	(6,442)	(39,088)	(2,297)	9,676	1,967.1%	506.7%	(521.3%)	1,019.9%
The net increase in cash and cash equivalents	575	(248)	(1,906)	592	14,133	(143.1%)	669.0%	2,287.8%	-
Cash and cash equivalents at the beginning of the year	2,879	3,454	3,206	3,216	2,066	20.0%	(7.2%)	(35.8%)	5.5%
Cash and cash equivalents at the end of the year	3,454	3,206	1,300	3,808	16,199	(7.2%)	(59.4%)	325.4%	(38.5%)

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

The balance of cash and cash equivalents decreased by 7.2% from 3.5 million Saudi riyals on December 31, 2017G to 3.2 million Saudi riyals on December 31, 2018G, as the decrease was related to an increase in cash outflows from operating activities from 24.7 million Saudi riyals in the year 2017G to 47.3 million Saudi riyals in the year 2018G. The increase in net cash out of operating activities between 2017G and 2018G was offset by the increase in cash received from investment activities from 25.6 million Saudi riyals in 2017G to 53.5 million Saudi riyals in 2018G.

Cash and cash equivalents continued to decrease by 59.4% from 3.2 million Saudi riyals in the year 2018G to 1.3 million Saudi riyals in the year 2019G, as the decrease was affected by an increase in cash outflow from financing activities from 6.4 million Saudi riyals in the year 2018G to 39.1 million Saudi riyals in the year 2019G.

Cash and cash equivalents increased by 325.4% from 3.8 million Saudi riyals in the six-month period ending June 30, 2019G to 16.2 million Saudi riyals in the six-month period ending June 30, 2020G, as a result of the cash flow from operating activities shifting from a negative flow of 12.1 million Saudi riyals in the six-month period ending June 30, 2019G, there was a positive cash flow of SAR 14.4 million in the six-month period ending June 30, 2020G.

Cash flows from operating activities

The table below shows the cash flows from operating activities for the financial years ended December 31, 2017G, 2018G and 2019G, and the six-month period ended June 30, 2019G, and June 30, 2020G.

Table (40): Cash flows from operating activities

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Net loss for the year before zakat	(25,798)	(59,381)	(173,551)	(89,147)	(7,643)	130.2%	192.3%	91.4%	159.4%
Adjustments to settle the net loss with the cash flow From operational activities:						-	-	-	-
Depreciation of property, machinery and equipment	29,068	30,755	27,963	14,426	14,564	5.8%	(9.1%)	1.0%	(1.9%)
Depreciation of biological assets	-	212	248	123	-	-	16.5%	(100.0%)	-
Depreciation of right-of-use assets	-	-	-	-	7	-	-	-	-
Amortization of intangible assets	-	-	-	-	2	-	-	-	-
Decline in the value of biological assets	-	-	4,387	4,300	-	-	-	(100.0%)	-
Removing trees and destroying crops	4,240	1,245	-	-	-	(70.6%)	-	-	-
Obligations for employees' EOS benefits – accumulated during the year	2,371	2,608	2,786	1,314	883	10.0%	6.8%	(32.9%)	8.4%
Expected credit losers, other receivables	-	-	2,709	-	-	-	-	-	-
Investments in equity instruments	-	-	-	-	(413)	-	-	-	-
Decline in the value of capital projects	-	9,600	44,351	17,816	-	-	362.0%	(100.0%)	-
Decline in associates and subsidiaries, and investments in equity instruments	842	-	6,234	5,407	-	(100.0%)	-	(100.0%)	172.1%
The Company's share in the results of the business of an associate	-	776	4,038	-	-	-	420.5%	-	-
Provision for guaranteeing loan and obligations in an associate	-	13,000	18,850	18,850	-	-	45.0%	(100.0%)	-
A net evaluation and decline in the value of stocks and crops at the point of harvest	(4,175)	(10,456)	35,495	23,279	2,551	150.4%	(439.5%)	(89.0%)	-
Provision for slow moving and idle inventory	-	153	3,943	-	-	-	2,478.5%	-	-
Board members remuneration	2,000	2,550	4,166	-	-	27.5%	63.4%	-	44.3%
Finance costs	-	1,018	2,391	-	-	-	134.9%	-	-
(Profits) Short-term murabaha investments	(4,008)	(1,027)	(755)	(507)	(93)	(74.4%)	(26.5%)	(81.6%)	(56.6%)

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
(Generating) / Creating an expected credit loss allowance for trade receivables	-	6,292	(4,335)			-	(168.9%)	-	-
Gain from valuation of financial investments at fair value through profit or loss	-	-	-	(75)	-	-	-	(100.0%)	-
Adjustments for investments in subsidiaries	-	-	-	-	(449)	-	-	-	-
Changes in items of operating assets and liabilities						-	-	-	-
Inventory	6,799	(26,374)	5,512	(13,871)	(6,358)	(487.9%)	(120.9%)	(54.2%)	(10.0%)
Trade receivables	(10,134)	(1,486)	12,510	8,519	(111)	(85.3%)	(941.9%)	(101.3%)	-
Due from related parties				(18,051)	(630)		-	(96.5%)	-
Prepaid expenses and other civil funds	-	5,033	12,895	2,338	(728)	-	156.2%	(131.1%)	-
Biological assets	-	(1,882)	(6,626)	(4,486)	3,800	-	252.1%	(184.7%)	-
Trade payables	8,150	(8,400)	13,911	17,729	(1,275)	(203.1%)	(265.6%)	(107.2%)	30.6%
Other receivables and credit balances	(1,214)	(3,362)	1,116	4,409	28,089	177.1%	(133.2%)	537.1%	-
EOS obligations paid to employees	(5,229)	(2,683)	(7,305)	(4,511)	(1,487)	(48.7%)	172.2%	(67.0%)	18.2%
Finance costs paid	-	(1,018)	(2,391)	-	-	-	134.9%	-	-
Payable Zakat	(5,688)	(4,496)	-	-	-	(21.0%)	(100.0%)	-	(100.0%)
Dividend payables	(21,906)	-	-	-	-	(100.0%)	-	-	(100.0%)
Due to related parties	-	-	-	-	(16,306)	-	-	-	-
Net cash generated by (used in) operational activities	(24,682)	(47,324)	8,541	(12,139)	14,402	91.7%	(118.0%)	(218.6%)	-

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

The company recorded cash outflows from operating activities of 24.7 million Saudi riyals and 47.3 million Saudi riyals in 2017G and 2018G. The value of these outflows increased by 91.7% from 24.7 million Saudi riyals in 2017G to 47.3 million Saudi riyals in 2018G. The increase was affected by the increase in the annual net loss from 25.8 million Saudi riyals in 2017G to 59.4 million Saudi riyals in 2018G.

The cash flow from operating activities has shifted from cash outflows of 47.3 million Saudi riyals in 2018G to positive cash flow of 8.5 million Saudi riyals in the year 2019G as a result of the company recording a decrease in the value of capital projects by 44.4 million Saudi riyals and assessing the decline in the value of inventory and crops at a point Harvest is worth 35.5 million Saudi riyals during the year.

Cash flow from operating activities increased from negative cash flow of 12.1 million Saudi riyals in the six-month period ended June 30, 2019G to positive cash flow of 14.4 million Saudi riyals in the six-month period ended June 30, 2020G. The cash flow recorded by the company in the six-month period ending on 30 June 2020G was affected by the increase in accounts payable, accruals and other credit balances after late payment by the company. The said cash flow was also affected by the decrease in the net loss recorded by the company between the two periods.

Cash flows from investing activities

The table below shows the cash flows from investing activities for the financial years ending on December 31, 2017G, 2018G, and 2019G, and the six-month period ending on June 30, 2019G, and June 30, 2020G.

Table (41): Cash flows from investing activities

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Short-term murabaha investments	1,109	96,085	46,923	28,685	84	8,564.1%	(51.2%)	(99.7%)	550.5%
Investments in associates and subsidiaries	(250)	(17,195)	-	-	-	6,777.9%	(100.0%)	-	(100.0%)
Investments in equity instruments	-	(125)	-	-	-	-	(100.0%)	-	-
Net change in property, plant and equipment for sale	59,158	880	-	-	-	(98.5%)	(100.0%)	-	(100.0%)
Proceeds from selling financial investments at fair value through profit and loss	(19,435)	1,437	1,037	-	-	(107.4%)	(27.8%)	-	-
Net change in projects under implementation	1,256	(683)	(8,719)	(4,451)	(3,456)	(154.4%)	1,176.2%	(22.4%)	-
Additional purchase of property, plant and equipment		(26,688)	(9,164)	(8,450)	(6,082)	-	(65.7%)	(28.0%)	-
Proceeds from the sale of property, machinery and equipment	(1,259)	163	-	-	-	(112.9%)	(100.0%)	-	(100.0%)
The net change in biological assets	(15,011)	(345)	(1,436)	(756)	(491)	(97.7%)	316.7%	(35.1%)	(69.1%)
Exclusion of investments	-	-	-	-	-	-	-	-	
Net cash generated from investment activities	25,569	53,529	28,641	15,028	(9,945)	109.4%	(46.5%)	(166.2%)	-

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

The cash flow value from investing activities fluctuated during the period. Cash flow from investment activities increased from 25.6 million Saudi riyals in 2017G to 53.5 million Saudi riyals in 2018G as a result of liquidating short-term murabaha investments, which resulted in the company having receipts worth 96.1 million Saudi riyals during the year. Proceeds from liquidating short-term murabaha investments decreased from 96.1 million Saudi riyals in 2018G to 46.9 million Saudi riyals in 2019G, which led to a decrease in the cash flow resulting from investment activities from 53.5 million Saudi riyals during the year 2018G to 28.6 million Saudi riyals in The year 2019G.

The company recorded a negative cash flow of SAR 9.9 million in the six-month period ended June 30, 2020G, compared to a positive cash flow of SAR 15.0 million in the six-month period ended June 30, 2019G. This shift was affected by the change in the short-term murabaha investments.

Cash flows from financing activities

The table below shows the cash flows from financing activities for the financial years ending on December 31, 2017G, 2018G, and 2019G, and the six-month period ending on June 30, 2019G, and June 30, 2020G.

Table (42): Cash flows from financing activities

SAR thousands	Fiscal year ending on 31 December			The six months period ended on 30 June 2020G		Increase / (decrease)			Annual compound growth rate
	2017G	2018G	2019G	2019G	2020G	Dec. 2018G	Dec. 2019G	June 2020G	2017G-2020G
Net change in long-term loans	18.4	9.0	(21.0)	(2.1)	10.2	(51.3%)	(334.0%)	(577.0%)	-
Due from related parties	(18.7)	(13.0)	(18.1)	-	-	(30.7%)	39.4%	-	(1.7%)
Dividends paid	-	(0.1)	(0.1)	(0.0)	0.1	-	(2.2%)	(593.3%)	-
Previous years adjustments	-	(2.4)	-	-	-	-	(100.0%)	-	-
Banking facilities	-	-	-	(0.1)	(0.7)	-	-	414.6%	
Net cash used in financing activities	(0.3)	(6.4)	(39.1)	(2.3)	9.7	1,967.1%	506.7%	(521.3%)	1,019.9%

Source: The audited financial statements for the years between 2017G and 2019G and the unaudited six-month period ending June 30, 2020G

The movement of cash flow from financing activities during the period was affected by the movement of loans that the company obtained from the Agricultural Development Fund and the movement of loans granted by the company to related parties. The cash outflow from financing activities increased from 0.3 million Saudi riyals in 2017G to 6.4 million Saudi riyals in 2018G, with an additional increase to 39.1 million Saudi riyals in 2019G. While the increase between 2017G and 2018G was driven by previous adjustments, the increase in 2019G was affected by the repayment of the Agricultural Development Fund loan and the granting of loans to support more than one related party.

The company recorded a positive cash flow of SAR 9.7 million in the six-month period ended June 30, 2020G, compared to an outflow of SAR 2.3 million in the six-month period ended June 30, 2019G. The shift was affected by the company obtaining additional withdrawals from the Agricultural Development Fund loan.

6.9 Liabilities and contingent liabilities

The table below shows a summary of the liabilities and potential expenses of the company as of June 30, 2020G:

Table (43): Commitments and Contingent Expenses

SAR Thousands	The six months period ending on 30 June 2020G
Information of the financial statements	
Letter of guarantee	2.400
Total	2.400

Source: Management Information

The letters of guarantee mentioned above have been issued in favor of suppliers who supply the company with required materials, services and equipment. These letters are issued as a guarantee of payment to the suppliers. The validity of these letters expire upon payment of dues by the company to the supplier.

7. Use the proceeds of the offering and future projects

7.1 Net offering proceeds

The total proceeds of the pre-emption rights offering are estimated at (150,000,000 Saudi riyals) - only one hundred and fifty million Saudi riyals, of which an amount of approximately 8,000,000 Saudi riyals will be paid to cover the costs of the offering, which include the fees of the financial advisor, the lead manager, the underwriter, the legal advisor and Marketing, printing, distribution and other expenses from underwriting expenses.

The net proceeds of the offering will amount to about (142,000,000) Saudi riyals, which will be used for disbursement on operating and the agricultural plan (the agricultural plan consists of planting wheat seeds and fruits such as grapes, apricots, peaches, olive tree, raising livestock, orchards and nurseries), repaying debts and loans to the company, and acquiring income-generating real estate businesses. The shareholders will not receive any of the proceeds arising from the offering.

The company will also disclose to the public on the website of the Saudi Stock Exchange (Tadawul) when there is a difference of (5%) or more between the actual use of the proceeds of the offering in return for what was disclosed in this prospectus as soon as he becomes aware of it.

7.2 Use of offering proceeds

The net proceeds of the offering will be used to operate the activity and repay the company's debts and loans, as the company has not committed itself to repaying its debts to its suppliers, in addition to the loan installments owed by the subsidiary Rakhaa for Agricultural Investment and the installments due to the Agricultural Development Fund (for more information, please refer to the item "**Loans and Credit Facilities**" in the "**Legal Information**" section of this prospectus), and the acquisition of income-generating real estate businesses, and no other sources of financing will be used in its plan regarding the use of the proceeds of the offering, and the following is a description of the use of the proceeds of the offering:

- 1- Paying an amount of 62,000,000 Saudi riyals for the company's debts and loans.
- 2- Spending an amount of 47,000,000 Saudi riyals to acquire income-generating real estate business.
- 3- Spending an amount of 33,000,000 Saudi riyals for operating and the agricultural plan.

Table (44): The schedule for using the net offering proceeds

Release items	The year 2021G				Year 2020G	Total
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	
	SAR	SAR	SAR	SAR	SAR	
Paying debts and loans of the company *	25,000,000	23,000,000	2,000,000	2,000,000	10,000,000	62,000,000
Acquisition of income-generating real estate business **	0	0	25,000,000	22,000,000	0	47,000,000
Expenditure on operation and agricultural plans ***	5,000,000	5,000,000	10,000,000	10,000,000	3,000,000	33,000,000
costs of offering	8,000,000	0	0	0	0	8,000,000
Total	35,000,000	28,000,000	12,000,000	12,000,000	13,000,000	150,000,000

Source: the company

* Suppliers will be paid in the amount of 29.68 million Saudi riyals, zakat and value added tax will be paid in the amount of 15.838 million Saudi riyals, the loan of the subsidiary company Rakhaa for Agricultural Investment and Development will be paid in the amount of 6.667 million Saudi riyals, the Agricultural Development Fund will be paid in the amount of 4.315 million Saudi riyals, and government expenses for employees will be paid in the amount of 5.5 million Saudi riyals

** The company will directly acquire (2) income-generating properties

*** The agricultural plan consists in planting wheat and fruit seeds, and the operation is to manage the agricultural process from operating and maintaining equipment for planting, harvesting, irrigation and transporting crops. The amount allocated for spending will be distributed to the operation and the agricultural plan as follows:

Wheat 16 million, fruits such as grapes 3.5 million riyals, apricots 2.5 million riyals, peaches 2.5 million riyals, olive tree 3.5 million riyals, livestock raising 3 million riyals, orchards and nurseries 2 million riyals.

8. Expert statements

All the consultants whose names are mentioned in pages (iv) and (v) of this prospectus have given their written consent to the reference to their names and logos and to the publication of their statements in this prospectus, and none of them has withdrawn his consent until this date.

All of the consultants and their employees or their relatives do not own any shares, and none of them has an interest of any kind in the company or its subsidiaries that may affect their independence as at the date of this prospectus.

9. Declarations

Up to the date of this prospectus, the members of the Board of Directors acknowledge that:

- 1- There was no interruption in the business of the company or any of its subsidiaries that could affect or have had a significant impact on the financial position during the last (12) months.
- 2- No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the company or any of its subsidiaries during the three years immediately prior to the date of submitting the application for registration and the offering of securities in relation to the issuance or offering of any securities.
- 3- There has not been any material negative change in the financial and commercial status of the company or any of its subsidiaries during the three years immediately preceding the date of submitting the registration request and the securities subject to this prospectus, in addition to the accounting period covered by the report.
- 4- With the exception of what was mentioned in the ("**Company's Organizational Structure**") section of this prospectus, the members of the Board of Directors or any of their relatives do not have any shares or interest of any kind in the company or any of its subsidiaries.

10. Legal information

10.1 Incorporation of the company

General overview

The Tabuk Agricultural Development Company was established pursuant to Royal Decree No. (M/11) on 06/07/1403H (corresponding to 22/04/1983G. The Company was registered in the Commercial Registration in Tabuk as a joint-stock company under the certificate of commercial register 3550005403 dated 15/08/1404H (corresponding to 17/05/1984G), and the headquarters of the company is located in Tabuk, Halat Ammar Road, before Bir Ibn Hermas, PO Box 808, Tabuk 71421, Kingdom of Saudi Arabia.

The capital at incorporation amounted to (200,000,000) two hundred million riyals divided into (2,000,000) two million ordinary shares of equal value with a nominal value of (100) one hundred riyals per share. Note that the nominal value of the share was amended in 1998 from (100) one hundred riyals to (50) fifty riyals, and in 2006G the nominal value of the shares was modified again from (50) fifty riyals to (10) ten riyals per share, and these are still Value is the nominal value of a stock to date.

The following are the changes that occurred in the company's capital:

- On 15/03/1436H (corresponding to 01/06/2015G), the extraordinary general assembly approved the recommendation of the Board of Directors to increase the capital from (200,000,000) two hundred million riyals to (450,000,000) four hundred and fifty million riyals, thus increasing the company's shares from (20,000,000) twenty million Shares to (45,000,000) forty-five million shares, through a rights issue of (250,000,000) two hundred fifty million riyals, and the number of shares offered for subscription has reached (25,000,000) twenty five million shares of (10) ten shares of (10) shares.
- On 23/07/1441H (corresponding to 18/03/2020G), the extraordinary general assembly approved the board of directors 'recommendation to reduce the capital from (450,000,000) four hundred fifty million riyals to (241,767,000) two hundred and forty one million seven hundred and sixty-seven thousand riyals, thus reducing The company's shares from (45,000,000) forty-five million shares to (24,176,700) twenty-four million one hundred seventy-six thousand and seven hundred shares, and that through the cancellation of (20,823,300) twenty million eight hundred and twenty-three thousand three hundred shares of the company.
- On 24/08/1442H (corresponding to 06/04/2021G, the extraordinary general assembly approved the recommendation of the board of directors to increase the capital from (241,767,000) two hundred and forty one million seven hundred and sixty-seven thousand riyals to (391,767,000) three hundred and ninety one million and Seven hundred and sixty seven thousand riyals, and consequently, the increase of the company's shares from (24,176,700) twenty four million one hundred seventy-six thousand seven hundred shares to (39,176,700) thirty-nine million one hundred seventy-six thousand and seven hundred shares, and that is through a right issue of . SAR (150,000,000) one hundred fifty million riyals, and the number of shares offered for subscription reached (15,000,000) fifteen million shares, with a nominal value of (10) ten riyals per share.

10.2 Company name

The company was registered in the Commercial Registration No. 3550005403 dated 15/08/1404H (corresponding to 17/05/1984G. Since the establishment of the company and it bears the trade name "Tabuk Agricultural Development Company", there has been no amendment to the trade name since the establishment of the company and until the date of this prospectus.

10.3 Company Objectives

According to the articles of association, the company is entitled to carry out the following activities:

- 1- Establishing, managing, operating and carrying out crop cultivation and animal production activities, including the cultivation of permanent and non-permanent crops, plant multiplication, livestock production, mixed agriculture, agricultural support activities, post-harvest crop activities, hunting and hunting and related service activities, and establishing, managing, operating and practicing forestry and logging activities, Including forestry and other forestry activities, logging, collection of non-timber forest products and support services for forestry, establishment, management, operation and practice of fishing and aquaculture activities, including marine fishing, freshwater fishing, marine aquaculture, freshwater aquaculture and fish farming in both seas and fresh waters.
- 2- Carrying out activities for making food products, including preparing and preserving meat, preserving fish, crustaceans and molluscs, processing and preserving fruits and vegetables, making vegetable and animal oils and fats, making dairy products, making grain mills, starch products, and starch products, and making other food products, such as making bakery products, making sugar, making cocoa, chocolate, and sugary sweets. And the manufacture of prepared animal feeds, and the carrying out of beverage-making activities, including malt beverage manufacturing, including (beer without alcohol), making non-alcoholic beverages, production of mineral water and other bottled water, soft drinks and drinks flavored with extracts and fruit spirits, production and bottling of water, and other activities for the beverage industry and mineral water.
- 3- Manufacture of chemicals and chemical products, and this includes without limitation the manufacture of fertilizers and nitrogenous compounds, the manufacture of pesticides and other agricultural chemical products, and the undertaking of veterinary activities.

- 4- Carrying out water supply activities, drainage activities, waste management and treatment, which includes water collection, treatment, delivery, operation of irrigation canals, water collection from rivers, lakes, wells, etc., rainwater harvesting, and water technology for the purposes of water delivery and the desalination of sea water or groundwater to produce water and operate irrigation channels.
- 5- Manufacture of agricultural machinery and forestry machinery, including the manufacture and assembly of agricultural machinery and equipment and the manufacture of machinery used in agriculture, horticulture or forestry to prepare the soil, planting or fertilizing crops, making plows, manufacturing seeding machinery, manufacturing harvesting and harvesting machines, tree cutting, cleaning and sorting machines for eggs, fruits and vegetables, and industry Cattle milking machines, spraying machinery manufacturing for agricultural use, and other machinery used in agriculture, agriculture, forestry, animal husbandry, poultry, bees, and any other activities for the manufacture of agricultural and forestry machinery.
- 6- Managing and operating plant and animal parks and natural reserves, including parks, zoos, nature reserves, plant and animal gardens activities, and other natural reserves, and carrying out activities related to the service and maintenance of beautification of sites, including the care and maintenance of parks and gardens for the purposes of public housing and the care of building views, home gardens, roof gardens and building facades Care and maintenance of highway parks, care and maintenance of sports stadiums and golf courses, care and maintenance of static and running water, care and maintenance of plants for protection from noise, wind and desertification, care and maintenance of other types of landscapes that were not previously mentioned, and the activities of landscape design services and maintenance services activities The lands to be preserved are agricultural and environmentally friendly.
- 7- Marketing, retail trade, wholesale and wholesale trade on a fee or on a contract basis, and this includes without limitation the activities of commission agents such as sales agents in agricultural raw materials, sales agents of live animals, sales agents in food and beverages, conducting export and import activities, and engaging in material trade Wholesale of agricultural raw materials and live animals, including the wholesale sale of grains and seeds, the wholesale sale of fruits and oil fruits, the wholesale of flowers and plants, the wholesale of live animals, the wholesale of types of leather, the wholesale of other agricultural raw materials, and recycled waste such as animal feed, and the sale of food and beverages, and this includes the wholesale sale of fruits, vegetables and dates. Wholesale of dairy products and eggs, wholesale of animal and vegetable oils and fats, wholesale of meat and their products and fish products, wholesale of sugar, chocolate and their products, coffee, tea, cocoa, spices and honey, wholesale of bakery products, wholesale of beverages of all kinds, and wholesale of food and feed for domestic animals and households. A wholesale of food and beverages not listed above.
- 8- Owning, managing and operating grain silos and carrying out storage activities and support activities for transportation, including storage in warehouses such as stores of chilled and chilled goods (cold stores) and storage in silos and flour warehouses, food and agricultural products stores and general stores that contain a variety of goods.
- 9- Carrying out food and beverage services activities, including restaurant activities, mobile food services, occasional food service activities, and other food services and beverages activities.
- 10- Management and leasing of owned or leased (residential) real estate, managing the leasing of owned or leased properties (non-residential), and practicing short and long-term residence activities, including owning and operating hotels, motels, furnished apartments (hotel) and other accommodation facilities, chalets, rest houses, camps, parks and recreational resorts. Tourism, and the practice of specialized construction activities, including, but not limited to, demolition work, site blocking, electrical and plumbing works and other construction activities, building completion and finishing, and other specialized construction activities.
- 11- To carry out the activities of travel agencies, tour operators, sporting activities, leisure and entertainment activities, and this includes the ownership, management and operation of equestrian clubs, horse racing, camel racing and health clubs.
- 12- Working and investing inside and outside the Kingdom and practicing financial services activities, including financial intermediation, the activities of holding companies, activities of cartels, funds and similar financial entities and other financial services activities, in accordance with the controls set by the related authorities and after obtaining the necessary licenses from the Capital Market Authority.

The company carries out its activities according to the applicable regulations and after obtaining the necessary licenses from the related authorities.

10.4 Company term

According to Article (6) of the Sixth of the Articles of Association, the term of the company shall be (99) ninety-nine Gregorian years, Commencing on 05/28/1404H, which is the date of the decision of the Minister of Commerce announcing the incorporation of the company. This term may be extended by a decision issued by the extraordinary general assembly at least one year before its expiration date.

10.5 Board of Directors

10.5.1 Board formation

The management of the company in accordance with the articles of association shall be undertaken by a board of directors consisting of (7) seven members appointed by the ordinary general assembly for a period not exceeding (3) three years. According to the latest amendment to the company's articles of association on 02/09/1438H (corresponding to 28/05/2017G), the company is currently committed to the Companies Law issued by Royal Decree No. (M / 3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended. By Royal Decree No. (M / 79) dated 25/07/1439H (corresponding to 11/04/2018G), and the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), as amended by Resolution of the Capital Market Authority Board No. (3-45-2018) dated 15/09/1440H (corresponding to 20/05/2019G). Whereas, the articles of association of the company stipulates that the number of board members must be of (7) seven members elected by the ordinary general assembly. The company's articles of association also indicate the company's commitment to Article (16) of the Corporate Governance Regulations, which requires listed companies that the majority of the members of the Board of Directors be non-executive members and that the number of its independent members is not less than two members or less than a third of the members of the Board of Directors (whichever is more). All members of the company's board of directors are non-executives, and there are [5] independent members out of seven (7) members.

Table (45): Details of the members of the Board of Directors

SN	Name	Title	Membership title *		Membership date
			Executive	Independence	
1	Alwaleed Khalid Alshathri	BOD Chairperson	Non-executive	non-independent	01/07/2018G
2	Yousuf Abdullah Alrajhi	BOD VP	Non-executive	non-independent	01/07/2018G
3	Abdulaziz Ahmed Bin Dayel	BOD member	Non-executive	independent	01/07/2018G
4	Khalid Saad Almurshid	BOD member	Non-executive	independent	21/01/2019G
5	Tariq Abdulaziz Alhamad	BOD member	Non-executive	independent	13/05/2020G
6	Mohammed Abdulaziz AlShatwi	BOD member	Non-executive	independent	13/05/2020G
7	Khalid Abdulrahman Alkhudhairi ***	BOD member	Non-executive	independent	14/12/2020G

Source: the company

* According to the Corporate Governance Regulations, a member of the Board of Directors acquires the status of "executive member" when he is a full-time member in the executive management of the company and participates in the day-to-day operation of the company.

With regard to the "non-executive member": he is a member of the board of directors who is not dedicated to managing the company and does not participate in its day-to-day business.

With regard to the "independent member": he is a non-executive board member who enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in the following apply to him:

- 1- To be the owner of five percent or more of the company's shares or another company from its group, or has a kinship relationship with whoever owns this percentage.
- 2- To be a representative of a legal person who owns five percent or more of the company's shares or another company from its group.
- 3- To be related to any of the members of the board of directors in the company or another company of its group.
- 4- To be related with any of the senior executives of the company or another company of my group.
- 5- To be a member of the board of directors of another company from the group of the company nominated for membership in its board of directors.
- 6- He or she has worked as an employee during the past two years for the company or any party dealing with it or another company from its group, such as auditors and major suppliers, or to be the owner of controlling shares with any of those parties during the past two years.
- 7- To have a direct or indirect interest in the business and contracts that are made for the company's account.
- 8- To collect money from the company in addition to the remuneration for the membership of the board of directors or any of its committees exceeding (200,000) riyals or more than 50% of his remuneration in the previous year that he received in return for membership of the board of directors or any of its committees, whichever is less.
- 9- To participate in a business that would compete with the company, or to trade in one of the branches of the activity that the company is practicing.

10- He must have spent more than nine continuous or separate years in the company's board of directors.

The company is committed to the Companies Law and the Governance Regulations, as it was found that the number of board members is not less than (3) three and not more than (11) eleven. It also demonstrates the company's commitment to Article (16) of the Governance Regulations, which binds the listed companies that the majority of the members of the board are non-executive members and that the number of its independent members is not less than two or more than one third of the members of the board.

" The Board approved the resignation of Mr. Muhammad bin Abdullah Al-Rajhi on 24/01/1442AH (corresponding to 12/09/2020G), and on 11/02/1441H (corresponding to 28/09/2020G) the company announced the opening of candidacy to fill the vacant seat with membership of the Board of Directors. On the Tadawul website, the Board of Directors issued a decision on 13/12/2020G appointing Mr. Khaled Abdulrahman Al-Khudairi as a member of the company's board of directors, provided that the start of membership and the date of work, starting from 14/12/2020G, to occupy the vacant seat in the current session, which ends on 30/01/2021G, it is worth noting that the approval of the board is not considered final, and this appointment will be submitted to the first meeting of the General Assembly for approval.

10.5.2 Chairman of the Board, Vice President and Board Secretary

The company is adhering to the requirements of appointment to these positions in accordance with the articles of association and the corporate governance regulation, as the appointment was made for the twelfth session, which began on 01/07/2018G for a period of three years and ends on 30/06/2021G, and the Board of Directors approved the appointment of Mr. Al-Walid Khaled Al-Shathry as Chairman of the Board of Directors on 21/04/1441H (corresponding to 18/12/2019G), and Mr. Yousef Abdullah Al-Rajhi was appointed as Vice Chairman of the Board of Directors on 14/05/1440H (corresponding to 20/01/2019G). On 17/03/1439H (corresponding to 05/12/2017G), the Board of Directors approved the appointment of Mr. Magdy Abdulatif as Secretary of the Board of Directors.

10.5.3 Board remunerations

According to the company's articles of association, the maximum limit for the sum of remuneration and financial and in-kind benefits for each member of the board of directors is five hundred thousand (500,000) Saudi riyals annually for each of them in exchange for their membership in the board of directors and their participation in its business.

The report of the Board of Directors to the Ordinary General Assembly includes a comprehensive statement of all remunerations, expenses allowances and other benefits that Board members obtained during the fiscal year. Refer to the item "**Compensation and Remuneration for Board Members and Senior Executives**" in the "**The organizational structure of the company**" section in this prospectus.

10.5.4 Board meetings

According to the articles of association of the company, the board of directors shall meet at least six times a year upon an invitation from its chairman, and the invitation shall be sent by a fax or e-mail, or by the member's signature on acknowledging the date of the meeting, provided that all this shall occurred at least seven (7) days before the meeting's date. The chairman of the board shall call the meeting whenever two (2) members have requested him to do so.

10.5.5 Board Committees

The Board of Directors has 4 committees for its cooperation in performing its duties, which are as follows:

▪ Audit Committee:

The audit committee was formed for the current session by General Assembly Resolution No. (30) dated 20/08/1439H (corresponding to 06/05/2018G). The audit committee is made up of four (4) members, and its functions include ensuring the integrity and completeness of the company's financial statements, the internal control policies and procedures, the relationship with the internal audit unit, and the internal audit policies and procedures. In addition to that, its work includes ensuring that the Board of directors use appropriate methods of internal control to protect the company from losses that may occur in the future, and the committee consists of the following members:

- 1- Mr. Walid bin Ahmed Bamarouf, Chairman of the Committee
- 2- Mr. Abdulrahman Al-Sultan, member of the committee
- 3- Mr. Ahmed Ibrahim Al-Sunaidi, member of the committee
- 4- Mr. Abdulaziz bin Ahmed bin Dayel, member of the committee

▪ Remuneration and Nomination Committee:

The Nominations and Remuneration Committee for the current session was formed by decision of the Board of Directors No. (12-1) dated 20/10/1439H (corresponding to 04/07/2018G). The Remuneration and Nomination Committee is made up of four (4) members, and the committee's functions include assisting the Board of Directors in performing its advisory and supervisory tasks efficiently and effectively, including determining and supervising the nomination mechanism for membership of the Board of Directors, nominating executive directors, and ensuring the effectiveness of the nominations policy applied in the company and the correctness of appointments. Which is conducted by the company, as well as is concerned with determining and supervising the mechanism for determining the remuneration of the members of the Board of Directors and its committees - except for the remuneration of its members and the remuneration of the audit committee -. The committee consists of the following members:

- 1- Mr. Abdulaziz bin Ahmed bin Dayel, Member of the Board of Directors, Chairman of the Committee
- 2- Mr. Walid Khaled Al-Shetry, Chairman of the Board of Directors, Member of the Committee

- 3- Ms. Al-Jawhara bint Suleiman Al-Ayed, member of the committee
- 4- Mr. Hatem Mohamed Emam, member of the committee

▪ **Governance, Compliance and Risk Committee:**

The Governance, Compliance and Risk Committee was formed for the current session by decision of the Board of Directors No. (12-7) dated 09/06/1440H (corresponding to 14/02/2019G). The Governance, Compliance and Risk Committee is formed of three (3) members, and the committee's functions include overseeing the company's implementation of governance and compliance systems in accordance with the instructions of the Capital Market Authority, as well as studying risks and laying down its instructions, and the committee consists of the following members:

- 1- Mr. Mari` Saad Habash, Chairman of the Committee
- 2- Mr. Khaled Mahmoud Mohamed Al-Najjar, member of the committee
- 3- Ms. Samah bint Hamad Al-Subaie, member of the committee

▪ **Executive committee:**

The Executive Committee was formed for the current session by decision of the Board of Directors No. (12-1) dated 20/10/1439H (corresponding to 04/07/2018G) and the Executive Committee consists of three (3) members. The committee reviews the annual budgets and follow-up with the executive management to on the progress of the implementation of the plans, projects and review and evaluate the performance as well as follow up the implementation of the company's internal and external investment policies and strategies, and the committee consists of the following members:

- 1- Mr. Yousef Al-Rajhi, Member of the Board of Directors, Chairman of the Committee
- 2- Mr. Al-Walid Al-Shathry, Chairman of the Board of Directors, Member of the Committee
- 3- Mr. Fahd bin Abdullah Al Samih, member of the committee

10.6 Government approvals and licenses

10.6.1 Government approvals and licenses for the Tabuk Agricultural Development Company:

The company (including its branches) has obtained several legal and operational licenses and certificates from the related related authorities, and these licenses and certificates are renewed periodically. The members of the Board of Directors acknowledge that the company holds all the necessary licenses and approvals to conduct its business and to continue to do so.

The following tables show the licenses and statutory certificates obtained by the company:

Table (46): The approvals and licenses obtained by the company

Type of license	Issuing body	Licensee	License No.	Issue / renewal date	Expiry date	Remarks
Main CR						
Commercial registration	Ministry of Commerce (Tabuk CR office)	Tabuk Agricultural Development Company	3550005403	15/08/1404H (16/05/1984G)	29/05/1447H (20/11/2025G)	
Chamber of commerce membership certificate	Tabuk Chamber of Commerce	Tabuk Agricultural Development Company	401000011835	21/11/1440H 27/07/2019G	29/06/1442H 13/01/2021G	-
Trademark registration certificate	Ministry of Commerce (trademarks dept. Saudi Arabia)	Tabuk Agricultural Development Company	Category 44/1447 Category 96/1442 (30) Category 95/1442 (31) Category 45/1447 (36)	14/03/1434H 25/01/2013G	13/03/1444H 09/11/2022G	This field includes information on the main trademarks only (i.e. that appears on the company's publications and is used in its official correspondence) noting that the number of trademarks registered in the company's name is (13) marks, and for more information about all the trademarks owned by the company, please review the trademarks item contained in the legal information section of this prospectus.

Type of license	Issuing body	Licensee	License No.	Issue / renewal date	Expiry date	Remarks
GOSI subscription certificate (special certificate for a corporation that pays its due in installments)	GOSI	Tabuk Agricultural Development Company	160101172	11/04/1442H	11/05/1442	This certificate shows that the company pays its due in monthly installments
Saudization (nationalization) certificate	Ministry of Human Resources and Social Development	Tabuk Agricultural Development Company	20002010009868	08/04/1442H	11/07/1442H	
Certificate of evaluating the company's entity	Ministry of Human Resources and Social Development	Tabuk Agricultural Development Company	901-2282-16	11/04/1442H	None	The evaluation shows company's compliance to Nitaqat program as Platinum scale
Certificate of Zakat & Tax	General Authority of Zakat and Tax	Tabuk Agricultural Development Company	3070325661	02/08/1441H 26/03/2020G	18/09/1442H 30/04/2021G	return for the period ending on 31/12/2019G
VAT registration certificate	General Authority of Zakat and Tax	Tabuk Agricultural Development Company	300000076900003	25/10/1441H 17/06/2020G	None	
Civil Defense license	Ministry of Interior	Tabuk Agricultural Development Company	None	None	None	No License. Obtaining the Licensing is in progress
Municipality license	Ministry of Municipal & Rural Affairs	Tabuk Agricultural Development Company	None	None	None	No License. Obtaining the Licensing is in progress
Agricultural nursery allocation license	Ministry of Environment Water and Agriculture	Tabuk Agricultural Development Company	34001	26/10/1438H 20/07/2017G	26/10/1441H 18/06/2020G	Expired. License is under renewal process
Branches registrations						
Riyadh branch	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	1010439522	19/02/1437H 01/12/2015G	19/02/1443H 27/09/2021G	
Khamees Mushait branch	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	5855069210	19/02/1437H 01/12/2015G	19/02/1443H 27/09/2021G	
Jeddah branch	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	4030286243	19/02/1437H 01/12/2015G	19/02/1443H 27/09/2021G	
Dammam branch	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	2050107496	19/02/1437H 01/12/2015G	19/02/1443H 27/09/2021G	

Type of license	Issuing body	Licensee	License No.	Issue / renewal date	Expiry date	Remarks
Nursery of Tabuk Agricultural Development Company	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	3550033301	24/04/1435H 24/02/2014G	23/04/1443H 29/11/2021G	
The north factory for Oils extraction & bottling	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	3550033015	02/04/1435H 02/02/2014G	01/04/1443H 07/11/2021G	
TADCO Foam Factory	Ministry Of Commerce (Commercial Registration office)	Tabuk Agricultural Development Company	3550033016	02/04/1435H 02/02/2014G	01/04/1443H 16/10/2023G	
The company's branch in the Sudan	Sudan Ministry of Justice (Commercial Registration Dept.)	Tabuk Agricultural Development Company	37100	-	-	
Industrial licenses						
Industrial license for The north factory for Oils extraction & bottling	Ministry of Industry & Mineral Resources	Tabuk Agricultural Development Company	4160018051	01/07/1441H 25/02/2020G	02/07/1442H 14/02/2021G	
Industrial license for TADCO Foam Factory	Ministry of Industry & Mineral Resources	Tabuk Agricultural Development Company	4160020258	21/12/1441H 11/08/2020G	02/07/1442H 14/02/2021G	
Environmental licenses						
Environmental license for The North Oils Extraction & Bottling Factory	General Authority for Meteorology & Environmental protection	Tabuk Agricultural Development Company	7787	03/03/1439H 21/11/2017G	03/03/1441H 31/10/2019G	Expired and License is under renewal process
Environmental license for TADCO Cork Factory	General Authority for Meteorology & Environmental protection	Tabuk Agricultural Development Company	None	None	None	No License. The Company is working to obtain the License

Source: the company

10.6.2 Governmental approvals and licenses for Saudi subsidiaries of the Tabuk Agricultural Development Company:

Tabuk Company has nine Saudi subsidiaries, and the table below shows the governmental licenses and approvals obtained by the subsidiaries:

Table (47): Approvals and licenses obtained by Food Horizons Company Limited

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration) office at Alkhobar	2051220421	06/06/1439H	06/06/1442H	
Saudization (nationalization) certificate	Ministry of Human Resources and Social Development	20002009003248	16/01/1442H	19/04/1442H	
Certificate of Zakat & Tax	General Authority of Zakat and Tax	1040958125	05/08/1441H	18/09/1442H	
Industrial license	Ministry of Industry & Mineral Resources	411102102386	09/06/1441H	08/06/1444H	
Saudi Food & Drug Authority license	Saudi Food & Drug Authority	E - 00361	05/11/1439H	05/11/1442H	

Source: The company (according to the Tabuk Company's testimony, it does not have licenses and approvals for Food Horizons Company other than what is mentioned in the table)

Table (48): Approvals and licenses obtained by Tabuk Agricultural Marketing Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration office at Tabuk)	3550123534	13/10/1439H	13/10/1442H	

Source: The company (according to the testimony of the Tabuk Company, that the Tabuk Agricultural Marketing Company does not have licenses and approvals other than what is mentioned in the table, as the Tabuk Agricultural Marketing Company has not practiced any activity so far and does not have employees).

Table (49): Approvals and licenses obtained by Gulf Technology Sustainable Energy Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration office at Riyadh)	1010704766	22/05/1438H	22/05/1443H	

Source: The company (according to the testimony of the Tabuk Company, the Gulf Technology Sustainable Energy Company does not have licenses and approvals other than what is mentioned in the table, as Tabuk Company reported that the Gulf Company is currently under liquidation).

Table (50): Approvals and licenses obtained by the East Asia Development and Agricultural Investment Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration office at Riyadh)	1010373176	27/06/1434H	27/06/1443H	
Chamber Of Commerce membership certificate	Chamber of Commerce, Riyadh office	24429	26/06/1434H	26/06/1442H	

Source: The company (according to the statement of the Tabuk Company, the East Asia Development and Agricultural Investment Company does not have licenses and approvals other than what is mentioned in the table).

Table (51): The approvals and licenses obtained by the Tabuk Nurseries and Landscaping Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce CR office at Tabuk	3550123535	13/10/1439H	13/10/1442H	
Chamber Of Commerce membership certificate	Chamber Of Commerce, Tabuk office	401001151003	07/02/1442H	13/10/1442H	
Saudization (nationalization) certificate	Ministry of Human Resources and Social Development	20002011000033	04/04/1442H	07/07/1442H	

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Certificate of evaluating the company's entity	Ministry of Human Resources and Social Development	16-1834379	04/04/1442H	None	The company in in GREEN scale, saudization percentage is 100%

Source: The company (according to the testimony of the Tabuk Company, the Tabuk Nurseries and Landscaping Company does not have licenses and approvals other than what is mentioned in the table).

Table (52): The approvals and licenses obtained by the Feed Sources Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration office at Jeddah	4030325647	22/06/1440H	22/06/1443H	
Saudization (nationalization) certificate	Ministry of Human Resources and Social Development	20002012024566	06/05/1442H	08/08/1442H	
General Organization for Social Insurance subscription certificate	General Organization for Social Insurance	569091551	-	07/05/1442H	

Source: The company (according to the statement of the Tabuk Company, the Feed Sources Company does not have licenses and approvals other than what is mentioned in the table, and the Tabuk Company reported that the factory is still in the name of the partner Ahmed Al-Omari, noting that the company is in the process of filing a lawsuit in this regard. For more details, please see The "Litigation" section in the "Legal Information" section of this prospectus).

Table (53): The approvals and licenses obtained by the Saudi Agricultural Group Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration) office at Riyadh	1010310766	13/07/1432H	13/07/1440H	Expired
Chamber of Commerce membership certificate	Chamber of Commerce, Riyadh office	3931	23/07/1407H	28/05/1443H	
Municipality license	Ministry of Municipal & Rural Affairs	24310	20/08/1428H	25/06/1439H	Expired

Source: The company (according to the statement of the Tabuk Company, the Saudi Agricultural Group Company does not have licenses and approvals other than what is mentioned in the table, as Tabuk Company reported that the Saudi Agricultural Group Company is currently under liquidation).

Table (54): The approvals and licenses obtained by the National Company for Seed Production and Agricultural Services

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration) office at Riyadh	1010064975	11/06/1407H	09/05/1443H	
Chamber of Commerce membership certificate	Chamber of Commerce, Riyadh office	3931	23/07/1407H	28/06/1443H	
Saudization (nationalization) certificate	Ministry of Human Resources and Social Development	20002011038158	11/04/1442H	14/07/1442H	
Agricultural nursery allocation license	Ministry of Environment Water and Agriculture	(ق/ض/5/ش19)	19/01/1441H	18/01/1444H	
Agricultural site registration certificate	Ministry of Agriculture	3130273554	23/06/1438H	23/06/1441H	Expired

Source: The company (according to the statement of the Tabuk Company, the National Company for Seed Production and Agricultural Services has no approvals other than what is mentioned in the table).

Table (55): The approvals and licenses obtained by Jannat Agricultural Investment Company

Type of license	Issuing body	License number	Issue / renewal date	Expiry date	Remarks
Commercial registration	Ministry of Commerce (Commercial Registration) office at Riyadh	1010241588	01/12/1428H	01/12/1438H	Expired

Source: The company (according to the testimony of the Tabuk Company, Jannat Agricultural Investment has no licenses and approvals other than what is mentioned in the table, and the Tabuk Company also reported that Jannat Agricultural Investment is currently under liquidation).

10.6.3 Approvals and licenses not obtained by subsidiaries:

With regard to municipality licenses, the Tabuk Company stated that Food Horizons Company Ltd., Tabuk Agricultural Marketing Company, Gulf Technology and Sustainable Energy Company, East Asia Agricultural Development and Investment Company, Tabuk Nursery and Landscaping Company, Feed Resources Company, and the National Company for Production Seeds and agricultural services, and Jannat Agricultural Investment Company, did not obtain the municipal licenses. As for the Saudi Agricultural Group Company, it did not renew its municipal license.

With regard to commercial Registrations, Tabuk Company stated that neither the Saudi Agricultural Group Company nor Jannat Agricultural Investment Company renewed their commercial registration.

The Tabuk Company also reported that Food Horizons Company Ltd., Tabuk Agricultural Marketing Company, Gulf Technology and Sustainable Energy Company, Feed Sources Company and Jannat Agricultural Investment Company have not issued a Chamber of Commerce certificate.

The Tabuk Company reported that civil defense licenses were not issued to Food Horizons Company Ltd., Tabuk Agricultural Marketing Company, Gulf Technical Sustainable Energy Company, East Asia Agricultural Development and Investment Company, Tabuk Nurseries and Landscaping Company, Feed Sources Company, Saudi Agricultural Group Company, and the National Company For the production of seeds and agricultural services, and Jannat Company for Agricultural Investment.

The Tabuk Company stated that the social insurance certificates for Food Horizons Company Ltd., Tabuk Agricultural Marketing Company, Gulf Technology Sustainable Energy Company, East Asia Agricultural Development and Investment Company, Tabuk Nurseries and Landscaping Company, Saudi Agricultural Group Company, and the National Seed Production Company have not issued any certificates. And Agricultural Services, and Jannat Agricultural Investment Company.

Tabuk also reported that Tabuk Agricultural Marketing Company, Gulf Technical Company for Sustainable Energy, Saudi Agricultural Group Company, and Jannat Agricultural Investment Company had not issued Saudization certificates.

The Tabuk Company reported that no zakat and income certificates, a certificate and registration for value-added tax were obtained by the Tabuk Agricultural Marketing Company, the Gulf Technology Sustainable Energy Company, the East Asia Agricultural Development and Investment Company, the Tabuk Nursery and Landscaping Company, the Fodder Resources Company, and the Saudi Agricultural Group Company. The National Company for Seed Production and Agricultural Services.

10.7 Ongoing obligations imposed by government entities on the company and some of its subsidiaries as “the owner of licensee”

The supervisory authorities below oblige the company to adhere to some essential requirements as follows:

10.7.1 Ongoing commitments as per the requirements of the Ministry of Commerce (“Ministry of Commerce”)

The company is committed to the Commercial Registration Law in terms of registration with the Commercial Registration Department in Tabuk, where the headquarters of the company is under Commercial Registration No. 3550005403 and the date 15/08/1404H (corresponding to 17/05/1984G) and whose validity expires on 29/05/1442H (corresponding to 13/01/2021G). The company is about to extract a new Commercial Registration that reflects the change in the company's capital.

The company is committed to the companies' bylaw and the company's articles of association have been updated in line with the new amendments that were introduced to the companies' bylaw, after taking the approval of the Ministry of Commerce on the draft of the proposed articles of association and it was approved by the extraordinary shareholders meeting date 02/09/2438H (corresponding to 28/05/2017G) and was approved by the Ministry of Commerce on 06/08/1439H, (corresponding to 22/04/2018G).

The company has a trademark that has been registered with the Ministry of Commerce (Department of Trademarks) under category (29), which is one of the brands that specialize in meat, fish, poultry meat, fishing, fruits, vegetables, eggs, milk, dairy products, greases, and oils. Its name and logo are on the external facade of the building or offices that the company operates, as it has registered the trademark and granted it the necessary legal protection in accordance with the trademark system. (For more details on the company's trademarks and their categories, please see the “Trademarks” section in the “Legal Information” section).

The company has established seven branches inside the Kingdom and Commercial Registration certificates have been extracted from the branches of the Ministry of Commerce in the region in which the branch is located (For more details about the branches' commercial records, please see the item “licenses and government approvals” in the “Legal Information” section).

The company is also committed to the Commercial Registration Law in terms of obtaining a membership certificate in the Chamber of Commerce and Industry for the head office under Certificate No. 401000011835. The company did not obtain membership certificates for its branches.

Contrary to the notes mentioned in the “licenses and governmental approvals” section in the “legal information” section, the board members confirm that the company continues to adhere to the requirements of the Ministry of Commerce until the date of this prospectus, and they also undertake to continue adhering to them.

10.7.2 Ongoing obligations according to the requirements of the General Authority for Zakat and Tax

The company, like other establishments and registered companies operating in the Kingdom, is obligated to submit its zakat and tax returns within 120 days of the end of the fiscal year for the purpose of renewing the certificate issued by the General Authority for Zakat and Tax. The company was registered as a taxpayer under the distinguished tax number 3000000769, and it obtained a Zakat declaration certificate for the period ending on 31/12/2019G according to the certificate No. 110562683 dated 02/08/1441H, which is valid until 18/09/1442H (corresponding to 30/04/2021G).

There are amounts owed by the company related to the zakat assessment for the years from 2005 to 2012G. Where the initial assessment included the existence of zakat differences of 6,414,882 riyals, and the company objected to the assessment on the first primary tax zakat objection committee in Riyadh on its decision No. (5) for the year 1439H. The committee's decision was issued in partial approval of the objection submitted by the company to accept the correction of the zakat assessment in the amount of 1,493,146 Saudi riyals. The company has appealed this decision. On 23/02/1442H (corresponding 10/10/2020G). The First Appellate Committee for Income Tax Violations and Disputes obligate Tabuk Company to pay an amount of (696,337) Saudi riyals only, in favor of the General Authority of Zakat and Tax. Note that the company is awaiting an official letter from the authority of the amount due, and the company has stated that it will pay the amount in one go if the payment number is issued by the General Authority for Zakat and Tax.

Also, there are amounts owed by the company for the fiscal year 2019G in the amount of 2,512,552 Saudi riyals, and the company was notified of this on 12/08/1441H, and the company intends to pay the amount in the second quarter of 2021G (For more details on the relevant risk factor here, please refer to the section **"Risks related to potential Zakat entitlements"** in the **"Risk Factors"** section of this prospectus).

The company is committed to the value added tax Law and its executive regulations, and it is registered with the General Authority for Zakat and Tax under the tax number 300000076900003 according to a certificate issued on 02/12/1438H (corresponding to 24/08/2017G).

With the exception of what was mentioned above in this clause, the company is committed as on the date of publishing this circular to the tax and income regulations, executive regulations and instructions issued by the General Authority for Zakat and Tax.

10.7.3 Ongoing commitments as per the requirements of the Ministry of Human Resources and Social Development ("The Ministry of Human Resources")

A file was opened at the Ministry of Human Resources (Labor Office) with the standard number 20002010009868 according to the Saudization certificate number obtained from the Labor Office. As on the date of publishing this prospectus, the company benefits from the electronic services of the Ministry of Human Resources and is committed to the 15.11% required by the Nitaqat program, and falls in the platinum range.

The company has an internal work regulation approved by the Labor Office No. 44958, dated 22/03/1441H.

With the exception of what was mentioned in the section **"Risks of employee mistakes or misconduct"** in the **"Risk Factors"** section of this prospectus, the company is obligated, as on the date of this issuing the prospectus, to the labor law, the executive regulations, instructions and decisions issued by the Ministry of Human Resources.

10.7.4 Ongoing commitments as per the requirements of the Ministry of Industry and Mineral Resources ("The Ministry of Industry")

The company has two factories, namely the North Factory for Oil Extraction and Packaging and the Tabuk Agricultural Development Company for Cork Factory in Tabuk, and the Ministry of Industry obliges the company to adhere to some controls and conditions in order to maintain its industrial licenses, for example the following:

- 1- Adherence to the articles of the law (regulation) of the unified industrial organization of the Cooperation Council for the Arab States of the Gulf and its executive regulations.
- 2- Not to make any expansion or modification in the products before obtaining the approval of the Ministry.
- 3- Commitment to update the factory data every six months through the Ministry's website.
- 4- Commitment to conformity of products to the approved specifications and standards or specifications adopted by the Saudi Organization for Standardization and Metrology.
- 5- Adherence to the articles of the environmental law and its implementing regulations to preserve the environment from pollution.
- 6- Commitment to regulations, instructions, and safety, industrial security and public health regulations*.
- 7- That the accounts of the industrial project be regular in accordance with the accounting principles and the applicable legal rules, and that the Ministry is provided with a general budget certified by a certified accountant for each fiscal year.
- 8- Obtaining the approval of the related municipality and adhering to the instructions issued in the event that the factory is established outside the licensed industrial cities. **
- 9- Providing the Ministry with the complete and correct data it requests about the project.
- 10- Allowing the Ministry's employees to enter the industrial project, reviewing the records, documents and accounts, and monitoring production processes and other activities of the project.

- 11- It is not permissible to establish, expand or develop an industrial project, change its products, merge it with another industrial project, divide it into more than one project, or change its location. It is also not permissible to dispose of the project in whole or in part, mortgage it, lease it, or assign it with any kind of assignment without the approval of the Ministry.

The environmental license for the North Oil Extraction Factory expired on 03/03/1441H (corresponding to 31/10/2019G) and work is underway to renew it, and there is no environmental license for the Tabuk Agricultural Development Company for Cork Factory and work is underway to extract it.

With the exception of what was mentioned above, the company is committed to the regulations and instructions of the Ministry of Industry and Mineral Resources as of the date of publication of this prospectus.

10.7.5 Ongoing commitments as per the requirements of the Capital Market Authority

The Authority requires listed companies to abide by the rules on the offer of security and continuing obligation, special instructions issued by the authority and listing rules issued by the Saudi Stock Exchange Company (Tadawul), especially the obligation to periodically disclose the material and financial developments and the Board of Directors report. The company must also provide a statement of all the causes and effects of the change in the financial results for the current fiscal year with the comparison period, so that the reasons include all the items of the financial results announcement.

It should be noted that regarding the solvency of public joint-stock companies, on 23/01/1438H, (corresponding to 24/10/2016G), the Authority's Board Decision No (6102-031-1) have changed the instruction and procedures related to listed companies with a cumulated losses of 50% and above in flight with new Company's law and its name was amended to become "procedures and instructions for companies whose shares are listed in the market whose accumulated losses amounted to (20%) more than their capital" beginning of 25/07/1438H (corresponding to 22/04/2017G).

On 14/03/1441H, (corresponding to 11/11/2019G), the company announced that its accumulated losses had reached 46.274% of the capital.

On 29/12/1441H (corresponding to 19/08/2020G), the extraordinary general assembly approved the board of directors' recommendation to reduce the capital from (450,000,000) four hundred fifty million riyals to (241,767,000) two hundred and forty-one million seven hundred and sixty-seven thousand riyals, thus reducing the shares The company from (45,000,000) forty-five million shares to (24,176,700) twenty-four million one hundred seventy six thousand and seven hundred shares, and that through the cancellation of (20,823,300) twenty million eight hundred and twenty-three thousand three hundred shares of the company.

The company obtained the approval of the Capital Market Authority on this reduction on 20/04/1441H (corresponding to 17/12/2019G), and this approval was announced on the CMA website and the Saudi Stock Exchange (Tadawul) website for the reduction on 20/04/1441H. 17/12/2019G.

On 22/09/1440H, the Authority imposed a fine of ten thousand (10,000) Saudi riyals, due to the failure of the company of providing the Authority with a number of information related to the fiscal year ending on 31/12/2018G during the specified period.

The authority also required companies listed on the stock exchange to disclose, in stages, that they have complied with the transition to international accounting standards. On 29/12/2016G, the company announced its commitment to do so on Tadawul.

As for the Corporate Governance Regulations, the table below includes a summary of the most important articles of the corporate governance regulation that the company committed or did not adhere to.

Table (56): A summary of the most important articles of the corporate governance regulation that the company committed or did not adhere to

Article in Companies' governance regulation	Detail	Responsible authority	Commentary
b/9	The board of directors must set a clear policy regarding the distribution of dividends in the interests of the shareholder and the company in accordance with the company's articles of association	Board of Directors	Complying
a/8	Provide a copy of the information about the candidate for membership of the Board of Directors on the company's website	Board of Directors	Complying
12/5 & 54	Form the audit committee	Shareholders General Assembly	Complying
-54/C	The general assembly of the company - based on a proposal from the Board of Directors - shall issue the work bylaw of the audit committee, provided that this regulation includes the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and a mechanism for temporarily appointing its members in the event of a seat vacancy.	Shareholders General Assembly	Complying
12/6	Approval of the 2018G financial statements.	Shareholders General Assembly	Complying
12/7	Approval of the annual report of the Board of Directors for the year 2018G.	Shareholders General Assembly	Complying
12/9 & 18	Appointing company auditors, determining their remuneration, reappointing them, changing them, and approving their reports.	Shareholders General Assembly	Complying
13/D	Publication of the announcement of the date of the general assembly meeting, place and agenda twenty-one days before the date at least on the company's website.	Board of Directors	Complying
14/C	Make available to the shareholders through the company's website - when publishing the invitation to convene the general assembly - obtaining information related to the items of the general assembly agenda, especially the report of the board of directors, the auditor, the financial statements, and the report of the audit committee.	Board of Directors	Complying
22/2	Establishing systems and controls for internal control and general supervision, including: Establishing a written policy to address actual and potential "conflicts of interest" cases for both members of the Board of Directors, executive management and shareholders, including misuse of the company's assets and facilities, and misbehavior resulting from dealings with related persons. To ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports. To ensure the application of appropriate control systems to measure and manage risks, by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level and presenting it transparently with stakeholders and related parties to the company. The annual review of the effectiveness of internal control procedures in the company.	Board of Directors	Complying
22/3	Establishing clear and specific policies, standards and procedures for membership in the Board of Directors, and putting them into effect after their approval by the General Assembly.	Shareholders General Assembly	Complying
22/4	Establishing a written policy that organizes the relationship with stakeholders in accordance with the provisions of the Governance Regulations, and must cover - in particular - the following: Mechanisms for compensation to stakeholders in the event of violation of their rights recognized by the regulations and protected by contracts. Mechanisms for settling complaints or disputes that may arise between the company and stakeholders. Appropriate mechanisms to establish good relationships with customers and suppliers and to maintain the confidentiality of information related to them.	Board of Directors	Complying

Article in Companies' governance regulation	Detail	Responsible authority	Commentary
Article in Companies' governance regulation	Detail	Responsible authority	Commentary
22/5	Establishing policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclosing essential information to shareholders and stakeholders, and verifying the executive management's compliance with them.	Board of Directors	Complying
22/13 & 50 & 60 & 60/A & 64	Forming specialized committees emanating from it by decisions specifying the committee's term, powers and responsibilities, and how the board will monitor them, provided that the formation decision includes naming members and specifying their duties, rights and duties, along with evaluating the performance and work of these committees and their members	Board of Directors	Complying
23/1	Approving and developing internal policies related to the company's work, including defining the tasks, specializations and responsibilities assigned to the various organizational levels	Board of Directors	Complying
23/2	Adopt a written and detailed policy specifying the powers delegated to the executive management and a table explaining those powers, the method of implementation and the duration of delegation, and the board of directors may request the executive management to submit periodic reports on its practices of the delegated powers	Board of Directors	Complying
25	Appointing the Chief Executive Officer	Board of Directors	Complying
26/5	Establishing the organizational and functional structures of the company and submitting them to the Board of Directors for consideration and approval.	Board of Directors	Complying
26/10	Suggesting a policy and the types of remuneration to be granted to workers, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares.	Board of Directors	Complying
43	A written and clear policy for dealing with current or potential conflicts of interest situations that may affect the performance of members of the board of directors, executive management, or other company employees when they deal with the company or other stakeholders	Board of Directors	Complying
55/B/4 & 74	Appointing a director of the internal audit unit or department or the internal auditor and proposing his remuneration	Board of Directors	Complying
60/B & 64/B	The general assembly of the company - based on a proposal from the Board of Directors - shall issue a work bylaw for the Remuneration and Nomination Committee, provided that this list includes the committee's controls, procedures, and work plan, its functions, the rules for selecting its members, how they are nominated, term of their membership, Compensation and temporarily appointment incase one of the seats of the committee	Shareholders' general assembly	Complying
61/1	The Remuneration and Nominations Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, so that the follow-up of this policy and the follow-up of that policy are taken into account.	Shareholders' general assembly	Complying
65/3	Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and for occupying executive management positions	Remunerations and nomination committee	Complying
86	Publication of the announcement of candidacy for membership of the Board of Directors on the company's website	Board of Directors	Complying
84	Policies or procedures for stakeholders to file complaints or report violating practices	Board of Directors	Complying
86	A policy of professional conduct and ethical values	Board of Directors	Complying
89	Written disclosure policies, supervisory procedures and systems thereof in accordance with the disclosure requirements contained in the Companies Law and the Financial Market Law.	Board of Directors	Complying

Article in Companies' governance regulation	Detail	Responsible authority	Commentary
91/B	Publication of the audit committee report on the company's website	Board of Directors	Complying
94	The company's corporate governance rules do not contradict the mandatory provisions	Board of Directors	Complying

Source: the company

10.8 Substantive Contracts

10.8.1 Related party contracts and transactions

The company does not have contracts and dealings with related parties, and this includes members of the Board of Directors, shareholders, senior executives and their relatives.

10.8.2 Contracts and transactions related to real estate assets

1- Real estate owned by the company

The company owns a number of lands as follows:

Table (57): Details of the lands owned by the company

Property type	Area	Location	Owner	Deed number	Remark
Land	660m	Almorooj District II, Tabuk City	TADCO	456/3	
Land	212,487.310m	North of Tabuk, west of the Railway line and highway	TADCO	-	His Excellency the Minister of Environment, Water and Agriculture issued Resolution No. (440/1057/693167) on 17/09/1441H regarding the company's ownership of this land. Note that the company is now awaiting approval from the High Commissioner to extract the title deed for this land.
Land	2,259,580m	North of Tabuk, west of the Railway line and highway	TADCO	-	His Excellency the Minister of Environment, Water and Agriculture issued Resolution No. (440/1057/693167) on 17/09/1441H regarding the company's ownership of this land. Note that the company is now awaiting the high position to extract the title deed for this land.

Source: the company

As on the date of this prospectus, the book value of the properties of Tabuk Company and its subsidiaries amounted to 195,098,504 riyals. Note that the book value of Tabuk real estate alone amounted to 103,708,364 riyals. Note that there are rights related to some of these real estate properties which are mortgages, and for more details refer to the item "loans and credit facilities" in the "legal information" section of this prospectus.

2- Real estate lease contracts

The table below shows a summary of the properties that the company has leased:

Table (58): Details of real estate leased by the company

Real estate	Type of property	Date of contract	Lessor	Lessee	Term	Rental value	Remarks
Tabuk branch	Land for constructing the headquarters of the company	From 15/06/1405H to 16/06/1415H	Tabuk Secretariat	The company	10 years	70,000 SAR annually	According to the contract we reviewed, this contract expired on 15/06/1415H. The contract stipulated that it is not renewed except with the approval of the related authorities. Although there is no renewal letter / agreement, the company reported that this contract is still valid, but the company did not provide any information regarding the renewal period and the annual fee.
Riyadh branch	Administrative offices	From 01/08/2020G To 31/07/2021G	Athal Development & investment co.	The company	One year	Annual rent SAR 115,950	
Jeddah branch	Administrative offices	From 15/12/2019G To 14/12/2020G	New Concept Building Co. Ltd.	The company	One year	SAR 100,087	
Branch of Prince Sultan Airport in Tabuk	POS for the company's products	From 20/09/2019G To 19/09/2022G	General Authority for Civil Aviation	The company	3 years	SAR 30,000	This contract is a renewal of a previous lease contract. This renewal contract has been prepared by the General Authority of Civil Aviation and the Tabuk Company has signed it, and is awaiting signature by the Authority.
Sudan land	Agricultural land	From 01/08/2015G To 01/08/2021G	Sudan Government	The company	7 years	30,000 Sudanese Pound	There are rental amounts due that have not been paid by the Tabuk company, which are claimed by the local authorities in the northern state (locality al-Guld), which is 1,050,000 Sudanese pounds (equal to: 87,500 Saudi riyals). According to Article (5) of the lease contract, the government of Sudan may retrieve possession of the land and all of it without paying compensation to the company whenever the company fails to pay the rent.

Source: the company

10.8.3 Loans and credit facilities:

The following is an overview of the facilities and loans agreements obtained by the company that are still in force as of the date of publication of this prospectus:

Table (59): Details of loans and credit facilities

Lender	Details	Remarks
Agricultural Development Fund	<ol style="list-style-type: none"> This agreement was signed between Tabuk Company and the Agricultural Development Fund on 04/16/2020G. The value of this loan is 10,000,000 riyals, due for one payment on 16/04/2022G. 	<p>According to Article (6) of the agreement, the company is obligated to provide a guarantee of 12,000,000 riyals for this loan. The company has so far provided a guarantee in the form of a promissory note of 10,170,000 riyals.</p> <p>On 1441/8/12H, the Agricultural Development Fund requested the company to pledge a part of the company's assets, and the Fund also demanded a mortgage equivalent to the value of the loan from the company's land. In the event the land title deed is issued, accordingly, the company has pledged to provide two additional guarantees for this loan, which are:</p> <ol style="list-style-type: none"> A mortgage of the company's assets (buildings) with a value of 40,911,033 riyals. The company did not clarify when it will provide this mortgage. A mortgage of the equivalent value of the loan from the company's land in the event the land ownership deed is issued.
Agricultural Development Fund	<ol style="list-style-type: none"> This agreement was signed between the Tabuk Company and the Agricultural Development Fund on 03/12/1432H. The total value of this loan is 1,598,594 riyals, the repayment period is 10 years, to be paid in 10 installments, the last installment is to be paid on 03/12/1444H. The remaining amount of the loan is 799,295 riyals, representing the value of 5 installments. 	<ul style="list-style-type: none"> The company has not paid the installments due since 03/12/1440H until now. If the company fails to pay any due installment, it may expose the company to the possibility of demanding, by the fund, to pay the entire remaining amount in the company's possession in one single payment, in accordance with paragraph (2) of Article (9) of the agreement. According to Article (5) of the agreement, the company is obligated to provide a guarantee of 1,598,594 riyals for this loan. The company did not provide any document indicating the type of guarantee. The company stated that it had pledged assets of cooling refrigerators (as a guarantee for this loan) amounting to 43,000,000 Saudi riyals.
Agricultural Development Fund	<ol style="list-style-type: none"> This agreement was signed between the Tabuk Company and the Agricultural Development Fund on 09/11/1431H. The total value of this loan is 18,401,404 riyals, the repayment period is 10 years through 10 installments, the last installment is paid on 09/11/1442H. The remaining amount of the loan is 5,998,332 riyals, representing the value of 4 installments. 	<ul style="list-style-type: none"> The company has not paid the installments due since 09/11/1439H until now. If the company fails to pay any due installment, it may expose the company to the possibility of demanding, by the fund, to pay the entire remaining amount in the company's possession in one single payment, in accordance with paragraph (2) of Article (9) of the agreement. According to Article (5) of the agreement, the company is obligated to provide a guarantee of 18,401,404 riyals for this loan. The company did not provide any document indicating the type of guarantee. The company stated that it had pledged assets of cooling refrigerators (as a guarantee for this loan) amounting to 43,000,000 Saudi riyals.

Lender	Details	Remarks
Saudi Development Fund	<ol style="list-style-type: none"> 1- This agreement was signed between Rakhaa Company for Agricultural Investment and Development (Arab Republic of Egypt) and the Saudi Fund for Development on 05/01/2009G. This agreement was amended on 31/07/2019G. 2- The Tabuk Company guaranteed this loan provided by the Saudi Fund for Development for the benefit of the Rakha Agricultural Investment Company (a company in which the Tabuk Company owns 21.62%), noting that the percentage of the Tabuk Company bearing this loan represents 18.85% of the total loan value. 3- The basic amount of this loan is 100,000,000 riyals. The amount has been rescheduled according to the amended agreement signed on 31/07/2019G, to become after rescheduling 93,455,749.98 riyals. 4- According to the amended agreement, an amount of 10,000,000 million will be paid upon signing the above-mentioned amended agreement. Provided that the remainder of the amount is paid in (16) installments paid semi-annually, the first installment of which is due on 31/10/2019G and the last installment on 30/04/2027G and the amount of each installment is 5,215,984 riyals. 	<ul style="list-style-type: none"> Referring to the fund letter to Rakhaa company dated 8/29/2019G stating that the advance payment of 10,000,000 riyals has been delayed. Given that failure to pay the advance payment or any other installment gives the fund the right to claim the full amount, so that all unpaid installments are the case of immediate performance, in accordance with Clause 1-3 of the amended agreement. Given that Tabuk Company guarantees the rate of 18.85% of the Rakhaa company's loan, the lax payment of the fund's dues may result in financial burdens on the Tabuk Company.

Source: the company

- With the exception of the above, the company does not have any loans or bank facilities and has not entered into any financial lease agreements with any of the Saudi or non-Saudi banks.
- The company also confirms that it has not provided cash loans of any kind to members of its board of directors, and that it has not provided any guarantees for any loans to members of the board of directors or its employees with others, and has not opened any bank credits. The company has not granted loans to any of its employees, except for salary advances that are calculated from housing and / or transportation allowances according to the work contract.

10.8.4 Contracts and transactions related to suppliers, distributors and clients

Main suppliers:

The company relies in its relationship with most of the major suppliers on direct purchase orders without the presence of agreements or contracts, as with the exception of Aramco, the company has stated that it does not have contracts with the suppliers mentioned in the list below, and they are dealt with by direct purchase orders. The following is a list of the main suppliers of the company and the materials that are supplied. The percentage of the main suppliers represents 42.3% of the total imports of the company for the year 2019G and their value:

Table (60): The main suppliers of the company for the year 2019G

SN	Supplier	Materials	Value (SAR)
1	ARAMCO	Petroleum substances	9,531,060
2	Ali Mohammed Alrasheed Est. *	Fertilizers & chemicals	4,184,647
3	SABIC *	Fertilizers	2,809,934
4	Alkhuraif Trading Company *	Agent for tractors, irrigation equipment and spare parts	976,893
5	Alzahid Tractors & Heavy Equipment Company *	Agent for caterpillars, agricultural equipment and spare parts	944,553

Source: the company

Major distributors:

The list below shows the most important current distributors, noting that the company has secret contracts with some of these distributors, while others are still continuing to deal with them despite the end of the signed contracts. The agreements signed with the company's distributors include the requirement to provide financial guarantees from the distributors of the company, noting that some distributors have provided guarantees under these contracts, represented by bonds to an order, while some distributors have not provided these guarantees to the company to date.

Table (61): the main distributors of the company for the year 2019G

SN	Name	Sales percentage	Country
1	Fruit Oasis Trading Company	6.50%	Saudi Arabia
2	Wasm Almaali contracting company	3.79%	Saudi Arabia
3	Mohammed Abdullah Alshaikh est.	2.50%	Saudi Arabia
4	Fahad Abdullah Aljalfan	2.22%	Saudi Arabia
5	Ghurm Saleh Alghamdi	1.79%	Saudi Arabia

Source: the company

Major Clients:

According to the company's testimony, it depends in its relationship with its main clients on direct sales without the existence of agreements or contracts.

The following is a list of the company's most important customers and the percentage of sales made to them compared to the company's total sales:

Table (62): The main customers of the company for the year 2019G

SN	Name	Sales percentage	Country
1	Fahd Othman Ali Almousa	4.71%	Saudi Arabia
2	Sulaiman Saeed Aljabri Trade Est.	3.96%	Saudi Arabia
3	Mohammed Ali Alrashid Est.	3.02%	Saudi Arabia
4	Saudi Agricultural Development Company	2.68%	Saudi Arabia
5	Abdulrahman Mohammed Ibrahim Alnamer	2.47%	Saudi Arabia
6	Khalid Mohammed Abdullah Alhaqqas Est.	1.68%	Saudi Arabia

10.9 Litigation

10.9.1 Cases filed from or against the Tabuk Agricultural Development Company:

There are some lawsuits filed by or against the company that arose in the context of the company's conduct of its activities, whether with some of its clients, suppliers or employees.

To date, the lawsuits filed by the company constitute 6 cases, of which the claim amounts amounted to 45,280,658 riyals. Whereas, to date, the cases brought against the company amounted to 8 cases, in which the claim amounts amounted to 6,254,150 riyals.

The tables below give a summary of the cases filed by or against the company:

Table (63): Cases filed by the company

#	Case date and number	Plaintiff	Defendant	Title of plaintiff / defendant	Amount of claim	Case of claim until 22/05/1442H
1	4140851172 Date: 15/07/1441H	TADCO	Marwa Mahmoud Abdullah Alhilal Est. + Marwa Mahmoud Abdullah Alhilal	Commercial client	SAR 300,000 according to a cheque	A judgment was issued by the execution court for the full amount in favor of Tabuk Company, but the amount has not yet been received.
2	401014100048052 date: 11/10/1441H	TADCO	Marwa Mahmoud Abdullah Alhilal	Commercial client	SAR 1,200,000 According to a promissory note	A judgment was issued by the execution court for the full amount in favor of Tabuk Company, but the amount has not yet been received
3	401014100015227 date 18/08/1441H	TADCO	Marwa Mahmoud Abdullah Alhilal + Fikrat Watan Trade Est.	Commercial client	SAR 300,000 According to a promissory note	A judgment was issued by the execution court for the full amount in favor of Tabuk Company, but the amount has not yet been received.
4	1383 25/04/1442H	TADCO	Alsalam International Company Limited	Commercial Client	2,694,068 retainer fees 100,000 Total of claim is: 2,794,068	A primary verdict was issued by the Commercial Court in Jeddah, Second Circuit, on 25/04/1442H, obliging Al-Salam International Limited to pay Tabuk Company 2,494,068 riyals and an amount of 150,000 riyals as the value of attorneys' fees. It is not clear yet whether the defendant will pay the amounts awarded or file an appeal against the ruling.
5	3045 25/10/1441H	TADCO	Ex-BOD members for East Asia Agricultural Development & Investment Co.	BOD members of a subsidiary	10,856,600 SAR	An initial verdict was issued to suspend the liability lawsuit against the members of the East Asia Company's board of directors by the court until the case filed by the East Asia company against Mr. Muhammad Abdullah Al-Rajhi is decided. Tabuk Company has filed an appeal against the initial judgment issued to suspend the case. No judgment has been issued by the Court of Appeal in this regard to date. In view of the issuance of the Court of Appeal ruling in the lawsuit filed by the East Asia Company against Mr. Mohammed Abdullah Al-Rajhi, it is expected that consideration of the lawsuit filed by the Tabuk Company will be resumed against the members of the former Board of Directors of the East Asia Company.

#	Case date and number	Plaintiff	Defendant	Title of plaintiff / defendant	Amount of claim	Case of claim until 22/05/1442H
6	-	TADCO	Ahmed Hussain Alamari	Partner in a subsidiary company (Agricultural Fodder Sources Company)	29,800.000 SAR	<p>Pursuant to the partnership agreement on 23/05/1440H (corresponding to 29/01/2019G), Tabuk and Ahmed Al-Omari Company established the Agricultural Fodder Sources Company, Commercial Register No. 4030325647 issued from Jeddah on 22/06/1440H, provided that Tabuk Company pays an amount of 18,000,000 Riyals, representing 60% of the company's capital, and the Tabuk Company paid the amount. Al-Amri Industry Commercial Register No. 4030212605 dated 14/06/1432H, so the percentage is 60% for Tabuk Company with shares of 750 shares of the capital (one share is one thousand riyals, and the total number of shares is 1,250 shares) and Ahmed Al-Omari has 500 shares representing 40% of the capital the money.</p> <p>The company is in the process of filing a lawsuit against the defendant with the related judicial authority. To claim the refund of 18,000,000 riyals paid to the defendant in addition to 10,000,000 riyals in compensation for the missed benefit in addition to 1,800,000 riyals as litigation fees.</p>
Total of amounts					SAR45,280,658	

Table (64): Cases Filed against the Company

#	Case date and number	Plaintiff	Title of plaintiff / defendant	Defendant	Amount of claim	Case of claim until 22/05/1442H
1	1440 08/02/1440H	National Recruitment Company	Supplier	TADCO	SAR 661,249 And retainer fees SAR 40,000 Total of claim SAR 701,249	A judgment was issued by the Court of Appeal of lack of specific jurisdiction, and it is not clear until now whether the plaintiff filed the lawsuit before another judicial body or not.
2	-	SAAd International Recruitment Company	Supplier	TADCO	SAR 394.907	The case was referred to the President of the General Court in Tabuk to decide on the issue of specific jurisdiction. No judgment has been issued by the President of the Court in this regard to date.
3	411043803 19/01/1441H	Engr. Saad Alsawwt	Ex-employee	TADCO	SAR 1.957.958 In addition to the company's waiver of a Lexus Car LX570 2013	<p>A preliminary judgment was issued in which to compel the company to pay \$ 1,207,958 and to surrender the car.</p> <p>The Court of Appeal upheld the ruling in the case, accordingly, the company paid the amount 1.207.958 riyals on 04/14/1442H (corresponding to 11/29/2020G) and transferred the ownership of the vehicle in dispute.</p> <p>And Tabuk Company filed a cassation request for the ruling in support of the Supreme Court on 30/03/1442H. This has not issued any ruling from the Supreme Court in this regard to date.</p>
4	411161168 07/04/1441H	Marwan Alghuraidh	Ex-employee	TADCO	SAR 142,166	<p>A preliminary judgment was issued in which obliging the company to pay the full amount of the claim.</p> <p>The company has appealed the initial ruling, and no judgment has been issued to that date.</p>

#	Case date and number	Plaintiff	Title of plaintiff / defendant	Defendant	Amount of claim	Case of claim until 22/05/1442H
5	411237409 20/04/1441H	Mohammad Sulaim Hammouda	Ex-employee	TADCO	SAR199,048	A preliminary ruling was issued by the Labor Court of the Second Circuit in Tabuk on 19/05/1442H obliging Tabuk Company to pay the plaintiff 17,516 riyals in late wages and an amount of 14,370 riyals which is unused vacations and 10,513 riyals as an EOS bonus, so the total amount is 42,399 riyals. The company has stated that it is in the process of appealing the first ruling.
6	193 20/05/1441H	Alsharkia Paper Company	Supplier	TADCO	SAR 658,822	A preliminary ruling was issued in favor of the plaintiff, obliging the company to pay the full amount. Due to the expiration of the statutory period for the appeal, and the Tabuk company did not submit an appeal, the final judgment was obtained. The company has stated that the amount has been paid in installments and that 435,000 Saudi riyals have been paid to date, and the remaining amount, which is 223,822 Saudi riyals, will be paid in the second quarter of 2021G.
7	763 25/11/1440H	Agricultural Returns Company	Supplier	TADCO	SAR 1,938,663	A preliminary ruling was issued in favor of the plaintiff, obliging the company to pay the full amount. Due to the expiration of the statutory period for the appeal, and the Tabuk company did not submit an appeal, the final judgment was obtained.
8	(12/38) 09/06/1438H	General Authority of Zakat and Tax Tax	Governmental body	TADCO	SAR 696,337	A decision was issued by the first primary zakat objection committee related to the Zakat assessment for the years 2005G until 2012G. The company has filed an objection with the Tax Appeal Zakat Committee in Riyadh. The decision of the First Appeal Committee for Income Tax Violations and Disputes was issued No. IR-2020-86, dated 23/02/1442H, (corresponding to 10/10/2020G). The company has stated that it will pay the amount in one go as soon as the payment number is issued by the General Authority for Zakat and Tax.
Total of amounts					SAR 6,254,150	

Source: the company

10.9.2 Cases filed by or against the Saudi subsidiaries of the Tabuk Agricultural Development Company:

The company stated that most of its subsidiaries do not have any cases, whether filed by them or against them. And the companies that have cases are as follows:

▪ East Asia Agricultural Development and Investment Company:

In contrast to the lawsuit filed by the Tabuk Company against the members of the Board of Directors of the East Asia Agricultural Development and Investment Company, the Tabuk Company stated that it was unable to obtain any statement from the East Asia Company regarding the cases brought by it or against it.

▪ Food Horizons Company Limited:

Tabuk Company reported that there are three cases filed by Food Horizons Company Ltd. (in its capacity as a plaintiff) against three of its commercial clients, and the total amount of claims in the three lawsuits amounts to 196,000 Saudi riyals. There are also two lawsuits filed against Food Horizons Company Limited (as a defendant), one from a commercial client and the other from a lessor, and the total amount of claims in the two lawsuits amounts to 203,000 Saudi riyals.

▪ Gulf Tech Sustainable Energy Technology Co.:

Tabuk reported that there are no lawsuits filed by Gulf Technical Sustainable Energy Technology Company (as a plaintiff), but there are two lawsuits filed against Gulf Technical for Sustainable Energy (as a defendant) from former employees of the company, and the total

amount of claims in the two lawsuits is 419,028 Saudi riyals. Tabuk Company stated that it had paid half of the adjudicated sums, while the rest would be paid by the other partner (Al-Amin Company for Development and Trade).

10.10 Trademarks

The company relies in marketing its services and products on its trade name registered in its commercial register, which is reflected in its slogan, which supports its business and its competitive position, and gives it a clear distinction in the market among customers. The table below shows the company's brands.

Table (65): Trademarks

Trademark	Certificate number	Trademark category	Products contained under the category	Owner company	Registration number	Start of protection	End of protection
	1447/44	29	Meat, fish, poultry and fishing, meat extracts, preserved, dried and cooked fruits and vegetables, jelly (jelly) and jams, sugar cooked fruits, eggs, milk and dairy products, edible oils and fats, canned foods and pickles.	TADCO	07/08/1434H	14/03/1434H	13/03/1444H
	1442/96	30	Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, biscuits, pies, sweets and iced sweets, honey and molasses, yeast, salt, mustard, vinegar, spices, spices, sauce, pasta, ice.	TADCO	22/07/1434H	14/03/1434H	13/03/1444H
	1442/95	31	Agricultural crops, horticultural and forestry products, and crops not included in other categories, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, animal foodstuffs, barley and wheat.	TADCO	22/07/1434	14/03/1434H	13/03/1444H
	1447/45	36	Insurance, financing, financial and real estate services.	TADCO	07/08/1434H	14/03/1434H	13/03/1444H
	1311/57	29	Meat, fish, poultry and fishing, meat extracts, preserved, dried and cooked fruits and vegetables, jelly (jelly) and jams, sugar cooked fruits, eggs, milk and dairy products, edible oils and fats, canned foods and pickles.	TADCO	23/02/1433H	17/07/1432H	16/07/1442H

Trademark	Certificate number	Trademark category	Products contained under the category	Owner company	Registration number	Start of protection	End of protection
الأرض المباركة	1315/26	30	Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, biscuits, pies, sweets and iced sweets, honey and molasses, yeast, salt, mustard, vinegar, spices, spices, sauce, pasta, ice.	TADCO	05/03/1433H	17/07/1432H	16/07/1442H
الأرض المباركة	1311/56	31	Agricultural crops, horticultural and forestry products, and crops not included in other categories, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, animal foodstuffs, barley and wheat.	TADCO	23/02/1433H	17/07/1432H	16/07/1442H
تادكو TADCO	1311/60	29	Meat, fish, poultry and fishing, meat extracts, preserved, dried and cooked fruits and vegetables, jelly (jelly) and jams, sugar cooked fruits, eggs, milk and dairy products, edible oils and fats, canned foods and pickles.	TADCO	23/02/1433H	10/07/1432H	09/07/1442H
تادكو TADCO	1311/58	30	Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee, flour and preparations made from cereals, bread, biscuits, pies, sweets and iced sweets, honey and molasses, yeast, salt, mustard, vinegar, spices, spices, sauce, pasta, ice.	TADCO	23/02/1433H	10/07/1432H	09/07/1442H
تادكو TADCO	1311/59	31	Agricultural crops, horticultural and forestry products, and crops not included in other categories, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, animal foodstuffs, barley and wheat.	TADCO	23/02/1433H	10/07/1432H	09/07/1442H

Trademark	Certificate number	Trademark category	Products contained under the category	Owner company	Registration number	Start of protection	End of protection
	142600879	29	Meat, fish, poultry and fishing, meat extracts, preserved, dried and cooked fruits and vegetables, jelly (jelly) and jams, sugar cooked fruits, eggs, milk and dairy products, edible oils and fats, canned foods and pickles.	TADCO	25/02/1427H	11/02/1436H	10/02/1446H
	142600873	31	Agricultural crops, horticultural and forestry products, and crops not included in other categories, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, animal foodstuffs, barley and wheat.	TADCO	26/02/1427H	11/02/1436H	10/02/1446H
	1327/41	31	Agricultural crops, horticultural and forestry products, and crops not included in other categories, live animals, fresh fruits and vegetables, seeds, natural plants and flowers, animal foodstuffs, barley and wheat.	TADCO	26/03/1433H	17/07/1432H	16/07/1442H

10.11 Insurance

The company maintains insurance documents that cover different types of risks that it may be exposed to. These documents have been concluded with the Tawuniya Insurance Company.

Table (66): shows: the main details of the insurance policies that the company maintains as follows

SN	Type of insurance coverage	Policy number	Maximum limit of insurance amount	Period of coverage
1	medical insurance	18070025	SAR 500,000	From 24/01/2020G To 23/01/2021G
2	Sea freight insurance	608700	SAR 2,000,000 per shipment & SAR30,000,000 annually	From 01/01/2020G To 31/12/2020G
3	Company property insurance	604960	SAR 481,284,948	From 01/01/2020G To 31/12/2020G
4	Money insurance	604957	Insurance for cash during its transportation, 100,00 Saudi riyals for a single transfer. & 24,000,000 Saudi riyals annually. The money kept in a safe at the company's headquarters, 50,000 Saudi riyals each time. The money kept at the company's headquarters, but not in a safe, 140,000 Saudi riyals each time.	From 01/01/2020G To 31/12/2020G
5	Commercial comprehensive insurance on the company's cars	16319971	SAR 10,000,000	From 01/01/2020G To 31/12/2020G
6	Fidelity insurance	604955	SAR 350,000 annually	From 01/01/2020G To 31/12/2020G
7	Insurance for the Tabuk branch located at Prince Sultan bin Abdulaziz Airport in Tabuk (insurance against liability for providing aircraft with fuel)	604959	SAR3,750,000	From 01/01/2020G To 31/12/2020G

10.12 The material information that has changed since the Authority's approval of the latest prospectus

The following is a summary of the most prominent information that has changed since the Authority's approval of the latest issue of rights issue prospectus, which was issued on 15/03/1436H (corresponding to January 6, 2015G):

1) Company Capital:

- On 23/07/1441H (corresponding to 18/03/2020G), the extraordinary general assembly approved the recommendation of the Board of Directors to reduce the capital (by 46.274% of the company's capital) from (450,000,000) four hundred and fifty million riyals to (241,767,000) two hundred forty-one million seven hundred and sixty-seven thousand riyals, thus reducing the company's shares from (45,000,000) forty-five million shares to (24,176,700) twenty-four million one hundred seventy-six thousand and seven hundred shares, by canceling (20,823,300) twenty million eight hundred twenty-three thousand And three hundred shares of the company. The company is in the process of completing the legal procedures (approval of the Ministry of Commerce) to amend the articles of association of the company and the Commercial Registration to reflect this reduction.

- The organizational structure:** It was amended on 10/10/2019G, and the Research and Development Department was added to be activated upon the company's return to profit, to become in accordance with what is shown in this circular (for more details, please refer to Section (4), "The organizational structure of the company").
- The Articles of Association:** The articles of association have been amended and updated in line with the new companies' law, and the last update of the company's articles of association took place on 01/03/1442H (corresponding to 18/10/2020G).
- Financial Statements:** The method of preparing them was amended in 2017G to become in accordance with the International Financial Reporting Standards.
- Senior management:** making some adjustments, the most important of which is the appointment of a new CEO and a new head of the financial sector.
- Accumulated losses:** It amounts to 19% of the capital according to the un-audited financial statements as of 30/06/2020G.

- 7) **Asset value:** The company did not prepare a study of the decline in the value of assets directly related to operation and production as of 31/12/2019G, and it was reserved in the report of the company's auditor in the annual audited financial statements for the year 2019G, and the company prepared that study from an independent office - a company Sulaiman Abdullah Al-Kharashi (Al-Kharashi & Partners Certified Accountants and Auditors) - on 19/07/2020G, accordingly, this reservation was removed in the unaudited financial statements for the first six months of 2020G, and the study did not reveal a decrease in the value of the company's assets directly related to operation and production.
- 8) **Using the proceeds of the rights issue for the year 2015G:** The total proceeds obtained by the company in the last process of issue of rights issue on 15/03/1436H (corresponding to 01/06/2015G) amounted to 250,000,000 Saudi Riyals.

Whereas, the company increased its capital from 200,000,000 two hundred million riyals to 450,000,000 four hundred and fifty million Saudi riyals by issuing Right issue shares in the number of 25,000,000 twenty five million shares with a nominal value of (10) riyals per share, and The table below shows the actual uses of the subscription proceeds and the reasons for the deviation. For each project or item complete the following:

SN	Description	Announced amount	Actual use (SAR)	Amount of deviation (SAR)	Percentage of deviation	Percentage of actual expenditure to the planned	Causes of deviation and status of project / item
1	Establishing a plant for the production of compound feed****	26,689,316	15,851,305	10,838,011	-41%	59%	Replacing the aforementioned project with the project of the Forage Sources Company due to higher profitability opportunities
2	Create an olive press ***	16,700,417	6,141,234	10,559,183	-63%	37%	Because of the high cost of the project and its lack of viability in light of market and competition conditions, and the replacement of the aforementioned project with the project of the feed sources company because of higher profitability opportunities
3	Establishing a factory for the production of ready-made potato fingers ****	38,601,442	8,965,944	29,635,498	-77%	23%	Replacing the aforementioned project with a food horizon project due to higher profitability opportunities
4	Tabuk Crop Production Company project in the Republic of Sudan *****	140,179,018	24,414,513	115,764,505	-83%	17%	Due to the emergence of a legal problem outside the control of the company related to the acquisition of land for the agricultural project, which has not yet been resolved
5	General Purpose *	11,829,807	11,829,807	0	0.0%	100%	Not applicable (dispensed as planned)
6	Food Horizons project in partnership with 50% ***	-	28,500,000	-28,500,000	-100%	100%	The chances of profitability are higher in the project
7	The Feed Sources Company Project in Partnership 60% ****	-	18,750,000	-18,750,000	-100%	100%	The chances of profitability are higher in the project
8	Company's operational business *****	-	119,547,197	-119,547,197	-100%	100%	Working capital financing and spending on the agricultural production plan

SN	Description	Announced amount	Actual use (SAR)	Amount of deviation (SAR)	Percentage of deviation	Percentage of actual expenditure to the planned	Causes of deviation and status of project / item
9	System resource planning	-	1,100,000	1,100,000	-100%	100%	Covering the cost of modernizing the resource planning system
10	Expenditures of offering	16,000,000	14,900,000	1,100,000	7%	93%	The consulting fees are lower than those estimated in the prospectus
	Total	250,000,000	250,000,000	-	0.0%	100%	100%

* General purpose includes financial requirements for the daily business of the company, general and administrative expenses, and operating expenses.

** On 06/05/2018G, the General Assembly decided to cancel the olive complex project included in the capital increase amounts in 2015G, and authorize the Board of Directors to distribute the amount allocated to it to some of the projects included in the company's strategy for the years 2017G-2021G.

*** On 20/06/2019G, the General Assembly decided to replace the compound feed project included in the amounts of the capital increase in 2015G by the project of the Agricultural Feed Sources Company in partnership with 60%, and to replace the project of establishing a factory for the production of.

**** On 18/03/2020G, the General Assembly decided to authorize the Board of Directors to redirect any sums from the capital increase that took place in 2015G to enter into other investment projects or to exploit them in the operational activity of the company according to what the Board of Directors sees in the interest of the company. It is noteworthy that the company spent it in the company's operational business in the years 2015G, 2016G, 2017G and 2018G, and the amount is 119,547,197 Saudi riyals, and it was disbursed as in the table below: ready-made potato fingers included in the capital increase amounts in In 2015G, the Food Prospects Company project, in partnership with 50%.

SN	Description	The amount paid (Million Saudi Riyals)
1	Deposit in Riyadh Bank	9.4
2	Zakat for 2016G and 2017G	10.3
3	Board and committee expenses	2.6
4	Service expenses such as spare parts, maintenance and medical insurance	43.0
5	Suppliers of materials such as fertilizers, chemicals and petroleum products	40.6
6	Government payments and fees	5.6
7	End of service salaries and benefits	8.1
	Total	119.6

Regarding the items in the above table related to the company's operating business, the company did not adjust the amounts paid except for the company's deposit in Riyadh Bank, the company recovered the deposit, and with it the Riyadh Bank loan was paid in the amount of 6,042,942 Saudi riyals and the rest amounted to 3,304,527 Saudi riyals Supplying petroleum materials.

Details of the projects that were replaced

SN	Description	Date of replacement	Percentage of achievement in such projects	The added financial impact of the company's business until 09/30/2020G
1	Project of Food Horizons Company, sharing for 50%	20/06/2019G	100%	Loss (impairment) of SAR 3,413,496
2	Project of Fodders Sources Company, sharing for 60%	20/06/2019G	100%	Loss (impairment) in an amount

9) **Ownership of land:** His Excellency the Minister of Environment, Water and Agriculture issued a decision No. (440/1057/693167) on 17/09/1441H regarding the company's ownership of two plots of land. Note that the company is now awaiting approval from the High Commissioner to extract the title deed for the two lands. It is the following: Plot No. 1 of the land located 53 km north of Tabuk, west of the railway and the asphalt of Tabuk - Halat Ammar, which has an area of 212,487,310 square meters, and plot No. 2 of the land located 53 km north of Tabuk, east of the railway and west of Asphalt Tabuk - Halat Ammar, whose area is 2,259,580 square meters.

10.13 Statements of Board Members regarding legal information


In addition to the other declarations referred to in this prospectus, the members of the Board of Directors acknowledge the following:

- 1- That the issuance does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- 2- That the issue does not violate any of the contracts or agreements to which the company is a party.
- 3- That all the material legal information related to the company has been disclosed in the prospectus.
- 4- With the exception of what is mentioned in the section "**Risks related to lawsuits**" in the "**risk factors**" section as well as the "**litigation**" item in the "**legal information**" section of this bulletin, the company, or any of its subsidiaries, is not subject to any lawsuits or legal procedures that may be taken. They individually or as a whole materially affect the business of the company or its subsidiaries or their financial position.
- 5- With the exception of what is mentioned in the item "**Risks Related to Lawsuits**" in the "**Risk Factors**" section as well as the "**Litigation**" section in the "**Legal Information**" section of this bulletin, the company's board members or members of the Board of Directors of its subsidiaries are not subject to any lawsuits Or legal procedures that, alone or as a whole, may materially affect the business of the company or its subsidiary companies or their financial position.

11. Underwriter

The company and the underwriter, Wasatah Capital, entered into an agreement to undertake the subscription of fifteen million (15,000,000) ordinary shares, at a price of (10) ten Saudi riyals per share, representing 100% of the underwriting shares ("**underwriting Agreement**").

11.1 Underwriter

Wasatah Capital Company Riyadh, Olaya main street PO Box 50315 Riyadh 11523 Saudi Arabia Tel. 00966 11 4944067 Fax: 00966 11 4944205 Email: www.wasatah.com.sa Website: info@Wasatah.com.sa	 The logo for Wasatah Capital, featuring the company name in English and Arabic, with a stylized graphic element below.
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11.2 Summary of Underwriting Agreement

In accordance with the terms and conditions of the Underwriting Agreement, it:

- 1- The company pledges to the underwriter that on the date of allocation, all the Right issue shares promised to be covered will be issued and allocated to the underwriter in this subscription, which were not subscribed by the eligible shareholders as additional shares, and that at the subscription price
- 2- The underwriter undertakes to the company that on the date of allocation, he will purchase the shares pledged to be covered in this subscription, which were not subscribed by the eligible shareholders as additional shares, and that at the subscription price.
- 3- The underwriter charges a specific financial consideration in exchange for his underwriting, which will be paid from the proceeds.

12. Exemptions

The company has not submitted any exemption request to the Capital Market Authority in relation to the offering.

13. Information Related To Shares and the Terms and Conditions of the Offering

The company submitted a request to the Capital Market Authority to register and offer the new shares, and to the Saudi Stock Exchange (Tadawul) to list the new shares. All requirements have been met in accordance with the rules for the offering of securities, the continuing obligations and the listing rules.

All eligible shareholders, holders of the acquired rights and bidders must carefully read the subscription terms and instructions before e-subscribing, submitting a subscription application through intermediary, or filling out the Rump offering form. Where submitting the subscription application or signing and submitting the Rump offering form is considered as approval and acceptance of the aforementioned terms and conditions.

13.1 Offering

The offering is an increase in the company's capital by issuing Right issue shares at the value of one hundred fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) ordinary shares, with a nominal value of (10) ten Saudi riyals per share, at a price of one share. 10) Ten Saudi riyals per share.

13.2 How to apply for a Subscribe to the Rights (new shares)

The shareholders who are registered and wishing to subscribe to the rights issue shares must submit a subscription application during the subscription period through the investment portfolio in the trading platforms through which the intermediary provides for the entry of sale and purchase orders, in addition to the possibility of entering into the sale and purchase orders, in addition to the possibility for them to be subscribed. The subscription period. In the event that there is a remaining offering period, the investment institutions can also submit applications to subscribe to the Rump Shares mechanism.

By participating in the subscription, the subscriber acknowledges the following:

- Approval of his subscription in the company with the number of shares shown in the subscription application.
- That he had reviewed this prospectus and all its contents, studied it and understood its content.
- Approval of the company's articles of association and the conditions stated in this prospectus.
- That he has not previously applied to subscribe to the same shares for this offering with the broker, and the company has the right to reject all applications in the event of a repeat subscription request.
- His acceptance of the shares allocated under the subscription application, and his acceptance of all the subscription terms and instructions contained in the application and in this prospectus.
- Ensure that the request is not canceled or modified after it is submitted to the mediator.

13.3 Subscription Application Form

The eligible person who desires to fully exercise his right and subscribe to all the Right issue shares in which he is entitled to subscribe must subscribe through the investment portfolio in the trading platforms through which any brokerage or selling orders and orders are entered into and through which any intermediary or sale orders are entered into and by which the sale and orders are entered into.

The number of shares to which the eligible person is entitled to subscribe is calculated according to the number of Right issue he owns. As for the subscription amount that the subscriber must pay, it is calculated by multiplying the number of Right issue to be subscribed to before the end of the subscription period by (10) ten Saudi Riyals.

13.4 The trading and subscription and the Rump offering period

The eligible and willing shareholders to subscribe to the rights issue shares must submit the subscription application during the subscription period which begins with Monday 30/08/1442H (corresponding to 12/04/2021G) and ends on Thursday 10/09/1442H (corresponding to 22/04/2021G).

The extraordinary general assembly held on 24/08/1442H (corresponding to 06/04/2021G) approved the decision of the Board of Directors to increase the company's capital by Rights issue. According to this prospectus, fifteen million (15,000,000) ordinary shares will be offered for subscription in Right issue shares, which represent about (62.04%) of the company's capital prior to subscription, at an offer price of (10) ten Saudi riyals per share, and with a nominal value of (10) ten Saudi riyals per share, with a total offering value of (150,000,000) one hundred and fifty million (Saudi riyals), and the new shares will be issued at the percentage of one share for each of the Right issue.

The subscription to the rights issue shares offered will be available to the shareholders registered in the company's records at the end of the second trading day following the convening of the extraordinary general assembly on the date of 26/08/1442H (Corresponding to 08/04/2021G), and for the eligible persons who have purchased the Right issue during the period of trading of the Right issue, including the registered shareholders who have purchased additional Right issue in addition to the rights they originally owned.

In the event that the Right issue of the eligible persons are not exercised by the end of the subscription period, the Rump Shares (resulting from not exercising those rights or being sold by the eligible persons) will be offered to the investment institutions by offering them in the Rump offering period.

The registered shareholders will be able to trade in the Right issue that have been deposited in the portfolios through the Saudi Stock Exchange Company (Tadawul). These rights are considered an acquired right for all shareholders registered in the company's records at the end of the second trading day following the convening of the extraordinary general assembly for the capital increase. Each right gives its holder the right to practice subscribing for one new share, at the offering price. The rights of priority will be deposited after the meeting. The rights will appear in the portfolios of the registered shareholders under a new code related to the Right issue, and the registered shareholders will be notified of depositing the rights in their portfolios.

The schedule for the sequence and detail of the rights issue offering will be as follows:

- 1- **Eligibility date:** the end of the trading day of the extraordinary general assembly on Tuesday 24/08/1442H (corresponding to 06/04/2021G). The trading and subscription period: The trading and subscription period begins on Monday 30/08/1442H (corresponding to 12/04/2021G). Provided that the trading period ends on Monday 07/09/1442H (corresponding to 19/04/2021G), and the subscription period continues until the end of Thursday 10/09/1442H (corresponding to 22/04/2021G).
- 2- **The Rump offering period:** starts from the hour 10:00 am from the day of Tuesday 15/09/1442H (corresponding to 27/04/2021G) And continues until the hour 05:00 pm from the day of Wednesday 16/09/1442H (corresponding to 28/04/2021G). During this period, the Rump Shares will be offered to a number of institutional investors (referred to as "investment institutions"), provided that those investment institutions submit offers to buy the remaining shares. The Rump Shares will be allocated to the investment institutions with the highest offer, then the lowest, and the lowest (provided that it is not less than the offering price), provided that the shares are allocated proportionately to the investment institutions that offer the same offer, as for stock fractions, they will be added to the Rump Shares and their treatment. The subscription price for the new shares not subscribed for in this period will be at a minimum offering price, and if the price of the unsubscribed shares is higher than the offering price, the difference is distributed (if any) in compensation for the first right holder.
- 3- **Final allocation:** Shares will be allocated to each investor based on the number of rights that have been fully and properly exercised. As for those entitled to share fractions, fractions of shares will be collected and offered to the investing institutions. The total remaining offer price of the shares will be paid to the company, and the remaining proceeds from the sale of the Rump Shares and fractions of the shares will be distributed without taking any fees or deductions (beyond the offering price) for those who are entitled to it, according to what is due, no later than Sunday 20/09/1442H (corresponding to 02/05/2021G).
- 4- **New shares trading in the Exchange:** Trading of shares offered for subscription in the "Tadawul" system will begin upon completion of all procedures related to the registration and allocation of the shares offered.

The company has applied to the Capital Market Authority to register and offer new shares. The company has also applied to the Saudi Stock Exchange Company (Tadawul) to accept its listing.

13.5 Allocation and Refund

The company and the lead manager will open a Escrow account into which the subscription proceeds will be deposited.

Rights issue shares are allocated to eligible persons based on the number of rights that they have exercised in a complete and correct manner. As for those entitled to fractional shares, the fractions of shares will be collected and subtracted to the investment institutions during the Rump offering period. He is due by a day not later than Thursday 15/10/1442H (corresponding to 27/05/2021G). In the event that shares remain unsubscribed after that, the underwriter will purchase those remaining new shares and will be allocated to him.

It is expected to announce the final number of shares that have been allocated to each eligible person without any commissions or deductions from the Lead Manager, by registering them in the subscribers' accounts. Eligible persons must contact the intermediary through which the subscription application was submitted to obtain any additional information. The results of the privatization will be announced no later than one day Sunday 20/09/1442H (corresponding to 02/05/2021G).

The surplus (remaining proceeds of the offering process exceeding the offering price) (if any), and the compensation amount (if any) will be refunded to eligible persons who did not participate fully or partly in the subscription of Right issue shares without any deductions within a maximum date Thursday 15/10/1442H (corresponding to 27/05/2021G).

13.6 Supplementary Prospectus

The company must submit to the Authority a supplementary prospectus, according to the requirements of the rules on the offer of securities and continuing obligation, if the company knew at any time after the date of the publication of this prospectus and before the completion of the offering of any of the following:

- There is a significant change in material matters mentioned in this prospectus.
- Any important issues that should have been included in this prospectus emerged.

The investor who subscribed for the new shares prior to the publication of the supplementary prospectus may cancel or amend his subscription for these shares before the end of the offering period.

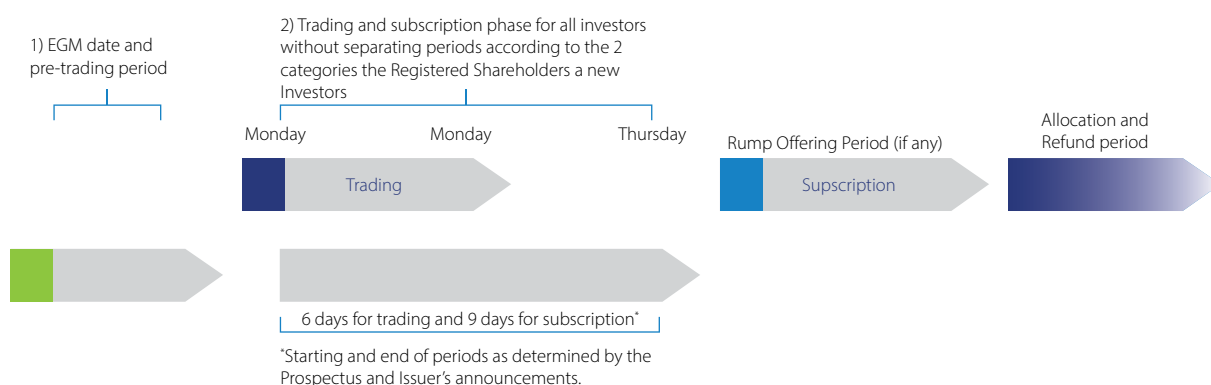
13.7 Suspension or cancellation of the Offering

The Capital Market Authority may at any time issue a decision to suspend the offering if it deems that the offering may result in a breach of the financial market system, its implementing regulations, or the market rules.

In addition, the offer will be canceled if the extraordinary general assembly does not approve any of the details of the offer.

The following figure shows the mechanism for trading and underwriting Right issue traded:

Figure No. (2): The mechanism for trading and subscribing to the traded Right issue



13.8 Questions and Answers on Right issue

What are Right issue?

They are tradable securities that give their bearer the right to subscribe to the new shares offered upon approval of the capital increase. It is an acquired right for all shareholders who own shares on the day of the holding of the extraordinary general assembly of the share capital and the share capital increase. The extraordinary general assembly is held. Each right gives its holder the right to subscribe to one share, at the offer price.

To whom are the Right issue granted?

For all shareholders registered in the company's shareholders register at the end of the second trading day following the date of the extraordinary general assembly.

When will Right issue be deposited?

After the extraordinary general assembly convenes and its approval of the capital increase through the offering of Right issue shares, and the Right issue are deposited as securities in the shareholders' portfolios in the company's shareholders' register at the depository center at the end of the second day of the year's trading. A new symbol for Right issue. Trading or subscribing to these rights will not be permitted except at the beginning of the trading and subscription periods.

How is the investor notified of the Right issue of depositing the rights in the portfolio?

The notification is made through an advertisement on the Tadawul website, as well as through the (Tadawulaty) service provided by the Securities Depository Center Company, and short text messages sent through the brokerage firms.

How many Right issue will the registered shareholder get?

The number depends on the percentage of what each shareholder owns in the capital according to the record of the company's shareholders at the depository center at the end of the second trading day after the holding of the extraordinary general assembly.

What is the eligibility factor?

It is the parameter by which registered shareholders can know the number of Right issue entitled to them in return for the shares they own by the end of the second trading day after the convening of the extraordinary general assembly. This factor is calculated by dividing the number of shares by the number 0 Right for approximately every (1) share owned by the registered shareholder on the eligibility date, and accordingly, if a registered shareholder owns (1,000) thousand shares on the eligibility date, then (620) rights will be allocated to him in return for the shares he owns.

Will the name and symbol for trading these rights differ from the name and symbol of the company's shares?

Yes, as the acquired right will be added to the investors' portfolios under the name of the original share, and by adding the word Right issue, in addition to a new symbol for these rights.

What is the value of the right when it starts trading?

The opening price of the right will be the difference between the closing price of the company's share on the day prior to the listing of the right and the offering price (the right's indicative value). For example, if the closing price of the company's share on the previous day is fifteen (15) Saudi riyals, and the offer price is ten (10) Saudi riyals, then the opening price of the right will be five (5) Saudi riyals.

Who is the restricted shareholder?

It is any shareholder who appears in the company's shareholders' register at the end of the second trading day after the extraordinary general meeting.

Can registered shareholders subscribe to additional shares?

Yes, the registered shareholders can subscribe to additional shares by purchasing new rights through the market during the trading period.

Is it possible for a shareholder to lose his entitlement to the subscription even if he has the right to attend the extraordinary general assembly and vote on an increase in the capital by way of an offering of Right issue shares?

Yes, the shareholder loses his right to subscribe if he sells his shares on the day of the extraordinary general assembly meeting or one business day before it.

How does the subscription process take place?

Subscription requests are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the intermediary to the investors and the stock custodian.

Can the person entitled to subscribe to more shares than the rights owned by him?

The eligible person cannot subscribe to more shares than the rights owned by him.

In the event that the company's shares are acquired through more than one investment portfolio, in which portfolio is the Right issue deposited?

The Right issue will be deposited in the same portfolio in which the company's shares are deposited. For example, if a shareholder owns (1,000) thousand shares in the company in the following manner (800) shares in portfolio (A) and (200) shares in portfolio (B), then the total rights to be deposited are (414) a right, given that Each share (0.414) has approximately one right. Accordingly, (331) rights will be deposited in portfolio (A) and (83) right in portfolio (B).

Are holders of share certificates entitled to subscribe and trade?

Yes, holders of share certificates are entitled to subscribe, but they will not be able to trade except after the certificates are deposited in electronic portfolios through the recipient or the securities depository center company ("Edaa"), and the necessary documents are brought.

Can those who bought additional rights trade them again?

He is entitled, entitled to sell them and buy other rights only during the trading period.

Is it possible to sell part of the Right issue?

Yes, the investor can sell part of these rights and subscribe to the remaining part.

When can a shareholder subscribe to the Right issue that he bought during the rights trading period?

After the expiry of the rights purchase settlement (which is two business days), provided that subscription to the rights issue takes place during the subscription period.

Can the holder of Right issue sell or assign the right after the expiration of the rollover period?

No, it cannot. After the trading period has expired, the right owner remains only to exercise the right to subscribe to the Right issue shares, or not to do so. In the event that the right is not exercised, the investor may be subject to a loss or decrease in the value of his investment portfolio.

What happens to Right issue that are not sold or exercised during the trading period and the underwriting phase?

In the event that the new shares are not fully subscribed during the subscription period, the remaining new shares will be offered for an underwriting organized by the lead manager, and the compensation value (if any) is calculated for the right holder after deducting the subscription price. Note that the investor may not get any consideration if the sale is made in the Rump offering period at the offer price.

Who has the right to attend the extraordinary general assembly and vote to increase the company's capital by offering Right issue shares?

A shareholder who owns the share two days prior to the meeting of the extraordinary general assembly and is registered in the shareholders' register of the company at the depository center after the end of the trading day of the extraordinary general assembly day has the right to attend the extraordinary general assembly and vote on an increase in the company's capital by first proposing their right.

When is the share adjusted as a result of the company's capital increase by offering Right issue shares?

The share price is adjusted by the market before the start of trading on the day following the day of the extraordinary general assembly.

If an investor purchases securities on the day of the assembly, is he entitled to obtain the Right issue resulting from the increase in the issuer's capital?

Yes, as the investor will be registered in the register of the shareholders of the company after two business days from the date of the purchase of the shares (i.e. by the end of the second trading day on the day of the extraordinary general assembly meeting), knowing that the two rights of the first share will be awarded to the company. The next trading day is the date of the extraordinary general assembly. However, he will not have the right to attend or vote in the extraordinary general assembly to increase the capital.

If the investor has more than one portfolio with more than one brokerage firm, how will his rights be calculated?

The investor's share will be distributed to the portfolios owned by the investor, according to the percentage of ownership in each portfolio, and in case there are fractions, those fractions will be combined, and if you complete a correct number or more, the correct number is added to the shareholder in the portfolio.

What are the trading and subscription periods?

The rights trading and subscription begins at the same time until the end of trading on the sixth day, while the subscription continues until the ninth day, according to what is mentioned in this prospectus and the company's announcements.

Is it possible to subscribe during the weekend?

No, it cannot.

Can public investors other than registered shareholders subscribe to rights issue shares?

Yes, after completing the purchase of the Right issue during the trading period.

Additional help:

In case of any inquiries, please contact the company at tadco@tadco-agri.com. For legal reasons, the company will only provide the information contained in this prospectus and will not be able to provide advice on the merits of issuing rights or to provide any kind of financial, tax, legal or investment advice.

For more information on the terms and conditions of the underwriting, please refer to the section "Information related to shares and the terms and conditions of the offering" and the rest of the information contained in this prospectus.

13.9 Decisions and approvals according to which shares will be offered

The company's board of directors, in its meeting held on 22/04/1442H, (corresponding to 12/07/2020G), recommended an increase in the capital through an offering of Right issue shares with a value of one hundred and fifty million (150,000,000) Saudi riyals, after obtaining all the necessary regulatory approvals and the approval of the General Assembly Extraordinary.

On the date of 24/08/1442H (corresponding to 06/04/2021G), the extraordinary general assembly of the company approved the increase of the company's capital through the issue of Right issue shares, and the subscription is represented in fifteen million (15,000,000) ordinary shares at a bid price 10 Ten Saudi riyals per share, with a nominal value of (10) ten Saudi riyals, in order to increase the company's capital two hundred and forty one million seven hundred and sixty-seven thousand (241,767,000) Saudi riyals, to three hundred ninety-seven million seven hundred and seven hundred and seventy-one thousand (241,767,000) Saudi riyals. Saudi, and the increase in the number of shares from twenty-four million one hundred seventy-six thousand seven hundred (24,176,700) ordinary shares to thirty-nine million one hundred and seventy-six thousand seven hundred (39,176,700) ordinary shares.

The Saudi Stock Exchange Company (Tadawul) approved the application for listing the new shares on a date 28/05/1442H (corresponding to 12/01/2021G). Also, the publication of this prospectus and all the supporting documents requested by the Authority were approved on that date. Announcing it on the Authority's website on 26/06/1442H (corresponding to 08/02/2021G).

13.10 Miscellaneous Items

The subscription application and all related terms, provisions and undertakings shall be binding and for the benefit of their parties, their successors, assigners in their favor, the executors of trusts, administrators of estates and heirs. It is stipulated that, except for what is specifically stipulated in this prospectus, the application or any rights, interests or obligations arising from it, or delegated to them by any of the parties referred to in this publication, shall not be assigned to it without the consent of any of the parties referred to in this publication.

These instructions, clauses, and any receipt of subscription application forms or contracts arising therefrom shall be subject to the laws of the Kingdom and shall be construed in accordance with them. This prospectus may be distributed in both Arabic and English, and in the event of a conflict between the Arabic text and the English text, the Arabic text of the prospectus will be used.

13.11 Statement of any existing arrangements to prevent disposal of certain shares

There are no arrangements in place to prevent disposal of any shares.

14. Change in share price as a result of the capital increase

The closing price of the company's share on the day of the extraordinary general assembly is (38.40) Saudi riyals, and it is expected to reach (27.55) Saudi riyals at the opening day of the following day, and this change represents a decrease of (28.26%). In the event that any of the shareholders registered in the company's records in the depository center does not subscribe at the end of the second trading day following the date of the extraordinary general assembly, this will lead to a decrease in their ownership percentage.

The method for calculating the share price as a result of the capital increase is as follows:

First: Calculating the market value of the company upon closing on the day of the extraordinary general assembly

The number of shares at the end of the extraordinary general assembly day X The closing price of the company's share on the day of the extraordinary general assembly = the market value of the company at the close on the day of the extraordinary general assembly.

Second: Calculating the share price at the opening day of the day that follows the day of the extraordinary general assembly

(The market value of the company upon closing the day of the extraordinary general assembly + the value of the shares offered) / (the number of shares at the end of the day of the extraordinary general assembly + the number of shares offered for subscription) = the expected share price in the opening of the ordinary general assembly on the following day.

15. Underwriting Undertakings

15.1 About the Application and Undertaking

It is possible to subscribe using trading platforms or through any other means provided by the broker to the investors. The new shares will be subscribed in one stage according to the following:

- 1- During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
- 2- The registered shareholder will be allowed to subscribe directly for the number of his shares during the subscription period, and if he buys new rights, he will be allowed to subscribe for them after the end of the settlement period (two working days).
- 3- New investors will be able to subscribe to the new shares immediately after the rights purchase is settled (two working days).
- 4- Subscription will be made available electronically through the investment portfolio in the trading platforms and applications through which the buying and selling orders are entered in addition to the subscription in the channels and other means available to the broker.

Each of the Right issue gives its holder the right to subscribe to one new share, at the offering price. The subscriber to the new shares declares the following:

- 1- His acceptance of all the terms and conditions of the subscription set forth in this prospectus.
- 2- That he had read this prospectus and all its contents, carefully studied it and understood its content.
- 3- His acceptance of the articles of association of the company.
- 4- Undertaking not to cancel or amend the subscription application after its implementation.

15.2 Allocation Processes

Right issue shares are allocated to eligible persons based on the number of rights that they have exercised in a complete and correct manner. As for those entitled to fractional shares, fractions of shares will be collected and put to the investment institutions during the Rump offering period, and the total price of the Rump Shares will be paid to the company, and the remaining proceeds will be distributed from the sale of the Rump Shares and fractions of the shares (in the amount that exceeds the value of the shares) in the amount that exceeds the price of the residual shares. A maximum deadline of one day Thursday 15/10/1442H (corresponding to 27/05/2021G). In the event that shares remain unsubscribed after that, the underwriter will purchase those remaining new shares and allocate them.

Eligible persons must contact the broker through which the subscription was made, to obtain any additional information. The results of the privatization will be announced no later than one day Sunday 20/09/1442H (corresponding to 02/05/2021G).

15.3 Saudi Stock Exchange Company (Tadawul)

A Tadawul system was established in 2001G as an alternative system to the electronic securities information system, and electronic stock trading began in the Kingdom in 1990. The trading process takes place through an integrated electronic system, starting with the execution of the deal and ending with its settlement. Trading takes place every business day from Sunday to Thursday in a single period from 10 am to 3 pm, during which orders are executed. Outside these times, orders are allowed to be entered, modified, and canceled from 9:30 in the morning until 10 in the morning.

The transactions are executed through automatic matching of orders, and orders are received and prioritized according to the price. In general, the market orders are executed first, which are the orders that include the best prices, followed by the fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the time of entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website. Market data is provided instantly to well-known information providers such as "Reuters". Deals are automatically settled within two business days (2 + T).

The company must disclose all important decisions and information regarding investors through the "Tadawul" system. The Tadawul System is responsible for monitoring the market, with the aim of ensuring fair trading and the efficiency of market operations.

15.4 Trading the company's shares in the Saudi stock Exchange

An application was submitted with the CMA to register and offer the Right issue shares on the Saudi stock Exchange, and a request was made to the stock exchange (Tadawul) to be listed, and this prospectus was approved, and all requirements were met.

It is expected to approve the registration and start trading in the Right issue shares in the Saudi stock Exchange after the final allocation of the Right issue shares has been completed. This will be announced in a timely manner on the Tadawul website. The dates mentioned in this prospectus are preliminary and may be changed with the approval of the Capital Market Authority.

Although the existing shares are registered in the Saudi stock market and the company is listed on the stock exchange (Tadawul), the new shares cannot be traded except after the final allocation of shares has been approved and deposited in the subscribers' portfolios. Trading in new shares prior to the approval of the allocation process is strictly prohibited.

The underwriters and the bidders of the Rump offering who deal in these prohibited trading activities bear full responsibility for them, and the company will not bear any legal responsibility in this case.

16. Documents Available For Preview

The following documents will be available for review at the head office of the Tabuk Agricultural Development Company, located in Tabuk, Ammar district, Kingdom of Saudi Arabia, during the official working days from Sunday to Thursday between the hours of 8 in the morning until 4 in the evening. On the first working day after the extraordinary general assembly invitation, provided that the period is not less than 14 days before the date of the extraordinary general assembly. These documents will remain available for inspection until the end of the offering:

16.1 Documents related to incorporation and company system

- Commercial Registration.
- Bylaws.

16.2 Approvals related to capital increase shares

- Board recommendation increasing the capital.
- A copy Capital Market Authority announcement of the approval of the offering of Right issue shares.
- The approval of the Saudi Stock Exchange Company (Tadawul) to list Right issue shares.
- Resolution of the extraordinary general assembly approving the capital increase.*

* The company's extraordinary general assembly decision to approve the capital increase will be available for inspection at the company's headquarters in Tabuk, on the day following the date of the decision.

16.3 Reports, letters and documents

- Underwriting agreement and lead management agreement.
- Written approvals by the financial advisor, lead manager, underwriter, legal advisor, and chartered accountants to use their names, logos and statements in the prospectus.



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