



The Ordinary General Assembly Meeting (First Meeting)

Location: Jeddah – at SADAFCO's Headquarters via modern technology

Date: Monday 15/11/1445H corresponding to 13/05/2024G

Time: 6:30 PM



Agenda of the Ordinary General Assembly Meeting

- 1– Review and discuss the Board of Directors Annual Report for the short fiscal year ended on 31-12-2023.
- 2– Review and discuss the Company's Financial Statements for the short fiscal year ended on 31-12-2023.
- 3– Voting on the External Auditors Report for the short fiscal year ended 31-12-2023, after discussing it.
- 4– Voting on appointing an external auditor for the Company among the nominees based on the recommendation of the Audit Committee, to review and audit the Company's quarterly and annual financial statements for the second, third and annual periods of financial year ended 31-12-2024. In addition, the first quarter of financial year ended 31-12-2025, and determine their fees.
- 5– Voting on the Board of Directors' recommendation to distribute dividends amounting to SAR 191,998,500 at SAR 6 per share, equivalent to 60% of the nominal share value for the quarter three (Q3) of the short financial year ended 31-12-2023, payable to shareholders at the closing of trading on Assembly Meeting Day, and for the Shareholders registry of the Securities Depository Center at the end of the second trading day following the eligibility date, dividends distribution date will be announced later.
- 6– Voting to pay (SAR 3,600,000) as remuneration for the former Board Members for the period from 01-04-2023 to 31-03-2024.
- 7– Voting to absolve the former Board Members from their liability for the period from 01-04-2023 to 31-03-2024.
- 8– Voting on authorizing the Board of Directors to distribute interim dividends, either semi-annually or quarterly, for the upcoming financial year ended 31-12-2024.
- 9– Voting to authorize the Board of Directors with the authority of the General Assembly as stated in paragraph (1) of Article 27 of the Companies Law for a period of one year from the date of the approval of the General Assembly or until the end of the term of the authorized Board of Directors, whichever is earlier, in accordance with the conditions set forth in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

- 10–** Voting on the transactions and agreements made with Buruj Cooperative Insurance Co. (Saudi Arabia), where the former Vice-Chairman, Mr. Faisal Al Ayyar, and the Board Member Mr. Ahmed Al Marzouki have an indirect interest in it, this agreement provides insurance services without preferential terms. These transactions for the short fiscal year from 01-04-2023 to 31-12-2023 had a total value of SAR 6,756,784. (Attached)
- 11–** Voting on the transactions and agreements with PKC Advisory, where the Chairman, Sheikh Hamad Sabah Al Ahmed, the former Vice-Chairman, Mr. Faisal Hamad Al Ayyar, and the Board Member, Sheikh Sabah Mohammed Al-Sabah have indirect interest in it. This agreement provides consultancy services without preferential terms. These transactions for the short fiscal year from 01-04-2023 to 31-12-2023 had a total value of SAR 1,469,418.(Attached)
- 12–** Voting on the transactions and agreements made with AXA Cooperative Insurance Co. (Saudi Arabia), where the Chairman, Sheikh Hamad Sabah Al Ahmed, the former Vice-Chairman, Mr. Faisal Hamad Al Ayyar, and the Board Member , Sheikh Sabah Mohammed Al-Sabah have indirect interest in it. This agreement provides insurance services without preferential terms. These transactions for the short fiscal year from 01-04-2023 to 31-12-2023 had a total value of SAR 515,949. (Attached)
- 13–** Voting on the transactions and agreements made with Alternative Energy Projects Co., where the Chairman, Sheikh Hamad Sabah Al Ahmed, the former Vice-Chairman, Mr. Faisal Hamad Al Ayyar, and the Board Member, Sheikh Sabah Mohammed Al-Sabah have indirect interest in it. This agreement to supply, install, test, commissioning of and operation & maintenance for solar rooftop photovoltaic energy system at Jeddah central warehouse without preferential terms. These transactions for the short fiscal year from 01-04-2023 to 31-12-2023 had a total value of SAR 541,891. (Attached)
- 14–** Voting on the transactions and agreements made with Specialized Food Services Co. (SFS), where the current Vice-Chairman, Mr. Saied Ahmed Saied Basamh have direct interest in it. This agreement to distribute specific SADAFCO products by SFS in the Foodservice channel without preferential terms. These transactions for the short fiscal year from 01-04-2023 to 31-12-2023 had a total value of SAR 149,780. (Attached)
- 15–** Voting on the participation of the current Vice-Chairman Mr. Saied Ahmed Saied Basamh in a business competing with the Company's business. (Attached)



Audit Committee Report

Saudia Dairy & Foodstuff Company (SADAFCO)

Audit Committee Report

For the short Fiscal year ended on 31/12/2023

Dear shareholders,
Greetings,

The Audit Committee (the “**Committee**”) of the Company’s Board of Directors, which was formed by a resolution issued by the General Assembly of Shareholders, has prepared this report in accordance to Article (٨٨) of Corporate Governance Regulations issued by the Capital Market Authority. The Current members of the Audit Committee are:

- | | |
|---|-----------------|
| 1. Mr. Faisal Hamad Mubarak Al-Ayyar | Chairman |
| 2. Mr. Ahmed Mohamed Hamed Al-Marzouki | Member |
| 3. Mr. Saied Ahmed Saied Basamh | Member |

The Committee, by continuously supervising the internal and external audit processes, and through coordination with the management of the internal audit department and the executive management of the company, ensured the effectiveness of the company's internal control system, which the committee and BOD consider as very important. The Committee verifies the observations and recommendations of the auditors and the soundness of the procedures taken by the management to implement those recommendations through the information contained in the reports issued by the internal audit.

The following is a summary of the duties and work of the Committee during the period ending on 31/12/2023:

First: External Audit and Financial Statements

1. The Committee ensured the independence of the external auditors and their commitment to provide high quality and efficient service in return for fair professional fees that have been approved, in addition to a recommendation to the Board of Directors regarding the reinstatement or termination of their services.
2. The Committee reviewed the results of the company’s operations and its financial position as it appeared in the financial statements and the quarterly and annual audit reports for the period ending on 31/12/2023, in addition to the monthly report prepared by the management, in coordination with auditors and the company’s senior management, and in light of Auditing standards, International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and the company's strategy and budget. The committee approved these statements and reports and submitted its recommendations thereon to the Board for approval.

3. The completeness of the abovementioned statements and reports was confirmed through ensuring that they contain all significant financial information, including transactions with related parties.

Second: Internal Audit

1. The Committee ensured the independence of the internal auditors, and the availability and adequacy of the resources and capabilities necessary for them to carry out their duties fully and in a manner that serves the interests of the company, and in line with international standards of internal auditing.

2. The Committee reviewed and approved the annual audit risk-based plan prepared by the Internal Audit Department and ensured its implementation according to the timetable specified for it.

3. The Internal Audit Department, through the performance of its regular duties, reviewed the company's internal control and risk management systems to ensure their adequacy, efficiency and effectiveness, and their implementation and compliance therewith by the company's employees, which is partially achieved through the execution of the approved annual audit plan mentioned above.

4. The Committee, through the follow up carried out by the Internal Audit Department, ensured that the Executive Management took the necessary measures to implement the recommendations contained in the internal audit reports and which were due for implementation, including updating and issuing internal policies and procedures, including the business continuity plan (crisis management) manual, which would contribute to enhancing and improving the effectiveness of the company's internal control system.

Third: Internal controls and risk management

Based on the work of the internal and external auditors and the conclusions contained in their audit reports issued during the current year and management's representation with respect to the effectiveness of the Company's internal and financial control systems, no major control issues that require disclosure have been noted and thus the Board believes that these systems are effective.

The committee also reviewed the results of the risk management process to ensure its effectiveness and the achievement of its objectives, which is to identify events that may negatively affect the achievement of company's objectives and thus take the appropriate measures and precautions to manage the effects of such events.

Fourth: The Audit Committee selected four audit firms-licensed to operate in the Kingdom of Saudi Arabia, and they were addressed to submit their offers to audit the company's accounts for the fiscal year from 01/01/2024 to 31/12/2024, prepared in accordance with International Financial Reporting Standards (IFRS), and upon the review performed by the Committee for the submitted offers, which are as follows:

#	Nominated Accounting office	Value of the offer individually (SAR)
1	KPMG Al-Fawzan and Al-Sadhan	770,000
2	Dr. Mohammed Al-Amri & Co. (BDO)	570,000

After verifying the expertise of the nominated offices in the field of auditing and their expertise in accordance with the IFRS, the Audit Committee decided unanimously in its resolution by circulation on Monday 15/09/1445H corresponds to 25/03/2024G to nominate:

- 1. KPMG Al-Fawzan and Al-Sadhan.**
- 2. Dr. Mohammed Al-Amri & Co. (BDO)**

Provided that one auditor shall be selected by the General Assembly Meeting of Shareholders when it is held after obtaining the necessary approval from the competent authorities, to review and audit the Company's quarterly and annual financial statements for the second, third and annual periods of financial year ended 31-12-2024. In addition, the first quarter of financial year ended 31-12-2025.

The Committee based its nomination of these auditors on that they possess the sufficient cadres to audit the company's accounts prepared in accordance with the IFRS. In addition, each of them is among the well-known, experienced and reputable audit firms in this field.

On behalf of Audit Committee
Faisal Hamad Mubarak Al-Ayyar
Chairman of Audit Committee



The External Auditor's Report



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO)

Opinion

We have audited the consolidated financial statements of Saudia Dairy and Foodstuff Company (SADAFCO) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Change in reporting period

We draw attention to Note 1 of the consolidated financial statements, which describes that the Group changed its year-end from March 31 to December 31, with effect from Safar 6, 1445H (corresponding to August 22, 2023). As a result, the comparative information presented is not comparable. Our opinion is not modified in respect of this matter.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبين ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses for trade receivables

Refer to Note 3 for the accounting policy and Note 12 of the consolidated financial statements.

Key audit matter	How our audit addressed the Key audit matter
<p>As at December 31, 2023, the gross trade receivables balance was Saudi Riyals 297.85 million (March 31, 2023: Saudi Riyals 313.58 million), against which an allowance for impairment loss of Saudi Riyals 29.02 million (March 31, 2023: Saudi Riyals 27.77 million) was maintained.</p> <p>The Group assesses at each reporting date whether the trade receivables (carried at amortized cost) are credit impaired. Consequently, it measures impairment allowances based on the Expected Credit Loss (ECL) model as required in International Financial Reporting Standard 9 ("Financial Instruments") ("IFRS 9").</p> <p>The ECL model involves the use of various assumptions and historical trends.</p> <p>We considered this as a key audit matter due to the judgements and estimates involved in the application of the ECL model and the impact on the trade receivables balance.</p>	<p>Our audit procedures related to expected credit losses for trade receivables included:</p> <ul style="list-style-type: none"> – Obtained an understanding of the management's process for determining the impairment of trade receivables and the ECL allowance. – Evaluated the Group's accounting policy and methodology for ECL allowance with the requirements of IFRS 9. – Involved our internal specialists to review the methodology used, including the significant judgements and assumptions used in the ECL model developed by the management. – Tested the accuracy of trade receivables aging on sample basis, as at December 31, 2023 which is used in the preparation of ECL model; and – Assessed the adequacy of the disclosures included in the accompanying financial statements in accordance with relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

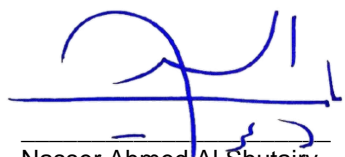
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Saudia Dairy and Foodstuff Company (SADAFCO) ("the Company") and its subsidiaries ("the Group").

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For KPMG Professional Services



Nasser Ahmed Al Shutairy
License No. 454



Jeddah, March 26, 2024
Corresponding to Ramadan 16, 1445H



Board of Directors Notification
Regarding the Related Party
Transactions

On 24/05/1445H
Corresponding: 06/03/2024

From: Chairman of the Board of Directors
To: Esteemed Shareholders (Assembly General Meeting)

Subject: Board of Directors Notification Regarding the Related Party Transactions

In accordance with Articles (71) of the Companies' Law, and (27/9) of Corporate Governance Regulation, I would like to inform you of the transactions and contracts in which some of the Board members have an interest (whether directly or indirectly) during the short fiscal year ended 31/12/2024, noting that the below-mentioned transactions and contracts were disclosed in the Annual Report for the short fiscal year 2023G, the details of these transactions are as follows:

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
Buruj Co-Op Insurance Company	KSA	Insurance Services	6.7	1.86

(1)
SADAFCO entered into an Agreement with Al Buruj Cooperative Insurance Co. (offering insurance services) as its offer was the most suitable in terms of the price and benefits without preferential terms. Mr. Faisal Hamad Al-Ayyar (Vice Chairman of SADAFCO) is the Vice Chairman of the Gulf Insurance Co. owning 28.5% in Al Buruj Cooperative Insurance Co. Also, to be considered that Mr. Ahmed Al Marzouki is the Vice Chairman of Buruj Cooperative Insurance Co. and Board member of SADAFCO. These transactions for the year from 01-04-2023 to 31-12-2023 had a total value of SAR 6,756,784. (Indirect interest)

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
PKC Advisory	India	Consultation Services	1.4	0

(2)
SADAFCO has a Consultancy Agreement with PKC Advisory for various business advisory services as its offer was the most suitable in terms of the price and benefits without preferential terms. Since PKC Advisory is part of Kuwait Investment Projects Company (KIPCO) Group, where Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman SADAFCO and Chairman and Board member of KIPCO, respectively. Also, to be considered that Sheikh Sabah Mohammed Al-Sabah is a Board Member of SADAFCO and member of the executive team of KIPCO. These transactions for the year from 01-04-2023 to 31-12-2023 had a total value of SAR 1,469,418.5 (Indirect interest).

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
AXA Cooperative Insurance Co	KSA	Insurance Services	0.5	0.007

(3)
SADAFCO entered into an Agreement with AXA Cooperative Insurance Co. (offering insurance services) as its offer was the most suitable in terms of the price and benefits without preferential terms. Mr. Faisal Hamad Al-Ayyar (Vice Chairman of SADAFCO), is the Vice Chairman of the Gulf Insurance Co. which owning 50% in AXA Cooperative Insurance Co. Also, Gulf Insurance Co. is part of Kuwait Investment Projects Co. (KIPCO) Group. Noting that Sheikh Hamad Sabah Al-Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of SADAFCO and Chairman and Board member of KIPCO, respectively. Also, to be considered that Sheikh Sabah Mohammed Al-Sabah is a Board Member of SADAFCO and member of the executive team of KIPCO. These transactions for the year from 01-04-2023 to 31-12-2023 had a total value of SAR 515,949 (Indirect interest).

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
Alternative Energy Project Co.	Kuwait	Solar Project of JCW	0.5	0.071

(4)
SADAFCO has an Agreement with Alternative Energy Projects Company (AEPC) on 14th February 2021 to Supply, install, test, Commissioning of and Operation & Maintenance for Solar Rooftop Photovoltaic Energy System at Central Warehouse located in Saudi Arabia – Jeddah until the full completion of the Project with a total amount SAR 4,620,000 in instalments based on completion, since Alternative Energy Projects Company (AEPC) is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of SADAFCO and Chairman and Board member of KIPCO, respectively. Also, to be considered that Sheikh Sabah Mohammed Al-Sabah is a Board Member of SADAFCO and member of the executive team of KIPCO. These transactions for the year from 01-04-2023 to 31-12-2023 had a total value of SAR 541,891 (Indirect interest).

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
Specialized Food Services Co. (SFS)	KSA	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers	0.15	0.15

(5)
SADAFCO entered into an Agreement with Specialized Food Services Co. (SFS) for the distribution of specific SADAFCO products in the Foodservice channel as its offer was the most suitable in terms of the price and benefits without preferential terms. Noting that Mr. Saied Ahmed Saied Basamh a Board Member of SADAFCO, has ownership in SFS. These transactions for the year from 01-04-2023 to 31-12-2023 had a total value of SAR 149,779.68 (Direct interest).

Sheikh Hamad Sabah Al Ahmed
Chairman



Limited Assurance Report



KPMG Professional Services

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم ٤٠٣٠٢٩٠٧٩٢

المركز الرئيسي في الرياض

Independent Limited Assurance Report to Saudia Dairy and Foodstuff Company on the Chairman's Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Saudia Dairy and Foodstuff Company (SADAFCO)

We were engaged by the management of Saudia Dairy and Foodstuff Company (SADAFCO) (the "Company") to report on the the Chairman's declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, which comprises the transactions carried out by the Company during the nine-month period ended 31 December 2023 in which any of the members of Board of Directors of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, presented by the Chairman of Saudia Dairy and Foodstuff Company (SADAFCO) (the "Company"), which comprises the transactions carried out by the Company during the nine-month period ended 31 December 2023 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

Applicable Criteria

We have used the following as the Applicable Criteria:

- Article 71 of the Companies Law issued by Ministry of Commerce ("MOC").

Saudia Dairy and Foodstuff Company (SADAFCO) Responsibility

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

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبين ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.

Saudia Dairy and Foodstuff Company (SADAFCO) Responsibility (continued)

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

Our Responsibility

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

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

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

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

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

Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes the transactions and contracts performed in which any of the BOD members of the Company has either direct or indirect interest during the nine-month period ended 31 December 2023;

Procedures Performed (continued)

- Reviewed the minutes of meetings of the BoD that indicate notifications to the BoD by certain directors of actual or potential conflicts of direct or indirect interest in relation to transactions and contracts involving the BoD member;
- Checked that the minutes of meetings of the BOD that the relevant directors who notified the BoD of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transactions and contracts;
- On a sample basis, obtained the required approvals along with supporting documents in respect of the transactions and/or contracts included in the declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 31 to the audited consolidated financial statements of the Company for the nine-month period ended 31 December 2023.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company and MOC for any purpose or in any context. Any party other than the Company and MOC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company and MOC for our work, for this independent limited assurance report, or for the conclusions we have reached.

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

KPMG Professional Services



Nasser Ahmed Al Shutairy
License No: 454



Jeddah, 2 April 2024
Corresponding to 23 Ramadan 1445H



Notification of Competition Activities

On 24/08/1445H

Corresponding: 06/03/2024

From: Chairman of the Board of Directors

To: Esteemed Shareholders (Assembly General Meeting)

Subject: Board of Directors Notification Regarding the Competition Activities

The following table displays the competition activities of SADAFCO's Board of Directors members for the fiscal year 2022/2023G. This information is presented in accordance with the requirements set out in Paragraph (2) of Article (27) of the Companies Law and Article (44) of the Corporate Governance Regulations. The specifics of these competing activities are outlined below:

Board Member Name	Competitor Name	Nature of the activity	Member status	Competition nature
Mr. Saied Ahmed Saied Basamh	1. Basamh Group of Companies	Distribution of foodstuff to retail stores	Ownership	Direct
	2. Saudi Goody Products Marketing Co., Ltd	Owner of a trademark for foodstuff	Ownership	Direct
	3. Saudi Specialized Food Services, Ltd	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers	Ownership	Direct
	4. Basamh Industrial Co. Ltd	Manufacturing and Owner of a trademark for foodstuff	-Ownership -Board Membership	Direct
	5. Refined Food Co.	Manufacturing and Owner of a trademark for foodstuff	-Ownership -Board Membership	Direct

Sheikh Hamad Sabah Al Ahmed
Chairman