

Rights Shares Issue Prospectus

Al-Omran Industries and Trading Co.



Al-Omran Industries and Trading Co., is a Saudi joint stock Company, incorporated under Commercial Register No. 1010187735 issued on 18/04/1424H (corresponding to 18/06/2003G).

Six million (6,000,000) ordinary shares shall be offered at an offer price of ten (10) Saudi riyals per share, through the issuance of Rights Shares Issue with a total of sixty million (60,000,000) Saudi riyals, representing an increase in the Company's capital by (100%). Thereupon, the Company's capital shall become one hundred twenty million (120,000,000) Saudi riyals.

شركة العمران للصناعة والتجارة
Al-Omran Industries & Trading Co

Trading Period: shall commence from Tuesday 30/04/1445H (corresponding to 14/11/2023G) and shall end on Tuesday 07/05/1445H (corresponding to 21/11/2023G)

Subscription Period: shall commence from Tuesday 30/04/1445H (corresponding to 14/11/2023G) and shall end on Sunday 12/05/1445H (corresponding to 26/11/2023G)

Al-Omran Industries and Trading Co., (the "Company" or the "Issuer") is incorporated as a limited liability Company under Commercial Register No. 1010187735 as issued on 18/04/1424H (corresponding to 18/06/2003G), with a share capital of three million two hundred thousand (3,200,000) Saudi riyals, under the name of Al-Omran Metal Kitchens. On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. 40/S is issued to convert the Company from a limited liability Company into a closed joint stock Company with a share capital of sixty million (60,000,000) Saudi riyals divided into 6,000,000 ordinary shares with a nominal value of ten (10) Saudi riyals per share, and the name of the Company is changed into Al-Omran Industries and Trading Co. On 14/02/1438H (corresponding to 14/11/2016), the Board of Directors issued a resolution to approve the offering and listing of the Company in the Parallel Equity Market, with one million two hundred (1,200,000) shares, representing 20% of the Company's shares. On 24/11/1441H (corresponding to 15/07/2020G) a trading approval is issued for the Company's request for moving from the Parallel Equity Market to the main market. On 30/11/1441H (corresponding to 21/07/2020G) the Company's shares are listed and will be traded in the main market. The Company's head office is located in Riyadh, King Abdulaziz Road - Astoria Block - Floor 2 - P.O. Box 40569, Riyadh 11511, Kingdom of Saudi Arabia.

The existing capital of the Company is sixty million (60,000,000) Saudi riyals, divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, paid up in full (hereinafter referred to individually as "existing share" and collectively as "existing shares"). As at the date of this Prospectus, the Company has Substantial Shareholders who own 5% or more of the Company's shares, namely: Mr. Mohammad Omran Mohammad Al Omran, who owns 18.89%, Mr. Abdulrahman Mohammad Nasir Al Omran, who owns 6.404%, and Mr. Nasir Mohammad Nasir Al Omran, who owns 6.355%.

The Company's board of directors, in its meeting held on 22/01/1444H (corresponding to 20/08/2022G), recommended increasing the Company's capital by offering rights shares in the amount of sixty million (60,000,000) Saudi riyals. After such increase, the capital shall become one hundred twenty million (120,000,000) Saudi riyals. This is after obtaining all necessary statutory approvals and the approval of the Extraordinary General Assembly.

On Wednesday 24/04/1445H (corresponding to 08/11/2023G), the Company's Extraordinary General Assembly approved the increase of the Company's capital through the issuance of Rights Shares Issue. The subscription consists of an offering of six million (6,000,000) new ordinary shares (hereinafter referred to as "Rights Shares Issue" or "New Shares") at an offer price of ten (10) Saudi riyals per share (hereinafter referred to as "Offer Price"), with a nominal value of ten (10) Saudi riyals, in order to increase the Company's capital from sixty million (60,000,000) Saudi riyals to one hundred twenty million (120,000,000) Saudi riyals, and to increase the number of shares from six million (6,000,000) ordinary shares to twelve million (12,000,000) ordinary shares.

Rights or Priority Rights will be issued as tradable securities (referred to collectively as "Rights" and individually as "Right") to the Shareholders owning the shares at the end of trading on the day of the Extraordinary General Assembly including the approval of the capital increase. (hereinafter referred to as the "Eligibility Date") and those registered in the Company's Shareholders register at the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly including the approval of the capital increase on Wednesday 24/04/1445H (corresponding to 08/11/2023G) (hereinafter referred collectively as "Registered Shareholders" and individually as "Registered Shareholder") provided that those rights shall be deposited in the Registered Shareholders' portfolios after convening the Extraordinary General Assembly, taking into account the settlement procedures of the number of (1) right for each (1) of the Company's shares. Each right shall give the holder thereof the right to subscribe to (1) new share at the Offer Price.

The Registered Shareholders and other general investors (hereinafter referred to as "New Investors") - who are permitted to trade in the Rights and subscribe to the New Shares - will be able to trade and subscribe in Rights Shares Issue shares in the Saudi Stock Exchange (hereinafter referred as the "Tadawul" or "SSE"). The Trading Period and the Subscription Period shall commence on Tuesday 30/04/1445H (corresponding to 14/11/2023G), provided that the Trading Period shall end Tuesday 07/05/1445H (corresponding to 21/11/2023G) (hereinafter referred to as the "Trading Period"), while the Subscription Period continues until the end of the day of Sunday 12/05/1445H (corresponding to 26/11/2023G) (hereinafter referred to as the "Subscription Period"). It should be noted that the Trading Period and the Subscription Period will commence on the same day while the Trading Period will continue until the end of the sixth day from the beginning of the period, while the Subscription Period continues until the end of the ninth day from the beginning of the same period.

The Registered Shareholders will be able to trade the rights during the Trading Period, by selling all or part of the acquired rights, or by purchasing additional rights through the market. In addition, New Investors will be able to purchase and sell the Rights during Trading Period through the Market.

Subscription to the New Shares will be made (during Trading Period) in 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 able to directly subscribe to the number of the registered Shareholder's shares or less than the number of the registered Shareholder's shares during the Subscription Period, and in case the registered Shareholder purchases new rights, the registered Shareholder will be able 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 directly after the settlement of the rights purchase (two working days).

- 4) Subscription will be made electronically through the investment portfolio in the trading platforms and applications through which purchase and sell orders are entered, in addition to subscribing to the other channels and means available to the broker; provided that only approval shall be made to subscribe to a number of New Shares as may be due under Rights in the investment portfolio.

In the event that shares remain unsubscribed after the end of the Subscription Period (referred to as the "Rump Shares"), then those shares will be offered to a number of institutional investors (hereinafter referred to as the "Investment Institutions") and (the offering process shall be referred to as "Rump Offering"). These investment institutions will submit their offers to purchase the rump shares, and these offers will be received as of 10:00 AM on Wednesday 15/05/1445H (corresponding to 29/11/2023G) until 05:00 PM of Thursday 16/05/1445H (corresponding to 30/11/2023G) (hereinafter referred to as the "Rump Offering Period") and the rump shares will be allotted for investment institutions with a higher offer and then a lower offer (provided that it is not less than the offer price), provided that the shares are allotted proportionally to the investment institutions that offer the same offer. As for the fractional shares, they will be added to the rump shares and treated in the same way, and the total Offer Price collected from the Company's rump offering process will be paid, and the rest of the proceeds (if any) of the offering will be distributed without calculating any fees or deductions (in excess of the Offer Price) to those who are entitled to them respectively, with a maximum of Thursday 08/06/1445H (corresponding to 21/12/2023G). Note that the investor who has not subscribed or sold the rights thereof, and the holders of fractional shares, may not receive any consideration if the sale made during the Rump Offering Period at the Offer Price.

In the event that the investment institutions do not subscribe to all rump shares and fractional shares, the rump shares will be allotted to the underwriter, who will purchase them at the offer price (See to Section (13) "Information of Shares & Terms and Conditions of the Offering"). The final allotment will be announced no later than Tuesday 21/05/1445H (corresponding to 05/12/2023G) (hereinafter referred to as the "Allotment Date") (See to Section (13) "Information of Shares and Terms and Conditions of the Offering").

After the completion of the subscription process, the Company's capital shall become one hundred twenty million (120,000,000) Saudi riyals, divided into twelve million (12,000,000) ordinary shares. The net proceeds from the offering shall be used to support the Company's future plans, reduce the borrowing frequency, develop and upgrade the Company's Factories (see to Section (7) "Use of Proceeds").

All Company's shares belong to a single class. No share gives its holder preferential rights. The New Shares will be paid up in full and exactly equal to the existing shares. Each share gives its holder the right to one vote, and each Shareholder in the Company (hereinafter referred to as the "Shareholder") shall have the right to attend and vote at the meeting of the General Assembly of Shareholders (hereinafter referred to as the "General Assembly") (either Ordinary or Extraordinary). The holders of the New Shares shall be entitled to any dividends declared by the Company after the date of their issue (if any).

The Company's shares are listed on 29/05/1438H (26/02/2017G) in the Saudi Parallel Equity Market, with six million (6,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share. This is made by publicly offering one million two hundred thousand (1,200,000) shares, representing 20% of the Company's shares, in the Parallel Equity Market. On 30/11/1441H (corresponding to 21/07/2020G), the Company is transferred and its shares are listed and will be traded in the main market with six million (6,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share.

The Company's existing shares are currently being traded in the Market. The Company has applied for the Capital Market Authority of the Kingdom of Saudi Arabia (the "CMA") to register and offer the New Shares. Also, the Company has applied for Saudi Tadawul Group ("Tadawul") in order to accept the listing of the Same. All required documents have been submitted, all requirements of the relevant authorities have been met, and this Prospectus has been approved. It is expected that the New Shares shall be traded in the market within a short period of time when the allocation of the New Shares is completed and the surplus is refunded (see to page No. (xiii) "Key Dates and Subscription Procedures"). The Trading of New Shares - when registered and listed - shall be allowed for Saudis and those legally reside in KSA, citizens of Gulf Cooperation Council, companies, banks, Saudi and gulf investment funds, in addition to qualified foreign investors under the applicable rules of the investment of qualified foreign financial institutions in listed securities. Moreover, other categories of foreign investors shall be entitled to obtain the economic benefits associated with the New Shares through the conclusion of swap agreements with persons authorized by the Capital Market Authority (hereinafter referred to as the "licensed person"), noting that the licensed person - in such a case - shall be the registered legal holder of the shares.

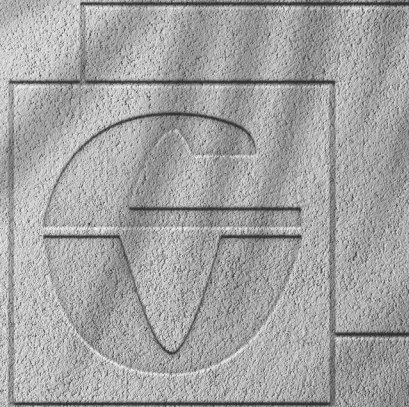
You should read this Prospectus in its entirety and study the "Important Notice" sections on page (i) and section (2) "Risk Factors" contained in this Prospectus before taking any investment resolution with regard to their new rights or shares.

Financial Advisor, Lead Manager and Underwriter

الإيماء للاستثمار
alinma investment



This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the Kingdom of Saudi Arabia (the "CMA") and the application for listing of securities in compliance with the requirements of the Listing Rules of the Saudi Exchange. The Directors, whose names appear on this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and Saudi Exchange do not bear any responsibility for the contents of this Prospectus or make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.



شركة العمران للصناعة والتجارة
Al-Omran Industries & Trading Co

IMPORTANT NOTICE

This Prospectus (the “**Prospectus**”) contains full details of the Company and of the Rights Shares Issue offered for subscription. When applying for New Shares, investors will be treated on the basis that their applications are based on the information contained in this Prospectus, a copy of which can be obtained from the Company’s head office and the Lead Manager or by visiting the website of the Company (www.alomranco.com), the website of the Financial Advisor (www.alinmainvestment.com) and the website of the Capital Market Authority (www.cma.org.sa).

The Prospectus shall be published and made available to the public within a period of no less than (14) days before the date of the Extraordinary General Assembly of the capital increase. In case that the Extraordinary General Assembly has not approved the Capital Increase within six (6) months as of the date of CMA’s approval of the registration and offering of Rights, CMA’s approval shall be null and void. Alinma Investment is appointed as a Financial Advisor (the “**Financial Adviser**”), a Lead Manager (the “**Lead Manager**”) and an Underwriter (the “**Underwriter**”) in connection with the offering of Rights Shares Issue in order to increase the Company’s capital under this Prospectus.

This Prospectus includes information given in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Board of Directors of CMA, subject to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) based on the Capital Market Law as issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G) as amended by CMA’s Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G) and the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 Dated 09/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H as amended by CMA Board Resolution No. 8-5-2023 dated 25/6/1444H corresponding to 18/01/2023G. The members of the Board of Directors whose names appear on page (d) shall, severally and jointly, accept full responsibility for the accuracy of the information contained in this Prospectus. To the best of their knowledge and belief, after undertaking all possible reasonable enquiries, they affirm that there are no other facts the omissions of which would make any statement contained herein misleading. The Capital Market Authority and Saudi Tadawul Group (Tadawul) shall accept no responsibility for the contents of this Prospectus, shall not give any assurances with regard to their accuracy or completeness, and hereby expressly disclaim any liability whatsoever for any loss resulting from the contents of this Prospectus or from reliance on any part thereof.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information in this Prospectus is derived from external sources. Although neither the Company nor any of its managers, directors, financial advisor or any of the Company’s advisors whose names appear on page (v) (the “**Advisors**”) have any reason to believe that this information is inaccurate in substance. However, this information has not been independently verified, and therefore no obligation or statement can be made with regard to the accuracy or completeness of such information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political or other factors, over which the Company has no control (see to Section 2 (**Risk Factors**) of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as, or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, or the Advisors to participate in the subscription to the Rights Shares Issue. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or the particular investment needs. Prior to making an investment resolution, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the subscription in order to assess the appropriateness of this investment and the information herein with regard to the recipient’s individual objectives, financial situation and needs.

Registered Shareholders and other common investors (“**New Investors**”) who may trade in Rights and subscribe to New Shares will be able to trade and subscribe to Rights Shares Issue in the Saudi Stock Exchange (hereinafter referred as the “**Tadawul**” or “**SSE**”). The Trading Period and the Subscription Period shall commence three (3) business days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Tuesday 30/04/1445H (corresponding to 14/11/2023G). provided that the Trading Period shall end on Tuesday 07/05/1445H (corresponding to 21/11/2023G). (the “**Trading Period**”), while the Subscription Period shall continue until the end of the day on Sunday 12/05/1445H (corresponding to 26/11/2023G) (the “**Subscription Period**”). It is worth noted that the Trading Period and the Subscription Period will commence on the same day while the Trading Period shall continue until the end of the sixth day as of the commencement of the period, and the Subscription Period shall continue until the end of the ninth day of the commencement of the same period.

The Registered Shareholders may trade the rights during the Trading Period, by selling all or part of the acquired rights, or by purchasing additional rights through the market. In addition, New Investors will be able to purchase and sell the Rights during Trading Period through the Market. Subscription to the New Shares will be made (during Trading Period) in 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 able to directly subscribe to the number of the registered Shareholder’s shares during the Subscription Period, and in case the registered Shareholder purchases new rights, the registered Shareholder will be able 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 directly after the settlement of the rights purchase (two working days).

4. Subscription will be made electronically through the investment portfolio in the trading platforms and applications through which purchase and sell orders are entered, in addition to subscribing to the other channels and means available to the broker; provided that only approval shall be made to subscribe to a number of New Shares as may be due under Rights in the investment portfolio.

In the event that shares remain unsubscribed after the end of the Subscription Period (referred to as the “Rump Shares”), then those shares will be offered to a number of institutional investors (hereinafter referred to as the “Investment Institutions”) and (the offering process shall be referred to as “Rump Offering”). These investment institutions will submit their offers to purchase the rump shares, and these offers will be received as of 10:00 AM on Wednesday 15/05/1445H (corresponding to 29/11/2023G) until 05:00 PM of Thursday 16/05/1445H (corresponding to 30/11/2023G) (hereinafter referred to as the “Rump Offering Period”) and the rump shares will be allotted for investment institutions with a higher offer and then a lower offer (provided that it is not less than the offer price), provided that the shares are allotted proportionally to the investment institutions that offer the same offer. As for the fractional shares, they will be added to the rump shares and treated in the same way, and the total Offer Price collected from the Company’s rump offering process will be paid, and the rest of the proceeds (if any) of the offering will be distributed (in excess of the Offer Price) to those who are entitled to them respectively, with a maximum of Thursday 08/06/1445H (corresponding to 21/12/2023G). Note that the investor who has not subscribed or sold the rights thereof, and the holders of fractional shares, may not receive any consideration if the sale is made during the Rump Offering Period at the Offer Price.

In the event that the investment institutions do not subscribe to all rump shares and fractional shares, the rump shares will be allotted to the underwriter, who will purchase them at the offer price (See to Section (13) “**Information of Shares & Terms and Conditions of the Offering**” of this Prospectus). The final allotment will be announced no later than Tuesday 12/05/1445H (corresponding to 05/12/2023G) (hereinafter referred to as the “**Allotment Date**”) (See to Section (13) “**Information of Shares and Terms and Conditions of the Offering**” of this Prospectus).

The recipient of this Prospectus must also read and comply with all regulatory restrictions in relation to the trading of Rights and subscription to New Shares.

Financial Information

The audited consolidated financial statements for the financial year as at December 31, 2019G are audited by Associated Accountants (Hamoud Al Robian & Co, Chartered Accountants and Consultants) the audited consolidated financial statements for the financial year as at December 31, 2020G are audited by Ibrahim Ahmed Al-Bassam and Partners – CPA’s and Consultants; and the audited consolidated financial statements for the financial year as at December 31, 2021G and the preliminary briefed consolidated financial statements (unaudited) for the six-month period as at June 30, 2022G are audited by Al Kharashi & Co. Certified Accountants and Auditors.

The Company’s audited consolidated financial statements for the financial years as at December 31, 2019G, 2020G, and 2021 G, and the preliminary briefed consolidated financial statements (unaudited) for the six-month period as at June 30, 2022G, in addition to the accompanying explanatory notes have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the Kingdom of Saudi Arabia as well as other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Accordingly, the Company issues its financial statements in Saudi riyals. Some of the financial and statistical information contained in this Prospectus has been rounded up. Therefore, if the figures contained in the tables are added, their sum may not correspond to the total figure stated herein.

Future Forecasts and Statements

The future expectations included in this Prospectus have been prepared on the basis of specific and declared assumptions that have been stated in the relevant places. Operating conditions may differ from the assumptions used. Therefore, no warranty or representation is made as to the accuracy or completeness of any such forecast. The Company confirms that the statements contained in this Prospectus are based on the necessary professional due diligence.

Certain statements contained herein are forward-looking statements. These forward-looking statements are generally inferred by the use of certain words such as “intends/plans,” “estimates,” “believes,” “expects,” “may,” “will,” “desires,” “should,” “expected,” “might,” “think” or negative forms of these terms and other terms having similar or opposite meaning. These forward-looking statements reflect the current point of view of the Company and its management in relation to the future events, but are not a guarantee of future performance. There are many factors that may cause the actual results, performance or progresses achieved by the Company to be significantly different from any future results, performance or progresses that may be expressed explicitly or implicitly in those forward-looking statements. The most important risks or factors that could lead to such an impact have been reviewed in more detail in other sections of this Prospectus (see to Section (2) “**Risk Factors**”). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, then the actual results may materially differ from those stated in this Prospectus in terms of expectations, beliefs, estimates or plans.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a Supplementary Prospectus to the CMA, if, at any time after the date of publication of this Prospectus and before the completion of the offering, the Company becomes aware of: (i) significant change in any material information contained in this Prospectus; or (ii) the occurrence of additional significant matters which would have been required to be included in this Prospectus. Except for the aforementioned circumstances, the Company does not intend to update or otherwise revise any information in this Prospectus, whether as a result of new information, future events or otherwise in relation to the Company, Industry, or Risk Factors. As a result of the aforementioned and other risks, uncertainties and assumptions, the future events and forward-looking circumstances set forth in this Prospectus may not occur as expected by the Company or may not occur at all. Consequently, prospective investors should consider and review all forward-looking statements in light of these explanations and should not place undue reliance on them.

CORPORATE DIRECTORY

The Company's board of directors appointed on 22/02/1444H (corresponding to 18/09/2022G) ¹								
Name	Position	Capacity	Nationality	Age	Shares held			
					Direct		In Direct	
					Number	Percentage	Number	Percentage
Mohammad Omran Mohammad Al Omran	Chairman	Non-Independent/ Non-Executive	KSA	70	1,133,942	18.899%	-	-
Nasir Mohammad Nasir Al Omran	Deputy Chairman	Non-Independent/ Non-Executive	KSA	49	381,292	6.355%	-	-
Abdulrahman Mohammad Nasir Al Omran	Board Member and Managing Director	Non-Independent/ Executive	KSA	47	384,229	6.404%	-	-
Abdullah Abdulaziz Falah Al Ghadeer	Board Member	Independent / Non-Executive	KSA	60	-	-	-	-
Fahad Saad Abdullah Al Howaimel	Board Member	Independent / Non-Executive	KSA	47	-	-	-	-

Source: the Company

¹ The Ordinary General Assembly, in its meeting held on 20/11/1443H (corresponding to 19/06/2022G), approved the appointment of members of the Board of Directors for three years, commencing as of 22/02/1444H (corresponding to 18/09/2022G) and ending on 25/03/1447H (corresponding to 17/09/2025G).

COMPANY ADDRESS

Al-Omran Industries and Trading Co.,

Riyadh - King Abdulaziz Road - Astoria Block - Floor 2-
P. O. Bos: 40569 Riyadh 11511
Kingdom of Saudi Arabia
Tel: +966 11 2305566
Fax: +966 11 2651862
Email: info@alomranco.com
Website: www.alomranco.com



Representatives of the Company

The Company's First Authorized Representative

Fahad Saad Abdullah Al Howaimel
Board Member
Riyadh - King Abdulaziz Road - Astoria Block - Floor 2-
P. O. Bos: 40569 Riyadh 11511
Kingdom of Saudi Arabia
Tel: +966 11 2305560 Ext: 101
Fax: +966 11 2651862
Email: Fahad.Saad@alomranco.com
Website: www.alomranco.com

The Company's Second Authorized Representative

Abdulrahman Mohammad Nasir Al Omran
Board Member and Managing Director
Riyadh - King Abdulaziz Road - Astoria Complex - Floor 2-
P. O. Bos: 40569 Riyadh 11511
Kingdom of Saudi Arabia
Tel: +966 11 2305560 Ext: 103
Fax: +966 11 2651862
Email: a@alomranco.com
Website: www.alomranco.com

Stock Exchange

Saudi Exchange (Tadawul)

King Fahad Road, Al Olaya 6897
Unit No. 15, Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: + 966 92000 1919
Fax: + 966 (11) 218 9133
Website: info@tadawul.com.sa
E-mail: www.saudiexchange.com.sa



ADVISORS

Financial Advisor, Lead Manager and Underwriter

Alinma Investment

Riyadh, King Fahd Road (Al Anoud Tower 2)
P. O. Box 55560, Riyadh 11544, Kingdom of Saudi Arabia
Tel: +966 11 218 5999
Fax: +966 11 2185970
Website: www.alinmainvestment.com
Email: info@alinmainvestment.com

الإئماء للاستثمار
alinma investment 

Legal Advisor

The Law Office of Maha Al-Mogren

King Fahd Road, Building No. 8000
P.O. Box 62628 Code 11595, Kingdom of Saudi Arabia
Tel: +966 11 2785900
Fax: +966 11 4884657
Website: www.almogren.com.sa
Email: Capitalmarkets@almogren.com.sa

مها المقرن
للمحاماة و الاستشارات القانونية
The Law Office of Maha Al-Mogren

Chartered Accountant for Financial Year as at December 31, 2019G

Associated Accountants (Hamoud Al Robian & Co, Chartered Accountants and Consultants)

Riyadh, Prince Nayef bin Abdulaziz Road
P.O. Box 60930, Riyadh 12271, Kingdom of Saudi Arabia
Tel: +966 11 460 2551
Fax: +966 11 460 2470
Website: www.aacpa.com.sa
Email: info@aacpa.com.sa

شركة المحاسبون المتضامنون
جمهوء الربيعان وشريكه - محاسبون قانونيون واستشاريون 

Chartered Accountant for the Financial Year as at December 31, 2020G

Ibrahim Ahmed Al-Bassam and Partners – CPA's and Consultants

Riyadh, Sulaymaniyah District - Prince Abdul Aziz bin Musaed Road
P.O. Box 69658, Riyadh 11557, Kingdom of Saudi Arabia
Tel: +966 11 206 5333
Fax: +966 11 206 5444
Website: www.pkfalbassam.com
Email: info.sa@pkf.com

PKF

Chartered Accountant for Financial Year as at December 31, 2021G and Preliminary Briefed Consolidated Financial Statements (unaudited) for the six-month period as at June 30, 2022G

Al Kharashi & Co. Certified Accountants and Auditors.

Riyadh - Ad Dhubbat District
P.O. Box 8306, Riyadh 11482, Kingdom of Saudi Arabia
Tel: +966 11 478 4009
Fax: +966 11 477 4924
Website: www.alkharasicaa.com
Email: general@alkharasicaa.com

الخراشي وشركاه
محاسبون ومراجعون قانونيون 

Notice:

All of the above-mentioned Advisors have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their respective names, addresses, logos and statements attributed to each of them in the context in which they appear in this Prospectus.

Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to investors and other common individual and Institutional investors. Accordingly, the recipients of this Prospectus must read it in full before taking any investment resolution in relation to the Rights or New Shares and shall not rely on any part of it solely, including this Summary. The "Important Notice" section and Section (2) "Risk Factors" contained herein shall be well studied before taking any investment resolution in relation to the rights or New Shares.

<p>Company Name, Description and Establishment Information</p>	<p>Al-Omran Industries and Trading Co., (the "Company" or the "Issuer") is incorporated as a limited liability Company under Commercial Register No. 1010187735 issued on 18/04/1424H (corresponding to 18/06/2003G) with a capital of three million two hundred thousand (3,200,000) Saudi riyals, under the name of Al-Omran Metal Kitchens. On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. 40/S is issued to convert the Company from a limited liability Company into a closed joint stock Company with a share capital of sixty million (60,000,000) Saudi riyals divided into 6,000,000 ordinary shares with a nominal value of ten (10) Saudi riyals per share, and the name of the Company is changed into Al-Omran Industries and Trading Co. On 14/02/1438H (corresponding to 14/11/2016), the Board of Directors issued a resolution to approve the offering and listing of the Company in the Parallel Equity Market, with one million two hundred (1,200,000) shares, representing 20% of the Company's shares. On 24/11/1441H (corresponding to 15/07/2020G), Tadawul's approval is issued in favor of the Company's request for moving from the Parallel Equity Market to the main market. On 30/11/1441H (corresponding to 21/07/2020G) the Company's shares are listed and will be traded in the main market.</p> <p>The Company's head office is located in Riyadh, King Abdulaziz Road - Astoria Block - Floor 2 - P.O. Box 40569, Riyadh 11511, Kingdom of Saudi Arabia. The existing capital of the Company is sixty million (60,000,000) Saudi riyals, divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, paid up in full.</p>																												
<p>Issuer's Activities</p>	<p>The Company carries out its activities under Commercial Register No. 1010187735 as issued on 18/04/1424H (corresponding to 18/06/2003G). The activities of the Company, as stated in the commercial register, are as follows:</p> <ul style="list-style-type: none"> - Manufacture of metal structures and their parts; - Manufacture of refrigerators and freezers; - Manufacture of display and Commercial refrigerators and freezers; - Manufacture of air conditioners (unit or central AC) with freon; and - Repair and maintenance of refrigeration and air purification devices such as refrigerators, freezers and air conditioners. <p>As stated in the Articles of Association, the activities of the Company are as follows:</p> <ul style="list-style-type: none"> - Trade; - Manufacturing industries and their areas subject to the industrial license; - Transportation, storage and refrigeration; - Financial, business and other services; - Information Technology; - Construction; - Electricity, gas, water and their areas; - Agriculture and hunting; - Mines, petroleum and their areas; and - Social, group and personal services. <p>The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.</p>																												
<p>Major, Shareholders, No. of their shares and percentage of their ownership before the offering</p>	<p>As at the date of this Prospectus, the Company has substantial Shareholders who own 5% or more of the Company's shares, namely:</p> <table border="1" data-bbox="427 1668 1394 1937"> <thead> <tr> <th rowspan="2">#</th> <th rowspan="2">Shareholder</th> <th colspan="2">Prior to the rights shares issue</th> <th colspan="2">After the rights shares issue [*]</th> </tr> <tr> <th>No. of Shares</th> <th>Percentage of ownership</th> <th>No. of Shares</th> <th>Percentage of ownership</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mohammad Omran Mohammad Al Omran</td> <td>1,133,942</td> <td>18.899%</td> <td>2,267,884</td> <td>18.899%</td> </tr> <tr> <td>2</td> <td>Abdulrahman Mohammad Nasir Al Omran</td> <td>384,229</td> <td>6.404%</td> <td>768,458</td> <td>6.404%</td> </tr> <tr> <td>3</td> <td>Nasir Mohammad Nasir Al Omran</td> <td>381,292</td> <td>6.355%</td> <td>762,584</td> <td>6.355%</td> </tr> </tbody> </table> <p>[*] No. of shares and percentage of ownership after the offering, assuming that the substantial Shareholders have subscribed with their full entitlement to the New Shares; the same may differ in the event of subscription in a number less or more than those allocated to the substantial Shareholders by selling or purchasing their rights during the Trading Period, or if the substantial Shareholders have not subscribed to the rights.</p>	#	Shareholder	Prior to the rights shares issue		After the rights shares issue [*]		No. of Shares	Percentage of ownership	No. of Shares	Percentage of ownership	1	Mohammad Omran Mohammad Al Omran	1,133,942	18.899%	2,267,884	18.899%	2	Abdulrahman Mohammad Nasir Al Omran	384,229	6.404%	768,458	6.404%	3	Nasir Mohammad Nasir Al Omran	381,292	6.355%	762,584	6.355%
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Public	<p>In the Rules on the Offer of Securities and Continuing Obligations, means any persons are not included below:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer; 2. Substantial Shareholders in the Issuer; 3. Board Members and Senior Executives of the Issuer; 4. Board Members and Senior Executives of the Issuer's affiliates; 5. Board Members and Senior Executives of the Substantial Shareholders of the Issuer; 6. Any relatives of the persons stated in (1, 2, 3, 4 or 5) above. 7. Any Company controlled by any of the persons stated in (1, 2, 3, 4, 5 or 6) above. <p>Persons who act in agreement together and jointly own (5%) or more of the class of shares to be listed.</p>
Nature of the Offering	An increase in the capital by issuing rights shares.
Purpose of the Proposed Rights Shares Issue	The Company aims, through increasing its capital by issuing rights shares, to support the Company's future plans, reduce the borrowing frequency, and develop and upgrade the Company's Factories. (See to Section (7) "Use of Proceeds").
The Company's Capital prior to the Offering	Sixty million (60,000,000) Saudi riyals, paid in full.
Total number of the Company's Shares prior to the Offering	Six million (6,000,000) ordinary shares, paid in full.
Nominal Value per Share	Ten (10) Saudi riyals per share.
Total Number of Offered Shares	Six million (6,000,000) ordinary shares.
Offer Price	Ten (10) Saudi riyals per share.
Total Value of Offering	Sixty million (60,000,000) Saudi riyals.
Adjusted Price	The Company's share price in the market has been adjusted to (33.45) Saudi riyals per share, prior to trading on the day following the day of the meeting of the extraordinary General Assembly of the capital increase. This represents a decrease in the share price by (23.45) Saudi riyals per share.
Registered Shareholders	Shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly of the capital increase and those registered in the Company's register at the end of trading on the second trading day following the Extraordinary General Assembly of the capital increase.
New Investors	Common Individual and Institutional investors - with the exception of Registered Shareholders - who purchased Rights during the Trading Period.
Categories of Target Investors	Registered Shareholders and New Investors
Rights or Priority Rights	Negotiable securities that give the holder the right to subscribe to New Shares when the capital increase approved, which is an acquired right for all Registered Shareholders. The Right may be traded during the Trading Period. Each Right entitles the holder thereof to subscribe for one (1) share of the New Shares at the Offer Price. Rights will be deposited in the portfolios of Registered Shareholders after the Extraordinary General Assembly of the capital increase. These Rights will appear in the portfolios of Registered Shareholders under a new code of priority rights.
New Shares	Six million (6,000,000) ordinary shares, which will be issued as a result of the capital increase.
Eligibility Parameter	Each registered Shareholder is granted approximately one right for every single share owned by such registered Shareholder. This Parameter is the result of dividing the number of New Shares by the number of existing shares of the Company.
Number of Rights issued	Six million (6,000,000) rights.
Number of Offering Shares to be underwritten	Six million (6,000,000) ordinary shares.
Total Value of Offering to be underwritten	Sixty million (60,000,000) Saudi riyals.

Number of Shares issued after the Capital Increase	Twelve million (12,000,000) ordinary shares.																								
The Company's Capital after the Capital Increase	One hundred twenty million (120,000,000) Saudi riyals.																								
Percentage of Shares offered out the Company's Capital	100% of the Issuer's capital prior to the offering.																								
Total Proceeds of the Offering	The Offering aims to raise an amount of sixty million (60,000,000) Saudi riyals.																								
Total Proceeds expected to be received and an Analysis and Description of Proposed Use thereof, separately	The Offering aims to raise an amount of sixty million (60,000,000) Saudi riyals. It is expected that the net proceeds of the offering will be fifty-seven million (57,000,000) Saudi riyals. The net proceeds of the subscription will be mainly used, after deducting all offering costs, to support the Company's future plans, reduce the borrowing frequency, and develop and upgrade the Company's Factories. The following table shows the proposed use of the Proceeds of Offering:																								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Value (SAR)</th> <th>Percentage of Total Proceeds[*]</th> </tr> </thead> <tbody> <tr> <td>Construction Costs to build a new Factory for the Company and to transport existing machines and equipment to the Company's current Factory (refrigerators, shelves and air coolers Factory)</td> <td>28,000,000</td> <td>46.68%</td> </tr> <tr> <td>Factory's New Equipment and Machinery Purchase Costs</td> <td>11,000,000</td> <td>18.33%</td> </tr> <tr> <td>Factory Workers Housing Costs</td> <td>2,000,000</td> <td>3.33%</td> </tr> <tr> <td>Payment of Bank Loans</td> <td>14,000,000</td> <td>23.33%</td> </tr> <tr> <td>Purchase of Cars</td> <td>2,000,000</td> <td>3.33%</td> </tr> <tr> <td>Offering Expenses</td> <td>3,000,000</td> <td>5.00%</td> </tr> <tr> <td>Total</td> <td>60,000,000</td> <td>100.00%</td> </tr> </tbody> </table>	Use	Value (SAR)	Percentage of Total Proceeds [*]	Construction Costs to build a new Factory for the Company and to transport existing machines and equipment to the Company's current Factory (refrigerators, shelves and air coolers Factory)	28,000,000	46.68%	Factory's New Equipment and Machinery Purchase Costs	11,000,000	18.33%	Factory Workers Housing Costs	2,000,000	3.33%	Payment of Bank Loans	14,000,000	23.33%	Purchase of Cars	2,000,000	3.33%	Offering Expenses	3,000,000	5.00%	Total	60,000,000	100.00%
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Source: The Company																									
[*] The percentages are rounded. (For more information, please see Section (7) "Use of Proceeds").																									
Offering Costs	Value of the Offering Costs is about three million (3,000,000) Saudi riyals, noting that this amount is estimated (see to section (7) "Use of Proceeds").																								
Net Offering Proceeds after Offering Costs	Net Offering Proceeds are expected to become fifty-seven million (57,000,000) Saudi riyals. (See to Section (7) "Use of Proceeds")																								
Use of Proceeds	To support the Company's future plans, to reduce the borrowing frequency, and to develop and upgrade the Company's Factories.																								
Eligibility Date	Shareholders who own shares at the end of trading on the day of the meeting of Extraordinary General Assembly of the capital increase and those registered in the Company's Shareholder Register at the end of trading on the second trading day following the meeting of the Extraordinary General Assembly of the capital increase, on Wednesday 24/04/1445H (Corresponding to 08/11/2023G).																								
Trading Period	Trading Period shall commence from Tuesday 30/04/1445H (corresponding to 14/11/2023G) and shall continue until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). During this period, all holders of rights - whether they are registered investors or New Investors - may trade and subscribe to Rights.																								
Subscription Period	Subscription Period shall commence from Tuesday 30/04/1445H (corresponding to 14/11/2023G) and shall continue until the end of Sunday 12/05/1445H (corresponding to 26/11/2023G). During this period, all holders of rights - whether they are registered investors or New Investors - may exercise their right to subscribe to the New Shares.																								
Rump Shares	The remaining shares that have not been subscribed to during the Subscription Period.																								

Rump Offering	In the event that there are still unsubscribed shares after the end of the Subscription Period (Rump Shares), these shares will be offered to a number of institutional investors (investment institutions). Those investment institutions shall submit their offers to purchase the Rump Shares, and such offers will be received from 10:00 AM on Wednesday 15/05/1445H (corresponding to 29/11/2023G) until 5:00 PM on Thursday 16/05/1445H (corresponding to 30/11/2023G) (Rump Offering Period). The Rump Shares will be allocated to the investment institutions with the highest, then the lower and then the lowest offer (provided that it shall not be less than the Offer Price), provided that the shares are proportionately allocated to the investment institutions that make the same offer. As for fractional shares, they will be added to the Rump Shares and treated similarly.
Payment of Indemnities (if any)	Cash Indemnities shall be paid to the eligible persons who have not carried out their right to subscribe, in whole or in part, to the New Shares and to those entitled to fractional shares, without any deductions, within no later than Thursday 08/06/1445H (corresponding to 21/12/2023G); noting that the indemnities represent the amount that exceeds the offer Price from the net proceeds of the sale of the Rump Shares and Fractional Shares.
Listing and Trading of Rights	Rights shall be listed in Tadawul and shall be traded during the Rights Trading Period. The Rights shall have a separate and independent code than the code of the current shares of the Company on Tadawul's Screen. During the Trading Period, Registered Shareholders have several options. These options include the sale of all or part of the Rights in the market, the purchase of additional rights through the market, or taking no action with regard to the sale of the Rights or the purchase of additional rights. During the Trading Period, New Investors will have the right to purchase rights through the market, sell all or part of those rights, or take no action with regard to the Rights purchased during the Trading Period. "Tadawul" system will cancel the Company's Rights Code on the trading screen after the end of the Rights Trading Period. Therefore, the Rights Trading will be ceased at the end of that period.
Subscription Method	Eligible persons who desire to subscribe to the New Shares must submit Subscription Applications electronically through the Agents' websites and platforms that provide these services to the subscribers, or through any other means provided by the Agents.
Subscribing to Rights	<p>Eligible persons shall be entitled to carry out their right to subscribe to Rights Shares by subscribing electronically through the Agents' websites and platforms that provide these services or through any other means provided by the Agents. Eligible persons may also exercise Rights as follows:</p> <ol style="list-style-type: none"> 1. During the Subscription Period, Registered Shareholders shall be entitled to exercise the rights granted thereto on the Eligibility Date and any additional rights they purchased during the Trading Period by subscribing to the New Shares. They also have the right to take no action in relation to the Rights they have. 2. During the Subscription Period, New Investors may exercise the rights they purchased during the Trading Period by subscribing to the New Shares. They also have the right to take no action in relation to the Rights they have. <p>In the event that none of the Registered Shareholders or New Investors exercise their right to subscribe to the New Shares during the Subscription Period, the shares associated with those rights will be offered during the Rump Offering Period.</p>
Indicative Right Value	The Guiding Right Value is the difference between the market value of the Company's shares during the Trading Period and the Offer Price. Tadawul will calculate and publish the indicative right value during the Trading Period on its website, five minutes late. Market information service providers will also publish this information so that investors can view the indicative right value when entering orders.
Right Trading Price	is the price at which the right is traded, noting that it is determined through the mechanism of supply and demand. Therefore, it may differ from the indicative value of the right.
Allocation Date	The shares shall be allotted no later than Tuesday 21/05/1445H (corresponding to 05/12/2023G).
Shares Allocation and Refund of Surplus	<p>The New Shares shall be allocated to eligible persons based on the number of rights that the eligible person has properly and completely exercised. The fractional shares will be collected and added to the Rump Shares, and then offered to investment institutions during the Rump Offering Period. The Company will receive the total Offer Price generated from the sale the Rump Shares, while the remainder of the remaining offering proceeds (if any) will be distributed, without any fees or deductions, (i.e. Excess of Offer Price) to the beneficiaries who have not subscribed, in whole or in part, to the New Shares, and to the beneficiaries of fractional shares. Note that the investor who has not subscribed to or sold the Rights thereof, and the holder of fractional shares, may not receive any consideration if the sale made during the Rump Offering Period at the Offer Price. (See to Section (13) "Information of Shares & Terms and Conditions of the Offering" of this Prospectus).</p> <p>The Excess Subscription Monies (if any) will be refunded to the subscribers without any commissions or deductions from the Lead Manager.</p>
Date of Refund of Excess Subscription Monies	The Excess Subscription Monies (if any) will be refunded without any commissions or deductions from the Lead Manager, no later than Thursday 08/06/1445H (corresponding to 21/12/2023G)
Trading of New Shares	Trading of New Shares shall commence in Tadawul when all procedures related to the registration, allocation and listing of New Shares are completed.

Entitlement to Dividends	Holders of New Shares will be entitled to any dividends that the Company declares to be distributed after the date on which they are issued.
Voting Rights	All shares of the Company consist of one class. No share entitles the holder thereof to preferential rights. The New Shares will be paid up in full and exactly equal to the existing shares. Each share entitles its holder to the right to one vote. Every Shareholder of the Company shall have the right to attend and vote in the meeting of the General Assembly of Shareholders (Ordinary or Extraordinary). The Shareholder may authorize any other Shareholder, who is not a Board Member of the Company, to act on such Shareholder's behalf in respect of attending the meetings of the General Assembly.
Restrictions on New Shares as a result of the Capital Increase	No restrictions are imposed on the Shareholders in general and the Founding Shareholders after the subscription process resulting from the capital increase.
Restrictions on Share Trading	No restrictions are imposed on the Trading of the Company's shares, except for the regulatory restrictions imposed on publicly-listed shares.
Restrictions on Rights Trading	No restrictions are imposed on Rights Trading.
Shares previously listed by the Issuer	The Company's shares are listed on 29/05/1438H (26/02/2017G) in the Saudi Parallel Equity Market, with six million (6,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share; where one million two hundred thousand (1,200,000) shares, representing 20% of the Company's shares are publicly offered in the Parallel Equity Market.
Terms and Conditions of Subscription to Rights Shares	Eligible persons who desire to subscribe to the New Shares must fulfill the relevant subscription conditions. To view the subscription terms, conditions and instructions, see to section (13) " Information of Shares & Terms and Conditions of the Offering " of this Prospectus.
Risk Factors	Investment in Rights Shares involves certain risks. These risks can be classified into: 1) Risks related to the Company's Business; 2) Risks related to the Market and the Industry; 3) Risks related to New Shares, and those discussed in Section (2) " Risk Factors " of this Prospectus; which must be carefully studied before taking any investment resolution in relation to Rights Shares.
Total Proceeds previously received in the latest Rights Shares, Analysis and Description	N/A
Material Changes occurred in the Information disclosed in the Latest Prospectus	<p>The Latest Shares Issue Prospectus is issued by the Company on 13/04/1438H (corresponding to 11/01/2017G). Below is a summary of most important information that has changed since CMA's Approval:</p> <ul style="list-style-type: none"> - Governance: The Company's Ordinary General Assembly issued the rules of work of the Remuneration and Nomination Committee in its meeting held on 19/10/1441H (corresponding to 11/06/2020G). The Committee is formed by virtue of a resolution of the Board of Directors on 11/02/1444H (corresponding to 07/09/2022G). <ol style="list-style-type: none"> 1. The Board of Directors approved the Company's Corporate Governance Manual and Rules in its meeting held on 08/09/1441H (corresponding to 01/05/2020G). 2. The Board of Directors approved the rules of work of the Executive Committee in its meeting held on 09/04/1444H (corresponding to 03/11/2022G). The Executive Committee is formed by virtue of a resolution of the Board of Directors on 11/02/1444H corresponding to (07/09/2022G). - Articles of Association: The Company's Articles of Association is amended based on the resolution of the (Extraordinary) General Assembly of Shareholders on 07/09/2022G, and it is audited and approved by the Ministry of Commerce on 28/09/2022G. <p>(See to subsection (10.12) "Material Information changed since the CMA's approval of the latest Share Issue Prospectus" of Section (10) "Legal Information" of this Prospectus).</p>
Terms and Conditions of Subscription to Rights Shares	Eligible persons who desire to subscribe to the New Shares must fulfill the relevant subscription conditions. For Information of Shares & Terms and Conditions of the Offering, see to section (13) " Information of Shares & Terms and Conditions of the Offering " of this Prospectus.

Note: Section "**Important Notice**" on page (i) and Section (2) "**Risk Factors**" of this Prospectus should be carefully considered before taking any investment resolution in Rights Shares.

Key Dates and Subscription Procedures

Timetable	Date
Convention of the Extraordinary General Assembly of the approval of the capital increase and determination of the eligibility date and the eligible shareholders; noting that the eligible shareholders are the shareholders who own shares at the end of trading on the day of the meeting of the Extraordinary General Assembly of the capital increase and are registered in the Company's Shareholder Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly.	Wednesday 24/04/1445H (corresponding to 08/11/2023G)
Trading Period*	Trading Period shall commence from Tuesday 30/04/1445H (corresponding to 14/11/2023G) and shall continue until the end of Tuesday 07/05/1445H (corresponding to 21/11/2023G). During this period, all holders of rights - whether registered investors or new investors - may trade and subscribe to rights.
Subscription Period	The subscription period shall commence from Tuesday 30/04/1445H (corresponding to 14/11/2023G) and shall continue until the end of Sunday 12/05/1445H (corresponding to 26/11/2023G). During this period, all holders of rights - whether registered investors or new investors - may exercise their right to subscribe to the new shares.
End of Subscription Period	The subscription period shall end, and the deadline of subscription applications shall be at the end of Sunday 12/05/1445H (corresponding to 26/11/2023G).
Rump Offering Period	The Rump Offering Period shall commence at 10:00 am on Wednesday 15/05/1445H (corresponding to 29/11/2023G) and shall continue until 5:00 pm on Thursday 16/05/1445H (corresponding to 30/11/2023G).
Final Allocation Notice**	Tuesday 21/05/1445H (corresponding to 05/12/2023G)
Payment of Indemnities (if any) to eligible persons who have not participated in the subscription, in whole or in part, and those entitled to fractional shares.	Thursday 08/06/1445H (corresponding to 21/12/2023G)
Expected date of commencement of Trading in the New Shares	When all the necessary procedures completed, the date of commencement of trading in the new shares will be announced on the Tadawul's website.

Note: All dates stated in the above Timetable are approximate. The actual dates will be announced on the Saudi Tadawul's website (www.saudiexchange.sa).

* The Rights Trading Period shall commence three (3) business days after the Company's Extraordinary General Assembly approves the capital increase.

**The period of time between the end of rights subscription and the deposit of shares into Shareholders' portfolios will be nine (9) business days.

Key Announcement Dates

Announcement	Announced by	Date of Announcement
Announcement of the invitation to the Extraordinary General Assembly of Capital Increase	The Company	Monday 01/04/1445H (corresponding to 16/10/2023G)
Announcement of the results of the Extraordinary General Assembly of Capital Increase	The Company	Thursday 25/04/1445H (corresponding to 09/11/2023G)
Announcement of the company's Share Price Adjustment, Rights Deposit, and Indicative Value of the Right	Tadawul	Thursday 25/04/1445H (corresponding to 09/11/2023G)
Announcement of determining the Rights Trading Period and the Subscription Period of New Shares	The Company	Sunday 28/04/1445H (corresponding to 12/11/2023G)
Announcing the addition of Rights to the Company	Edaa	Monday 29/04/1445H (corresponding to 13/11/2023G)
Announcement of the commencement of the Rights Trading Period and the Subscription Period of New Shares	Tadawul	Tuesday 30/04/1445H (corresponding to 14/11/2023G)
Reminder announcement of the commencement of the Rights Trading Period and the Subscription Period of New Shares	The Company	Tuesday 30/04/1445H (corresponding to 14/11/2023G)
Reminder announcement about the deadline for rights trading as well as an announcement that it is important to those who do not desire to subscribe should sell the rights they have.	The Company	Monday 06/05/1445H (corresponding to 20/11/2023G)
Announcement of: (1) the results of the subscription, (2) the details of the sale of the unsubscribed shares (if any) and the commencement of the Rump Offering Period	The Company	Tuesday 14/05/1445H (corresponding to 28/11/2023G)
Announcement of the results of the Rump Offering and notice of the final allocation	The Company	Tuesday 21/05/1445H (corresponding to 05/12/2023G)
Announcement of the deposit of new shares in investors' portfolios	Edaa	Thursday 23/05/1445H (corresponding to 07/12/2023G)
Announcement of the distribution of indemnities to beneficiaries (if any)	The Company	Thursday 08/06/1445H (corresponding to 21/12/2023G)

Note: All dates stated in the above schedule are approximate. The actual dates will be announced on the Saudi Tadawul Group's (Tadawul) website (www.saudiexchange.sa). In addition, the date of depositing the New Shares in the investors' portfolios will be determined in coordination with the Securities Depository Center Company (Edaa).

Subject to Article 51 of the Rules on the amended Offer of Securities and Continuing Obligations, in the event that an Announcement related to the offering is published in a local newspaper after the publication of the Prospectus, such Announcement must include:

1. Name of commercial register of the Issuer;
2. Securities, their value, type and category included in the application for registration and offering of securities.
3. Addresses and places where the public can obtain the Prospectus.
4. Date of publication of the Prospectus.
5. A statement that the announcement is for information only and does not constitute an invitation or offer to own securities by purchasing or subscribing to them.
6. Name of the Lead Manager, Underwriter, Financial Advisor and Legal Advisor.
7. A disclaimer in the following form: "The Capital Market Authority and the Saudi Tadawul Group (Tadawul) shall accept no responsibility for the contents of this announcement, and shall not give any assurances regarding its accuracy or completeness. They expressly disclaim any responsibility whatsoever for any loss resulting from the contents of this announcement or any reliance on any part thereof.

How to apply for Subscription

Subscription to the Rights Shares is limited to eligible persons, whether they are Registered Shareholders or New Investors. In the event that the rights of the Eligible Persons are not exercised, any Rump Shares have not been subscribed by the Eligible Persons will be offered to the investment institutions by offering such Rump Shares during the Rump Offering Period. The Eligible Persons who desire to subscribe to the new shares must submit subscription applications through the means and services provided by the Agent to investors, provided that the Eligible Person shall have an investment account with an agent provides these services, or that the data of the Eligible Person shall be up-to-date, and that no changes have made to the data or information of the Eligible Person (by deleting or adding a member of such Eligible Person's family) since such Eligible Person subscribed to a recent offering, unless these changes have been notified to and approved by the Agents.

Subscription Applications shall be submitted through investment portfolios in trading platforms, through which sale and purchase orders are entered. In addition, it is possible to subscribe through any other means provided by the Agent and the custodian of shares. The Company shall reserve its right to reject any application to subscribe to the new shares, in whole or in part, in the event that it does not meet any of the terms or requirements of the subscription. The subscription application may not be amended or withdrawn once submitted. Upon submission, the subscription application shall represent a binding contract between the Company and the Eligible Shareholder. (For more information, see to section (13) "Information of Shares & Terms and Conditions of the Offering" of this Prospectus).

Q&A related to Rights

What are Rights?

A Rights Shares is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the EGM of Capital Increase, and who are registered in the Company's Shareholders Register held with the Edaa at the end of the second trading day following the date of the EGM. Each Right grants its holder the right to subscribe to one share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to all Shareholders at the end of trading on the day of the meeting of Extraordinary General Assembly of capital increase and those registered in the Company's Register kept at Edaa at the end of trading on the second trading day following the General Assembly, which is called the Eligibility Date.

When are the Rights deposited?

Following the convention of EGM and its approval to the capital increase through offering Rights Shares, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the end of the second trading day following the date of the EGM. The shares will appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on Tadawul's website and through Tadawulati Service provided by the Depository Center and SMS's sent through agents/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares held by the Registered Shareholder in the Company subject to the Company's Shareholders Register at the Depository Center as at the end of the second trading day after the EGM, where the number of rights due to each Registered Shareholder will be determined based on the Eligibility Factor.

What is the Rights Shares Eligibility Factor?

It is the factor by which the Registered Shareholder can determine the number of Rights entitled thereto against the shares they have at the end of the second trading day after the EGM. This Factor is calculated by dividing the number of New Shares by the number of the Company's existing Shares. Consequently, Eligibility Factor is one (1) right per share held by Registered Shareholders on the Eligibility Date. Accordingly, if a Registered Shareholder owns (1,000) shares on the Eligibility Date, then (1,000) rights will be allocated to such Registered Shareholder in consideration of the shares thereof.

Will these Rights be tradable under a different name/ code of the Company's Shares?

Yes, it will be. The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Rights", they will be deposited in a new code for these rights.

What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is fifteen (15) Saudi Riyals (SAR 15) and the Offer Price is ten (10) Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals (SAR 5), the difference between the two mentioned prices.

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the EGM.

Can Registered Shareholders subscribe for additional shares?

Yes, they can. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible for a registered shareholder to lose its eligibility to subscribe even if it has the right to attend the EGM and vote on raising the capital through rights shares?

Yes, it is. The Shareholder loses his/her eligibility to subscribe if he sells his/her shares on the day of the Extraordinary General Meeting or one working day before it.

How does the Subscription take place?

Subscription Applications 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 agents and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by the Eligible Person?

An Eligible Person cannot subscribe to more shares than the Rights owned by the Eligible Person.

If the Company shares are acquired through more than one investment portfolio, what is the portfolio in which the Rights will be deposited?

The rights will be deposited in the same portfolio in which the Company's shares associated to the rights are deposited. For example, if a shareholder holds one thousand (1,000) shares in the Company as follows: (eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B)), then the total rights to be deposited will be one thousand (1,000) rights, as each share is eligible for a right. Therefore, eight hundred (800) rights will be deposited in portfolio (A) and two hundred (200) rights will be deposited in portfolio (B).

Are share certificate holders allowed to subscribe and trade?

Yes, they are. They are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving entities or Depository Center (Edaa) and introducing the necessary documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

When can a Shareholder subscribe for the Rights he/she purchased during the Trading Period?

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

Can the Eligible Person sell or transfer the Right after the expiry of Trading Period?

No, after the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of its investment portfolio, or profit if shares are sold during the Rump Offering Period at a price higher than the Offer Price.

What happens to the Rights that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value and any other expenses according to the criteria defined by this Prospectus. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Shares?

Any shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the EGM, shall have the right to attend the EGM and vote on increasing the Issuer's share capital through Rights Shares.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Share?

The share price is adjusted by Tadawul before the start of trading on the day, following the EGM.

If an investor purchases securities on the date of the EGM, will such investor be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time, three (3) business days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, until the end of trading on the sixth day. However, subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No, it is Not.

Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?

Yes, they can. Investors can subscribe to the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

Will any other fees be added for Rights Trading?

The same commissions will be applied to purchase and sale transactions as they are for shares, but without a minimum commission payment.

Additional Assistance:

In case of any inquiries, please contact the Company at the e-mail (info@alomranco.com). For legal reasons, the company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal, or investment advice.

For more information on the subscription terms, conditions and instructions, see Section (13) "Information of Shares and Terms and Conditions of the Offering" and other information contained herein.

Basic Information Summary

This summary provides a brief overview of the basic information contained herein. Because it is a summary, it does not include all information that may be of interest to Shareholders and other institutional and individual investors. Recipients of this Prospectus must read it in full before taking any investment resolution with regard to the Rights or the New Shares.

About the Company

Al-Omran Industries and Trading Co., (the “Company” or the “Issuer”) is incorporated as a limited liability Company under Commercial Register No. 1010187735 issued on 18/04/1424H (corresponding to 18/06/2003G) with a capital of three million two hundred thousand (3,200,000) Saudi riyals, under the name of Al-Omran Metal Kitchens. On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. 40/S is issued to convert the Company from a limited liability Company into a closed joint stock Company with a share capital of sixty million (60,000,000) Saudi riyals divided into 6,000,000 ordinary shares with a nominal value of ten (10) Saudi riyals per share, and the name of the Company is changed into Al-Omran Industries and Trading Co.

On 14/02/1438H (corresponding to 14/11/2016), the Board of Directors issued a resolution to approve the offering and listing of the Company in the Parallel Equity Market, with one million two hundred (1,200,000) shares, representing 20% of the Company's shares.

On 24/11/1441H (corresponding to 15/07/2020G), Tadawul's approval is issued in favor of the Company's request for moving from the Parallel Equity Market to the main market. On 30/11/1441H (corresponding to 21/07/2020G) the Company's shares are listed and will be traded in the main market.

Incorporation

- On 06/01/1424H (corresponding to 09/03/2003G), it's agreed by the Founding Partners, namely: (1) Mohammad Nasir Al Omran; (2) Muhammad Omran Al-Omran; (3) Nasir Mohammad Nasir Al Omran; (4) Abdulrahman Mohammad Nasir Al Omran, to sign the Company's Memorandum of Association (under its old name, Al-Omran Metal Kitchens), as follows:
 - a. A founder, Muhammad Omran Al-Omran, owned, at that time, a Company under the name of Al-Omran Trading Corporation, which has Commercial Register No. 101003334, dated 13/10/1397H, and its activity is wholesale and retail trade of office and home furniture and furnishings. Such Corporation has then owned a branch called Al-Omran Metal Kitchens that has Commercial Register No. 010013334/001 dated 14/03/1404H. Additionally, each of Other Founders, Mohammad Nasir Al Omran, Nasir Mohammad Nasir Al Omran, and Abdulrahman Mohammad Nasir Al Omran, desired to enter and participate in Al-Omran Trading Corporation and Al-Omran Metal Kitchen Factory, with an assessment of three million two hundred thousand (3,200,000) Saudi riyals for all the assets of the Corporation and its branches. Accordingly, the Founders signed the Company's Memorandum of Association under its old name Al-Omran Metal Kitchens) subject to which Al-Omran Trading Corporation and its branches were transformed into Al-Omran Metal Kitchens after the approval of the Ministry of Industry is issued in accordance with Ministerial Resolution No. 120/S dated 26/01/1424H (corresponding to 29/03/2003G). Consequently, the Company's Commercial Register is issued under No. 1010187735 and dated 18/04/1424H (corresponding to 18/06/2003G). The table below shows the Company's ownership structure at the beginning of the Company's Incorporation:

No.	Partner's Name	No. of Cash Shares	No. of in-Kind Shares	Total Shares	Share Value (SAR)	Value of the Partner's Total Share (SAR)
1	Mohammad Nasir Omran Al Omran	400	880	1280	1000	1,280,000
2	Mohammad Omran Mohammad Al Omran	500	1100	1600	1000	1,600,000
3	Nasir Mohammad Nasir Al Omran	50	110	160	1000	160,000
4	Abdulrahman Mohammad Nasir Al Omran	50	110	160	1000	160,000
Total		1000	2200	3200	1000	3,200,000

On 23/12/1427H (corresponding to 13/01/2007G), the Founding Partners unanimously resolved that:

- b. The entry of Mrs. Latifa Mohammed Al-Hajji as a new partner of the Company shall be approved, as the founding partners sold a part of their shares.
- c. The acquisition of the Comfort Air Conditioners Factory, incorporated under Commercial Register No. 1010154984 dated 27/04/1427H (corresponding to 25/05/2006FG) and owned by a Partner, Mohammad Nasir Al Omran, with an assessment of the assets and liabilities of this Factory of twelve million (12,000,000) Saudi riyals shall be approved; and that the payment shall be made through the issuance of shares to Mohammad Nasir Al Omran in the Company equivalent to the acquisition payment.

- d. The acquisition of Zawit Alreef Display Refrigerators & Coolers Factory, incorporated under Commercial Register No. 1010179603 dated 03/06/1423H (corresponding to 12/08/2002G) owned by a Partner, Nasir Mohammad Nasir Al Omran, with an assessment of the assets and liabilities of this Factory of ten Millions (10,000,000) Saudi riyals shall be approved; and that the payment shall be made through the issuance of shares to Nasir Mohammad Nasir Al Omran in the Company equivalent to the acquisition payment.
- e. The net assets of Al-Omran Metal Kitchens shall be reassessed at a value equivalent to thirty-eight million (38,000,000) Saudi riyals.
- f. Increase of the Company's capital from three million two hundred thousand (3,200,000) Saudi riyals to sixty million (60,000,000) Saudi riyals, divided into six million (6,000,000) shares with a nominal value of ten (10) riyals per share shall be approved. The capital is fixed as follows:

Statement	Value (SAR)	Assessment Obligation
Acquisition of Comfort Air Conditioners Factory	12,000,000	Factory land located in the Second Industrial City in addition to the machinery and equipment owned by the Factory
Acquisition of Zawit Alreef Display Refrigerators & Coolers Factory	10,000,000	Own machinery and equipment and factory-owned inventory
Re-assessment of the net assets of Al-Omran Metal Kitchens	38,000,000	The factory land located in the Hyt District, in addition to the machinery and equipment owned by the factory
Total	60,000,000	-

- g. The amendment of the Company's name from Al-Omran Metal Kitchens to Al-Omran Industries and Trading Co. shall be approved.
- h. The conversion of the Company from a limited liability Company to a closed joint stock Company shall be approved.
- On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. (40/5) is issued approving the conversion of the Company from a limited liability Company to a closed joint stock Company with a capital of sixty million (60,000,000) Saudi riyals, divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share, under the name of Al-Omran Industries and Trading Co. The table below shows the Company's ownership structure after the above-mentioned Partners' Resolutions:

No.	Shareholder name	Number of Shares	Share Value (SAR)	Nominal Value of Shares (SAR)	Percentage of Ownership
1	Mohammad Omran Mohammad Al Omran	3,000,000	10	30,000,000	50%
2	Mohammad Nasir Omran Al Omran	2,394,000	10	23,940,000	39.9%
3	Nasir Mohammad Nasir Al Omran	300,000	10	3,000,000	5%
4	Abdulrahman Mohammad Nasir Al Omran	300,000	10	3,000,000	5%
5	Latifa Mohammed Al-Hajji	6,000	10	60,000	0,10%
Total		6,000,000	10	60,000,000	100%

- Subject the resolution of the Board of Directors issued on 14/02/1438H (corresponding to 14/11/2016G), the offering and listing of the Company in the Parallel Equity Market is approved where one million two hundred thousand (1,200,000) shares representing 20% of the Company's shares shall be publicly offered in the Parallel Equity Market as follows:
- Mr. Mohammed Omran Mohammed Al Omran sold six hundred thousand (600,000) shares of the shares he then owns in the Company.
 - Mr. Mohammed Nasir Omran Al-Omran sold four hundred seventy-eight thousand eight hundred (478,800) shares of the shares he then owns in the Company.
 - Mr. Nasir Mohammad Nasir Al Omran sold sixty thousand (60,000) shares of the shares he then owns in the Company.
 - Mr. Abdulrahman Mohammad Nasir Al Omran sold sixty thousand (60,000) shares of the shares he then owns in the Company.
 - Mrs. Latifa Mohammed Al-Hajji sold one thousand two hundred (1,200) shares of the shares she then owns in the Company.
- On 13/04/1438H (corresponding to 11/01/2017G), the Capital Market Authority approved the listing of the Company in the Parallel Equity Market.
- On 29/05/1438H (26/02/2017G), the Company is listed in the Parallel Equity Market and the actual trading of its shares in the Parallel Equity Market commenced.
- On 30/11/1441H (corresponding to 21/07/2020G), the Company is moved, listed, and its shares proceeded with trading in the main market, with six million (6,000,000) ordinary shares, with a nominal value of ten (10) Saudi riyals per share.

The table below shows the ownership of the major holders before and after offering in the Parallel Equity Market.

No.	Shareholder name	before offering		after offering	
		No. of Shares	Percentage of Ownership	No. of Shares	Percentage of Ownership
1	Mohammad Omran Mohammad Al Omran	3,000,000	50%	2,400,000	40%
2	Mohammad Nasir Omran Al Omran	2,394,000	39.9%	1,915,200	31.92%
3	Nasir Mohammad Nasir Al Omran	300,000	5%	240,000	4%
4	Abdulrahman Mohammad Nasir Al Omran	300,000	5%	240,000	4%

Major Changes in the Company's Capital

1. Al-Omran Industries and Trading Co. (the "**Company**") is initially incorporated under the name of Al-Omran Metal Kitchens, as a limited liability Company under Commercial Register No. 1010187735 as issued on 18/04/1424H (corresponding to 18/06/2003G) in Riyadh, with a total capital of three million two hundred thousand (3,200,000) Saudi riyals divided into three thousand two hundred (3,200) in-kind and cash shares of equal value, and the value of each share is one thousand (1000) Saudi riyals.
2. On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. (40/S) is issued whereby the Company is converted from a limited liability Company into a closed joint stock Company with a capital of sixty million (60,000,000) Saudi riyals, divided to six million (6,000,000) shares, with a nominal value of ten (10) Saudi riyals per share, and the name of the Company is changed to become Al-Omran Industries and Trading Co.
3. On 29/05/1438H (26/02/2017G), the Company is listed in the Parallel Equity Market by offering one million two hundred thousand (1,200,000) shares representing 20% of the Company's shares.

Summary of the Company's Activities

The Company carries out its activities under Commercial Register No. 1010187735 as issued on 18/04/1424H (corresponding to 18/06/2003G), and the Commercial Register shall expire on 17/04/1446H (corresponding to 20/10/2024G):

1. Manufacture of metal structures and their parts;
2. Manufacture of refrigerators and freezers;
3. Manufacture of display and Commercial refrigerators and freezers;
4. Manufacture of air conditioners (unit or central AC) with freon; and
5. Repair and maintenance of refrigeration and air purification devices such as refrigerators, freezers and air conditioners.

As stated in the Articles of Association approved by the Extraordinary General Assembly on 07/09/2022G, the activities and Purposes of the Company are as follows:

- Trade;
- Manufacturing industries and their areas subject to the industrial license;
- Transportation, storage and refrigeration;
- Financial, business and other services;
- Information Technology;
- Building and Construction;
- Electricity, gas, water and their areas;
- Agriculture and hunting;
- Mines, petroleum and their areas; and
- Social, group and personal services.

For more information, see Subsection (3.3) "**The main activities of the Company**" of Section (3) "**Background of the Company and Nature of its Business**" of this Prospectus.

Vision

To Participate in the progress of the development of the Kingdom of Saudi Arabia, to contribute to charitable and social activities, to raise work standards in the industrial sector and include new social and humanitarian concepts therein, to provide highly qualified national cadres for the Saudi market, to act subject to sustainable environmental controls, and to be fully aware of our social responsibility.

Mission

The Company seeks to be in the ranks of major companies that provide lead solutions in the area of industry and are able to implement the largest and most complex projects. The Company provides customer services that are limited to the Company and an added benefit to the employment and qualification advantages of our national cadres and to take the Saudi industry to the next level in order to have its worthy position in the region.

Strategy

The Company is constantly looking for high-profitability and increasingly-demanded new products in the market, as it seeks to significantly leverage from its leadership position in various market sectors, locally and globally. The risks surrounding the Company are low due to the diversity of the industries in which the Company operates and the diversity of clients resulting from the diversity of products and activities. The Company is always keen to appoint the best cadres with a high level of professionalism, which is reflected positively on the development of its financial and competitive performance for the Company. The Company is carefully developing well-established plans for expansion in all industries, as it has developed plans for all factories to increase production capacity and meet market requirements.

Strengths and Competitive Edges of the Company

In its business, the Company depends on the development of certain competitive edges that it seeks to use extensively in order to improve its financial position. It is in line with the set of objectives and principles set by the new management to enhance the Company's activities:

1. Distinctive and Strong Brands
2. Existence of Experienced and Qualified Workers
3. Provision of Required Liquidity
4. A Wide Distribution Network in the Market

About the Market

The retail and wholesale trade industry in Saudi Arabia recorded a production of about 239.3 billion Saudi riyals during 2021G, (2020G: 220.18 billion Saudi riyals), recording a growth rate of 8.7%, equivalent to 19.14 billion Saudi riyals, subject to constant prices. The volume of Activity of the retail and wholesale trade industry during 2021G achieved a record level. The growth rate of the industry comes after it recorded a decline of 6.8% during 2020G, as affected by the Economic Lock-up related to the response to the global pandemic (Covid-19).

The strong growth during 2021G prompted an increase in the share of the industry in the Saudi Economy to achieve 9.2%, (2020G: 8.7%), and these levels are the highest since 2014G. While the industry constitutes about 21.3% of the non-oil GDP during the past year (2021G), while it constituted about 20.8% in 2020G.

The commercial refrigerators, display and storage shelves, and home appliances market in the Kingdom of Saudi Arabia is also characterized by high consumption, as commercial refrigerator products, display and storage shelves, and home appliances are an essential part for many companies and institutions in the Kingdom of Saudi Arabia. KSA pays great attentions to the products of commercial refrigerators, shelves and home appliances to meet the requirements and to progress the development, leading to an increasing growth in the market of these industries.

The market has recently witnessed an impressive growth in demand for commercial refrigerators, shelves and home appliances.

Source: The Company

Summary of Financial Information

The Summary of Financial Information below is based on the Company's Audited Consolidated Financial Statements for the Financial Years as at December 31, 2019G, 2020G, and 2021G, and the six-month period as at June 30, 2022G, and the accompanying explanatory notes.

The audited consolidated financial statements for the financial year as at December 31, 2019G are audited by Associated Accountants (Hamoud Al Robian & Co, Chartered Accountants and Consultants); the audited consolidated financial statements for the financial year as at December 31, 2020G are audited by Ibrahim Ahmed Al-Bassam and Partners – CPA's and Consultants; and the audited consolidated financial statements for the financial year as at December 31, 2021G and the preliminary briefed consolidated financial statements (unaudited) for the six-month period as at June 30, 2022G are audited by Al Kharashi & Co. Certified Accountants and Auditors.

The Company's audited consolidated financial statements for the financial years as at December 31, 2019G, 2020G, and 2021 G, and the preliminary briefed consolidated financial statements (unaudited) for the six-month period as at June 30, 2022G, in addition to the accompanying explanatory notes have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the Kingdom of Saudi Arabia as well as other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

• Statement of Financial Position

SAR'000	Financial Year as at December 31,			The Financial Period as at June 30, 2022G
	2019G, audited	2020G, audited	2021G, audited	
Non-current Assets	44,055	41,740	39,592	38,209
Current Assets	112,976	145,992	152,246	170,836
Total Assets	157,031	187,732	191,838	209,046
Total Equity	107,167	106,620	115,306	116,689
Non-current Liabilities	6,530	8,816	9,220	9,546
Current Liabilities	43,334	72,296	67,312	82,811
Total Liabilities	49,864	81,112	76,532	92,357
Total of Shareholders' Equity and Liabilities	157,031	187,732	191,838	209,046

Source: The Company's Financial Statements

• Statement of Income

SAR'000	Financial Year as at December 31,			The Financial Period as at June 30,	
	2019G, audited	2020G, audited	2021G, audited	2021G, unaudited	2022G, unaudited
Revenues	115,216	139,363	135,241	81,850	75,939
Revenue Cost	(94,319)	(109,296)	(98,394)	(63,083)	(57,290)
Gross Profit	20,897	30,067	36,847	18,767	18,649
Sales and Marketing Expenses	(11,872)	(14,097)	(14,946)	(6,940)	(6,945)
General and Administrative Expenses	(5,667)	(11,141)	(6,287)	(2,606)	(3,164)
Net Profit from Main Operations	3,359	4,828	15,614	9,221	8,540
Financing Costs	(1,491)	(1,393)	(2,067)	(947)	(1,398)
Expense of Provision for Expected Liabilities	-	(1,150)	(997)	(200)	-
Other Income	323	3	27	27	-
Net Profit Before Zakat	2,191	2,288	12,577	8,102	7,142
Zakat	(2,109)	(1,705)	(2,736)	(915)	(1,259)
Net Profit for the year	82	583	9,841	7,187	5,883

Source: The Company's Financial Statements

- Statement of Cash Flows

SAR'000	Financial Year as at December 31,			The Financial Period as at June 30,	
	2019G, audited	2020G, audited	2021G, audited	2021G, unaudited	2022G, unaudited
Net cash generated from/(used in) operating activities	1,976	(13,769)	2,097	(17,448)	6,980
Net cash used in investing activities	(2,994)	(1,298)	(1,227)	(585)	(224)
Net cash generated from / (used in) financing activities	1,800	22,374	(5,683)	12,619	(8,908)
Net change in cash on hand and at banks	781	7,308	(4,812)	(5,414)	(2,152)
Cash on hand and at banks at the beginning of the year	835	1,617	8,925	8,925	4,113
Cash on hand and at banks at the end of the year	1,617	8,925	4,113	3,511	1,960

Source: The Company's Financial Statements

- Key Performance Indicators

	Financial Year as at December 31,			The Financial Period as at June 30,	
	2019G, audited	2020G, audited	2021G, audited	2021G, unaudited	2022G, unaudited
Revenue Growth Rate	(0.7%)	21.0%	(3.0%)	-	(7.2%)
General and Administrative Expenses as a percentage of Revenue	(4.9%)	(8.0%)	(4.6%)	(3.2%)	(4.2%)
Sales and Marketing Expenses as a percentage of Revenue	(10.3%)	(10.1%)	(11.1%)	(8.5%)	(9.1%)
Ratio of Gross Profit	18.1%	21.6%	27.2%	22.9%	24.6%
Ratio of Operating Profit	2.9%	3.5%	11.5%	11.3%	11.2%
Ratio of Net Profit	0.1%	0.4%	7.3%	8.8%	7.7%
Return On Equity	0.0	0.0	0.1	0.0	0.1
Current Assets / Current Liabilities	2.6	2.0	2.3	2.3	2.1
Non-Current Assets / Non-Current Liabilities	6.7	4.7	4.3	4.3	4.0
Assets/Equity	1.5	1.8	1.7	1.7	1.8
Return On Assets	0.0	0.0	0.1	0.0	0.0
Debt to Total Equity	0.3	0.5	0.4	0.4	0.4
Total Assets/Total Liabilities	3.1	2.3	2.5	2.5	2.3

Source: The Company

Summary of Risk Factors

There are a number of risks related to the issuance of rights shares, which are detailed in Section (2) “Risk Factors” of this Prospectus, and they are summarized as follows:

- **Risks Related to the Activities and Operations of the Company**

- Risks related to the inability to implement the Strategy;
- Liquidity risk;
- Credit-related risks;
- Risks related to potential liabilities;
- Risks related to the Company’s dependence on leased sites;
- Risks related to non-issuance or non-renewal of licenses, permits and certificates;
- Risks related to dependence on key personnel and executive management;
- Risks related to employee mistakes or misconduct;
- Risks related to availability of financing in the future;
- Risks related to the Company’s reputation;
- Risks related to operating systems and IT;
- Risks related to localization of jobs “Saudization”;
- Risks related to dependence on non-Saudi employees;
- Risks related to the occurrence of natural disasters;
- Risks related to non-compliance with the quality standards and specifications required by customers;
- Risks related to Litigation;
- Risks related to potential Legal Zakat entitlements and additional claims;
- Risks related to the increase of the prices of energy products in KSA;
- Environmental risks;
- Risks related to manufacturing defects in the Company’s products;
- Risks related to the protection of trademarks and property rights;
- Risks related to insurance coverage;
- Risks related to contracts with third parties;
- Risks related to the documentation or the expiry of lease agreements;
- Risks related to dependence on non-Saudi employees;
- Risks related to the applicable government fees as applied to the employment of non-Saudi employees;
- Risks related to Capital Costs for the implementation of future projects when they exceed the expected value;
- Risks related to penalties imposed due to the violations of labor laws;
- Risks related to the application of developments of international accounting standards or the application of new international accounting standards (IFRS) in the future;
- Risks related to the fluctuation of financial performance;
- Risks related to high discounts offered;
- Risks related to relying on bank loans to support working capital;
- Risks related to obligations associated with Financing Agreements;
- Risks related to the performance of the Company’s showrooms and wholesale sales centers;
- Inventory risks;
- Risks related to poor management and provisioning for receivables;
- Risks related to the continuity of losses realized from the subsidiary;
- Risks related to discounts recognition policy;
- Risks related to the use of factory energy;
- Risks related to relevant party transactions;
- Risks related to the revenues of the Company’s showrooms and branches;

- Risks related to high depreciation of fixed assets;
 - Risks related to the non-labeling of the Company's equipment;
 - Risks related to the discrepancy between the internal financial statements and the audited financial statements; and
 - Risks related to the non-compliance with accounting standards (IFRS).
- **Risks related to the Market and the Sector**
 - Risks related to the economic performance of KSA;
 - Risks related to political and economic instability in the Middle East;
 - Risks related to the corporate law, corporate governance regulations, and the rules of the Capital Market Authority;
 - Risks related to the non-compliance with the applicable laws and regulations and/or the issuance of new laws and regulations;
 - Risks related to the competitive environment;
 - Risks related to value added tax;
 - Risks related to fluctuations in currency exchange rates; and
 - Risks related to Pandemic (COVID-19).
- **Risks related to the Offered Securities**
 - Risks related to the potential fluctuation in the rights price;
 - Risks related to possible fluctuations in the share price;
 - Risks related to non-profitability or sale of rights;
 - Risks related to future statements;
 - Risks related to the possibility of issuing New Shares;
 - Risks related to a decrease in demand for the Company's rights and shares;
 - Risks related to a decrease in the percentage of ownership;
 - Risks related to the non-performance of the rights in a timely manner;
 - Risks related to the distribution of dividends to Shareholders;
 - Risks related to speculation in rights;
 - Risks related to Shareholders' lack of awareness of the trading mechanism and their exercise of rights; and
 - Risks related to the suspension of trading or cancellation of the Company's shares as a result of the non-publishing of its financial statements within the statutory period.

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1. Definitions and Terms

The following table shows the list of definitions and terms for the expressions used in this Prospectus:

Abbreviation or Defined Term	Definition
Al-Omran, Company or Issuer	Al-Omran Industries and Trading Co., having Commercial Register No. 1010187735, dated 18/04/1424H (Corresponding to 18/06/2003G).
Management	Executive Management of the Company.
Kingdom	The Kingdom of Saudi Arabia.
Articles of Association	Articles of Association of the Company.
MoC	Ministry of Commerce (Formerly: Ministry of Commerce and Investment) in the Kingdom.
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017 dated 9 Rabi' al-Thani 1439H (corresponding to 27 December 2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 2 Jumada al-Akhirah 1424H and amended by CMA Board Resolution No. 1-94-2022 dated 24 Muharram 1444H (corresponding to 22 August 2022G).
Amended Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 Dated 09/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H corresponding to 18/01/2023G.
Board of Directors or Board	The Board of Directors of the Company whose names are mentioned on page (iii) and (34).
Advisors	The Advisors of the Company whose names are mentioned on page (v).
CMA	The Capital Market Authority of the Kingdom.
CML	The Capital Market Law issued under Royal Decree M/30, dated 2 Jumada al-Akhirah 1424H (corresponding to 31 July 2003G), as amended.
Saudi Stock Exchange (Tadawul)	Saudi Stock Exchange (Tadawul), a company in Saudi Tadawul Group, which was incorporated as per the Council of Ministers Resolution, dated 29/02/1428H (Corresponding to 19/03/2007G) in execution of the CML. It is a Saudi closed shareholding company and the only entity, which is authorized to operate as a stock exchange in the Kingdom as it lists and trades securities.
Saudi Stock Exchange, Stock Exchange or Tadawul	Saudi Stock Exchange.
Tadawul System	The electronic system for Saudi Stock Exchange.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3), dated 28 Muharram 1437H (corresponding to 10 November 2015G), as amended, which came into force on 25/07/1437H (corresponding to 02/05/2016G), as amended by the Royal Decree No. (M/79), dated 25/07/1439H (corresponding to 11/04/2018G).
New Companies Law	Companies Law applicable in the Kingdom of Saudi Arabia, issued by Royal Decree No. (M/132) dated 01/12/1443H corresponding to 30/06/2022G, which entered into effect on 19/01/2023G.
Affiliate	An Affiliate means Al-Omran Plastic Industries Company, having Commercial Register No. 1010432884, issued on 02/07/1436H (corresponding to 20/04/2015G), valid until 02/07/1447H (corresponding to 21/12/2025G), as the percentage of ownership of the Company is 70% (Kindly refer to the Sub-Section (10.02.1) "Affiliates of the Company" in Section (10) "Legal Information" of this Prospectus).
General Assembly	The General Assembly of shareholders in the Company.
Ordinary General Assembly	The Ordinary General Assembly of shareholders in the Company.
Extraordinary General Assembly	The Extraordinary General Assembly of shareholders in the Company.
Government	The Government of the Kingdom.

Abbreviation or Defined Term	Definition
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom issued by the CMA Board by virtue of Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. (M/3), dated 28/01/1437H, as amended by the CMA Board Resolution No. 1-94-2022, dated 24/01/1444H (corresponding to 22/08/2022G).
Amended Corporate Governance Regulations	Amended Corporate Governance Regulations as 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 Law issued by Royal Decree No. M/3 Dated 28/01/1437H as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H corresponding to 18/01/2023G based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H.
Related Party	<p>It means the following:</p> <ol style="list-style-type: none"> 1. affiliates of the Issuer except for companies wholly owned by the issuer. 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors of the Issuer affiliates; 5. Directors and Senior Executives of the Issuer's Substantial Shareholders; 6. Any relatives* of the persons described in paragraphs 1, 2, 3, or 5 above; or 7. Any other company or establishment controlled by any person described in paragraphs 1, 2, 3, 4, 5 or 6 above. <p>* Relatives mean father, mother, husband, wife and children.</p>
Listing Rules	The Listing Rules issued by Saudi Tadawul Group (Tadawul) and approved by the CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by virtue of the Board Resolution No. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G), as amended by the Board Resolution No. (1-22-2021), dated 12/07/1442H (corresponding to 24/02/2021G), as amended by the Board Resolution No. (1-19-2022), dated 12/07/1443H (corresponding to 13/02/2022G), as amended by the Board Resolution No. (1-52-2022), dated 12/09/1443H (corresponding to 13/04/2022G), as amended by the Board Resolution No. (3-96-2022), dated 10/02/1444H (corresponding to 06/09/2022G), as amended by Resolution No. (1-108-2022) dated 23/03/1444H corresponding to 19/10/2022G.
IFRS	The International Financial Reporting Standards issued by the IASB as endorsed in the Kingdom and other international financial reporting standards approved by SOCPA, which include the international standards in addition to the requirements and additional pages required by the SOCPA and other standards and pronouncements approved by SOCPA, which include the standards and technical releases related to matters, which are not covered in the international standards, such as: Zakat.
Financial Year(s)	It is the period of time where the results of the Company's activity are presented; and its start and end is determined in the Memorandum of Association or Articles of Association of the concerned Company. It is worth noting that the Financial Year of the Company ends on 31st of December.
Naturalization/ Saudization	It is when the Saudi national replace the expatriate labour in the jobs of the private sector.
SAR, Saudi Riyals or Riyals	It is the lawful currency of the Kingdom.
SOCPA	The Saudi Organisation for Chartered and Professional Accountants.
GOSI	The General Organisation of Social Insurance in the Kingdom.
MHRSD	The Saudi Arabian Ministry of Human Resources and Social Development.
Business Day	Any day (other than Fridays, Saturdays, and official holidays) or any day when the banks are closed and do not offer services by virtue of the applicable laws and other governmental procedures.
Labour Law	Saudi Arabian Labour Law issued under Royal Decree No. M/51, dated 23 Sha'ban 1426H (corresponding to 27 September 2005G), as amended by Royal Decree No. (M/134), dated 07/01/1442H (corresponding to 26/08/2020G) and any amendments made thereto.
H	The Hijri calendar.
G	The Gregorian calendar.
Securities Depository Center Co./Edaa	It is a closed shareholding company fully owned by Tadawul, and was incorporated on 2016G, by virtue of the Saudi Companies Law issued by Royal Decree No. M/3, dated 28/01/1437H (corresponding to 11/11/2015G).

Abbreviation or Defined Term	Definition
Vision 2030	It is the National Strategic Economic Program, which aims at reducing the dependence on oil and petrochemicals industry, diversification of Saudi economy and development of public services.
Value Added Tax (VAT)	The Council of Ministers of the Kingdom resolved on 2 Jumada Al-Awwal 1438H (corresponding to 30 January 2017G) to approve the Unified GCC Value Added Tax Agreement, which came into effect on January 01, 2018G, as a new tax to be added to the system of taxes and other duties to be applied by specific sectors in the Kingdom and in the other GCC Countries. The amount of this tax was initially (5%), and a number of products (such as basic food, health care and education services) are exempted from such tax. As of July 01, 2020G, the Government of the Kingdom resolved to increase the percentage of VAT from 5% to 15% as of July 01, 2020G.
Rights or Rights of Priority	The negotiable securities, which grants its holder the right of subscription in new shares upon the approval on the increase in the capital. It is a right, which is gained by all Registered Shareholders. Each and every Right grants its holder the right of subscription in one of the new shares at the offering rate. The Rights are deposited after the convening of the Ordinary General Assembly for the increase in the capital on Wednesday 24/04/1445H (corresponding to 08/11/2023G). These Rights will appear in the accounts of the Registered Shareholders under a new code for the Rights of Priority. The Registered Shareholders will be informed of the deposit of the Rights in their portfolios through announcement on the website of Tadawul, via the service (Tadawulaty) provided by the Securities Depository Center Co. and SMS sent via the brokerage companies.
Indicative Value of Right	It is the difference between the market value of shares of the Company in the period of trading and the offering price.
Trading Price of Right	It is the price under which the right is traded. It is worth noting that it is determined via the mechanism of offer and demand. Therefore, it differs from the Indicative Value of Right.
Underwriter	Al Inma Investment Company
Lead Manager	Al Inma Investment Company
Offering Period	The period, which starts as of Tuesday 30/04/1445H (corresponding to 14/11/2023G) until Sunday 12/05/1445H (corresponding to 26/11/2023G)
Offer/Subscription Price	Ten (10) Saudi riyals
Rump Shares	The Rump Shares, which are not subscribed, in the Period of Subscription.
Rump Offering	Offering of any Rump Shares, which are not subscribed by the eligible persons, to the Investment Institutions through offering in the Remaining Offering Period.
Rump Offering Period	The period, which starts as of 10:00 AM on Wednesday 15/05/1445H (corresponding to 29/11/2023G) until 05:00 PM on Thursday 16/05/1445H (corresponding to 30/11/2023G)
New Shares	The Offer Shares, amounting to Six million (6,000,000) ordinary shares.
Eligibility Coefficient	The result from dividing the number of new shares by the number of current shares of the Company.
Eligible Persons	All holders of the Rights of Priority either they are Registered Shareholders or those who purchased the Rights of Priority in the trading period.
Substantial Shareholders	Shareholders who own 5% or more of the Company's shares.
The Public	It means in the Rules on the Offer of Securities and Continuing Obligations persons other than the following: <ol style="list-style-type: none"> 1. Affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors and Senior Executives of the Issuer's affiliates; 5. Directors and Senior Executives of the Issuer's Substantial Shareholders; 6. Any relatives of the persons referred to in paragraphs 1, 2, 3, 4, or 5 above; 7. Any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; 8. Persons acting in concert, with a collective shareholding of 5% or more of the class of shares to be listed.
Net Offering Proceeds	The Offering Proceeds net of expenses related to the Offering
Person	Any natural person.
Prospectus	This document prepared by the Company in relation to the subscription of the shares of the Rights of Priority.

Abbreviation or Defined Term	Definition
Listing	Listing of securities in the main stock exchange or as permitted by the context, submitting the application for Listing to Tadawul.
Registered Shareholders	Shareholders who hold shares at the end of trading on the day when the Extraordinary General Assembly is convened for increase in the capital; and those who are registered in the Company's Register of Shareholders with the Depository Center at the end of the second day of trading following the convening of the Extraordinary General Assembly; Wednesday 24/04/1445H (corresponding to 08/11/2023G).
New Investors	All Investors from individuals and establishments except for the Registered Shareholders who purchased the Rights of Priority in the trading period.
Shares	Ordinary shares of the Company; six million (6,000,000) ordinary shares with nominal value of ten (10) Saudi Riyals
Agents	Market establishments, which are licensed by the CMA to practice the activity of dealing with the securities as an Agent.
Investment Institutions	<p>They include a group of establishments as follows:</p> <ol style="list-style-type: none"> 1. Governmental entities and State-owned companies directly or through the manager of a private portfolio or any international authority approved by the CMA, Stock Exchange or any other financial market approved by the CMA or the Depository Center; 2. Public investment funds incorporated in the Kingdom and presented in the Public Offering in addition to the private funds, which invest in the securities listed in the Saudi Stock Exchange, if so, is permitted by the terms and conditions of the fund, subject to the conditions and restrictions set out in the Investment Funds Regulations; 3. Persons who are licensed to deal with securities, in their capacities as principals, subject to the requirements of financial sufficiency; 4. Clients of a person licensed to practice the management works, provided that such licensed person is appointed by virtue of conditions that enable him to take decisions related to the acceptance of participation in offering and investment in the Saudi Stock Exchange on behalf of the client without the need of prior consent; 5. Any other juristic persons that are allowed to open investment account in the Kingdom and an account with the Depository Center, taking into consideration the investment controls for the companies listed in the securities, provided that such participation of the Company does not devolve to any conflict of interests; 6. Gulf investors of juristic personality, which include companies and funds incorporated in the GCC Countries; 7. Qualified foreign investors; 8. Ultimate beneficiary of juristic personality in a swap agreement concluded with a licensed person as per the conditions and controls of swap agreements.
Subscriber	Any person who subscribes in the shares offered for subscription.
Shareholder	Owner or holder of Shares as of any specific time.
GCC	The Cooperation Council for the Arab States of the Gulf
CAGR	One of the methods used to calculate the growth rate in a certain item within a specific period of time.
GDP	The Gross Domestic Product of the Kingdom, which is the market value of all final goods and services, which are domestically recognized and which are produced within a specific period of time.
ZATCA	Zakat, Tax and Customs Authority (Formerly: General Authority of Zakat and Income), a governmental entity, which is legally related to the Minister of Finance and it is the Authority authorized to take over the works of Zakat and collection of taxes.
Underwriting Agreement	The Underwriting Agreement entered into between the Company and the Underwriter.
QFI Rules (Rules for Qualified Foreign Financial Institutions Investment in Listed Securities)	The special rules regulating investment in securities by non-Saudi persons residing outside the Kingdom issued by the CMA Board pursuant to Resolution No. 2-26-2023 Dated 05/09/1444H (corresponding to 27/03/2023G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424G.

Abbreviation or Defined Term	Definition
	<p>A Program of the MHRSD to motivate the establishments to employ the Saudis. It was approved by virtue of Resolution No. (4040), dated 28/01/1432H (corresponding to 10/09/2011G), based on the Council of Ministers Resolution No. (50), dated 13/05/1415H (corresponding to 27/10/1994G). The Program evaluates the tool of the establishment on the basis of specific Nitaqat (platinum, green, yellow, and red) as per the activity and sector, under which the Company is listed. Nitaqat was modified by virtue of Resolution No. (63717), dated 29/03/1441H (corresponding to 26/11/2019G). Nitaqat yellow was cancelled from the Program and all establishments in the Nitaqat yellow were transferred to the Nitaqat red. The standards of Nitaqat red set out in the Guide of Nitaqat Program were applied to these establishments.</p>

2. Risk Factors

In addition to the other information set out in this Prospectus, whoever is desirous to invest in the Shares offered for Subscription shall carefully study all information included in this Prospectus, including the risk factors mentioned below in this Section before deciding on purchase the Offer Shares. It is worth noting that the risks mentioned below may not include all risks, which can be faced by the Company. However, it is possible that there are additional risks that are currently not known to the Company or that the Company may consider un-material or that such risks may not hinder its operations. The Company's business, financial position, results of operations and prospects may be adversary and materially affected if any of the risk factors mentioned below occur.

The Company's Directors also confirm that, to the best of their knowledge and belief, there are no other material risks, that if they are not mentioned may affect the decision of the Shareholders and prospective investors, until the date of this Prospectus than those mentioned in this Section. An investment in the Offer Shares is only suitable for investors who are able to evaluate the risks and benefits of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about the decision of Investment in the Company should refer to a Financial Advisor duly licensed by the CMA for advice about investing in the Offer Shares.

In case of occurrence of any risk factors, which the Company believes that they are currently significant or in case of occurrence of any other risks, which the Company could not determine or which are currently considered un-material, this will lead to a decrease in Share Price in the market. The prospective investor may lose all or part of his investments in these Shares.

The risks described below are not presented in any assumed order of priority that can reflect their significance. Moreover, additional risks or risks that are currently not considered material may not lead to the impacts set out in this Prospectus.

2.1 Risks Related to the Activities and Operations of the Company

2.1.1 Risks Related to Inability to Implement the Strategy

The ability of the Company in increasing its revenues and improving its profitability depends on the effective implementation of its business plan and successful achievement of its strategy, including for example but not limited to improving the current fields, which the Company work in or entering new fields. The ability of the Company for expanding its business in future depends on its ability to continue implementing and improving the operating, financial and administrative information systems, in due course; in addition to its ability to increase, train, motivate and maintain its workforce. Moreover, any plans of business expansion, which the Company aims at performing it in future will depend on the estimated costs and specific timeline (For more information, kindly refer to Section (7) "Use of Offering Proceeds" of this Prospectus). The Company may require additional finance in order to complete any expansion plans. If the Company could not implement the expansion plans as per the specific timeline and pursuant to the estimated costs of the project, in case of lack of profitability expected from these projects, which may be caused by various reasons, including change of status of the market at the time of implementing these projects or in case of defects in the feasibility study, this will adversely affect the Company's competitive situation and thus, the results of its business and profitability.

The ability of the Company to implement its strategies depends on various factors, including factors, which go beyond under its control. There is no guarantee that no deficiency, defect, or sudden disruption may occur in the production lines at the time of expansion or that the employees appointed by the Company and its Affiliates or the approved systems, procedures and controls will be sufficient to support the growth and future expansion and to successfully achieve its strategies. In case of failure of the Company in implementing any part of its strategies for any reason whatsoever, this will have adverse and material effect on the Company's business, results of operations, financial position, and prospects.

2.1.2 Liquidity Risks

The Company faces the liquidity risks when it encounters difficulty in securing the required liquidity to meet commitments arising from the operating activities and liabilities in a specific time. The liquidity rate of the Company is once (2,61), (2,02), (2,26) and (2,22) as at 31 December 2019 G, 2020G and 2021 G and the six months ending on 30 June 2022G. It is worth noting that there are no guarantees to maintain this liquidity rate on the long term as it is possible that the Company encounters sudden events, which require the use of cash rate more than the expected and estimated to cover its short-term commitments, which will lead to reducing these rates in future. In case of lack of sufficient liquidity in the Company, it may have to sell some of its assets urgently and in an amount less than its fair value in order to provide liquidity in due course. Therefore, in case of decrease in the liquidity rates of the Company, this will adversely affect the business of the Company; and accordingly on the results of operations and financials.

2.1.3 Credit Risks

Credit risks arise when a party could not pay a certain financial obligation to the other party. The Company may encounter credit risks in various or temporary cases, including debit balances from the clients and failure of the other debtors to pay their obligations towards the Company and others.

The balance of commercial receivables of the Company reaches SAR (31,171,939), SAR (30,067,719), SAR (38,440,554) and SAR (44,995,628) as at December 31, 2019G, 2020G, 2021G and the six months ending on 30 June 2022G respectively. Meanwhile, the provision of expected credit loss reached SAR (4,812,000), SAR (9,147,000), SAR (8,943,000) and SAR (8,943,000) as at December 31, 2019G, 2020G, 2021G and the six months ending on 30 June 2022G respectively.

It is worth mentioning that the age of receivables formed at the percentage of (18.19%) of the total commercial receivables in the amount of 10.3 million Saudi Riyals for receivables, which are due for more than 270 days as at 30 June 2022G (For more information, kindly refer to Section (6) "Financial Information, Discussion and Analysis of the Management" of this Prospectus"). If the clients of the Company could not pay their debts, this will increase the possibility of increasing the value of provision of reduction in the value of receivables. This will lead to increase in the value of provisions, which must be withheld in order to cover the reduction in the value of receivables. This will adversely affect the Company's profits, financial position, results of operations and prospects.

The Company could not guarantee that the parties with whom it deals will not fail in fulfilling their obligations despite the policy set for this purpose. The Company also could not expect their future abilities in accurately fulfilling the obligations. In case of failure of the debtors to pay the dues of the Company, this will adversely and materially affect the Company and its financial position, results of operations and prospects.

2.1.4 Risks Related to Contingent Liabilities

Some contingent liabilities may arise on the Company, such as: Zakat-related costs, taxes and cases in addition to any other liabilities or costs related to the Company's business, such as: the end-of-service gratuity. If these liabilities are not fulfilled, it will adversely affect the Company's financial position, status, results of operations and prospects.

2.1.5 Risks Related to the Company's Dependence on Leased Premises

The Company concluded many lease contracts of its premises. The Company depends on these leased premises in performing its operation and storage; and using them as points of distribution, etc. The lease contracts of these premises are definite contracts by its nature as it could not be guaranteed that no resolutions of amending the terms and conditions of land lease would be issued, especially with respect to the due rental value, either at its validity term or upon renewal thereof. This affects the position of the Company on the level of costs if no unexpected additional costs are charged by the lessor, which will be incurred by the Company. This will adversely affect the Company's business, results of operations and financial position. Non-renewal of any of these lease contracts will affect the ability of the Company to continue its business. In return, this will affect the profits of the Company. These contracts are subject to changes in the purpose of the property. If the Company decides or is forced to move to another premises due to the non-renewal of lease contracts as mentioned above, the Company does not guarantee that it will afford the relocation of its facilities to the new premises in a short or adequate period of time. Moreover, the Company will incur unexpected capital expenses due to this relocation. It is worth noting that the Company has three expired lease contracts; and the Company is still using the leased premises. This may expose it to evacuation case or claim for high compensation; that will adversely affect the continuity of its business, results of operations and financial position.

2.1.6 Risks Related to Non-Issuance or Non-Renewal of Licenses, Permits and Certificates

The Company should obtain and hold the various legal permits, licenses, and consents with respect to its activities. These licenses include: the Company's registration certificate issued by the MoC, Chamber of Commerce membership certificate, Saudization certificate, Zakat, tax and customs certificate, VAT registration and social securities certificate, municipality license and certificates of specialized activities performed by the Company, such as: the licenses issued by the Ministry of Industry and Mineral Resources, operation license issued by the Saudi Authority for Industrial Cities and Technology Zones and permits of the National Center for Environmental Compliance. It is worth noting that some of the licenses and certificates of the Company and its Affiliates are expired as per the following Table:

Table (1): Expired Licenses and Certificates of the Company and its Affiliates

Company	License of Medina Exhibition under No. 42055054644 in the name of Mr. Mohammed Omran Al-Omran and not the Company and also the license is expired. It is worth noting that the premises is going through demolition by the Secretariat. Therefore, neither actions can be done nor procedures can be amended on the premises in the region.
	There is no safety license from the Civil Defense for the Company and its branches
Affiliate	License of an industrial establishment for the Affiliate is expired on 29/02/1444H.
	There is no safety license from the Civil Defense.

Source: Company

(For more information on the licenses and certificates obtained by the Company, kindly refer to the sub-paragraph (Licenses and Permits Obtained by the Company) of Section (10) "Legal Information" in this Prospectus).

The Company should renew all the licenses and certificate once they expire. In case of failure of the Company, it will not be able to obtain other new licenses, which it could require from time to time for the purposes of expanding its business. For example, the environmental permit is a condition precedent to renew the industrial licenses. Therefore, the Company could not renew the expired industrial licenses. The Unified Industrial Regulation Law for the GCC Countries stipulates that if the industrial project violates any of the provisions of the Law, the Minister or his authorized representative may impose any of the following administrative penalties as per the type, nature and

severity of violation: 1. Administrative notice to remedy the violation within a period of time to be determined by the Minister or his authorized representative; 2. Administrative closure of the industrial project until the violation and consequences thereof are remedied; 3. Cancellation of the license and industrial registration. It is stipulated in the Civil Defense Law that whoever violates any provision of this Law, its Regulations or resolutions issued whereby is punishable by imprisonment for maximum six months and/or penalty of maximum 30 thousand Riyals. This will lead to suspension or disruption of the Company's business or financial penalties may be imposed on it by the governmental entities. On the other hand, the Civil Defense Law issued by Royal Decree No. (M/10), dated 10/05/1406H (corresponding to 21/01/1986G), as amended by Royal Decree No. (M/66), dated 02/10/1424H (corresponding to 26/11/2003G) provides for the requirements of safety and security. The Company did not issue the safety license for it, its branches, and Affiliates. Therefore, violation of this Law will charge the violating Company with the sanctions and penalties set out in Article (30) thereof. It is stipulated in the said Law that a penalty is to be imposed on whoever violates the provisions of this Law, its Regulations and resolutions issued whereby with imprisonment of maximum six months and/or financial penalty of maximum thirty thousand (30,000) Saudi Riyals. If the Company does not obtain the Civil Defense licenses, it would not be able to issue safety licenses from the Civil Defense. This may lead to the closure of the branch until the legal procedures for issuing the Civil Defense licenses are finalized.

The inability of the Company to issue/renew its licenses or certificates will charge it with penalties and sanctions. Therefore, the Company will incur financial costs, which will adversely and materially affect the Company's business, financial position, results of operation and prospects.

2.1.7 Risks Related to Depending on Key Personnel and Executive Management

Success of the Company depends on its ability to recruit, employ, develop, motivate, and maintain a team of senior executives who are highly qualified (For more information on the senior executives in the Company, kindly refer to Subsection No. (4.4), Members of Executive Management in this Prospectus). The future performance of the Company will be affected by any disturbance in the constant service of the senior executives and other key personnel in the Company. Leaving or moving of the senior executives or key personnel will lead to the disruption of the Company's operations or will materially affect the results of its operations. The Company may require to invest huge financial and human resources in order to recruit and maintain new employees; and there may be no proceeds from these investments. The loss of any senior executives or key personnel in the Company may lead to disruption or delay in implementing and achieving its strategic objectives and transforming the interest of the management towards the search for qualified specific alternatives or adverse effect on its ability to efficiently and effectively manage its business. This is in addition to the senior executives and key personnel who would resign at any time. If the Company could not employ or maintain the senior executives and key personnel who have high levels of skills in suitable fields, this will adversely and materially affect its business, results of operations, financial position and prospects.

2.1.8 Risks Related to Faults or Misbehavior of the Employees

The employees of the Company may carry out actions or commit faults, which adversely affect the business of the Company, such as: carrying out any illegal activities, misuse of information, disclosure of confidential information or publication of misleading information or that violates the internal controls of the Company. This may lead to violation to the applicable violations or regulations in the Kingdom. This will eventually lead to legal sanctions to be imposed on the Company by the competent authorities. These sanctions may vary as per the extent of misbehavior or error committed by the employee. Therefore, the Company will be incurred financial responsibility and/or its reputation may be harmed. The Company may not be able to prevent its employees from committing any misbehavior as there is no guarantee that the employees of the Company would abide by its internal policies. This will cause losses, penalties and encumbrances on the Company or may defame it as the internal policies of the Company might not be related to governance and compliance (including whatever related to the sanctions, commercial restrictions, anti-bribery and corruption, behavior of the employees and policies for reporting the violations related thereto) which are sufficient to protect the Company from any faults committed by its employees. Any penalties, sanctions or claims may affect the profitability of the Company and the negative announcement regarding the misbehavior of the employees may adversely affect the reputation and revenues of the Company. If the employees of the Company commit any misbehavior or if they commit any fault, this will adversely and materially affect the Company's business, results of operation, financial position, and prospects.

2.1.9 Risks Related to the Provision of Finance in Future

The Company may require to apply for loans and bank facilities in order to finance expansion plans in future. Therefore, the inability of the Company to obtain the finance, which it requires from the financiers or finance with acceptable detailed conditions, which are suitable for the Company, this will adversely affect the Company's performance and operations. It is worth noting that obtaining finance depends on the Company's capital, financial position, cash flows and guarantee submitted. Moreover, the inability of the Company to obtain the suitable finance, if so is required, will adversely affect it.

2.1.10 Risks Related to the Company's Reputation

The reputation of the Company might be adversely affected for various reasons, including deterioration of its financial results, when there are cases filed against the Company and its Affiliates, in case of legal procedures, which may arise from the non-compliance of some legal requirements, misbehavior of employees, executives or previous or current Directors, violation by the Company and its Affiliates to the applicable legal requirements or other factors, which may affect the Company's reputation. If the reputation of the Company or its Affiliates are adversely affected, this will adversely and materially affect the Group business, financial position, results of operations and prospects.

2.1.11 Risks Related to Operation and Information Technology Systems

The Company and its Affiliate depend on the information technology systems in order to manage their business and facilities. This may

cause risks of disruption of these systems to the Company or any of its affiliates, such as: destruction of system, failure of protection systems, hacking of the Company's systems, e-viruses, natural disasters, fire, connection errors or lack of skilled workers required to operate and manage these systems.

If the Company fails to maintain and develop the information technology systems or in case of any disruption, huge interruption, or repetitive failure in any of its functions, this will adversely and materially affect the Company's business, financial position, results of operation and prospects. Moreover, failure to maintain effective operation and information technology systems strategy or choosing suitable systems for the operations of the Company, this will lead to deficiency in the competitiveness of the Company in a way that will adversely and materially affect the Company's business, financial position, results of operation and prospects.

2.1.12 Risks Related to Saudization of Jobs "Saudization"

- Abiding by the requirements of Saudization stands as legal requirement issued by the MHRSD in the Kingdom whereby all companies operating in the Kingdom, including the Company would abide. The companies shall employ a certain percentage of Saudi workers from the total number of its workers and shall maintain this percentage. Based on the developed Nitaqat Program issued by the MHRSD, the percentage of Saudization reached almost (24.22%); which is classified in the moderate scope (For more information, kindly refer to the Sub-Section (3.11) "Employees and Saudization" in Section (3) "Background about the Company and the Nature of its Business" in this Prospectus).

It is worth noting that on 11/10/1442H (corresponding to 23/05/2021), the MHRSD launched the developed "Nitaqat" Program, which offers three main privileges: First: Clear vision of and transparent Saudization plan for three the upcoming three years in order to increase the organizational stability in the private sector establishment; second: Approving a direct relationship between the number of workers and the required percentages of Saudization for each establishment through liner equation in a way that is proportionally related to a number of workers in the establishment instead of the system of the current percentages of Saudization based on the classification of establishments to specific and fixed sizes and third: Simplifying the design of the Program and improving the client's experience by merging classifications of activities with common features to be 32 activities instead of 85 activities in "Nitaqat". Moreover, this Program will contribute in providing more than three hundred and fourteen thousand (340,000) jobs until 2024G. The developed "Nitaqat" Program may impose on the Company requirements and the Company may not be able to maintain this same percentage of the Saudis even in future. Thus, it shall not be considered to have fulfilled the requirements of "Nitaqat" Program. If the Company could not abide by the requirements of "Nitaqat" and if its classification becomes with the red range; in this case, the Company may be subject to a number of sanctions including:

- Suspension of its applications for new work visas;
- Suspension of its application for transferring the sponsorship of a current or potential employee;
- Preventing the Non-Saudi employees in the Company from changing their profession in the work visas;
- Possibility that a number of non-Saudi employees in the Company may transfer their sponsorship to another companies, which fall under the Nitaqat green or (platinum) without its consent;
- Excluding the Company from participating in governmental tenders or preventing it from obtaining governmental loans.

It is worth noting that there is variance in the number of employees in the Company as mentioned in the following table:

Table (2): Number of the Company's Employees

Entity	Document	Number of Saudis	Number of Non-Saudis	Total Number	Date
Social Security	Social security certificate	86	245	331	10/11/2022G
Labour Office	Nitaqat	83	244	327	11/10/2022G
Passports	Resident report	Zero	249	249	30/10/2022G

Source: Company

Non-matching of the number of workers in the Company in various governmental entities stand as indicator that the employees were not excluded upon the end of the labour relation or indication that non-Saudi employees, who are not sponsored by the Company, are appointed. This may charge the Company with violation of the Labour and Residency Law and may charge it with the sanctions and penalties set out in the Labour and Residency Law, which may reach one hundred thousand (100,000) Saudi Riyals. Moreover, these sanctions may reach the closure of the establishment, which will adversely and materially affect the Company's business, financial position, result of operations and prospects.

Moreover, the Company may encounter challenges in maintaining the Saudi employees. In case of reduction in the number of this class of workers, this will lead to reduction in the total percentage of Saudization, which will adversely and materially affect the Company's business, financial position, result of operations and prospects.

2.1.13 Risks Related to Depending on Non-Saudi Employees

The percentage of non-Saudi employees is almost (75.78%) of the total employees in the Company as at the date of this Prospectus. This will adversely affect the Company's results of business, financial position and results of operation as it could neither maintain its Non-Saudi staff nor find alternatives for them with the same required skills and experience or in case of any change in the policies, regulations and systems of the MHRSD that led to increase in the percentage of Saudization of the private sector, in a way that it would be difficult for the Company to maintain its Non-Saudi staff. This might lead to increase in the financial cost on the Company, which would adversely and materially affect its business, profits, and results of operations.

On 25/01/1441H (corresponding to 24/09/2019G), the Council of Ministers agreed on 25/01/1441H (corresponding to 24/09/2019) that the Kingdom will bear the prescribed fees on the expatriates (non-Saudi workers). It is worth noting that this does not include the companions for five years in accordance with paragraphs a.1 and a.2 of Clause 2 of the Council of Ministers Resolution No. 197, dated 23/03/1438H (corresponding to 22/12/2016G) for the licensed industrial establishments under an industrial license as of 02/02/1441H (corresponding to 01/10/2019G). Accordingly, the Company is exempted from the fees on the expatriates for five years as of 01/10/2019G.

Moreover, any governmental resolution, which will lead to increase in fees on the non-Saudi employees, charging additional fees in future or cancelling the support for the industrial establishments will lead to increase in the costs of the Company in general. This will adversely affect the Company's business, financial performance, and results of operations.

The Company may encounter challenges in maintaining the Saudi employees. In case of reduction in the number of this class of workers, this will lead to reduction in the total percentage of Saudization, which will adversely and materially affect the Company's business, financial position, result of operations and prospects.

Moreover, the MHRSD announced that it will launch the initiative of improving the contractual relation. This initiative includes a number of policies and controls, from among them, are approval the Law of Employment Contract between the employer and expatriate employee to replace the Sponsorship Law, which entered into force on March 14, 2021G. This initiative is an attempt by the Kingdom to improve and raise the efficiency of the work environment, increase the flexibility, effectiveness, and competitiveness in the work market, raise its attraction in line with the best international practices and activate the contractual reference in the labour relation between the employer and employee based on the employment contract certified between them through the contracts authentication program. Moreover, the career mobility service gives the expatriates the chance to move between one work to another upon the end of his employment contract without the need of the consent of the employer. The initiative determines the mechanism of mobility during the validity term of the contract, provided that the employee shall abide by the notice period and specific controls. The exit and entry service of the expatriates allows them to travel abroad, upon submitting an application and notifying the employee electronically. The final exit service of the expatriates allows them to leave directly after the contract expires, upon notifying the employer electronically without the need of its consent. Moreover, he can leave the Kingdom, on condition that the worker will bear all consequences for rescinding of the contract. All these services are provided via Absher and Qiwa Platforms of the MHRSD. The Company may adversely be affected due to this if a great number of employees decided to move to another companies. The Company would not be able to prevent them except under the contracts concluded with them. Therefore, the Company may face difficulties in concluding contracts with new employees instead of them. If the Company losses a great number of its employees because they moved to work in other companies and the Company could not conclude contracts with new employees to replace them, this will adversely and materially affect the Company's business, financial position, results of operations and prospects.

2.1.14 Risks Related to Natural Disasters

Any damage arising from the natural disasters to the facilities of the Company or any of its Affiliates, such as: floods, earthquakes, and other natural events, may lead to huge costs incurred by the Company and its Affiliates. Moreover, this severely affects the ability of the Company and its Affiliates to practice its operations. In case of any natural disasters and causing damages to the facilities of the Company or any of its Affiliates, this will adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.1.15 Risks Related to the Failure of Compliance with the Quality Standards and Specifications Required by the Clients

The Company seeks to maintain the satisfaction of its clients by providing the same constant level of quality of its products. If the Company is unable to continue provide its products in the same level of quality, this will adversely affect its reputation with the clients; and therefore, they will stop dealing with it. As a result, this will adversely affect the Company's sales; and consequently, the results of operations and finances.

2.1.16 Risks Related to Cases

As at the date of this Prospectus, the Company filed cases against various parties. The total claims of the Company filed against various parties is six million, one hundred and twenty-two thousand, two hundred and sixty-three (6,122,263) Saudi Riyals. (For more details, kindly refer to Sub-Section (14.10) "Disputes and Cases" of Section (10) "Legal Information" of this Prospectus). It is worth noting that as at the date of this Prospectus, there is no pending case against the Company.

It is worth mentioning that there can be cases and complaints that may be filed against the Company based on the nature of its activities and transactions with third parties in the framework of business sectors where it works. These cases may include, for example but not limited to, labour cases and other damages, which may arise from the negligence or fraud by persons or establishments in a way that falls beyond the Company's control. The Company is subject to legal procedures to be taken in any case or actions. Therefore, the Company could not accurately expect the cost of the cases or judicial proceedings, which can be filed by or against it, or final results of these cases or judgments, which are handed down therein in addition to the compensations and penalties therein. Therefore, any negative results of

these cases may adversely affect the Company and its results of operations.

2.1.17 Risks Related to Potential Zakat Sharia Dues and Additional Claims

The Company submitted its Zakat returns for all the years since it was incorporated until December 31, 2021G. It obtained a valid Zakat certificate until 30/04/2023G.

The Company received the Zakat assessment as of 2014G until 2018G. Accordingly, an amount of SAR (2,767,420) is due to the ZATCA as of 2014G until 2018G. On the other hand, the Company received its Zakat assessments for 2019G and 2020G. As a result, the amount of SAR (397,210.9) is due to ZATCA. The Company agreed on paying the amount based on the final assessment by the ZATCA. However, the Company objected before the General Secretariate of the tax committees to Zakat assessments for 2014G until 2018G in order to pay the Zakat differences in the Zakat returns, which were previously submitted to the ZATCA in the amount of SAR (2,750,883.49) for 2014G until 2018G. The objection of the Company was rejected. On 12/04/2022G, the Company filed an appeal before the First Appellate Circuit in Dammam for the same previous objection and the Appeal is still pending. Moreover, the Company did not object to the Zakat assessment for 2019G and 2020G.

On 08/09/2022G, the Company submitted an official letter to the ZATCA in order to request approval on the installment of the entire Zakat due for 2021G in the amount of SAR (2,699,061.83). On 14/09/2022G, the Company submitted another letter to the ZATCA in order to request approval on the installment of the due Zakat for the Zakat assessment for 2019G and 2020G in the amount of SAR (397,210.9). On 02/10/2022G, the ZATCA approved the requests of the Company. The following plan was determined in (6) monthly installments. An amount of SAR 450,000 was made as advance payment other than the scheduled payments. It is worth noting that the Company paid all the scheduled six payments to the ZATCA.

It is worth noting that the Company's Zakat certificate for 2021G was issued when only the first payment was made from the installment amount approved by the ZATCA. The Company has Zakat provision until 31/06/2022G in the amount of SAR (4,026,085).

Affiliate:

The Affiliate was registered with the ZATCA under significant number: 302006642 and was registered in the VAT under number 302006642900003, dated 28/03/1439H. The Zakat certificate for the following periods was reviewed:

Table (3): Details of the Affiliate's Zakat Certificate

Name of Taxpayer	Certificate No.	Certificate Date	For the Period Ending On	Certificate Valid Until
Al-Omran Plastic Industries Company, having commercial register No. 1010432884	1020503354	29/03/1444H	31/12/2021G	30/04/2023G

Source: Company

The following table shows the Zakat assessments of the Affiliate:

Table (4): Zakat Assessments of the Affiliate

Name of Taxpayer	Date	For the Period Ending On	ZATCA Re-Assessment	Paid Amount	Claimed Amount	Payment
Al-Omran Plastic Industries Company, having commercial register No. 1010432884	13/06/2022	31/12/2017G	SAR 38,609.05	SAR 28,763.95	SAR 9,845.1	Paid
	13/06/2022	31/12/2018G	SAR 55,375.25	SAR 53,150.48	SAR 2,224.77	Paid

Source: Company

Based on the above, the Company could not guarantee that the systems of ZATCA will remain as they are in future. Moreover, the Company could not predict whether or not the ZATCA will file claims against the Company for previous years and claim it to pay the additional Zakat dues. This will adversely and materially affect the Company's business, financial position, results of operations and prospects.

2.1.18 Risks Related to Raising the Prices of Products in the Kingdom

The manufacturing of the Company's products depends on energy products. The costs of energy products form great part of the production costs. Moreover, the Council of Ministers issued a resolution on 17/03/1437H (corresponding to 28/12/2015G) in order to raise the prices of the energy products, electricity consumption tariff and pricing of water sale in the Kingdom. Therefore, any other increase with respect to the energy prices in future will lead to additional costs, which will in return adversely affect its business, results of operations and financial position.

2.1.19 Risks Related to Environmental Laws

The business of the Company requires abiding by the environmental legislations, laws, and instructions applicable in the Kingdom, which regulate various aspects including the standards of environmental, occupational health and safety of establishments and workers therein. The factory of the Company may result in an amount of emitted waste materials and pollutants, which can lead, if not properly controlled and managed, or if they are left without proper treatment or management, to pollution of sources of water and can affect the quality of air, which will harm the environment and human.

Lack of full compliance and abidance by the environmental legislations and laws will lead to the closure of the industrial facilities of the Company. Moreover, it will charge the Company with violations, penalties, or sanctions, which may be imposed by the regulatory authorities and will adversely affect its operations in a way that will limit the growth of its revenues or suspend its works or license. This will affect its ability to perform its works; and accordingly, will adversely affect its financial products and profitability.

2.1.20 Risks Related to the Manufacturing Defects in the Company's Products

If there are any defects in the design of manufacturing of the Company's products, which would affect the Company's sales, competitiveness and prices of products; therefore, this will lead to repairs, the Company will be charged with additional costs, its works in the production line where there are manufacturing defects will be disrupted and the Company will incur losses, which will adversely affect the Company's business, financial position and prospects.

2.1.21 Risks Related to the Protection of Trademarks and Property Rights

The ability of the Company for marketing of its services and products and business development on using its name, logo, and trademarks, which support its business and competitiveness and gives it clear distinction in the market among the clients. It is worth noting that the Company did not register its official logo until now with the Saudi Authority for Intellectual Property. It submitted the application for registering its official logo to the Saudi Authority for Intellectual Property as of this Prospectus (Kindly refer to Section (10.10) "**Trademarks and Property Rights**" of Section (10) "**Legal Information**" of this Prospectus).

It is worth noting that if the Company's trademark registration is not accepted, the logo will be used or registered with the Saudi Authority for Intellectual Property by another company. Therefore, the Company will be urged to take expensive judicial proceedings to protect its logo and it may lose it

Moreover, any breach in the property rights or illegal use of the Company's trademarks, this will affect the reputation of the Company and its Affiliates and filing cases and claims before the courts of competent jurisdiction to protect these rights. This is an expensive process and needs great time and effort by the management in order to follow-up with it. If the Company fails to effectively protect its trademarks upon the renewal of the registration certificate or track similar trademarks; this will adversely affect its value and will adversely reflect on the Company's business, results of operations, financial position, and prospects.

2.1.22 Risks Related to Insurance Coverage

The Company holds various types of insurance policies to cover its business and assets; medical insurance for the Company's employees, vehicles insurance in addition to all risks insurance, which includes insurance of (building, furniture, decorations, fixtures, computer and electronic equipment, stationary tools, machinery, inventory, loss of profits, liability towards neighbors and loss of rent). Moreover, the Company may not be holding important insurance policies for its business and assets, may not be holding sufficient insurance coverage in all cases or the insurance may not be covering all risks, which the Company may be subject to. Furthermore, events, which the Company is not insured against, in a way that covers potential losses or that are not insured at all, may occur. There is no guarantee that the Company's insurance policies will remain available under commercially acceptable conditions or will remain available at all. Any of these events or conditions; or any uninsured event, which may occur to the Company, will adversely and materially affect the Company's business, assets, financial positions, results of operations and prospects (For more information on insurance policies, kindly refer to the Sub-Section (8.10) "**Insurance Policies**" of Section (10) "**Legal Information**" of this Prospectus).

2.1.23 Risks Related to Contracts with Third Parties

The Company concluded a number of contracts and agreements (kindly refer to the Sub-Section (10.5) "**Summary of Material Contracts**" of Section (10) "**Legal Information**" of this Prospectus and refer to Sub-Section (10.9) "**Real Estates**" of Section (10) "**Legal Information**" of this Prospectus). Therefore, the Company may bear the risk of inability of its contracting parties or their lack of desire to fulfill their contractual obligations. The contracting parties with the Company may breach their obligations for any reason whatsoever, including their bankruptcy, insolvency, or disruption of their operations. Risks arising from dealing with these entities become more severe in difficult market conditions.

It is worth noting that the Company has (7) agreements with respect to credit purchaser orders signed without stating their date of commencement or date of expiry. Accordingly, undated agreement may expose the Company to many negative legal consequences, including, for example, filing malicious cases against the Company with respect to claims for transactions, which are carried out before the date of signing the agreement or after the end of the Company's transactions with the client. If the Company or its contracting parties are unable to comply with the clauses of these contracts or in case of any future disputes or cases and if the Company loses these disputes, this will adversely affect the Company's financial position, cash flows and operating results.

2.1.24 Risks Related to Authentication or Expiry of Lease Contracts

The Company has (4) unauthenticated lease contracts and the Company has (3) expired lease contracts. The Company is still using leased properties under these contracts (For more details, kindly refer to the Sub-Section (10.9) “Real Estates” of Section (10) “Legal Information” of this Prospectus). Since these contracts are unauthenticated/expired; therefore, the Company may be subject to a number of consequences, including for example but not limited to, claims with amounts, which exceed the value of the contract, or evacuation cases. The case may involve financial compensation, which will adversely and materially affect the Company’s business, assets, financial positions, results of business and prospects.

Council of Ministers Resolution No. (292), dated 16/05/1438H (corresponding to 13/02/2017G), was issued in order not to consider any lease contract, which is unregistered with Ejar, as true contract productive to its administrative and judicial effects. The e-network of lease services was launched in cooperation with the Ministry of Justice and Ministry of Housing on 17/05/1439H. A circular was issued by the Ministry of Justice in order to approve the application of the same on all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G).

2.1.25 Risks Related to Depending on Non-Saudi Employees

Non-Saudi employees represent almost (66%) of the total employees in the Company. This may adversely affect the Company’s results of business, financial position, and operating results if the Company could not maintain its non-Saudi staff or find alternatives thereof with the same required skills and experience or if there is change in the policies and regulations of the Ministry of Justice giving rise to an increase in the percentage of Saudization of the sector. The Company’s dependance on a high percentage of non-Saudi employees leads to increase in the governmental fees incurred by the Company in consideration of each and every non-Saudi employee with respect to work permits and residencies. This will lead to increase in the Company’s costs in general; and therefore, will adversely affect the Company’s business, financial position, and results of operations.

2.1.26 Risks Related to the Governmental Fees Charged on the Recruitment of Non-Saudi Employees

The government approved a number of resolutions, which aim at making comprehensive reformations to the labour market in the Kingdom. These reformations include prescribing additional fees on each and every non-Saudi employee who works for a Saudi entity as of 01/01/2018G in the amount of SAR (200) monthly for each non-Saudi employee in 2018G. These fees increase to become SAR (400) monthly in 2019G; and then, SAR (600) monthly in 2020G. This will lead to increase in the governmental fees, which will be paid by the Company in consideration for the non-Saudi employees; and therefore, will lead to increase in the Company’s costs in general. This will adversely affect the Company’s business, financial performance, and results of operations.

Moreover, the government also approved fees for issuance and renewal of residency for the dependents and companions of the non-Saudi employees (fees for companions), which entered into force as of 01/07/2017G. It is worth noting that these fees will gradually increase from two hundred (200) Saudi Riyals monthly for each dependent in 2017G to become SAR (400) monthly for each dependent in 2020G. The increase in the fees for issuance and renewal of residency, which will be paid by the non-Saudi employee for his family can lead to increase in his costs of living. This will eventually urge the employees to search for work in other countries where the costs of living are less. If this occurs, the Company will find difficulty in maintaining its non-Saudi employees; and will eventually be urged to pay these costs for the non-Saudi employees or part thereof, directly, or indirectly, by raising the salaries of the Non-Saudis. This will lead to increase in the Company’s costs; and will adversely affect the Company’s business, financial performance, and results of operations.

2.1.27 Risks Related to the Increase of Capital Costs to Implement Future Projects above the Expected Value

Although the Company has carried out a group of studies required for determining the capital costs of future projects; however, it is possible that these costs increase above the expected value due to conditions, which fall beyond the Company’s control. This may affect the economic feasibility of these projects. Moreover, the Company will be forced to search for new financing sources in order to cover this increase. As a result, the profitability of these projects will be affected and will adversely affect the Company’s profitability and financial position. If current projects or the projects, which the Company will enter in future, do not achieve the intended results, and expected profits; or if these projects make losses, this will adversely affect the Company’s results of operations and financial position.

2.1.28 Risks Related to Imposing Labour Laws-Related Penalties

The Labour Law and its Implementing Regulations oblige all employers that any contract concluded with any employee and worker is in writing and in two counterparts. Moreover, the MHRSD obliges that the employment contracts are electronically authenticated by uploading and updating the information of the workers’ employment contracts and giving the opportunity to the workers to verify the details of their contracts by authenticating the contracts via the e-services portal of GOSI in accordance with the Ministerial Resolution No. (156309), dated 18/08/1440H (corresponding to 23/04/2019G). It is worth noting that all contracts of workers, with whom contracts are concluded immediately after the date of this Resolution, must be authenticated. On the other hands, the contracts, which are previously concluded, must be authenticated in timelines, which end at the end of the final quarter of 2020G. In case of failure of the Company to abide by the same, this stands as violation to the Labour Law and its Implementing Regulations. The Company will be subject to penalty in the amount of one thousand (1,000) Saudi Riyals, which will be multiplied with the number of violating workers in accordance with the Schedule of Violations and Sanctions issued by virtue of the Ministerial Resolution No. (178743), dated 27/09/1440H (corresponding to 01/06/2019G). This will adversely affect the Company’s results of operation and financial position.

2.1.29 Risks Related to Application of Updates of IFRS or Application of New International Accounting Standards in Future

The audited unified financial statements of the Company were prepared for the financial years ending on December 31, 2019G, 2020G, 2021G and the six month-period ending on 30 June 2022G in addition to the notes attached thereto as per the IFRS approved in the Kingdom and the other standards and versions approved by SOCPA. Accordingly, if there is any change in the common IFRS to amended or new international accounting standards, this will lead to difficulty in comparing between the Company's current financial statements with the financial statements for the upcoming years in the Company after applying the changes due to differences that may be made to the accounting standards.

The Company is obliged to apply amendments or changes, which are made to the approved standards from time to time. Therefore, any changes in these standards or obligation to apply some new standards may adversely affect the financial statements; and accordingly on the Company's financial results and financial position.

2.1.30 Risks Related to Fluctuation of the Financial Performance

Net sales of the Company record an increase at the rate of 21.0% from 115.2 million Saudi Riyals in 2019G compared to 139.4 million Saudi Riyals in 2020G. This is due to an increase in the demand of clients in the first half of 2020G to avoid the increase in VAT from 5% to 15%, which was applied in the second half in 2020G.

Net profits of the Company increased from 0.1 million Saudi Riyals in 2019G to 0.6 million Saudi Riyals in 2020G. Meanwhile, the net profits increased to 9.8 million Saudi Riyals in 2021G due to increase in 2020G and 2021G as follows:

- Increase in the average sale price and increase in the size of production of shelves and fridges, which led to decrease in fixed costs per unit;
- Decrease in general expenses due to decrease in the fees of the Labour Office;
- Decrease in the labour costs due to decrease in the number of part-time labour and transformation of automatic production lines in the shelves factory;
- Decrease in the costs of raw materials as percentage of sales;
- Costs of loading devices related to the commercial sector.

In return, net sales decreased to 135.2 million Saudi Riyals in 2021G compared to 139.4 Saudi Riyals in 2020G. Meanwhile, the net sales decreased from 81.8 million Saudi Riyals in the six months ending on 30 June 2021G to become 75.9 million Saudi Riyals in the six months ending on 2022G. This is due to decrease in the global demand due to the recovery of the industrial sector from the consequences of Coronavirus. Net profits for the six months ending on 30 June 2022G decreased to become 5.9 million Saudi Riyals compared to 7.2 million Saudi Riyals in the six months in 2021G due to decrease in the profit margin in addition to increase in the operating and financial expenses.

Inability of the Company to maintain stable revenues or operating and financial costs will incur the Company future losses, which will adversely and materially affect the Company's business, results of operation and prospects.

2.1.31 Risks Related to Increase in Offered Discounts

In its due course, the Company offers a number of discounts to its clients as follows:

- Discounts on invoices, which are agreed upon with the client, at the time of purchase;
- Special discounts, which are agreed upon with the clients at the time of the purchase in certain seasons or on slow-moving products;
- Discounts in the sizes of sales, which are offered when the client make a certain percentage of purchases in the year as per the contract concluded with the client.

Total discounts offered for the clients reached 4.4 million Saudi Riyals, 8.8 million Saudi Riyals, 14.2 million Saudi Riyals and 11.9 million Saudi Riyals in 2019G, 2020G, 2021G and six months ending on 30 June 2022G respectively.

It is worth noting that discounts increased as percentage from sales from 3.6% in 2019G to become 13.3% in the six months ending on 30 June 2022G. This is due to the increase in the discounts registered on the clients' invoices. The Company increased the discounts offered to the clients to improve the Company's sales. It is also worth mentioning that the Company reviewed the balanced policy of pricing, taking into consideration the costs of raw materials in addition to competition in the market. If the Company fails to apply this pricing policy, if the policies are not suitable or additional discounts are offered to increase the Company's sales, the Company's profit margin may be decreased, which will affect the Company's financial performance, results of operations and prospects.

2.1.32 Risks Related to Depending on Bank Loans to Support Working Capital

The requirements of the Company's operating working capital in the years ending on December 31, 2019G, 2020G, 2021G and the six months ending on 30 June 2022G increased. This is due to growth in the inventory of the financial year ending on December 31, 2020G, et seq. in addition to the net receivables for the financial year ending of December 31, 2021G et seq. The growth of inventory and receivables may cause increase in cash conversion cycle from 325 days in the financial year ending on December 31, 2019G to become 426 days in the financial year ending on December 31, 2021G. It is worth noting that delay in collection of receivables and decrease in the inventory turnover led to increase in the value of retained money in current assets.

Moreover, delay in payment to suppliers due to problems in liquidity led to increase in the days of commercial payment, which led to decrease in the cash conversion cycle to 396 days in the six months ending on 30 June 2022G.

The following table shows the details of the Company's operating working capital:

Table (5): Details of the Company's operating working capital

SAR million	December 31, 2019G	December 31, 2020G	December 31, 2021G	30 June 2022G
Operating working capital – Assets				
Net receivables	31.2	30.1	38.4	45.0
Inventory	68.3	92.3	102.8	112.5
Total	99.5	122.3	141.3	157.5
Operating working capital – Liabilities				
Net payables	(8.8)	(10.7)	(4.6)	21.6
Total	(8.8)	(10.7)	(4.6)	(21.6)
Net operating working capital	90.7	111.6	136.7	135.9
Short term loans	(24.9)	(48.0)	(44.6)	(42.2)
Net operating working capital (including short term loans)	65.8	63.6	92.1	93.7

Source: Company

It is worth noting that the increase in the requirements of the Company's working capital made the Company depends on short-term loans to finance the purchase of inventory and pay payables; and in order to fulfill the requirements of routine cash flows to finance purchases and employees' salaries. Inability of the Company to fulfill the requirements of the Company's working capital in future will affect the Company's financial performance, which will adversely and materially affect the Company's business, results of operations and prospects.

2.1.33 Risks Related to Finance Agreements-Related Undertakings

Finance agreements of the Company include a number financial undertakings, which the Company must abide with throughout the finance agreements, including for example, the minimum balance of equity and maximum percentage of debt to equity. It is worth noting that these agreements did not mention the limits of these undertakings. Accordingly, the Company are not currently monitoring these undertakings.

Lack of clarity of undertaking sin the finance agreements concluded by the Company if they exceed these undertakings, this will lead to various risks, including for example but not limited to claiming the financing entities to pay the full amount of finance immediately. This will affect the cash liquidity of the Company and the working capital. This will adversely and materially affect the Company's business, results of operations and prospects.

2.1.34 Risks Related to the Performance of the Company's Exhibitions and Wholesale Centers

The Company has nine (9) exhibitions and three (3) wholesale centers all over the Kingdom. The highest five exhibitions and wholesale centers of the Company recorded average of 66.6% of total revenues of the Company in 2019G, 2020G, 2021G and sixth months ending on 30 June 2022G. Meanwhile, the lowest five exhibitions and wholesale centers of the Company recorded average of 13.5% of the total revenues of the Company in 2019G, 2020G, 2021G and sixth months ending on 30 June 2022G.

The highest five exhibitions and wholesale centers of the Company recorded average net profit of 75.8% of the Company's net profit in 2019G, 2020G, 2021G and sixth months ending on 30 June 2022G. Meanwhile, the lowest five exhibitions and wholesale centers of the Company recorded average net profit of 7.6% of the Company's net profits in 2019G, 2020G, 2021G and sixth months ending on 30 June 2022G. The following table shows the details of revenues and net profit of the highest and lowest five exhibitions and wholesale centers in the Company and the percentage from total revenues:

Table (6): Details of the Company's operating working capital

(SAR million)	Revenues					Net Profit				
	2019G	2020G	2021G	Six months ending on June 30, 2021G	Six months ending on 30 June 2022G	2019G	2020G	2021G	Six months ending on June 30, 2021G	Six months ending on 30 June 2022G
Highest five exhibitions and wholesale centers	80.1	92.6	85.7	53.4	52.9	3.2	1.7	9.0	5.5	5.2
Lowest five exhibitions and wholesale centers	14.3	20.7	19.5	10.0	9.1	(0.9)	0.6	0.8	1.2	0.8

(SAR million)	Revenues					Net Profit				
	2019G	2020G	2021G	Six months ending on June 30, 2021G	Six months ending on 30 June 2022G	2019G	2020G	2021G	Six months ending on June 30, 2021G	Six months ending on 30 June 2022G
Percentage of the total										
Highest five exhibitions and wholesale centers	69.5%	66.5%	63.4%	65.2%	69.6%	-	72.3%	71.4%	67.7%	72.7%
Lowest five exhibitions and wholesale centers	12.4%	14.9%	14.4%	12.3%	12.0%	-	24.7%	6.7%	14.5%	11.5%

Source: Company

It is worth noting that the net profit of the lowest five exhibitions and wholesale centers of the Company consists of Dammam City, Khamis Mushait and Al Qassim Exhibitions, New Jeddah Exhibition and Tabuk Exhibition.

It is also worth noting that there are a number of factors, which affect the sales of exhibitions and wholesale centers of the Company as follows:

- Locations of exhibitions and wholesale centers, existence of other competitors in the region and purchasing power of consumers;
- Skills of the sales employees and other employees working in the exhibitions and wholesale centers in addition to marketing skills and attraction of new clients.

On the other hand, the report of the internal auditor included the reference to the lowest exhibitions and wholesale centers in performance. The Company recommended to focus on these exhibitions and wholesale centers and work on solutions that would raise the sales in these exhibitions and wholesale centers. The Company is currently working on studying the reasons for low sales in these exhibitions and wholesale centers. If the Company is unable to know the reasons for the decrease in sales or if the Company fails in remedying these reasons, the Company may incur financial losses, which will affect the Company's financial performance, results of operations and prospects.

2.1.35 Risks Related to Inventory

The inventory of the Company increased from 68.3 million Saudi Riyals as at December 31, 2019G to 112.5 million Saudi Riyals as at 30 June 2022G. This is because there is no clear policy for inventory management in the Company or policies to manage purchase. It is also worth noting that the Company has no obsolete inventory management.

The slow-moving and/or obsolete inventory provisions reached 1.7 million Saudi Riyals in the six months ending on 30 June 2022G (this was recognized in terms of accounting in the financial year ending on December 31, 2020G based on the procedures of evaluation, which were carried thereon in the same year).

The report of the Company's internal auditor for the six months ending on June 30, 2020G showed that the slow-moving inventory reached 7.2 million Saudi Riyals. It is worth noting that the report of the internal auditor included recommendation to carry out comprehensive inventory to properly evaluate the age and status of the lists of inventories and hold additional provision. Moreover, the recommendations of the internal auditor included the need to update the inventory management program so that it can create obsolete inventory reports in addition to tracking the movement and status of the inventory.

It is worth mentioning that the increase in the balances of slow-moving inventory caused increase in the inventory. This led to increase in the requirements of the working capital. This led to increase in the number of days of inventory from 264 days in 2019G to 338 days in the six months ending on 30 June 2022G.

Moreover, the Company did not insure the inventory in its warehouses. Accordingly, this will incur the Company with additional costs in case of any damages occurring to the warehouse, which include damage of the inventory. If this happens, this will adversely and materially affect the Company's business, results of operations and prospects.

2.1.36 Risks Related to Poor Management and Formation of Receivables Provisions

Ages of receivables as at the six months ending on 30 June 2022G, age of which is more than 180 days, reached the percentage of 23.55% from the total receivables; in the amount of 13 million Saudi Riyals compared to the legal time-limit as per the credit policy, which ranges from 45 days to 90 days. The main reason for delay in collecting these debts is poor management of collection. The following table shows the ages of receivables:

Table (7): Ages of Receivables as at 30 June 2022G

Ages of Receivables as at the Six Months ending on 30 June 2022G						
Million Saudi Riyals	Total	Current	30 – 90 Days	91 – 180 Days	181 – 270 Days	Above 270 Days
Industrial and commercial sector	53.6	20.8	17.8	3.1	2.0	10.0
Plastic sector	1.5	0.4	0.1	0.0	0.0	1.0
Total	55.2	21.2	17.9	3.1	2.00	11.0
Provision of bad debts	(8.9)					
Provision of sales discounts	(1.2)					
Net receivables	45.0					

Source: Company

The balance of provision of bad debts remained stable in the amount of 8.9 million Saudi Riyals as at December 31, 2021G and the six months ending as at 30 June 2022G. Therefore, expected credit losses related to the receivables were not calculated in the period ending on 30 June 2022G as the balance of December 31, 2021G was carried forward to 30 June 2022G in the amount of 8.9 million Saudi Riyals.

The Company's management annually calculates the receivables-related credit losses and adds them to the balance of provision of bad debts at the end of the year. In case of increase in the receivables-related credit losses, the Company will raise the value of the provision, which will lead to increase in the Company's expenses, which will in return adversely affect the Company's business, results of operations, financial position, cash flows and prospects.

It is worth noting that the Company did not apply the requirements of Standard No. 9, sub-paragraph 93(b) of the IFRS with respect to risk factors related to the future market view and geographical risks in the expected credit losses model.

Some internal reports of the Company showed that the poor management in collecting receivables is the main reason for increasing the size of receivables balance, which may lead to the need to finance the Company's working capital from financiers. The Company does not guarantee the successful application of any alternative policies, which would reduce the balance of receivables. If the Company failed to apply the new procedures and policies, this includes decrease in the balance of receivables, which will adversely affect the Company's business, operations, financial position, cash flows and prospects.

2.1.37 Risk Related to Continuity of Losses Made from the Affiliate

Sales made from Al-Omran Plastic Industries Company (Affiliate) is 2.0 million Saudi Riyals, 2.3 million Saudi Riyals, 3.1 million Saudi Riyals and 2.1 million Saudi Riyals as at December 31, 2019G, 2020G, 2021G and the six months ending on 30 June 2022G respectively despite the growth of sales. Al-Omran Plastic Industries Company recorded net losses between December 31, 2019G and December 31, 2021G due to constant increase in the cost of raw material internationally, especially the polymer used in manufacturing of plastic forks and spoons.

It is worth noting that Al-Omran Plastic Industries Company (Affiliate) works in limited range and faces serious competition with the competitors in the market. Accordingly, the Affiliate carried out a number of initiatives for performance improvement including adding new types of products, approving new strategies in the market, and appointing a new administrative team.

In case of ineffectiveness of initiatives carried out by the Company and constant great competition in the market, this will adversely and materially affect the Company's business, results of operation and prospects.

2.1.38 Risks Related to Recognition Policy of Discounts

The Company has had a policy to grant total sales discounts since the financial year 2017G. Objectives of current sales are usually achieved by a great number of clients who benefit from these discounts.

IFRS No. 15 discusses the different structures of discounts and reductions, which have different effect on price of revenues made with clients. IFRS No. 15 states that discount shall be deemed variable in case of applying the discount on all purchases under one procurement contract when it reaches certain level. In this case, the establishment estimates the quantities to be purchased and discount arising from determining the price of transaction and updating that report throughout the term of the contract. Based on the IFRS No. 15, the discounts offered to the clients must be registered in the item: costs of sales in the statement of income. It is worth noting that the Company's management registers the discounts offered to the clients as follows:

- Discounts on invoices: which are agreed upon with the client, at the time of purchase, the discount is made to the invoice and is directly deducted from the sales;
- Discounts in the sizes of sales: which are offered when the client make a certain percentage of purchases in the year as per the contract concluded with the client; and accordingly, the client obtains percentage of discount, which varies from 4.00% and 15.00%. The discount granted is added to the total costs of sales;
- Special discounts: which are agreed upon with the clients at the time of the purchase in certain seasons or on slow-moving products, the discount is added to the invoice and is directly deducted from the sales.

The following table shows the net sales and discounts offered to the clients:

Table (8): Net Sales and Discounts Offered to the Clients

Million Saudi Riyals	Sales and Discounts				
	December 31, 2019G	December 31, 2020G	December 31, 2021G	Six Months Ending on June 30, 2021G	Six Months Ending on 30 June 2022G
Total sales	121.7	149.4	151.2	91.0	89.3
Special discounts	(3.1)	(7.2)	(11.6)	(8.3)	(10.6)
Discounts	(3.4)	(2.8)	(4.4)	(0.8)	(2.8)
Net sales as per the audited financial statements	115.2	139.4	135.2	81.8	75.9
Sales discount	(1.3)	(1.6)	(2.6)	(1.2)	(1.3)
Amended net sales as per IFRS No. 15	113.9	137.8	132.6	80.6	74.6

Source: Company

As mentioned in the above table, this status stand as violation to the requirements of IFRS No. 15 as it is possible that the value of net revenues are affected in case of compliance with the requirements of the IFRS No. 15 in the recognition of discounts.

If the Company does not apply the IFRS No. 15, this will require the Company in future to reclassify the presentation of some items in the financial statements for the previous financial years by the Company's external auditor to reflect the effect of application of the IFRS No. 15, which will affect the amounts of sales registered for the Company for these periods. This will adversely and materially affect the Company's financial information and results of operations.

2.1.39 Risks Related to the Use of the Factories' Energy

The productive energy used in the factories recorded less than 70.0% for all factories of the Company in the six months ending on 30 June 2022G. This is due to the decrease in demand of the products manufactured by the industrial sector. This also led to decrease in the revenues of the same period.

The following table shows details of the productive energy used in factories of the Company:

Table (9): Details of Production Capacity Used in Factories of the Company

Factory	Unit of Measurement	Available Energy	Utilization of Factories for Energy			
			December 31, 2019G	December 31, 2020G	December 31, 2021G	Sixth Months Ending on 30 June 2022G
Air conditioners factory	Horsepower	4,500	66.1%	70.0%	70.1%	53.9%
	Liter	98,580	0.0%	100.0%	81.1%	0.0%
Refrigerators factory	Square meter	5,467	79.4%	100.0%	78.1%	25.6%
	Cubic meter	4,280	57.5%	71.8%	75.5%	67.3%
Freezer factory	Liter	220,000	45.1%	30.1%	100.0%	65.8%
Shelves factory	Ton	4,370	43.8%	51.8%	60.4%	57.6%

Source: Company

Productive energy used in the air conditioner and refrigerator factories "related to cubic meter" decreased, especially in the financial year ending on December 31, 2021G, et seq. This is mainly due to:

- Decrease in the production of portable desert air conditioners (in liter) due to the huge decrease in demand;
- Decrease in the export of air conditioners due to the huge decrease in demand.

The inability of the Company in using the productive energy of factories will incur the Company financial costs because stable costs are not related to production. Accordingly, the costs incurred by the Company will increase, which will affect its financial position and will adversely and materially affect the Company's business, results of operations and prospects.

2.1.40 Risks Related to Transactions of Related Parties

Transactions with related parties are mainly between the Company and Abaad Real Estate Investment (a company owned by three shareholders of the Company) based on non-commercial transactions. Total value of transactions reached 3,7 million Saudi Riyals, 3.1 million Saudi Riyals, 3.4 million Saudi Riyals and 1.1 million Saudi Riyals in the financial years ending on December 31, 2019G, 2020G, 2021G and six months ending on 30 June 2022G. Net balances due to related parties reached 1.2 million Saudi Riyals as of June 2022G.

It is worth noting that the Company does not hold balances of related parties. The unpaid balance includes amounts, age of which exceeds one year.

The following table shows the details of transactions with related parties:

Table (10): Details of Transactions with Related Parties

Million Saudi Riyals	Nature of Transactions	December 31, 2019G	December 31, 2020G	December 31, 2021G	Six Months ending on 30 June 2022G	Net Balance As At June 2022G
Abaad Real Estate Investment	Acting expenses*	3.7	1.9	1.8	0.2	-
	Finance**	-	(0.7)	(0.7)	(0.9)	1.2
	Rents**	-	(0.5)	(0.9)	-	-
Total		3.7	0.7	0.2	(0.6)	1.2

Source: Company

* To be paid by the concerned party.

** To be paid for the concerned party.

Acting expenses are those paid by the Company on behalf of Abaad Real Estate Investment, including salaries and entitlements to the employees of Abaad Real Estate Investment and rents.

It is meant by finance the amounts obtained by the Company from Abaad Real Estate Investment to support the requirements of working capital. It is worth noting that these finances offered are without interests. Moreover, there are no dates for payment or fixed and specific payment plan.

Rents are amounts paid by the Company to Abaad Real Estate Investment in consideration of two warehouses and a number of residential units rented by the Company from Abaad Real Estate Investment.

It is worth noting that these transactions with related parties are not subject to any mechanism or formal contracts with respect to rents as other transactions are carried out via emails. Moreover, the finance offered by Abaad Real Estate Investment does not include specific dates for payment of amounts.

Formal non-authentication of contracts with related parties will lead to disagreement as there is no clear contract between the Company and Abaad Real Estate Investment. This will lead to cases filed either by the Company or Abaad Real Estate Investment. Moreover, lack of specific dates for payment will make the Company subject to claim for payment of the total amounts. This will affect the cash liquidity of the Company and will adversely affect the Company's business, operations, financial position, cash flows and prospects.

Table (11): Amounts of Transactions with Related Parties

Year	Type of Transaction	Amount	Consent of the General Assembly
2019G	Acting expenses	SAR 3,713,815	Consent of the Ordinary General Assembly on 19/10/1441H corresponding to 11/06/2020G on SAR 3,700,000
			Consent of the Ordinary General Assembly on 26/11/1444H corresponding to 15/06/2023G on SAR 13,815.
2020G	Acting expenses	SAR 1,937,714	
	Finance	SAR 700,000	Consent of the Ordinary General Assembly on 15/11/1442H, corresponding to 15/06/2021G on SAR 2,099,785
	Rents	SAR 547,500	Consent of the Ordinary General Assembly on 26/11/1444H, corresponding to 15/06/2023G on SAR 1.085.429
Total		SAR 3,185,214	

Year	Type of Transaction	Amount	Consent of the General Assembly
2021G	Acting expenses	SAR 1,764,948	Consent of the Ordinary General Assembly on 20/11/1443H, corresponding to 19/06/2022G on SAR 1,764,948
	Finance	SAR 667,000	Consent of the Ordinary General Assembly on 20/11/1443H, corresponding to 19/06/2022G on SAR 667,000
	Rents of residence for the Company's employees and warehouses	SAR 895,000	Consent of the Ordinary General Assembly on 20/11/1443H, corresponding to 19/06/2022G on SAR 895,000
Total		SAR 3,326,948	SAR 3,326,948
2022G*	Finance	SAR 1,250,000	Consent of the Ordinary General Assembly on 26/11/1444H, corresponding to 15/06/2023G on SAR 1,250,000
	Acting expenses	SAR 111,784	Consent of the Ordinary General Assembly on 26/11/1444H, corresponding to 15/06/2023G on SAR 111,784
	Rents	SAR 1,090,050	Consent of the Ordinary General Assembly on 26/11/1444H, corresponding to 15/06/2023G on SAR 1,090,050
Total		SAR 2,451,834	

Source: Company

It is worth noting that the amount of transactions with related parties in 2019G was SAR (3,713,815) and the amount presented to and consented by the General Assembly of Shareholders was only SAR (3,700,000). There was an amount of SAR 13,815, which was not presented (due to an administrative error made by the Company) to the General Assembly. This violates Article 71 of the Companies Law and Article 71 of the new Companies Law. On 26/11/1444H corresponding to 15/06/2023G, the Company presented the amount of SAR (13,815) to the General Assembly in the Company and attained its consent. It is worth noting that at the date of this Prospectus, no violation has been committed by the Company for not presenting all amounts of transactions with related parties to the General Assembly and to obtain the consent of the General Assembly thereon.

In 2020G, the amount of transactions with related parties was SAR (3,185,214). The amount consented by the General Assembly of Shareholders was only SAR (2,099,785); i.e., SAR (1,085,429) was not presented (due to an administrative error committed by the Company) to the General Assembly. This violates Article 71 of the Companies Law and Article 71 of the new Companies Law. On 26/11/1444H corresponding to 15/06/2023G, the Company presented the amount of SAR (1,085,429) to the General Assembly of the Company and attained its consent. It is worth noting that at the date of this Prospectus, no violation has been committed by the Company for not presenting all amounts of transactions with related parties to the General Assembly and to obtain the consent of the General Assembly thereon.

In 2022G, the amount of transactions with related parties was SAR (2,451,834). On 26/11/1444H corresponding to 15/06/2023G, the Company presented the amounts to the ordinary general assembly and attained its consent.

It is worth noting that at the date of this Prospectus, no violation has been committed by the Company for not presenting all amounts of transactions with related parties to the General Assembly and to obtain the consent of the General Assembly thereon. The failure to present the amounts of transactions with related parties and obtaining the consent thereon by the General Assembly of Shareholders in the Company stands as violation to the Companies Law as it is stipulated in Paragraph (3) of Article 71 of the Companies Law, as added by virtue of the Royal Decree No. (M/79) dated 25/07/1437H that: "Liability for damages arising from the transactions and contracts referred to in paragraph (1) of this Article shall be borne by the board member having interest in such transactions or contracts; liability shall also be borne by other board members for their omission or negligence in the performance of their duties in violation of said paragraph, or if it is established that the transactions and contracts are unfair or involve a conflict of interest and shareholders sustain damage therefrom." Accordingly, the Company shall be charged with financial penalty of maximum SAR (500,000) as per paragraph (c) of Article (213) of the Companies Law. In case of admitting any violation of the Company, this will incur it with financial costs on the Company. In case of repetition of the violation, the penalty will be repeated on the Company as it is stipulated in Article (216) of the Companies Law that the competent authority shall impose penalties prescribed for the violations mentioned in Article (213) of the Companies Law. Whereas Paragraph (3) of Article (71) of the new Companies Law stipulates that: "the liability for damages resulting from the works and contracts referred to in paragraph (1) of this Article shall fall on the member who has an interest in the work or contract and on the members of the Board of Directors when they default or neglect to perform their obligations in violation of the provisions of that paragraph or if it is proven that such works and contracts are unfair or involve a conflict of interest and harm the shareholders." Furthermore, Article (262) of the new Companies Law also stipulates a penalty not exceeding (500,000) Saudi Riyals and stipulates in paragraph "S" that any company or an official therein who does not observe the application of the provisions of the Law and Regulations or does not comply with the controls or decisions issued by the competent authority, without giving a reasonable reason for this.

According to paragraph 2 of Article (264) of the new Companies Law, "the competent authority has the right to take, in addition to or in lieu of the penalties prescribed in Article (262) of the new Companies Law, any of the provisions of paragraph (1/a), which stipulates: "warning the concerned person" and paragraph (1/b): "Oblige the concerned person to take the necessary steps to avoid the occurrence of the felony, or to take the necessary corrective steps to address its effects". In the event that the violation is acknowledged on the company, whether under the regulations of the Companies Law or the new Companies Law referred to above, this will incur financial costs, which will affect its financial performance, business results and future forecasts

2.1.41 Risks Related to Revenues of the Company's Exhibitions and Wholesale Centers

It is mentioned in the report of the internal auditor, issued in the first half of 2022G that although the Company made high total revenues in the six months ending on 30 June 2022G; however, the Company could not make the expected revenues and some of the Company's branches and exhibitions were not able to make the historically-expected revenues.

The following table shows the expected actual revenues of the Company:

Table (12): Expected Revenues Towards Actual Revenues of the Company

Million Saudi Riyals	31 December 2019G	31 December 2020G	31 December 2021G	Six Months Ending on 30 June 2022G
Expected revenues	122.7	140.6	187.7	99.3
Actual revenues	115.2	139.4	135.2	75.9
Percentage of revenues made from expected revenues	93.9%	99.1%	72.1%	76.5%

Source: Company

The following table shows the expected revenues towards the revenues made for the Company's wholesale centers and exhibitions for the three months ending on 31 March 2022G:

Table (13): Expected Revenues Towards Actual Revenues of the Company's Branches and Exhibitions

Million Saudi Riyals	Expected Revenues	Actual Revenues	Difference	Difference Between Expected and Actual Revenues
Wholesale				
Riyadh	12.4	8.8	(3.6)	(29.0%)
Al Qassim	5.7	10.7	5.0	87.7%
Southern Province	4.7	5.6	0.9	19.1%
Exhibitions				
Al-Khazzan	3.2	3.6	0.4	12.5%
Industrial Area	1.3	0.8	(0.5)	(38.5%)
Buraydah	1.8	1.9	0.1	5.6%
Medina	1.6	1.0	(0.6)	(37.5%)
Jeddah	0.7	1.4	0.7	100.0%
Khamis Mushait	2.0	2.5	0.5	25.0%
Tabuk	0.3	0.1	(0.2)	(66.7%)
Al Qassim	0.2	-	(0.2)	(100.0%)
Total	33.9	36.4	2.50	7.4%

Source: Company

Reduction in the expected revenues in the balance sheet for the financial year ending on 31 December 2021G and the six months ending on 30 June 2022G is mainly because of the objectives set by the management of the Company in order to make high revenues to improve the functional performance of sales. It is worth noting that the Company has an expected full statement of income.

It is also worth noting that the exhibitions of the best performance are located in the main sites and attract great number of clients. On the other hand, there are exhibitions related to the Company of low performance (especially the exhibitions in Tabuk, Khamis Mushait and Medina) is due to the aim of the Company to keep them in these regions despite the poor performance thereof. Moreover, the Company is currently working on new strategies for the exhibitions of the same poor performance, such as: changing the site, renovation of exhibitions and appointing new employees.

Inability of the Company to raise the revenues of exhibitions and wholesale centers and/or non-application of its strategies to raise the performance of the exhibitions and wholesale centers of low performance will affect the Company's financial performance, which will adversely affect the Company's business, results of operations, financial position, cash flows and prospects.

2.1.42 Risks Related to High Depreciation of Fixed Assets

Consumption percentage of properties, plants and equipment reached 75.1% as at 30 June 2022G where the depreciation of fixed assets reached 45.3 million Saudi Riyals as at 30 June 2022G. It is worth mentioning that the fixed assets of the Company are totally consumed.

It is worth noting that the Company made no replacements for the highly-consumed assets. The following table shows the consumption percentages of the Company's fixed assets as at 30 June 2022G:

Table (14): Consumption Percentages of Fixed Assets

Asset	Percentage
Vehicles	94.8%
Furniture	80.1%
Other	76.0%
Buildings	71.5%
Machinery and Equipment	71.0%

Source: Company

It is worth mentioning that as per the report of the Company's internal auditor the Company must work on re-evaluating the fixed assets as the high consumption of fixed assets and non-replacement thereof with other fixed assets will incur the Company with amounts of money, which will affect the Company's financial performance and will return adversely affect the Company's business, results of operations, financial position, cash flows and prospects.

It is worth noting that the Company keeps no records of the net book value of each of the Company's exhibitions, which also stands as challenge to determine the need of exhibitions in order to renovate these assets. This will in return adversely and materially affect the Company's business, results of operations, financial position, cash flows and prospects.

2.1.43 Risks Related to Not Putting Labels for the Company's Equipment

The Company did not put labels for its fixed assets except for the machinery and equipment. Moreover, it was not periodically verified at all that this machinery and equipment are located in the Company. However, the verification is made at the end of each year. Therefore, there is no guarantee that these fixed assets exist in the absence of these controls and procedures.

If no labels are put to identify the assets of the Company or if these assets are not periodically follow-up, they may be stolen or if there is no proof that these assets are owned by the Company, the Company may incur financial losses, which will adversely and materially affect the Company's business, results of operations and prospects.

2.1.44 Risks Related to Difference in the Internal Financial Statements and Audited Financial Statements

There is difference in the internal financial statements prepared by the Company's management and the audited financial statements. This is due to the difference in classifications by the Company's external auditors. The following table shows the differences between the internal financial statements prepared by the Company's management and the audited financial statements of the Company:

Table (15): Details of Differences Between the Consolidated Audited Financial Statements and Audited Financial Statements

Million Saudi Riyals	Internal Financial Statements prepared by the Company's Management		Audited Financial Statements		Difference	
	31 December 2019G	Six Months Ending on 30 June 2022G	31 December 2019G	Six Months Ending on 30 June 2022G	31 December 2019G	Six Months Ending on 30 June 2022G
Cash and cash equivalent	1.6	2.0	1.6	2.0	-	0.0
Related parties	7.4	5.0	1.6	-	5.7	5.0
Net current assets	118.7	175.9	113.0	170.8	5.7	5.0
Total assets	162.6	214.1	157.0	209.0	5.6	5.0

Million Saudi Riyals	Internal Financial Statements prepared by the Company's Management		Audited Financial Statements		Difference	
	31 December 2019G	Six Months Ending on 30 June 2022G	31 December 2019G	Six Months Ending on 30 June 2022G	31 December 2019G	Six Months Ending on 30 June 2022G
Liabilities						
Short term loans	24.9	42.2	24.9	42.2	-	-
Dues to third parties	6.0	11.6	-	1.2	6.0	10.4
Reserves of expected liabilities	-	2.2	-	2.0	-	0.2
Employees' end-of-service gratuity	4.0	7.2	4.2	7.2	(0.2)	(0.0)
Equities						
Capital	60.2	60.2	60.0	60.0	0.2	0.2
Legal reserve	9.9	11.0	9.8	10.9	0.1	0.1
Actuarial reserve	1.1	(1.2)	1.1	(1.2)	(0.0)	0.1
Retained profits	35.4	45.9	35.7	46.8	(0.3)	(0.9)
Total equity	107.2	116.5	107.2	117.2	(0.0)	(0.7)
Total liabilities and equity	162.6	214.1	157.0	209.0	5.6	5.0

Source: Company

The following table shows the differences between the internal financial statements prepared by the Company's management and audited financial statements of the Company for the item: Sales and Marketing Expenses and item: General and Administrative Expenses:

Table (16): Differences of Item: Sales and Marketing Expenses and Item: General and Administrative Expenses

Million Saudi Riyals	Internal Financial Statements Prepared by the Company's Management for 31 December 2019G	Financial Statements for 31 December 2019G	Difference
Sales and marketing expenses	11.8	11.9	0.0
General and administrative expenses	5.3	5.3	0.4

Source: Company

The difference between the internal financial statements prepared by the Company's management and audited financial statements of the Company may lead to inaccuracy of the Company's financial statements. This will affect the Company's financial statements, which will adversely and materially affect the quality and accuracy of the Company's audited results.

2.1.45 Risks Related to Lack of Compliance with IFRS

The Board of SOCPA decided to apply the IFRS after being approved. The IFRS start to apply on the financial statements prepared for the financial periods as of 01/01/2017G.

The Company must apply the IFRS. It is worth noting that the Company did not apply IFRS No. (15). For more information, kindly refer to the Risk No. (2.1.38) "Risks Related to the Recognition Policy of Discounts" and paragraph 93 of IFRS No. (9). For more information, kindly refer to Risk No. (2.1.36) "Risks Related to Poor Management and Formation of Receivables Provisions".

Moreover, the Company did not apply the amendments made to the IFRS in the first half of 2022G. It is worth mentioning that these IFRS came into force on 01 January 2022G as follows:

- Amendments to IFRS No. 1 "Presentation of Financial Statements" on the classification of liabilities;
- Amendments to IFRS No. 3 "Business Combination", IFRS No. 16 "Properties, Machinery and Equipment" and IFRS No. 37 "Provisions, Contingent Liabilities and Assets";

- Amendments to IFRS Nos. 1, 2 and 8 with respect to the distinguishing between the changes in accounting estimates and changes in accounting policies;
- Amendments to IFRS No. 12 "Deferred Tax Related to Assets and Liabilities Arising from One Transaction".

(For more information, kindly refer to Sub-Section No. (6.3) "Basis of Preparation" of Section (6) "Financial Information, Discussion and Analysis of Management").

Moreover, the Company did not apply the amendments made to the IFRS as follows:

- Amendments to IFRS No. 16 "Properties, Machinery and Equipment – Revenues Before the Intended Use", which came into force on 01 January 2022G;
- Amendments to IFRS No. 3 "Introduction of Definitions of Financial Report", which came into force on 01 January 2022G;
- Amendments to IFRS No. 17 "Insurance Contracts", which came into force on 01 January 2023G;
- Amendments to IFRS No. 1 "Classification of Liabilities as Current and Non-Current", which came into force as of 01 January 2023G;
- Amendments to IFRS Nos. 1 and 2 "Disclosure of Accounting Policies", which came into force on 01 January 2023G;
- Amendments to IFRS No. 8 "Amendment of Definition of Accounting Estimate", which came into force as of 01 January 2023G;
- Amendments to IFRS No. 12 "Income Taxes", which came into force as of 01 January 2023G;
- Amendment to IFRS Nos. 10 and 28 "Sale of or Contribution in Assets between the Investor and Partner or Joint Venture".

It is worth noting that the Company did not apply the above-mentioned standards. Accordingly, not applying these IFRS may require re-classification of some items of the financial statements by the external auditor in order to clarify the effect of the IFRS, which the Company did not apply. In case of re-classification, this will adversely and materially affect the Company's business, financial results, and prospects.

It is worth noting that on 09/30/2021G, the Company received a notification from the Capital Market Authority of the presence of violations against the Company related to the annual financial statements ending on December 31, 2019G (for more details, please review Subsection No. (10.15) "Sanctions and Penalties" from Section No. (10) "Legal Information" from this Prospectus).

It should also be noted that CMA Board Resolution No. (10-1-2023) dated 10/06/1444H (corresponding to 03/01/2023G) was issued to address a letter to the current members of the Board of Directors regarding the violation of paragraph (2) of Article (126) of the Companies Law and paragraph (9) of Article (22) of the Corporate Governance Regulations and paragraph (9) of Article (30) of the Corporate Governance Regulations to emphasize not to recommit this violation, due to the failure to prepare the company's annual financial statements for the period ending on 31/12/2021, in accordance with the accounting and auditing standards approved by the Saudi Organization for Chartered and Professional Accountants "SCOPA".

2.2 Risks Related to Market and Sector

2.2.1 Risks Related to the Kingdom Economic Performance

The expected future performance of the Company depends on a number of factors, which are related to the economic conditions in the Kingdom, in general, including, for example, but not limited to: factors of inflation, growth of GDP and average income for individuals, etc. The macro and micro economy of the Kingdom mainly depends on oil and petroleum industries, which are still taking over the higher share in the GDP. Therefore, any unfavorable fluctuations happen to the prices of oil, which have direct and material effect on the plans and growth of the Kingdom economy, in general, and the rates of governmental expenditure, which will adversely affect the Company's financial performance as it works within the Kingdom's economy system and it is affected by the rates of governmental expenditure.

Constant growth of the Kingdom economy depends on various other factors, including constant growth of pollution and investments of the public and private sectors in the infrastructure; therefore, any adverse change in any of these factors will have great impact on the economy; and will adversely and materially affect the Company's business, results of operations and prospects.

2.2.2 Risks Related to Political and Economic Instability in the Middle East Region

Many countries in the Middle East Region suffer from political or security instability at present. There are no guarantees that the economic and political conditions in these countries or any other countries will not adversely affect the Company's business, results of operations, financial position, and prospects.

2.2.3 Risks Related to Companies Law, Corporate Governance Regulations and CMA Rules

Management and carrying out of the Company's affairs and activities are subject to the provisions of the Companies Law issued on 28/01/1437H (corresponding to 11/11/2015G), as amended by Royal Decree No. (M/79), dated 25/07/1439H (corresponding to 11/04/2018G) and the new Companies Law issued by Royal Decree (M/132) dated 01/12/1443H corresponding to 30/06/2022G. Since the Company is listed in the Stock Exchange, the Company is subject to the CMA Rules and Regulations, including the Corporate Governance Regulations issued by the CMA Board by virtue of Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by virtue of Royal Decree No. (M/3), dated 28/01/1437, as amended by the CMA Board Resolution

No. 1-94-2022, dated 24/01/1444H (corresponding to 22/08/2022G). Moreover, the CMA Board issued by virtue of Resolution No. (8-127-2016), dated 16/01/1438H (corresponding to 17/10/2016G) the regulatory controls and procedures issued in implementation of the Companies Law with respect to the listed shareholding companies, as amended by the CMA Board Resolution No. 1-57-2021, dated 01/06/1442H (corresponding to 14/01/2021G). Moreover, the CMA Board issued by virtue of Resolution No. (8-16-2017), dated 16/05/1438H (corresponding to 13/02/2017G) the Corporate Governance Regulations, as amended by the CMA Board Resolution No. (3-57-2019), dated 15/09/1440H (corresponding to 20/05/2019G) and the Corporate Governance Regulations as amended by the CMA Board Resolution No. 8-5-2023 dated 25/6/1444H corresponding to 18/01/2023G based on the Companies Law issued by Royal Decree (M/132) dated 01/12/1443H corresponding to 30/06/2022G and the Executive Bylaws of the Companies Law for Listed Joint Stock Companies issued by the CMA Board as amended by CMA Board Resolution No. (2-26-2023) dated 05/09/1444H corresponding to 27/03/2023G based on the Companies Law issued by Royal Decree (M/132) dated 01/12/1443H and other laws and regulations.

The following table shows the non-compliance of the Company by some articles of the Governance Regulations and Corporate Regulations:

Table (17): Articles, which are not Abided By in the Governance Regulations

Article	Violation	Responsibility
57 of the Corporate Governance Regulations and Article 5 of the Regulations of the Company's Audit Committee	The Committee will be convened at least 4 times in a year. The Audit Committee was only convened 3 times in 2020G	Board of Directors
Internal Remunerations and Nominations Regulations	The Remunerations and Nominations Committee only convened in 2020G once, which violates the provisions of the Remunerations and Nominations Regulations of the Company that the Committee should be convened at least twice in a year.	Board of Directors
Article 22, paragraph 4 of the Corporate Governance Regulations	No written policy was set to regulate the relation with the stakeholders.	Board of Directors
Paragraph a of Article 74 of the Corporate Governance Regulations	No unit or department is formed to take over the evaluation affairs and risk management	Board of Directors

Source: Company

It is worth mentioning that as at the date of this Prospectus, no violations were imposed on the Company for not abiding by some articles of the Governance Regulations.

The new Companies Law and the amended Corporate Governance Regulations impose some new requirements related to the regulation and governance of corporates, which the Company must abide by. Moreover, the new Companies law imposed more severe sanctions on the violation of its provisions and rules, which are considered to be binding on all companies. Therefore, the Company, Board Members or Executive Management may be subject to such sanctions, including financial penalties and/or imprisonment (for example, the new Companies Law stipulates in paragraph (a) of Article (260) that any manager, officer, board member, auditor or liquidator deliberately records false or misleading data or information in the company's financial statements, reports, or data related to the reduction of the company's capital or the adequacy of its assets to pay its debts upon liquidation, or other reports and statements presented to the partners, the general assembly or shareholders, in accordance with the provisions of the Law, or deliberately omitted to mention a material fact in any of the foregoing with the intention of showing the financial position of the company in a manner contrary to the truth, it shall be punished by imprisonment for a period not exceeding 3 years and a fine not exceeding five million Saudi Riyals, or by one of these two penalties). and in case of non-compliance of the Company by these rules in addition to the Rules on the Offer of Securities and Continuing Obligations, which impose on the companies listed in the Stock Exchange, requirements related to the disclosure, governance, equities and other matters. The CMA Rules include detailed and specific obligations on all listed companies and impose sanctions in case of non-compliance therewith. This will adversely affect the Company's business, results of operations, financial position, and prospects.

2.2.4 Risks Related to Non-Abidance by the Current and/or New Laws and Regulations

The Company and its Affiliates are subject to supervision by a number of governmental entities in the Kingdom, including for example but not limited to, CMA, MoC, Mol, GAC and other entities. Therefore, the Company and its Affiliates are subject to the risks of changes in laws, regulations, circulars, and policies in the Kingdom. The legislative and legal environment of the Kingdom witnesses issuing a number of laws and regulations, which means that it is more subject to change and development. For example, the New Companies Law was issued by virtue of Royal Decree No. (M/132), dated 01/12/1443H, corresponding to 30/06/2022G, which came into force on 19/01/2012G. Accordingly, the CMA issued the Rules on the Offer of Securities and Continuing Obligations by virtue of the CMA Board Resolution No. 8-5-2023, dated 25/06/1444H, corresponding to 18/01/2023G in addition to the instructions of the corporate notices, amended by Resolution No. (10-5-2023), dated 25/06/1444H, corresponding to 18/01/2023G in addition to the Corporate Governance Regulations amended by the CMA Board Resolution No. (8-5-2023), dated 25/06/1444H, corresponding to 18/01/2023G and other regulations. Costs of abiding by these laws are considered to be high. In case of making any changes to the current laws or regulations or issuing new laws or regulations, this will incur the Company and its Affiliate with unexpected additional financial expenses for purposes related to the compliance with these regulations and meeting the requirements of these laws. The Company may be subject to sanctions and penalties, which are imposed by the competent supervisory authorities, if it does not constantly abide by these regulations and law, which will adversely affect the Company's business, results of operations, financial position, and prospects.

2.2.5 Risks Related to the Competitive Environment

The Company and its Affiliates work in a strong competitive environment and there is no guarantee that the Company will still be able to compete effectively with the other companies in the market. Moreover, the policies of competitive pricing of the Company and its Affiliate affect greatly its financial performance. There is no assurance that the Company and its Affiliate will still be able to compete with these companies. This will lead to reduction in the Company's share in the Stock Exchange; and therefore, will adversely affect the Company's profits and financial results.

2.2.6 Risks Related to VAT

The Kingdom issued a VAT Law, which came into force as of 01 January 2018G. This Law imposes VAT at 5% on a number of products and services. Thus, the percentage increased to 15% in 01 July 2020G. It is noted that the Company abides by paying the VAT monthly as set out in the Law. Therefore, related establishments shall be aware of the nature, method of application and calculation of VAT. Moreover, the establishments must submit their reports to the related governmental entities. Accordingly, the Company shall adopt with the changes arising from applying the VAT, which includes collection and payment thereof, in addition to the effect of applying the VAT on the business of the Company and its Affiliate. Any violation or misapplication of the Tax Law by the management of the Company or its Affiliate will expose them to penalties or sanctions or will defame them, which also increase the costs and operating expenses. This can reduce the competitive status of the Company and its Affiliate and level of demand of their services. This will adversely affect the Company, its financial position, results of operations and prospects.

2.2.7 Risks Related to Fluctuations in Currency Exchange Rates

Some transactions of the Company are subject to currencies other than the Saudi Riyal, especially the US Dollars. As part of the Kingdom policy, the Saudi Riyal, until the date of this Prospectus, is linked to the US Dollars in exchange rate of almost 3.75 Saudi Riyals towards 1 US Dollar. However, there are no assurances that the exchange rate of the Saudi Riyal will remain stable towards the US Dollar. Fluctuations in the value of the Saudi Riyal towards the foreign exchange (including the US Dollar) used by the Company may lead to increase in expenses, which will adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.2.8 Risks of COVID-19 Pandemic

At the beginning of 2020G, an infectious viral disease called (Coronavirus, "COVID-19") spread. It started to spread in most of the countries all over the world, including the Kingdom. Consequently, the WHO classified it on 11 March 2020G as a pandemic. The WHO called to take the required preventive measures in order to face this virus and to eliminate its spread. Accordingly, the Government of the Kingdom quickly took serious decisions in this regard, leading to, for example but not limited to, imposing partial or total curfew in some cities and provinces in the Kingdom, closing airports, malls and all activities therein except for food stores and pharmacies, reducing the number of working hours in some sectors, such as the sector where the Company operates whereby the working hours continue until the start of the period of partial curfew. When the total curfew was imposed, work was only limited to home delivery only.

Preventive measures taken by the Government of the Kingdom to reduce the spread of COVID-19 greatly affected all economic sectors. Although there is a vaccine for the virus; however, there is no expected date for the end of the negative impacts arising from this epidemic until the date of this Prospectus. The Company could not estimate the size of losses arising from the spread of this epidemic or any other infectious disease; and could not guarantee the consequences thereof in future, which may adversely and materially affect the Company's business, new projects, financial position, and results of future operations.

2.3 Risks Related to Offered Securities

2.3.1 Risks Related to Potential Fluctuations in Equity Price

The market price of equity may be subject to fluctuations due to the change in the factors affecting the share of the Company. This fluctuation may be huge due to the differences in the percentage of permitted daily fluctuation (which represents 10%± from the closing price of the previous day) with respect to rights, compared to the percentage of permitted daily fluctuation with respect to the Company's Shares. The Trading Price of Rights depends on the Trading Price of the Company's Shares and vision of market to the Fair Price of Rights. These factors can adversely affect the Trading Price of Rights.

2.3.2 Risks Related to Potential Fluctuations in the Price of Share

The market price of rights during the Trading Period may not stand as indication for the Market Price of the Company' Shares after the offering. Moreover, the Price of the Company's Share may not be stable and may be greatly affected due to the fluctuations arising from the conditions of the market with respect to the current Rights or Shares of the Company. Moreover, these fluctuations may arise from various factors, including but not limited to: conditions of the Stock Exchange, poor performance of the Company, inability to implement the future plans of the Company, entry of new competitors to the market, change in the vision or estimates of the experts and analysts in the Stock Exchange and any announcement by the Company or any of its competitors with respect to the merge and acquisition or strategic alliance.

The sale of large amounts of shares by the shareholders or belief of possibility that such sale will adversely affect the Price of the Company's Share in the market. Moreover, the Shareholders may not be able to sell their Shares in the market, without adverse effect on the Price of Shares. There is no assurance that the market price of the Company's shares will not be less than the Offering Price. If this occurs after

the subscription of Investors in New Shares, the subscription may not be cancelled or amended. As a result, investors may incur losses. In addition to the above, there is no assurance that the Shareholder will be able to sell their Shares in price equal to the Offering Price or above after subscription in the New Shares.

2.3.3 Risks Related to non-Profitability or Selling of Rights of Priority

There is no guarantee of the profitability of share through trading at a higher price. In addition, the failure to guarantee that the share can be sold in the first place indicates that there is no guarantee of sufficient demand in the market to exercise the Rights of Priority or receive compensation from the Company. To be noted that the Investor, who has not subscribed or sold his Rights, and the owners of fractional shares, may not receive any consideration if the sale is made during the remaining Offering Period at the Offer Price.

2.3.4 Risks Related to Future Data

The Company's future results and performance statements are not actually predictable and may differ from those in this Prospectus. It is the Company's achievements and ability to develop that determine the actual results, which cannot be expected or determined. The inaccuracy of data and results is one of the risks, of which the Shareholder must be aware in order not to affect his investment decision. If the future results and performance statements differ materially from what is stated in this Prospectus, this will result in the Shareholders losing part or all of their investments in the Company's shares.

2.3.5 Risks Related to the Possibility of Issuing new Shares

The issuance of any New Shares by the Company depends on the approval of the Extraordinary General Assembly of Shareholders. If the Company decides to issue New Shares as Rights of Priority to increase its capital, the Extraordinary General Assembly of Shareholders approves this resolution, and the Shareholders do not exercise their Rights to subscribe to the New Shares, the ownership of the shares will decrease proportionately in addition to their accessories from the right to vote and obtain profits, which will affect the market price of the share.

2.3.6 Risks related to lack of demand for the Company's Rights and shares

There is no guarantee that there will be sufficient demand for the Rights of Priority during the trading period to enable the holder of the Rights of Priority (whether a Registered Shareholder or a New Investor) to sell and profit from the Rights of Priority, or to sell the Rights at all. There is also no guarantee that there will be sufficient demand for the Company's shares by Institutional Investors during the remaining Offering Period. In the event that Institutional Investors do not make offers for the Remaining Shares at a high price, there may not be sufficient compensation to distribute it to the holders of the Rights of Priority, who have not exercised their right to subscribe, or to holders of fractional shares. Furthermore, there is no guarantee that there will be sufficient market demand for shares acquired by a Subscriber either through the exercise of the Rights of Priority of these shares, through the Remaining Offering or through the open market.

2.3.7 Risks Related to Dilution of Ownership

If holders of the Rights of Priority do not subscribe with their full rights to the New Shares, their ownership and voting rights will decrease. There is no guarantee that if the registered holder of the Rights of Priority wishes to sell their Rights of Priority during the trading period, the return received will be sufficient to fully compensate him for the decrease in his ownership ratio in the Company's capital as a result of the increase in its capital. There is also no guarantee that there will be a compensation to be distributed to the Eligible Shareholders, who have not exercised their right to subscribe, or to the owners of fractional shares in the event that the Institutional Investors in the remaining Offering Period do not submit offers for the Remaining Shares at a high price, or that the compensation (if any) is sufficient to compensate for the decrease in the ownership ratio in the Company's capital. If the Remaining Shares are sold at the Offer Price, there will be no compensation for the holders of the Rights of Priority, who did not exercise their right to the New Shares in exchange for a decrease in the percentage of their ownership in the Company's capital.

2.3.8 Risks Related to Not Exercising the Rights of Priority in a Timely Manner

The subscription period commences on Tuesday 30/04/1445H (corresponding to 14/11/2023G) and expires on Sunday 12/05/1445H (corresponding to 26/11/2023G). The holders of the Rights of Priority and the financial brokers, who represent them, must take appropriate measures to follow all necessary instructions before the subscription period expires. If the Eligible Shareholders are unable to exercise the rights of subscription properly by the end of the subscription period based on their Rights of Priority, there is no guarantee that there will be a compensation to be distributed to Eligible Shareholders, who are not participating or who have not properly carried out the subscription procedures, or to the owners of fractional shares.

2.3.9 Risks Related to the Distribution of Dividends

The future earnings per share depend on a number of factors, including the Company's profitability, maintaining a good financial position, capital needs, distributable reserves, available credit strength, and overall economic conditions. An increase in the Company's capital may lead to a decrease in earnings per share in the future as the Company's profits will be distributed to a larger number of shares as a result of its capital increase. The Company does not guarantee that any dividends on the shares will be actually distributed, nor does it guarantee the amount to be distributed in any given year. The distribution of dividends is subject to certain restrictions and conditions set out in the Articles of Association.

2.3.10 Risks Related to Speculation in Rights of Priority

The speculation in the Rights of Priority is subject to risks that may cause material losses. The permissible daily fluctuation range for the Trading Price of the Rights of Priority exceeds the permissible daily fluctuation range of the market price (which is 10% increase and decrease from the previous day's closing price). There is also a direct relationship between the Company's share price and the Indicative Value of Right. The daily price limits (i.e. the daily fluctuation range) for rights trading will therefore be affected by the daily price limits for share trading. If the Shareholder does not sell the Rights before the end of the trading period, he will have to exercise these Rights to subscribe to the New Shares, and may incur some losses. Therefore, Investors should review the full details of the mechanism for listing and trading New Rights and shares and their performance, and familiarize himself with all the factors affecting them to ensure that any investment decision is based on full awareness and knowledge.

2.3.11 Risks Related to Shareholders' Lack of Awareness of the Mechanism of Rights of Priority Trading and Exercising

Although the CMA and the Saudi Tadawul have published awareness materials and held special workshops to familiarize Investors with the Rights of Priority, how to raise capital by issuing the Rights of Priority, and how to subscribe and trade... etc., it may be difficult for some Shareholders and Investors to understand the mechanism of trading the Rights of Priority, especially the method of calculating the final price, which may miss the opportunity for Shareholders to timely take an appropriate decision. This may also negatively affect the willingness of Shareholders to invest and trade in the shares, which will result in a decrease in their ownership in the Company; thus harming the investment of those who did not use their rights to subscribe, particularly in the lack of compensation to be distributed to them.

2.3.12 Risks related to suspending trading or cancellation of Company's shares failure to publish its financial statements within the statutory period

If the Company is unable to publish its financial information within the statutory period (30 days from the end of the financial period for the interim financial statements and three months from the end of the financial period for the annual financial statements), the procedures for suspending listed securities shall be applied in accordance with the Listing Rules – approved by the CMA Board Resolution No. (1-22-2021), dated 12/07/1442H (corresponding to 24/02/2021G) – which stipulates that the Stock Exchange shall suspend the trading of Securities for one trading session following the expiry of the statutory period. If the financial information is not published during twenty trading sessions following the first suspended trading session, Saudi Tadawul will announce the re-suspension of the Company's securities until the Company announces its financial results. If the suspension of trading of the Company's shares continues for a period of six months without the Company taking the appropriate measures to correct such suspension, CMA may delist the Company's securities. The Stock Exchange lifts the suspension after one trading session following the announcement of the Company's financial results. However, if the Company delays in announcing its financial results, or if it is unable to publish them within the said statutory period, this will cause the suspension of the Company's shares or delisting of its shares, which will negatively and materially affect the interest of the Company's Shareholders, the Company's reputation and the results of its operations.

3. Company Background and Nature of Business

3.1 Overview of the Company

Al-Omran Industrial and Trading Co. ("Company" or "Issuer") was established as a limited liability company under CR No. 1010187735 issued on 18/04/1424H (corresponding to 18/06/2003G) with a capital of three million two hundred thousand (3,200,000) Saudi Riyals on behalf of Al Omran Metal Kitchens. On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. 40/S was issued to convert the Company from a limited liability company to a closed joint stock company with a capital of sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) ordinary shares with a value of nominal value of ten (10) Saudi Riyals per share and the name of the Company has been changed to Al-Omran Industrial and Trading Co. On 14/02/1438H (corresponding to 14/11/2016G), the Board of Directors adopted its resolution approving the offering and listing of the Company in the Parallel Equity Market with one million two hundred (1,200,000) shares representing 20% of the Company's shares. On 24/11/1441H (corresponding to 15/07/2020G), Tadawul approved the Company's request to move from the Parallel Equity Market to the main market. On 30/11/1441H (corresponding to 21/07/2020G), the Company's shares were listed and started trading in the main market.

3.2 Company's history and most significant developments in its capital structure

- On 06/01/1424H (corresponding to 09/03/2003G), an agreement was concluded between the founding partners, namely (1) Mohammad Nasir Al Omran, (2) Mohammad Omran Al Omran, (3) Nasir Mohammad Nasir Al Omran, (4) Abdulrahman Mohammad Nasir Al Omran to sign the Company's Memorandum of Association (with its old name Al Omran Metal Kitchens) according to the following:
 - a. One of the founders, Mohammad Omran Al Omran, owned at the time an institution named Al-Omran Trading under CR No. 101003334, dated 13/10/1397H, and its activity was wholesale and retail trade in office and home furniture and furnishings. This institution owned at the time a branch in the name of Al-Omran Metal Kitchens under CR No. 001/010013334, dated 14/03/1404H. Each of the other founders, namely Mohammad Nasir Al Omran, Nasir Mohammad Nasir Al Omran and Abdulrahman Mohammad Nasir Al Omran, wished to enter and participate in both Al-Omran Trading and Al-Omran Metal Kitchens with a valuation of three million two hundred thousand (3,200,000) Saudi Riyals for all assets of the institution and its branches. Accordingly, the founders signed the Company's Memorandum of Association with its old name Al-Omran Metal Kitchens, according to which Al-Omran Trading and its branches were transformed into Al-Omran Metal Kitchens after the Ministry of Industry's approval was issued under Ministerial Resolution No. 120/S, dated 26/01/1424H (corresponding to 29/03/2003G). Accordingly, the Company's commercial register was issued under No. 1010187735, dated 18/04/1424H (corresponding to 18/06/2003G). The following table indicates the Company's ownership structure at the beginning of the Company's establishment:

Table (18): Company's ownership structure at the beginning of establishment

Sr. No.	Name of Partner	Number of Cash Shares	Number of In-kind Shares	Total Shares	Value of Share (in SAR)	Total Value of Partner's Share (in SAR)
1	Mohammad Nasir Al Omran	400	880	1280	1000	1,280,000
2	Mohammad Omran Al Omran	500	1100	1600	1000	1,600,000
3	Nasir Mohammad Nasir Al Omran	50	110	160	1000	160,000
4	Abdulrahman Mohammad Nasir Al Omran	50	110	160	1000	160,000
Total		1000	2200	3200	1000	3,200,000

Source: Company

- On 23/12/1427H (corresponding to 13/01/2007G), the founding partners unanimously decided the following:
 - a. Approve the entry of Ms. Latifa Mohammad Al-Hajji as a new partner in the Company through the sale of part of their shares by all founding partners to her.
 - b. Approve the acquisition of Al Raha Air Conditioners Factory under CR No. 1010154984, dated 27/04/1427H (corresponding to 25/05/2006G), owned by one of the partners, Mohammad Nasir Al Omran, with an evaluation of the assets and liabilities of this Factory amounting to twelve million (12,000,000) Saudi Riyals, and that the amount is paid through the issuance of shares to Mohammad Nasir Al Omran in the Company equivalent to the amount of the acquisition.
 - c. Approve the acquisition of Zawiyat Al Reef Factory for display refrigerators and refrigerators under CR No.

1010179603, dated 03/06/1423H (corresponding to 12/08/2002G), owned by the best partners, Nasir Mohammad Nasir Al Omran, with an evaluation of the assets and liabilities of ten million (10,000,000) Saudi Riyals, and that the amount is paid through the issuance of shares to Nasir Mohammad Nasir Al Omran in the Company equivalent to the amount of the acquisition.

- d. Re-evaluate the net assets of Al-Omran Metal Kitchens with a value equivalent to thirty-eight million (38,000,000) Saudi Riyals.
- e. Approve raising the Company's capital from three million two hundred thousand (3,200,000) Saudi Riyals to sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) shares with a nominal value of ten (10) Saudi Riyals per share. The capital has been determined according to the following:

Table (19): Details of the Company's Capital

Statement	Value (Saudi Riyals)	Requirement for Evaluation
Acquisition of Al Raha Air Conditioners Factory	12,000,000	Land in the Second Industrial City in addition to the machinery and equipment owned by the Factory
Acquisition of Zawiya Al-Reef Factory for display refrigerators and fridges	10,000,000	Special machinery and equipment and Factory-owned inventory
Re-evaluation of the net assets of Al-Omran Metal Kitchens	38,000,000	The Factory land located in the Hyt District in addition to the machinery and equipment owned by the institution
Total	60,000,000	-

Source: Company

- f. Approve amending the name of the company from Al-Omran Metal Kitchens to Al-Omran Industrial and Trading Co.
 - g. Approve the conversion of the Company from a limited liability company to a closed joint stock company.
- On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. (40/Q) was issued approving the conversion of the Company from a limited liability company to a closed joint stock company with a capital of sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) shares with a nominal value of ten (10) Saudi Riyals per share under the name of Al-Omran Industrial and Trading Co. The following table shows the ownership structure of the Company after the said decisions of the partners:

Table (20): Company's ownership structure after changes in the ownership structure

Sr. No.	Name of Shareholder	Number of Shares	Value of Share (in SAR)	Nominal Value of Shares (Saudi Riyals)	Equity
1	Mohammad Omran Mohammad Al Omran	3,000,000	10	30,000,000	50%
2	Mohammad Nasir Omran Al Omran	2,394,000	10	23,940,000	39.9%
3	Nasir Mohammad Nasir Al Omran	300,000	10	3,000,000	5%
4	Abdulrahman Mohammad Nasir Al Omran	300,000	10	3,000,000	5%
5	Latifa Mohammad Al-Hajji	6,000	10	60,000	0.10%
Total		6,000,000	10	60,000,000	100%

Source: Company

- In accordance with the Board of Directors' Resolution dated 14/02/1438H (corresponding to 14/11/2016G), the Company is in the Parallel Equity Market by offering one million two hundred thousand (1,200,000) shares representing 20% of the Company's shares in the Parallel Equity Market according to the following:
- Mr. Mohammad Omran Mohammad Al Omran sold six hundred thousand (600,000) shares owned by him in the Company at the time.
 - Mr. Mohammad Nasir Omran Al Omran sold four hundred seventy-eight thousand eight hundred (478,800) shares owned by him in the Company at the time.
 - Mr. Nasir Mohammad Nasir Al Omran sold sixty thousand (60,000) shares owned by him in the Company at the time.
 - Mr. Abdulrahman Mohammad Nasir Al Omran sold sixty thousand (60,000) shares owned by him in the Company at the time.
 - Ms. Latifa Mohammad Al-Hajji sold one thousand two hundred (1,200) shares owned by her in the Company at the

time.

- On 13/04/1438H (corresponding to 11/01/2017G), CMA approved the Company's listing in the Parallel Equity Market.
- On 29/05/1438H (26/02/2017G), the Company was listed in the Parallel Equity Market and the actual trading of its shares began in the Parallel Equity Market.
- On 24/11/1441H (corresponding to 15/07/2020G), Tadawul approved the Company's request to move from the Parallel Equity Market to the main market. On 30/11/1441H (corresponding to 21/07/2020G), the Company's shares were listed and trading in the main market started.

The table below shows the ownership of major owners pre- and post-offering in the Parallel Equity Market:

Table (21): Ownership of major owners pre- and post-offering in the Parallel Equity Market

Sr. No.	Name of Shareholder	Pre-offering		Post-offering	
		Number of Shares	Equity	Number of Shares	Equity
1	Mohammad Omran Mohammad Al Omran	3,000,000	50%	2,400,000	40%
2	Mohammad Nasir Omran Al Omran	2,394,000	39.9%	1,915,200	31.92%
3	Nasir Mohammad Nasir Al Omran	300,000	5%	240,000	4%
4	Abdulrahman Mohammad Nasir Al Omran	300,000	5%	240,000	4%

Source: Company

1. Capital Changes

1. (1) Al-Omran Industries and Trading Co. (the "Company") is initially incorporated under the name of Al-Omran Metal Kitchens, as a limited liability Company under Commercial Register No. 1010187735 as issued on 18/04/1424H (corresponding to 18/06/2003G) in Riyadh, with a total capital of three million two hundred thousand (3,200,000) Saudi Riyals divided into three thousand two hundred (3,200) in-kind and cash shares of equal value, and the value of each share is one thousand (1000) Saudi Riyals.
2. (2) On 13/02/1428H (corresponding to 03/03/2007G), Ministerial Resolution No. (40/S) is issued whereby the Company is converted from a limited liability Company into a closed joint stock Company with a capital of sixty million (60,000,000) Saudi Riyals, divided to six million (6,000,000) shares, with a nominal value of ten (10) Saudi Riyals per share, and the name of the Company is changed to become Al-Omran Industries and Trading Co.
3. (3) On 29/05/1438H (26/02/2017G), the Company is listed in the Parallel Equity Market by offering one million two hundred thousand (1,200,000) shares representing 20% of the Company's shares.

3.3 Company's Key Activities

The Company carries out its activities under Commercial Register No. 1010187735 as issued on 18/04/1424H (corresponding to 18/06/2003G), and the Commercial Register shall expire on 17/04/1446H (corresponding to 20/10/2024G):

1. Manufacture of metal structures and their parts;
2. Manufacture of refrigerators and freezers;
3. Manufacture of display and commercial refrigerators and freezers;
4. Manufacture of air conditioners (unit or central AC) with freon;
5. Repair and maintenance of refrigeration and air purification devices such as refrigerators, freezers and air conditioners.

As stated in the Articles of Association approved by the Extraordinary General Assembly on 07/09/2022G, the activities and purposes of the Company are as follows:

- Trade;
- Manufacturing industries and their areas subject to the industrial license;
- Transportation, storage and refrigeration;
- Financial, business and other services;
- Information Technology;
- Building and Construction;
- Electricity, gas, water and their areas;
- Agriculture and hunting;
- Mines, petroleum and their areas; and

- Social, group and personal services.

The Company's key activities are represented in two key sectors:

- Industrial sector.
- Commercial sector.

Industrial Sector:

The Company has a number of factories, through which it produces its industrial products and can be summarized as follows:

- **Al-Omran Metal Kitchens:**

This factory produces all kinds of shelves for various shops with modern designs and different sizes according to the needs of customers under the brand (Al-Omran) as well as storage systems, as well as the manufacture of refrigerators and display freezers. The Company deals with major companies in storage systems. It is a pioneer in the manufacture of storage systems and display refrigerators and fitting major markets.

- **Al Raha Air Conditioners Factory:**

The factory produces desert air cooler of all sizes with modern designs and different cards. These air coolers are manufactured under the names of registered brands (Al Reef - Unix - Max Cool). Moreover, the factory produces all types of water coolers in sizes from 70 to 1,000 liters, and with different brands, such as Al Reef, Unix and Max Cool.

Commercial Sector:

The Company owns a group of special exhibitions to display and sell its products in addition to its authorized distributors spread throughout the KSA. The Company also has a huge maintenance team that enables it to perform after-sales service to the fullest. The maintenance team also reaches the customer wherever it is located and in a timely manner.

The Company is one of the specialized companies in the KSA in the field of air conditioning, refrigeration, household appliances, split air conditioners and window air conditioners of all sizes), ovens, washing machines, home refrigerators and screens of all sizes under the registered trademarks (Unix-Rantech).

The following table shows the breakdown of revenues by Company's sectors:

Table (22): Breakdown of revenues by Company's sectors

Sector (One thousand Saudi Riyals)	2019G	Percentage of total revenues	2020G	Percentage of total revenues	2021G	Percentage of total revenues	30/06/2022G	Percentage of total revenues
Industrial Sector	45,158	39.19%	54,599	39.18%	60,206	44.52%	34,459	45.38%
Commercial Sector	70,058	60.81%	84,763	60.82%	75,035	55.48%	41,480	54.62%
Total	115,216	100%	139,363	100.00%	135,241	100.00%	75,939	100%

Source: Company

The following table shows the breakdown of revenues by the Company's geographical location:

Table (23): Breakdown of revenues by the Company's geographical location

Area (One thousand Saudi Riyals)	2019G	Percentage of total revenues	2020G	Percentage of total revenues	2021G	Percentage of total revenues	30/06/2022G	Percentage of total revenues
Al Janoubiyah	15,683	13.61%	18,846	13.52%	18,303	13.53%	11,009	14.50%
Al Wusta	76,520	66.41%	91,540	65.68%	89,729	66.35%	49,033	64.57%
Northern Borders	6,937	6.02%	8,210	5.89%	4,174	3.09%	4,697	6.19%
Eastern	5,842	5.07%	6,877	4.93%	9,342	6.91%	3,500	4.60%
Western	10,234	8.88%	13,890	9.97%	13,693	10.12%	7,700	10.14%

Area (One thousand Saudi Riyals)	2019G	Percentage of total revenues	2020G	Percentage of total revenues	2021G	Percentage of total revenues	30/06/2022G	Percentage of total revenues
Total	115,216	100.00%	139,363	100.00%	135,241	100.00%	7,5939	100%

Source: Company

3.4 Showrooms and Wholesale Centers of the Company

The following table shows the showrooms and wholesale centers of the Company spread throughout the KSA:

Table (24): Showrooms and Wholesale Centers of the Company

#	Showroom/Wholesale Center	City	Address
1	Al Khazan Exhibition	Riyadh	Al-Washam District – Al-Numan Al-Wasiti Street
2	Industrial Exhibition	Riyadh	Industrial District – Madina Munawara St.
3	Buraidah Exhibition (1)	Buraidah	Al Sada District – King Abdulaziz Rd.
4	Buraidah Exhibition (2)	Buraidah	Al Jardah District – Ahmed Bin Hanbal St.
5	Dammam Exhibition	Dammam	Al Nakheel District – King Saud St.
6	Madina Exhibition	Madina	Bir Othman District – Amir Al-Mu'minin Uthman Bin Affan St.
7	Khamis Mushait Exhibition	Khamis Mushait	Al Shifa District – King Khalid Rd.
8	Jeddah Exhibition	Jeddah	Aziziyah District – Prince Majid Rd.
9	Tabuk Exhibition	Tabuk	Al Rawdah District – King Abdulaziz Rd.
10	Wholesale Sales Center	Buraidah	Al Jazeera District
11	Wholesale Sales Center	Khamis Mushait	Industrial District
12	Wholesale Sales Center	Riyadh	Old Al-Kharj Road

Source: Company

3.5 Vision of the Company

To Participate in the progress of the development of the Kingdom of Saudi Arabia, to contribute to charitable and social activities, to raise work standards in the industrial sector and include new social and humanitarian concepts therein, to provide highly qualified national cadres for the Saudi market, to act subject to sustainable environmental controls, and to be fully aware of our social responsibility.

3.6 Message of the Company

The Company seeks to be in the ranks of major companies that provide lead solutions in the area of industry and are able to implement the largest and most complex projects. The Company provides customer services that are limited to the Company and an added benefit to the employment and qualification advantages of our national cadres and to take the Saudi industry to the next level in order to have its worthy position in the region.

3.7 Company Strategy

The Company is constantly looking for high-profitability and increasingly-demanded new products in the market, as it seeks to significantly leverage from its leadership position in various market sectors, locally and globally. The risks surrounding the Company are low due to the diversity of the industries in which the Company operates and the diversity of clients resulting from the diversity of products and activities. The Company is always keen to appoint the best cadres with a high level of professionalism, which is reflected positively on the development of its financial and competitive performance for the Company. In its business, the Company depends on the development of certain competitive edges that it seeks to use extensively in order to improve its financial position. It is in line with the set of objectives and principles set by the new management to enhance the Company's activities:

3.8 Strengths and Competitive Edges of the Company

The Company relies in its work on developing some competitive advantages that it seeks to use intensively in order to improve its financial position, which is in line with the set of objectives and principles set by the new management to enhance the Company's activities:

1. Distinctive and Strong Brands
2. Existence of Experienced and Qualified Workers
3. Provision of Required Liquidity
4. A Wide Distribution Network in the Market

3.9 Affiliates

The Company has one affiliate, Al-Omran Plastic Industries Company. The following table shows the details of the affiliate:

Table (25): Details of the affiliate

Company's Name	Capital	Place of Incorporation	Business	Equity
Al-Omran Plastic Industries Company	(100,000) Saudi riyals	Riyadh, Kingdom of Saudi Arabia	Plastic Products	70%

Source: Company

(For more details, please see subsection (10.2.1) "Affiliates" of Section (10) "Legal Information" of this Prospectus).

3.10 Business Interruption

There has been no interruption in the business of the Company or of its affiliates that could have significantly affected or had a significant impact on the financial position during the last (12) months.

3.11 Employees and Saudization

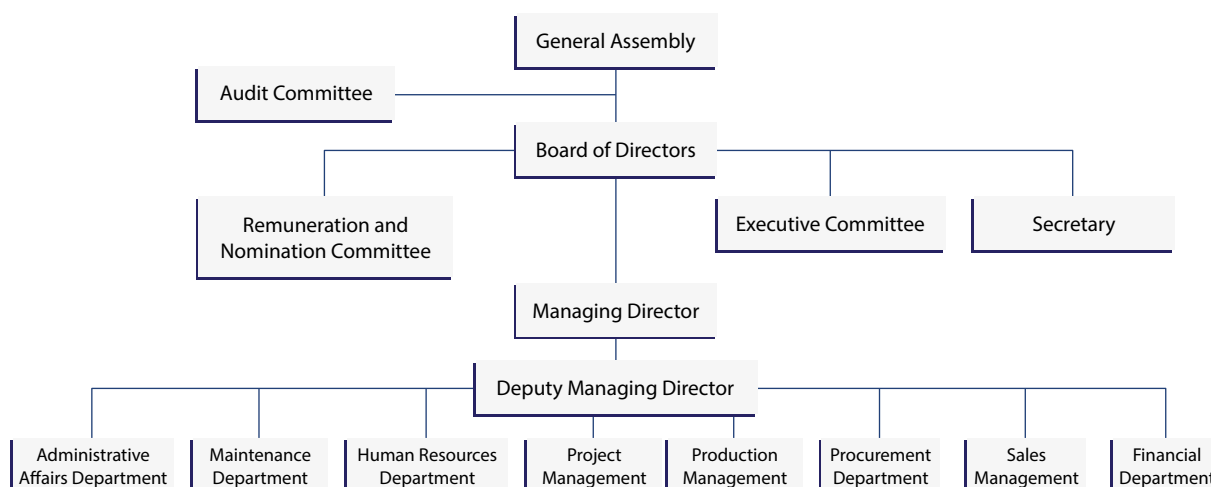
As at the date of this Prospectus, the number of the Company's employees at the headquarters in Riyadh, according to the performance report issued by the Qiwa platform, is (271) employees, including (83) Saudi employees and (244) non-Saudi employees. According to the Ministry of Human Resources and Social Development and in accordance with the Nitaqat program developed by the Ministry of Human Resources and Social Development, the Company achieved the required Saudization percentage, and was classified within the "medium green" range.

4. Company's Organizational Chart

4.1 Organizational Chart

The following figure shows the Company's Organizational Chart:

Figure No. (1): Company's Organizational Chart.



Source: Company

4.2 Board of Directors

The following table shows the Company's Directors appointed by the Ordinary General Assembly in its meeting held on 20/11/1443H (corresponding to 19/06/2022G) for the current session, which started on 22/02/1444H (corresponding to 18/09/2022G) and ends on 25/03/1447H (corresponding to 17/09/2025G):

Table (26): Company's Board of Directors Members.

Company's Board of Directors appointed on 22/02/1444H (corresponding to 18/09/2022G)								
Name	Position	Directorship	Nationality	Age	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Mohammad Omran Mohammad Al Omran	Chairman	Non-Independent Non-Executive	Saudi	70	1,133,942	18.899%	-	-
Nasir Mohammad Nasir Al Omran	Vice-Chairman	Non-Independent Non-Executive	Saudi	49	381,292	6.355%	-	-

Company's Board of Directors appointed on 22/02/1444H (corresponding to 18/09/2022G) [*]								
Name	Position	Directorship	Nationality	Age	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Abdulrahman Mohammad Nasir Al Omran	Board of Directors Member and Managing Director	Non-Independent Executive	Saudi	47	384,229	6.404%	-	-
Abdullah Abdulaziz Al Ghadeer	Board of Directors Member	Independent	Saudi	60	-	-	-	-
Fahad Saad Abdullah Al Howaimel	Board of Directors Member	Independent	Saudi	47	-	-	-	-

Source: Company

^{*} The Ordinary General Assembly meeting held on 20/11/1443H (corresponding to 19/06/2022G) approved the appointment of the Directors for a period of three years starting as of 22/02/1444H (corresponding to 18/09/2022G) and ending on 25/03/1447H (corresponding to 17/09/2025G).

4.3 Company Committees

Here is a description of the Company's committees, their responsibilities and the current members of each committee:

4.3.1 Audit Committee

In its meeting held on 20/11/1443H (corresponding to 19/06/2022G), the Ordinary General Assembly formed the members of the Audit Committee for a new term starting as of 22/02/1444H (corresponding to 17/09/2022G) and ending on 23/12/1446H (corresponding to 17/09/2025G). The following table shows the members of the Audit Committee:

Table (27): Members of the Audit Committee.

Name	Position	Other Positions in the Company
Fahad Saad Abdullah Al Howaimel	Chairman of the Committee (Independent Member)	Board of Directors Member (Independent) Chairman of the Remuneration and Nomination Committee
Yousef Mohammad Al Omran	Member	-
Saleh Abdullah Al Munaif	Member	-

Source: Company

- Audit Committee's Tasks and Responsibilities**

Verify the correctness and integrity of financial reports and statements and their internal control systems, including, in particular:

Financial Reports:

1. Study the interim and annual financial statements before presenting them to the Board of Directors, express an opinion and recommend them to ensure their integrity, fairness and transparency.
2. Provide technical opinion at the request of the Board of Directors on whether the annual 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 Company's financial position, performance, business model, and strategy.
3. Study any important or unfamiliar issues included in the financial reports.
4. Thoroughly research any issues raised by the Company's CFO, his acting officer, the Company's compliance officer or the auditor.
5. Verify accounting estimates in material matters contained in financial reports.
6. Study the accounting policies followed in the Company and express an opinion and recommendation to the Board of Directors on the same.

Internal Audit:

1. Study and review the internal and financial control systems and risk management in the Company.
2. Study the internal audit reports and follow up the implementation of corrective actions for the observations contained therein.
3. Control and supervise the performance of the activities of the internal auditor and the internal audit department in the Company, if any, to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted to it. If the Company does not have an internal auditor, the committee shall recommend to the Board of Directors the need to appoint him.
4. Recommend to the Board the appointment of the Director of Internal Audit Unit or Department or the Internal Auditor and propose his remuneration.

Auditor:

1. Recommend to the Board of Directors the nomination and dismissal of external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.
2. Verify the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Review the Company auditor's plan and work, verifying that he does not submit technical or administrative work outside the scope of the audit work, and expressing its views thereon.
4. Answer the inquiries of the Company's external auditor.
5. Study the external auditor's reports and his outside observations on the financial statements and follow up on the actions taken in this regard.

Compliance Warranty:

1. Review the results of the reports of the regulatory authorities and verify that the Company has taken the necessary measures in this regard.
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 the relevant parties, and submit its views thereon to the Board of Directors.
4. Submit any issues it deems necessary to take action on to the Board of Directors and make aside from on the actions to be taken.
5. Seek the assistance of whomever the Committee deems appropriate from inside or outside the Committee to carry out advisory work or specialized studies to assist it in carrying out its tasks and determining its fees in light of similar works and studies, taking into account obtaining the approval of the competent person.

4.3.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee was formed by the Board of Directors' Resolution, dated 11/02/1444H (corresponding to 07/09/2022G). The following table shows the members of the Remuneration and Nomination Committee:

Table (28): Members of the Remuneration and Nomination Committee.

Name	Position	Other Positions in the Company
Fahad Saad Abdullah Al Howaimel	Chairman	Board of Directors Member (Independent) Chairman of the Auditing Committee
Mohammad Omran Mohammad Al Omran	Member	Chairman
Nasir Mohammad Nasir Al Omran	Member	Directors

Source: Company

• Remuneration and Nomination Committee's Tasks and Responsibilities

The Committee shall study the topics that concern it or that are referred to it by the Board of Directors, and submit its recommendations to the Board for decision, or take decisions if authorized by the Board.

With regard to nominations, the Committee shall have the following competencies:

1. Propose clear policies and criteria for membership in the Board of Directors and Executive Management.
2. Recommend to the Board of Directors the nomination and renomination of its members in accordance with the approved policies and standards, taking into account not to nominate any person, who has previously been convicted of a crime of breach of trust
3. Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and fill the positions of executive management.
4. Determine the time that the member must allocate to the work of the Board of Directors
5. Annually review the necessary needs for appropriate skills or experience for board membership and executive management functions.
6. Review the structure of the Board of Directors and executive management and make recommendations regarding the changes that can be made.
7. Verify on an annual basis the independence of independent members, and the absence of any conflict of interest if the member is a director of another company.
8. Develop job descriptions for executive, non-executive members, independent members and senior executives.
9. Establish special procedures in the event of a vacancy in the position of a Director or senior executives.
10. Identify the weaknesses and strengths of the Board of Directors, and propose solutions to address them in accordance with the interest of the Company.

With regard to Remuneration, the Committee shall have the following competencies:

1. Prepare and submit a clear policy for the remuneration of the Board Members and the committees' members emanating from the Board Management and the Executive Management to recommend of Directors for consideration in preparation for approval by the General Assembly, taking into account in these policies the adoption of standards related to performance, disclosure and verification of their implementation.
2. Clarify the relationship between the bonuses awarded and the applicable remuneration policy, and indicate any material deviation from this policy.
3. Recommend to the Board of Directors the remuneration of the members of the Board, the Management committees emanating disclosed and the Company's senior executives in accordance with the approved policy.

4.3.3 Executive Committee

The Executive Committee was formed under the Board of Directors' Resolution, dated 11/02/1444H (corresponding to 07/09/2022G), and the following table shows the members of the Executive Committee:

Table (29): Members of the Executive Committee

Name	Position	Other Positions in the Company
Abdulrahman Mohammad Nasir Al Omran	Chairman	Managing Director
Omran Mohammad Al Omran	Member	Deputy Managing Director
Saber Mohamed Hegazy	Member	Chief Financial Officer
Adeeb Mahmoud Sub Laban	Member	Director of Operations and Production in Plants
Mohammed Al Mamoun Mohammed Abdullah	Member	Procurement Officer

Source: Company

• Functions and Responsibilities of the Executive Committee

1. The Committee shall exercise all functions of the Board of Directors and shall assume its duties in the period between the meetings of the Board and the normal operation of the Company.
2. Prepare and participate in the development of strategic plans, evaluate the proposals submitted by the executive management and submit to the Council for approval.
3. Supervise the preparation of the Company's annual balance sheet, review the proposals submitted by the executive management, and submit recommendations to the Board to approve the annual balance sheet.
4. Review the social responsibility policy, media plan and various sponsorships and submit the recommendations it deems appropriate to the Board.

5. Review social work initiatives and submit the recommendations, which the Committee deems appropriate, to the Board.
6. Take actions and decisions on urgent issues.
7. Perform the tasks requested by the Board.
8. Control and supervise the performance of the Company's executive management and verify the performance of the business and the tasks entrusted to it.
9. List the administrative and financial violations of the executive management and take the appropriate decision in accordance with the Company's Articles of Association and the Company's governance regulations rules guide.
10. Develop a mechanism that allows Company's employees to submit their observations on any violation in financial or other reports confidentially.

4.4 Executive Management

The following table shows the details of the Company's Executive Management:

Table (30): Executive Management of the Company.

Name	Position	Nationality	Age	Date of Appointment	Owned shares			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Abdulrahman Mohammad Nasir Al Omran	Managing Director	Saudi	47	01/01/1992	384,229	6.404%	-	-
Omran Mohammad Omran Al Omran	Deputy Managing Director	Saudi	36	01/04/2008	-	-	-	-
Saber Mohamed Hegazy	Chief Financial Officer	Egyptian	66	15/12/2010	-	-	-	-
Ayedh Muhammad Alasmari	Director of Administrative Affairs	Saudi	37	10/07/2011	-	-	-	-
Adeeb Mahmoud Sub Laban	Director of Operations and Production	Jordanian	43	24/10/2016	-	-	-	-
Mohammed Al Mamoun Abdullah Ali	Procurement Officer	Sudanese	47	20/10/2018	-	-	-	-
Mustafa Ibrahim Al Damanhour	Sales Manager	Egyptian	35	05/01/2016	-	-	-	-
Hussein Nasif Hussein Ardi	Project Manager	Egyptian	34	31/10/2009	-	-	-	-
Abdullah Mohammed Al Shiha	Human Resources Manager	Saudi	40	01/03/2022	-	-	-	-

Source: Company

4.5 Compensations and Rewards of Board of Directors Members and Senior Executives

The following table sets out the value of salaries, bonuses and allowances received by the Directors and senior executives during the past three years:

Table (31): Compensation and remuneration of the Directors and senior executives.

In Saudi Riyals	Financial Year ended In 2019G	Financial Year ended In 2020G	Financial year ended in 2021G
Board of Directors Members	36,000	116,000	460,000
Senior Executives	1,089,114	1,438,677	1,993,157
Total	1,125,114	1,554,677	2,453,157

Source: Company

5. Employees

5.1 Share programs for existing employees prior to submitting the application for securities registration and offer subject to this Prospectus

until the date of this Prospectus, the Company does not have any share allocation programs for its employees.

5.2 Arrangements involving employees in Company's capital

until the date of this Prospectus, there are no arrangements involving employees in the Company's capital.

6. Financial Information and Management Discussion and Analysis

6.1 Introduction

The Financial Information, Management Discussion and Analysis Section includes an analytical review of the performance and financial position of Al-Omran Industrial and Trading Co. during the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2022G (hereinafter referred to as the "Analysis Period"), which is based on and should be read in conjunction with the ("**Financial Information Summary**") Section and the Company's audited financial statements. The Company's financial information for the financial years ending in December 2019G, 2020G and 2021G and the six-month period ending on June 30, 2022G has been extracted from the financial statements for the years 2019G, 2020G and 2021G and the six-month period ending on June 30, 2022G, respectively, and has not been subject to any material amendment unless otherwise indicated.

The Company's financial statements for the years 2019G, 2020G and 2021G and the six-month period ending on June 30, 2022G have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved in the KSA and other standards and versions issued by SOCPA. They were audited by the auditors, namely "Hamoud Al Robian & Co, Chartered Accountants and Consultants" for the year 2019G, while they were audited for the year 2020G by Ibrahim Ahmed Al-Bassam and Partners – CPA's and Consultants. On the other hand, the financial statements for the year 2021G and the six-month period ended on June 30, 2022G were audited by "Al Kharashi & Co. Certified Accountants and Auditors" - as stated in their audit reports.

Chartered accountants do not own by themselves or through any of their sister companies any contribution or interest of any kind in the Company as at the date of this Prospectus. The chartered accountants have also provided their written consent to use their name, logo and statement, which they have not withdrawn as at the date of this Prospectus in relation to the reference in this Prospectus to their role as auditors of the Company for the financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ended on June 30, 2022G.

Please note that the numbers displayed in the tables of this Section are in Saudi Riyals, unless otherwise stated, and the percentages are rounded to the nearest decimal place. Hence, calculating the percentage increase/decrease using the numbers in the tables (displayed in thousands of Saudi Riyals and rounded to the nearest whole number) may not give an exact match to the percentages mentioned in the tables.

This Section may include forward-looking statements of the Company based on management's current plans and expectations regarding the Company's growth, results of operations, and financial position, which may involve uncertain risks and perceptions. The Company's actual results may differ materially from those indicated or included in these forward-looking statements due to various factors and future events, including those discussed below and elsewhere in this Prospectus, in particular in the "**Risk Factors**" section of this Prospectus.

6.2 Declarations by the Directors of the Financial Information

The Company's Directors declare the following:

1. The financial information set out in this Prospectus are extract from the financial statements for the financial years ending in December 2019G, 2020G and 2021G and the six-month period ending on June 30, 2022G without the introduction of any material amendment. They also include financial information provided on a unified basis in a form conforming with the Company's annual financial statements.
2. The Company and its affiliate do not have any holdings in contractual securities or other assets, whose value is subject to fluctuations or difficult to ascertain, which may adversely affect the assessment of the financial position.
3. Except as disclosed in Subsection (6.6) "**Results of Operations**" and Subsection "**Results of Operations**" of the "**Management Discussion and Analysis for the six-month period ending on June 30, 2021G and June 30, 2022G**" Section of this Section, there has been no material adverse change in the financial and business position of the Company and its affiliate during the three financial years ended on December 31, 2019G, 2020G and 2021G and the six-month period ending on June 30, 2022G, which immediately precede the date of submitting the application for registration and offering of securities subject to this Prospectus, in addition to the end of the period covered by the chartered accountant's report until the adoption of this Prospectus.
4. Except as disclosed in Subsection No. (6.5) "**Factors Affecting the Company's Activity and Course of Business**" of this Section, the Company and its affiliate do not have any seasonal factors or economic cycles related to the activity that may have an impact on the business and financial situation of the Company and its affiliates.
5. The Company and its affiliate are not privy to any information relating to governmental, economic, financial, monetary, political policies or any other factors that affect or have a material impact (directly or indirectly) on its operations, except as disclosed in Subsection (6.5) "**Factors Affecting the Company's Activity and Course of Business**" of this Section.

6. The Company and its affiliate have not witnessed any capital changes during the three years immediately preceding the date of filing the application for registration and offering the securities subject to this Prospectus.
7. The Company or its affiliate does not have any capital covered by an option as at the date of this Prospectus.
8. Except as disclosed in Subsection (6.7) **“Statement of Financial Position”** and Subsection **“Statement of Financial Position”** of the **“Management Discussion and Analysis for the Six-Month Period ended on June 30, 2021G and June 30, 2022G”** Section of this Section, the Company and its affiliate have no loans or other indebtedness, including overdrafts from bank accounts, and acknowledge that there are no collateral obligations (including personal, uncollateralized, secured by a mortgage or unsecured by a mortgage), acceptance credit, or lease purchase obligations.
9. Except disclosed in the subsection **“Loans”** and Subsection **“Loans”** of the **“Management Discussion and Analysis for the Six-Month Period ended on June 30, 2021G and June 30, 2022G”** Section of this Section, the Company and its affiliate do not have issued and existing, approved and unissued debt instruments and term loans, and they acknowledge that there are no security obligations (including personal collateral, uncollateralized, mortgage-secured or unsecured by a mortgage).
10. Except as disclosed in Subsection (6.7) **“Statement of Financial Position”** and Subsection **“Statement of Financial Position”** of the **“Management Discussion and Analysis for the Six-Month Period ended on June 30, 2021G and June 30, 2022G”** Section of this Section, it is to their knowledge that there are no charges, rights, any encumbrances or costs on the properties of the Company and its affiliate as at the date of this Prospectus.
11. The Company and its affiliates have no contingent liabilities, collateralized or any significant fixed assets to be purchased or leased except as disclosed in No. (7) **“Use of Offering Proceeds”**.
12. No commissions, discounts, brokerage fees or non-monetary compensation have been granted by the Company and its affiliate to any of the directors, proposed directors, senior executives, offerors or experts during the three years immediately preceding the date of submission of the application for the issuance of the Rights of Priority subject to this Prospectus.

6.3 Basis of Preparation

Basis of Measurement

- The consolidated financial statements have been prepared in accordance with the historical cost principle except where IFRS requires another basis for measurement, such as long-term employee defined benefit obligations, which are measured by the present value of future liabilities using the expected unit of credit method.

Basis of Consolidation

The consolidated financial statements include the financial statements of Al-Omran Industrial and Trading Co. and its branches and its affiliate (Group).

Control is achieved when the group has:

- The ability to control the investee facility
- Right to variable returns as a result of their association with the investee
- The ability to use its control for the purpose of influencing investment returns

The Group re-evaluates whether or not it controls any of the investees if the facts and circumstances indicate changes in one or more of the above-mentioned control elements.

When the voting rights of the Group in any of the investee entities are transferred from the majority of their voting rights, the Company shall have control over that investee entity when the voting rights are sufficient to give it a practical ability to direct activities related to the individual investee entity. The Group shall take into account all relevant facts and circumstances when assessing whether a Company has voting rights in the investee Group to give it control.

These facts and circumstances include:

- The size of the voting rights owned by the Group in relation to the size and extent of ownership by other voting holders of the Rights of Priority.
- Potential voting rights held by the Group and other voting holders of the Rights of Priority or third parties. –
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that may indicate that the Group has, or does not have, the current capacity to direct relevant activities at the time of need to make decisions, including how to vote at previous shareholder meetings.

The consolidation of an affiliate begins when the Group gains control of that affiliate, while that process ceases when the Group loses control of the affiliate. The income and expenses of the acquired or excluded affiliate during the period are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as of the date the Group acquires control until the date, on which the Group ceases to control the affiliate. The Consolidated Statement of Profit or Loss and each other element of comprehensive income is distributed to the Group's shareholders. When necessary, adjustments are made to the financial statements of the affiliate to align its accounting policies with those used by the Group. All transactions and balances, including assets, liabilities, equity, income, expenses and cash flows resulting from transactions between Group companies are excluded upon consolidation.

Changes to Group's equity in current affiliates

Changes to the Group's ownership in affiliates that do not result in loss of control are counted as equity transactions. The listed values of Group ownership and non-controlling interests are adjusted to reflect changes in its ownership in affiliates. Any difference between the value of the adjustment of non-control equity and the fair value of the allowance paid or received is directly reflected in the equity and is attributable to the Group's shareholders. When the Group loses control of the affiliate, any profit or loss on the consolidated statement of income is recognized and calculated on the basis of the difference between 1. the total fair value of the amount received and the fair value of any retained share and 2. the previously included book value of the assets (including goodwill), the liabilities of the affiliate and any non-controlling interests.

All amounts previously recognized in other comprehensive income relating to that affiliate are accounted for as if the Group had directly excluded the assets or liabilities of the affiliate (i.e. reclassification to profit or loss or conversion to another equity classification as defined and permitted in accordance with IFRS). The fair value of the percentages held from the investment in the previous affiliate on the date of loss of control is considered as fair value for the remaining investment upon initial recognition in subsequent periods in accordance with IFRS (9). In the event that it becomes an associate or joint venture, the fair value is considered as the cost of the initial recognition of investment in an associate or joint venture.

Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain significant accounting estimates and requires management to make provisions when applying the Company's accounting policies to disclose accounts that require a high degree of judgment or complexity or areas where assumptions and estimates are material to the consolidated financial statements.

New standards, amendments to standards and interpretations

The Group adopted the following new standards and amendments for the first time as of January 01, 2021G:

Amendments to IFRS 7 and IFRS 16 "Interest Rate Measurement Correction - Phase II" address problems arising from the implementation of reforms, including replacement of standard rates with alternative prices. Phase II amendments provide additional certainty exemptions from the application of the hedge accounting requirements of IAS 39 and IFRS 9 on hedging relationships directly affected by the interest rate index reform.

Amendment to IFRS 16 "Leases" - Lease Benefits in relation to COVID-19

As a result of the Coronavirus (COVID-19) pandemic, lease benefits were granted to tenants in May 2020G. The IASB published an amendment to IFRS 16 that provides an optional practical means for tenants to assess whether a COVID-19-related lease concession is an amendment to the lease contract on March 31, 2021G. The IASB published an additional amendment to extend the date as of June 30, 2021G to June 30, 2022G. Tenants can choose to be charged for rental concessions in the same way they would if there are no adjustments to the rent. In many cases, this results in the accounting of the concession as variable lease payments in the period(s) in which the event or circumstance that gave rise to the reduced payment occurred.

The application of these amendments has no material impact on the consolidated financial statements during the year.

Issued standards that have not yet been applied

The following is a statement of the new standards and amendments to the standards applied for the years commencing on or after January 01, 2022G with early application allowed, but not applied by the Group when preparing these Consolidated Financial Statements.

Amendments to IAS 1 "Presentation of Financial Statements" regarding the Classification of Liabilities

These narrow amendments to IAS 1, "Presentation of Financial Statements", clarify that liabilities are classified as current or non-current, depending on the rights at the end of the reporting period. The classification is unaffected by the entity's expectations or by events after the report date (for example, receipt of a waiver or breach of undertaking). The amendment also clarifies what IAS No. 1 means when it refers to the "settlement" of an obligation.

Amendments to IFRS 3 and IASs 16 and 37

– IFRS 3 “Business Integration” is an update of a reference in IFRS 3 of the Conceptual Framework for Financial Reporting without changing the accounting requirements for business integration.

IAS 16 “Property, Plant and Equipment” prohibits the Company from deducting from the cost of property, plant and equipment the amounts received from the sale of the items produced during the preparation of the asset for its intended use instead, the Company will recognize such sales proceeds and related costs in the statement of profit or loss. IAS 37 defines the provisions, liabilities and potentially costed assets of the Company when assessing whether or not a contract will cause a loss.

Narrow Amendments to IAS 1, Practice Statement No. 2 and IAS 8

The amendments aim to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, result in equal amounts of taxable and deductible temporary differences.

6.4 Significant Accounting Policies

Classification of assets or liabilities into current or non-current:

The Company presents the assets and liabilities in the Consolidated Statement of Financial Position on a current or non-current basis. An asset is classified as a current asset in the event of:

- The asset is expected to materialize or there is an intention to sell or depreciate the asset during the Company’s normal business cycle, or the asset is held mainly for trading, expect the asset to be realized within 12 months after the date of the list; consolidated financial position, or
- being in cash or cash equivalent unless it is prohibited to exchange or
- use the asset to settle an obligation within at least 12 months of the date of the Consolidated Statement of Financial Position.

All other assets are classified as non-current assets. The obligation is considered a current liability in the event of:

- the settlement of the obligation is expected during the normal business cycle of the company,
- the obligation is primarily retained for trading, or

the Company classifies all other liabilities as non-current liabilities. Tax assets and liabilities are classified:

- as non-current assets and liabilities.

Financial instruments

A financial instrument represents contracts that result in the financial assets of one entity and the financial liabilities or proprietary instrument of another entity.

Financial assets

IFRS (9) includes three main categories for classifying financial assets: Measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The Group generally classifies its financial assets based on the business model, on which financial assets and contractual cash flows are managed.

Financial assets at amortized cost:

A financial asset is measured at amortized cost if it meets the following two conditions and is not chosen to be rated at fair value through profit or loss:

- The asset is held within the business model to hold the assets to collect contractual cash flows.
- Contractual periods for financial assets that generate cash flows on specific dates and which are only payments for principal and interest on the principal amount payable.

Business Model Assessment

The Group conducts an assessment of the objective of the business model, in which the asset is held at the portfolio level as this reflects the best way to manage the business and provide information to management.

Fair value through other comprehensive income

Debt Instruments

A debt instrument is not measured on the basis of fair value by other comprehensive income only if it meets the following two conditions and is not selected to be classified according to fair value through profit or loss.

- A debt instrument is not measured on the basis of fair value through comprehensive other income only if it meets the following two conditions and is not selected to be classified according to fair value through profit or loss.
- Assets are held within a business model, whose objective is achieved by raising cash flows, selling financial assets.
- The contractual terms of the financial asset arise on specific dates cash flows that are only initial payments and interest on the principal amount unpaid.

Equity instruments

Upon initial recognition of investment in equity instruments not held for the purpose of trading, the Group may irrevocably choose to display subsequent changes in fair value in the consolidated statement of profit and loss and other comprehensive income. The selection is made on a per-investment basis.

Financial assets at fair value through quarter or loss.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, upon initial recognition, the Company may elect to classify a financial asset at fair value through profit and loss if it does not meet the requirements for classifying it as a financial instrument at amortized cost or at fair value through other comprehensive income, if this results in a material reduction or reduction of accounting mismatches that may otherwise arise.

Financial assets are not reclassified after initial recognition except in the period following the Group's change of its business model for managing financial assets.

Financial assets held for the purpose of trading, if any, are measured, whose performance is valued on the basis of fair value and included in Financial assets at normal value through wind and loss because they are not held to collect contractual cash flows and are not held to collect contractual cash flows and sell financial assets.

Impairment of financial assets

The impairment model applied by the Group is based on the expected loss model as defined in the IFRS (9) "Financial Instruments".

Expected credit losses are included in the provisions for the respective losses in an amount equal to:

- Expected credit losses of ten months and expected credit losses resulting from defaults related to financial instruments that may occur within twelve months after the reporting date: or
- Expected credit losses over the life of the financial instrument (expected credit losses resulting from all defaults over the life of the financial instrument)
- The impairment loss provision is recognized for expected credit losses over the life of the financial instrument if the credit risk of the financial instrument materially exceeds those risks at initial recognition, including contractual assets and trade receivables that do not include material financing elements, and the Group recognizes expected losses over the life of contractual assets and trade receivables that do not include material financing elements in accordance with IFRS (9).

The expected credit losses of other financial instruments are measured by the value of the expected credit losses for twelve months.

The Group uses practical methods when estimating expected credit losses over the life of a financial instrument, and as a result the expected credit losses over the life of the financial instrument are calculated for trade receivables using the assessment of the recoverability of the total book value of each customer.

Derecognition

The recognition of a financial asset (or part of a financial asset or part of a group of similar financial assets) is mainly revoked (i.e., excluded from the Company's Consolidated Statement of Financial Position) when:

- The right to receive cash flows from the asset is lapsed, or
- The Group transfers its rights to receive cash flows from an asset or incurs an obligation to pay cash flows received in full without material delay to a third party under the "Pass" Agreement, or (a) the Group transfers all risks and benefits of the asset or (b) the Group does not transfer or retain all risks and benefits of the asset but transfers control of the asset.

When the Group transfers its rights to receive cash flows from the principal of entering into a passing arrangement, it assesses whether and to what extent it has retained the risks and benefits associated with the ownership and has not transferred or retained materially all risks and benefits associated with the asset and has not transferred its control over the asset, and the Group continues to recognize the transferred asset to the extent that the Group's relationship with it continues. In that case, the Group continues to recognize also the liabilities associated with the asset and the associated obligation and the transferred asset are measured on a basis that reflects the rights and liabilities held by the Group.

The continuity of the relationship, which takes the form of security on the transferred asset, is measured at the original carrying amount of the asset and the maximum amount that the Group can be required to pay, whichever is less.

Financial liabilities

The Group classifies its financial liabilities, other than collateral and loan obligations, as liabilities measured at amortized cost. Amortized cost is calculated by taking into account any discounts or premiums for obtaining finance and the costs of obtaining finance form an integral part of the effective interest.

Price of Derecognition

A financial obligation is derecognized upon its fulfillment, cancellation or termination. When an existing financial obligation is replaced by another from the same lender on completely different terms or the terms of the existing obligation in a material manner, such substitution or modification is treated as a de-entry of the original financial obligation with recognition of the new obligation. The difference between the book values in question is recorded in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Clearing

Financial assets and liabilities are set-off and recorded in net terms in the Consolidated Statement of Financial Position only when there is a current right that is in effect to settle the amounts included and the Group intends to settle the assets with the liabilities on a net basis or to realize the assets and pay the liabilities at the same time.

Property, Machineries and Equipment

Property, plant and equipment are initially recognized at the cost of acquisition, including any costs directly attributable to the return of the assets to the location and condition necessary to enable them to operate in the manner intended by the Group's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the main components of property, machineries and equipment have different useful lifetimes, they are accounted for as separate items in property, plant and equipment. Depreciation is charged to the Consolidated Statement of Profit or Loss and calculated on a straight-line basis to distribute the costs of the related assets after deducting the remaining values over the estimated useful life of each item of property, plant and equipment. The estimated depreciation ratios of the assets are as follows:

Statement	Percentage
Buildings	4%
Machinery and equipment	10%-25%
Vehicles	25%
Furniture and equipment	10%-25%
Surveillance systems	12.5%

As mentioned above, depreciation expenses are calculated on a straight-line basis and there are no expected amendments to this policy.

Impairment

The carrying values of property, machineries and equipment are reviewed for the purpose of determining whether there has been a decrease in their value, in the presence of events or changes in circumstances indicating that the carrying amount may not be recoverable when such an indicator exists, and when the carrying amount of an asset exceeds its recoverable value, which represents the fair value of the asset after deducting the costs of selling or its use value, whichever is higher.

The unit generating cash that impairment is measured is defined as the smallest defined group of assets that produce cash flows that are largely independent of cash inflows from assets or other asset groups. The carrying amount of an asset is reduced directly to its recoverable value if the carrying amount of the asset is greater than its estimated recoverable value.

Capital works in progress

Assets under construction or development are capitalized within the capital business in progress. Assets under construction or development are transferred to the appropriate category of property, machineries and equipment or intangible assets depending on the nature of the project, when the asset reaches the location and/or condition necessary to be able to operate in the manner deemed appropriate by management. The cost of the capital work in progress includes the purchase price, the cost of construction/development, and any other costs directly related to the creation or acquisition of the capital works in progress that management deems appropriate. The costs associated with the testing of capital business items in progress (before they are available for use) are capitalized net fully after deducting the proceeds from the sale of any production during the test period. The capital works in progress are not depreciated or amortized.

Repair and maintenance expenses are charged to the Consolidated Profit and Loss Statement. Repair and maintenance expenses that increase the value of assets or materially increase their useful life are capitalized.

Depreciation method, residual value estimates and useful life estimates are reviewed annually.

Any item of property, machineries and equipment and any significant part that was initially recognized shall cease upon disposal or no anticipated future benefits from use or exclusion. Any gains or losses resulting from the cessation of recognition of any asset that are calculated as a difference between the net proceeds of disposal and the book value (the asset is included in the consolidated statement of profit and loss) shall be included when the asset is no longer recognized. The carrying amount of the asset is immediately reduced to its recoverable value for redemption in the event that the carrying amount of the asset exceeds the estimated recoverable value of the asset.

Impairment of non-financial assets

The Group annually assesses whether there are any impairment indicators in its assets, if such indicators exist, the recoverable value is estimated to compare with the book value. If it is difficult to estimate the recoverable value, the Group will estimate the recoverable value of the smallest cash generating unit, to which the asset is allocated and generates the Company's cash inflows from continuous use and is largely independent of the Company's cash inflows from assets or other cash generating units. The recoverable value of the asset or unit generating cash is the value currently used or fair value less the costs of selling, whichever is greater, when estimating the value that is currently used estimated future cash flows are discounted to their present value using the pre-tax discount rate which reflects current market estimates of the time value of money and the risk of the asset. If the recoverable value of the asset (or the unit generating cash) is estimated at less than its book value, the impairment loss is recognized directly in the Consolidated Statement of Profit or Loss.

Impairment losses recognized in prior years are valued at the reporting date to verify that there are indications of impairment losses or no longer exist, impairment losses are reversed when the estimates used to determine recoverable value change, and impairment losses are reversed to the extent that the carrying amount of the assets does not exceed their carrying amount that would have been previously determined less depreciation or amortization if impairment loss is not recognized.

Inventory

Inventory is measured at cost or net realizable value, whichever is lower. The cost of inventory sold during the year is recognized as an expense under the "cost of revenue" item in the Consolidated Statement of Profit or Loss, the cost is determined on the basis of the weighted average. Cost includes expenses incurred to acquire inventory, production or conversion costs, and other costs incurred for processing at the site and conditions in which it is located. In the case of manufactured inventory and production under operation, costs include the appropriate share of industrial costs other based on normal operating capacity. Net realizable value is the estimated selling price in a normal business cycle less estimated closing cost. Inventory is written off when it is unable to provide economic benefits to the Group, it may be because it has been damaged, lost, stolen or any other reason for the inability to provide economic benefits. The carrying amount of the inventory written off is charged to the cost of revenue. Spare parts are measured at cost or net realizable value whichever is lower. Cost is determined based on weighted average. An assessment of any impairment in the carrying value of spare parts is made at each reporting date.

Borrowing cost

Financing costs for loans that have been used directly to finance the creation of assets are capitalized during the time period required to

complete those assets and prepare them for their specific uses. Other borrowing costs are recorded as an expense in the period, in which they are incurred and are included in the cost of financing in the Consolidated Statement of Profit and Loss.

Cash and Cash Equivalent

For the purposes of preparing the Consolidated Statement of Cash Flows. Cash and cash equivalents consist of cash in the fund, current accounts, deposits with banks and other short-term investments that are highly liquid with an original maturity within three months or less from the date of acquisition, which can be easily converted into a specified amount of cash. They are subject to non-material risk of change in value and are available for Group use.

Capital

Financial instruments issued by the Group are classified as equity to the extent that they do not meet the definition of financial liabilities or assets. 4.9 **Employee benefits** 4.9.1 **Short-term liabilities.**

Liabilities relating to wages and salaries, including non-cash benefits, accrued leave and airfares, expected to be paid in full within twelve months after the end of the period in which employees provide the relevant services, are recognized based on the services provided by employees up to the end of the consolidated financial statement period and are measured by the amounts expected to be paid when the liabilities are settled. Liabilities as current employee benefit obligations are displayed under accrued expenses in the Consolidated Statement of Financial Position.

Other obligations relating to specific staff benefits

The obligation or asset is recognized in the Consolidated Statement of Financial Position in respect of the specified remuneration. The defined benefits liability is calculated annually by independent actuaries using the unit of intimation method and the present value of the defined benefits obligation is determined by deducting future estimated cash outflows using high-quality corporate bond interest rates denominated in the currency, in which the bonuses will be paid, and its terms are similar to the terms of the relevant liability. The specific benefit costs are classified as follows:

Service cost

Service costs include the cost of the current service and the cost of the previous service, which is directly recognized in the Consolidated Statement of Profit or Loss. Changes in the present value of benefit obligations identified for plan adjustments or reductions are recognized directly in the Consolidated Statement of Profit or Loss as prior service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit liability. This cost is included in employee benefit expenses in the Consolidated Statement of Profit or Loss.

Remeasurement profits or losses

Remeasurement gains or losses arising from adjustments or changes in actuarial assumptions in the year, in which they occur are recognized directly within other comprehensive income.

Provisions

A provision is recognized if as a result of past events it appears that the Group has a legal or contractual current obligation whose amount can be reliably estimated and is likely to require outflows of economic benefits to settle this liability. If the impact of the time value of money is material, the provision is deducted using a current rate that reflects current market valuations of the time value of money and the risks associated with the liability. Provisions are reviewed at the date of each consolidated statement of financial position and adjusted to reflect the best current estimates.

Contingent liabilities

All contingent liabilities arising from past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not under the full control of the Group, or all current liabilities arising from past events but unsubstantiated for the following reasons: (1) there is no possibility that the outflow of resources inherent in economic benefits will be required to settle the obligation or (2) The amount of the obligation cannot be measured with sufficient reliability. All of them must be valued at the date of each consolidated statement of financial position and disclosed in the consolidated financial statements of the company as a contingent liability.

Right of use assets

The Group recognizes the assets of the right of use on the date of commencement of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any impairment losses, adjusted for any remeasurement in lease obligations. The cost of right-of-use assets includes the amount of recognized lease obligations, initial direct costs incurred and rental payments made on or before the lease commencement, less any rental incentives received and asset recovery costs. Unless the Group is reasonably certain about the acquisition of title to the leased asset at the end of the lease term, the recognized right of use assets is depreciated on the straight-line method over their estimated useful life or lease term, whichever is shorter and the right of use assets are subject to impairment in value.

Lease obligations

At the commencement of the lease, the Group recognizes the obligations of the leases which are measured by the present value of the rental payments made over the life of the lease. Rent payments include fixed payments (including actual fixed payments less any rental incentives receivable), variable rental payments based on an index or rate and amounts expected to be paid under residual value guarantees. Rent payments also include the exercise price of the purchase option reasonably assured to be exercised by the Group and payment of penalty for termination of the lease if the lease reflects the Group's exercise of the termination option. Variable rental payments, which do not depend on a particular indicator or rate, are recognized as an expense in the year during which the event or circumstance causes the payment to be made.

When calculating the present value of the rental payments, the Group uses the default borrowing rate at the start of the lease if the interest rate implied in the lease cannot be easily determined. After the lease commencement date, the amount of the lease obligations is added to reflect the increase in interest and is reduced according to the rent payments made.

A change in actual fixed lease payments or a change in the valuation of the purchase of the underlying asset.

Short-term leases and leases with low value assets

The Group applies the exemption of recognition of short-term leases to short-term leases of leased properties (i.e. leases that are 12 months or less from the start date of the contract and do not include a purchase option), and also applies the exemption of recognition of leases with low value assets. Lease payments relating to short-term leases and leases with impaired assets are recognized as a straight-line expense over the life of the lease.

Loans

Loans are initially recognized at fair value as net receipts received after deducting transaction costs, if any. Subsequent to physical recognition, long-term loans are measured at amortized cost using the effective interest rate method. Any difference between receipts (net after deduction of transaction costs and redemption amount is recognized in the consolidated profit and loss statement over the loan period using the effective interest rate method). Fees paid on loan facilities are recognized as part of the loan transaction costs to the extent that some or all of the facilities are likely to be withdrawn. In these cases, the fees are deferred until the facility is withdrawn, and the fees are capitalized within the advance payments for liquidity services to the extent that there is no evidence of the possibility of withdrawing part or all of the facility and is amortized over the period of the relevant facility.

Loans are ceased to be recognized in the Consolidated Statement of Financial Position when the obligation is settled, canceled or expires. The difference between the book value of financial liabilities that have been amortized or transferred to another party and the consideration paid, including transferred non-cash assets or assumed liabilities, is recognized in the consolidated statement of profit and loss under other income or financing costs.

Loans are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the obligation for at least 12 months after the financial reporting year.

Public and specific loans directly related to the purchase, creation or production of capitalized assets are capitalized within the time period required to complete and prepare the asset for the intended use or sale, as appropriate. Eligible assets are assets that necessarily take a long period of time to become ready for use or sale for which they are intended. Investment income earned from temporary investment of specific loans until spent on eligible assets is deducted from capitalization borrowing costs.

Other borrowing costs are recognized as expenses in the year in which they are incurred in the Consolidated Statement of Profit or Loss.

Revenue recognition

The Group recognizes the revenues of contracts entered into with clients based on the five-step model referred to in IFRS 15, which includes: a) Contract identification; With the customer, i.e. agreements with the group that create enforceable rights and obligations. b)

Specify performance obligations in the contract, such as promises to transfer products or services. c) Determine the transaction price based on the consideration that the Group expects to receive for the performance obligations and excluding any amounts collected on behalf of other parties.

d) Distribute the transaction price for each performance obligation based on the estimated independent selling price of the products or services provided to the customer. e) Revenue recognition when or once the entity meets the conditions for performance of the obligation, such as the contracted products or services are transferred to the customer and the customer gains control. This may be over time or at a certain time.

Revenue is measured at the fair value of consideration received or due, subject to the payment terms specified in the contract and excluding taxes or fees. The specific criteria described below must be met before revenue recognition. In the absence of specific conditions, the above policy applies and revenue is recorded when earned and accrued.

Sale of goods

Clients' contract revenues are recognized when control of goods or services is transferred to customers at a value that reflects the considered consideration expected by the Company for those goods or services less returns, trade discounts and volume discounts. Selling the goods to the customer. With the right to return the goods within a specified period, the Group uses the Estimated Value method to estimate the goods that will not be returned, the Group recognizes the recovery liabilities instead of revenue for the goods that are expected to be recovered, and the right to recover the asset and similar adjustments to the cost of sales are recognized in relation to the right to recover the asset from the customer.

Selling and marketing expenses

Selling and marketing expenses consist of all costs of selling and marketing the Group's products and include advertising expenses, marketing fees and other indirect expenses related to sales.

Administrative expenses

Administrative expenses include indirect costs that are not specified as part of the cost of sales or the company's sales, marketing, and logistics activities.

Financing income (costs) are presented as a separate item in the consolidated statement of profit and loss.

Zakat

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZTCA"), the Group is subject to Zakat. The Zakat provision for the Company is recognized and charged to the Consolidated Statement of Profit and Loss. Additional Zakat liabilities, if any, related to the assessment on previous years are calculated by ZTCA in the period in which the final bonds are issued. The Group is primarily eligible to pay Zakat only and as reversing timing differences, if any, is not expected to have any material impact on the amount of Zakat in the foreseeable future and therefore no deferred liability or tax asset is recognized in these Consolidated Financial Statements.

Foreign currency transactions and balances

Foreign currency transactions are converted to Saudi Riyals using the exchange rate prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of these transactions and from the remeasurement of foreign currency monetary items at year-end exchange rates are recognized in the Consolidated Statement of Profit and Loss. Non-cash items are not converted at year-end and are measured at historical cost converted using exchange rates on the transaction date, except for non-cash items measured at fair value which are converted using exchange rates on the date on which the fair value was determined.

Profitability/(loss) of share

Basic earnings/(losses) per share

Basic earnings per share are calculated by dividing:

- Profit/(loss) attributable to the Group's shareholders, after deducting any equity-servicing costs other than common shares; and
- on the weighted average number of ordinary shares outstanding during the financial period.

Discounted earnings/(losses) per share

The figures used to determine basic earnings/(losses) per share are adjusted to arrive at the reduced earnings per share, taking into

account:

- The effect of interest after income tax and other financing costs associated with the reduction of potential common shares.
- The weighted average of the number of additional ordinary shares that were supposed to exist, assuming that all common shares were converted with the effect of the potential reduction.

Sectoral Reports

Operational Sector

The Operational segment is a component of the Group, which carries out activities that may generate revenues and incur expenses for them, including revenues and expenses related to transactions with any of the other segments of the Group. All sector results are periodically evaluated by the operational decision maker to make decisions so that decisions are made and the performance of the resources allocated to each sector and the available financial information are evaluated separately.

The results of the sectors that are submitted to the operational decision maker include items directly attributable to the sector in addition to those that can be allocated on an appropriate basis (head office expenses, R&D costs, related assets/liabilities, and the Group's Zakat assets and liabilities in Saudi Arabia (two operating sectors Industrial Sector - Commercial Sector). Each sector has reached the quantitative boundaries referred to in the IFRS Sectoral Reporting Standard (8). Accordingly, reports on operating segments were disclosed in the accompanying consolidated financial statements.

Geographical Sector

A geographical sector is a group of assets, processes or enterprises that engage in profitable activities in a particular economic environment subject to various risks and returns for those that work in other economic evidence.

Cash and non-cash dividends to shareholders

Cash or non-cash dividends to shareholders are recognized as liabilities upon approval of distribution, and according to the Companies Law in the KSA, dividends are approved upon approval by shareholders. The amount distributed is deducted directly from equity and recognized as liabilities.

Significant accounting estimates and assumptions

Here is information about significant areas of estimates, uncertainties and significant judgments when applying accounting policies that have a material impact on the amounts included in the consolidated financial statements:

Useful life of property, machineries and equipment

The Group conducts a periodic review of the estimated useful ages and method of depreciation to ensure that the method and period of depreciation are consistent with the pattern of economic benefits expected from these assets.

Estimation of defined benefit obligations

The cost of defined benefit obligations and the present value of the liability are determined using actuarial valuations. In addition, a specific commitment requires assumptions made for future results, which mainly include an increase in salaries and benefits, and the discount rate used to convert future cash flows to present value. Any changes in these assumptions will affect the carrying amount of the obligation. All assumptions are reviewed at the end of each financial year.

Zakat Provision

In estimating the current Zakat due by the Group, the management takes into account the applicable laws and the ZTCA decisions/rulings on certain of the above issues.

Impairment of non-financial assets

When estimating impairment management, estimates the recoverable value of each asset or unit generating cash based on expected future cash flows and uses the interest rate to discount them. Uncertainty of estimates relates to assumptions about future operating results and determining an appropriate discount rate.

Duration of leases

When determining the duration of the lease, management takes into account all the facts and circumstances that create an economic incentive to exercise the option of extension or termination. The assessment is reviewed in the event of a material event or material change in circumstances affecting that assessment. During the current financial year, there was no material financial impact of revising the terms of the leases to reflect the impact of exercising extension or termination options.

Impairment provision for trade receivables

The Group applies the simplified method, which requires recognition of expected credit losses over a lifetime since the initial measurement of receivables. The valuation of expected credit losses requires several estimates related to customer classification, discount rates and a general assessment of economic conditions in the market. Management uses its best estimates and historical customer trends to assess the provision for receivables under the Expected Credit Loss method.

5. Provision for obsolete, slow-moving and damaged inventory

The management creates a provision for slow-moving, obsolete and damaged inventory items. Estimates of net realized value based on the most reliable evidence at the time of making the estimates. These estimates take into account price fluctuations or costs directly related to events occurring later than the date of the consolidated statement of financial position to the extent that such events confirm conditions at the end of the year.

Possible correlations

By their very nature, potential correlations will only be settled when or without a future event or events occur. Assessing such potential correlations essentially involves exercising important judgments and assessments of future events.

Fair Value Measurement

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants price the instrument. The management bases its assumption on lists that are as observable as possible but this is not always available. In that case, the Department would use the best available information. Estimated fair values may differ from the actual prices to be achieved in a purely commercial transaction at the reporting date.

6.5 Factors Affecting the Company's Activity and Course of Business

Macroeconomic factors

A company's financial performance may be directly affected by the overall economic conditions in the KSA, which affects the purchasing power of consumers and reduces the spending power of consumers. The spending power of consumers has a direct impact on their average purchases.

Furthermore, any activities undertaken by the government to ease financial pressure, including but not limited to, additional reduction of government subsidies on fuel or other public services or the imposition of new taxes on residents and others may affect business. Reducing or eliminating subsidies may increase the prices of utilities, fuel, and goods, which may affect consumer spending and increase the cost of doing business for the Company. In addition, any new taxes/fees on expatriates may have a direct impact on the total number of transactions in the Company's shops and centers and can also lead to a rise in expenses. Moreover, social events held in the KSA (such as the Riyadh and Jeddah seasons, etc.) and new changes in policies applied in the country (such as the issuance of tourist visas etc.) also affect economic activity.

Business seasonality

The Company does not experience significant volatility between seasons, but its business is mainly affected by the start of the summer as revenues usually peak during the second quarter of the year before starting to decline during the third quarter of the year.

Outbreaks of infectious diseases

In general, outbreaks of infectious diseases, a similar threat to public health, or fear of such events may have an impact on a Company's business, financial position, results of operations, and future outlook.

A new type of Coronavirus (COVID-19) was detected in Wuhan, Hubei Province, China, in December 2019G. This disease has spread in most

countries of the world, which led many countries, including the KSA, to take multiple measures to limit the spread of the Coronavirus, which included imposing temporary restrictions such as travel bans, imposing curfews, and obliging people coming from other countries to quarantine for a specific period of time. The Company was also affected by preventive restrictions that had previously been imposed by the concerned authorities on business movements within the KSA, as this resulted in the temporary closure of some showrooms and exhibitions.

Competition

Competition is one of the factors that affect a number of aspects of a Company's workflow and management decisions. The effects of said competition appear on more than one level within the ordinary course of business. One form of competition that the Company deals with is geographical competition where the Company's ability to compete varies from region to region.

In addition to geographical competition, the effects of competition are shown through the sales and profits of the various products that the Company sells as the profit margins of the different products that the company sells are usually affected by the prices and offers made by the competing companies.

Periodic fluctuations of the number of showrooms

The Company's revenues are relatively affected by the number of shops and centers operating annually, and the number fluctuates periodically as a result of the opening of new sales centers and the closure of other branches. The Company's marketing team periodically assesses the market situation in order to study business opportunities and identify places and markets that are commercially profitable options that can create a fertile sales environment for the Company.

6.6 Operation outcomes

The following table shows the Company's KPIs for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (32): KPIs

(SAR .000)	The financial year ending December 31		
	2019G Audited	2020G Audited	2021G Audited
Revenue growth percentage	(0.7%)	21.0%	(3.0%)
General and administrative expenses as a percentage of revenues	(4.9%)	(8.0%)	(4.6%)
Sales and marketing expenses as a percentage of revenues	(10.3%)	(10.1%)	(11.1%)
Total profit rate	18.1%	21.6%	27.2%
Operating profit rate	2.9%	3.5%	11.5%
Net profit rate	0.1%	0.4%	7.3%
Return on equities	0.0	0.0	0.1
Current assets/ current liabilities	2.6	2.0	2.3
Non-current assets/ non-current liabilities	6.7	4.7	4.3
Assets/ equities	1.5	1.8	1.7
Return on assets	0.0	0.0	0.1
Debt to total equities	0.3	0.5	0.4
Total assets/ total liabilities	3.1	2.3	2.5

Source: Management Information

Statement of income

The following table shows the Company's statement of income for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (33): Statement of income

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Revenues	115,216	139,363	135,241	21.0%	(3.0%)	8.3%
Cost of revenues	(94,319)	(109,296)	(98,394)	15.9%	(10.0%)	2.1%
Total profit	20,897	30,067	36,847	43.9%	22.6%	32.8%
Sales and marketing expenses	(11,872)	(14,097)	(14,946)	18.7%	6.0%	12.2%
General and administrative expenses	(5,667)	(11,141)	(6,287)	96.6%	(43.6%)	5.3%
Net profit from main operations	3,359	4,828	15,614	43.7%	223.4%	115.6%
Finance costs	(1,491)	(1,393)	(2,067)	(6.6%)	48.4%	17.8%
Expenses of expected liabilities provision	-	(1,150)	(997)	N/A	(13.3%)	N/A
Other revenues	323	3	27	(99.1%)	800.0%	(70.9%)
Net profit before Zakat	2,191	2,288	12,577	4.4%	449.7%	139.6%
Zakat	(2,109)	(1,705)	(2,736)	(19.2%)	60.5%	13.9%
Year net profit	82	583	9,841	611.0%	1,588%	996.3%

Source: Audited financial statements

The revenues recorded during the period from the years of 2019G and 2021G are associated with the industrial and commercial activities of the Company, including manufacture, import, and sale of home appliances. Revenues increased at a percentage of 21.0% from 115.2 million Saudi riyals in 2019G to 139.4 million Saudi riyals in 2020G. This is attributable in the first place to the rise of demand and increased VAT from 5.0% to 15.0%. The Company's revenues declined again at 3.0% from 139.4 million Saudi riyals in 2020G to 135.2 million Saudi riyals in 2021G due to the decline in demand in general across home appliance market, which is still recovering from Covid-19 consequences.

Cost of revenues is divided into two types; the industrial sector cost and the commercial sector cost. Cost of revenues increased at 15.9% from 94.3 million Saudi Riyals in 2019G to 109.3 million Saudi Riyals in 2020G. Cost of revenues mainly includes the costs of imported and manufactured goods as well as the cost of labor and employees at various factories. Cost of revenues also include other miscellaneous costs incurred by factories such as rental expenses, depreciation expenses, utility expenses, hospitality, and other expenses. Cost of revenue increased at 15.9% from 94.3 million Saudi riyals in 2019G to 109.3 million Saudi riyals in 2020G due to the increased volume of purchases of imported raw materials and devices after the across-the-year increased demand. Cost of revenue declined again at 2.1% to 98.4 million Saudi riyals in 2021G following lower labor and indirect expenses associated with the production process.

Gross profit increased at 43.9% from 20.9 million Saudi riyals in 2019G to 30.1 million Saudi riyals in 2020G thanks to higher revenues, with a further increase of 22.6% from 30.1 million Saudi riyals in 2020G to 36.8 million Saudi riyals in 2021G. The said increases were mainly affected by improved gross profit margins following lower overhead and labor costs per unit for the industrial sector. The commercial sector also managed to secure products at lower prices.

Expenses of sales and marketing mainly include salaries and wages of sales and showrooms staff in addition to the discounts granted to customers. Expenses of sales and marketing increased at 18.7% from 11.9 million Saudi riyals in 2019G to 14.1 million Saudi riyals in 2020G. The increase of expenses remained in hike at 6.0% from 14.1 million Saudi riyals in 2020G to 14.9 million Saudi riyals in 2021G. This is mainly thanks to higher salaries, wages and the like (including maintenance expenses).

General and administrative expenses mainly include administrative staff salaries and wages and the like (including the provision for accounts receivables). General and administrative expenses increased at 96.6% from 5.7 million Saudi riyals in 2019G to 11.1 million Saudi riyals in 2020G. This is primarily due to an increase in the balances of such provisions associated with barred and bad debit balances. General and administrative expenses decreased at 43.6% from 11.1 million Saudi riyals in 2020G to 6.3 million Saudi riyals in 2021G, mainly due to a decrease in the balance of the provision reserved and associated with debit balances.

General and administrative expenses increased at 43.7% from 3.4 million Saudi riyals in 2019G to 4.8 million Saudi riyals in 2020G due to increased revenues. This increase of expenses remained in hike at 223.4% from 4.8 million Saudi riyals in 2020G to 15.6 million Saudi riyals in 2021G following the decrease in general and administrative expenses.

Loan financing costs include loan interest charges obtained between 2019G and 2021G to support working capital needs. Finance expenses decreased at 6.5% from 1.5 million Saudi riyals in 2019G to 1.4 million Saudi riyals in 2020G. Then finance costs increased at

48.4% from 1,4 million Saudi riyals in 2020G to 2.1 million Saudi riyals in 2021G. Traffic of these expenses is associated with that of loan balances (withdrawal and repayment traffic).

These expenses account for provisions that the Company retained to cover certain of the potential Zakat amounts that the Company may be claimed. It is worth noting that the Company submitted its zakat returns to ZATCA until the year ending 31 December 2021G and received a valid certificate until 30 April 2023G. On 20 July, an initial Zakat assessment was issued to the Company by the ZATCA for the years from 2014G to 2018G in an amount of 2.7 million Saudi riyals. On 20 September 2020G, the Company brought an objection to ZATCA and the same is still under examination and study by ZATCA.

Other revenues relate to gains generated from the sale of fully consumed cars and machinery. Other revenues decreased at 98.9% from 0.3 million Saudi riyals in 2019G to three thousand Saudi riyals in 2020G. Then they increased at 703.1% from three thousand Saudi riyals in 2020G to 27 thousand Saudi riyals in 2021G. Other revenues fluctuate periodically as they are not associated with the main activity traffic.

Net profit before Zakat increased at 4.4% from 2,2 Saudi million riyals in 2019G to 2,3 million Saudi riyals in 2020G. This increase remained in hike at 449.7% from 2,3 million Saudi riyals in 2020G to 12,6 million Saudi riyals in 2021G. The said increases were mainly affected gross profit increase between 2019G and 2021G.

Zakat expenses decreased at 19.2% from 2.1 million Saudi riyals in 2019G to 1.7 million Saudi riyals in 2020G. Then expenses increased at 60.5% from 1,7 million Saudi riyals in 2020G to 2,7 million Saudi riyals in 2021G.

Net profit of the year increased at 612.1% from 82 Saudi million riyals in 2019G to 0,6 million Saudi riyals in 2020G. This increase in net profit remained in hike at 1,587.9% from 0,6 million Saudi riyals in 2020G to 9,8 million Saudi riyals in 2021G. The said increases were mainly affected by the rise in gross profit.

Revenue and deductions

The following table shows the revenues and deductions for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (34): revenues and deductions

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Revenues	121,700	149,400	151,200	22.8%	1.2%	11.5%
Deductions	(3,084)	(7,237)	(11,559)	134.7%	59.7%	93.6%
Returned objects	(3,400)	(2,800)	(4,400)	(17.6%)	57.1%	13.8%
Total	115,216	139,363	135,241	21.0%	(3.0%)	8.3%

Source: Licensee's Information

The revenues recorded by the Company between 2019G and 2021G are associated with various industrial and commercial projects carried out by the Company between the two years. For more details, please see the details in the following tables.

The discounts that the Company gives to its customers are various. They mainly include bill and special discounts.

Bill discounts:

They are discounts that are granted on the prices of some products. It should be noted that the selling prices are predetermined by the Company that may provide certain customers with price discounts. These discounts are mentioned in contracts as a type of discounts without specifying their value. They fluctuate within the ordinary course of business, and are determined according to market data.

Special discounts:

They are discounts to be granted during holidays or to accelerate and activate sales of certain products. These discounts fluctuate continuously and also depend on market data.

Overall, the discounts to be provided by the Company to its customers have gradually increased. At the level of bill discount, value of such discounts gradually increased from 3,1 million Saudi riyals in 2019G to 11,6 million Saudi riyals in 2021G. On the other hand, the value of special discounts increased from 1.3 million Saudi riyals to 2.6 Saudi riyals between the two mentioned years.

Sector revenues

The following table shows the revenues as per sector for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (35): Sector revenues

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Commercial sector	70,058	84,763	75,035	21.0%	(11.5%)	3.5%
Industrial sector	45,158	54,599	60,206	20.9%	10.3%	15.5%
Total	115,216	139,363	135,241	21.0%	(3.0%)	8.3%

Source: Licensee's Information

The Company's revenues may be classified into two main sectors; the commercial and industrial sectors.

The industrial sector is associated with the Company's various factories and activities, which include various production processes. On the other hand, the sector's commercial activities are associated with the import and sale of various home appliances.

Revenues of the commercial sector increased at 21.0% from 70.1 million Saudi riyals in 2019G to 84.8 million Saudi riyals in 2020G. The increase was mainly affected by the increase in the VAT from 5.0% to 15.0%. This urged a large number of customers to accelerate their purchases before the new rate is applied and price increase. Revenues re-decreased at 11.5% from 84.8 million Saudi riyals in 2020G to 75.0 million Saudi riyals in 2021G due to the decline in demand in general as the market for products sold by the Company is still suffering globally from the consequences of the Covid-19 pandemic.

Revenues of the industrial sector increased at 20.9% from 45.2 million Saudi riyals in 2019G to 54.6 million Saudi riyals in 2020G. An additional increase of 10.3% was recorded from 54.6 million Saudi riyals in 2020G to 60.2 million Saudi riyals in 2021. The increase was associated with an increase in the demand volume that included most types of products, specifically racks.

Product revenues

The following table shows the revenues as per the Company's product for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (36): Product revenues

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Commercial sector						
Ovens	10,430	12,668	5,839	21.5%	(53.9%)	(25.2%)
Consumables and spare parts	2,277	3,588	3,841	101.5%	(16.3%)	29.9%
External coolers	474	432	222	(8.7%)	(48.7%)	(31.6%)
Refrigerators	7,258	6,075	3,870	(16.3%)	(36.3%)	(27.0%)
Screens	6,705	8,470	8,017	26.3%	(5.3%)	9.4%
Washing machines	4,813	7,546	8,027	56.8%	6.4%	29.1%
Freezers	1,375	2,074	369	50.9%	(82.2%)	(48.2%)
ACs – split	29,630	33,097	36,893	11.7%	11.5%	11.6%
ACs – window	7,096	9,814	7,956	38.3%	(18.9%)	5.9%
Total commercial sector	70,058	84,763	75,035	21.0%	(11.5%)	3.5%
Industrial sector						
Cooler factory	2,913	2,506	1,494	(14.0%)	(40.4%)	(28.4%)
Plastic factory	1,959	1,211	2,226	(38.2%)	83.9%	6.6%
Refrigerator factory	20,845	27,943	28,128	34.0%	0.7%	16.2%
Rack factory	13,131	17,191	22,865	30.9%	33.0%	32.0%

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
ACs factory	6,310	5,750	5,493	(8.9%)	(4.5%)	(6.7%)
Total Industrial sector	45,158	54,599	60,206	20.9%	10.3%	15.5%
Total	115,216	139,363	135,241	21.0%	(3.0%)	8.3%

Source: Licensee's Information

As aforesaid, the Company's activities are classified in two main categories; industrial and commercial activities.

With regard to the commercial sector, the increase in revenues between 2019G and 2020G included majority of the sector's products. On the other hand, the subsequent decline in revenues during 2021G affected the vast majority of the sector's products as well.

It is worth noting that the decline in revenues of the commercial sector between 2020G and 2021G was faced by an increase in the revenues at the industrial sector level, which recorded a consecutive increase in revenues during the period between 2019G and 2021G. It should be mentioned that the revenues of the commercial sector are associated with the demand volume in general and affected by the change to the prices of products sold globally.

Branch revenues

The following table shows the revenues by the Company's branch(es) for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (37): Branch revenues

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Riyadh branch (wholesale)	36,760	35,573	32,089	(3.2%)	(9.8%)	(6.6%)
Al Qusaim branch (wholesale)	23,285	32,511	23,896	39.6%	(26.5%)	1.3%
Projects	9,953	12,202	14,951	22.6%	22.5%	22.6%
Al Janub branch (wholesale)	12,469	17,203	18,016	38.0%	4.7%	20.2%
Al Khazan showroom	7,617	6,810	8,131	(10.6%)	19.4%	3.3%
New Bridah	2,491	5,521	6,657	121.7%	20.6%	63.5%
Head office	3,878	7,029	7,356	81.3%	4.7%	37.7%
Jeddah showroom	2,410	2,277	2,768	(5.5%)	21.6%	7.2%
Al Dammam showroom	3,460	4,302	5,257	24.3%	22.2%	23.3%
Al Senaiyah showroom	2,819	4,674	4,276	65.8%	(8.5%)	23.2%
Al Madinah showroom	4,130	6,190	4,250	49.9%	(31.3%)	1.4%
Khamis Mushait showroom	2,555	2,834	2,190	10.9%	(22.7%)	(7.4%)
Tabuk showroom	1,332	940	1,019	(29.4%)	8.4%	(12.5%)
Maintenance showroom	303	369	410	21.9%	11.1%	16.4%
Al Qusaim showroom	1,325	539	414	(59.3%)	(23.2%)	(44.1%)
New Jeddah showroom	196	-	-	(100.0%)	N/A	(100.0%)
Export	235	388	3,559	65.0%	818.4%	289.3%
Total	115,216	139,363	135,241	21.0%	(3.0%)	8.3%

Source: Licensee's Information

The Company manages a set of showrooms and branches that show various products.

Riyadh wholesale branch is the Company's main branch, where the revenues attained by this branch accounted for 31.9%, 25.5%, and 23.7% of the total revenues in 2019G, 2020G and 2021G respectively.

It should be noted that the work and performance of branches and showrooms are affected by a set of factors, most notably:

- The branch location plays a critical role in the showroom's performance levels. The branch performance is affected by relevant geographical location and purchasing power of the consumers of such location. Competitors in the branch location also affects the work and performance levels of it.
- The salesperson performance level. Although the chief task of the salesperson is to manage the day-to-day sales processes, his/ her ability to attract customers and market the product within the geographical environment plays a vital role in improving and driving the sales process and raising the branch level performance.

It is worth noting that the showrooms of Tabuk and Qusaim, which recorded relatively low revenues between 2019G and 2021G, are opened by the Company with a view to maintaining the presence of its products in the said areas. It is also important to note that the budget estimates that the Company had set for the year 2021G were relatively high to motivate employees and raise their level of performance.

Cost of revenues

The following table shows the Company's cost of revenues for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (38): Cost of revenues

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Industrial sector						
Raw material costs	19,497	27,683	27,601	42.0%	(0.3%)	19.0%
Labor costs	4,072	3,674	3,049	(9.8%)	(17.0%)	(13.5%)
Indirect costs	10,949	8,504	7,913	(22.3%)	(6.9%)	(15.0%)
Total Industrial sector	34,518	39,861	38,563	15.5%	(3.3%)	5.7%
Commercial sector						
Commercial cost	59,801	69,436	59,830	16.1%	(13.8%)	0.0%
Total commercial sector	59,801	69,432	59,830	16.1%	(13.8%)	0.0%
Total cost of revenues	94,319	109,296	98,394	15.9%	(10.0%)	2.1%

Source: Licensee's Information

The cost of revenue at the industrial sector level mainly includes the raw material cost, including costs of all steel materials, compressors, condensers, and other materials that are used in the day-to-day production processes. The cost of revenues for the industrial sector increased at 15.5% from 34.5 million Saudi riyals in 2019G to 39.9 million Saudi riyals in 2020G due to the increase in the cost of materials following the increase in the volume of material purchases that were acquired for supporting business needs in 2020G. Cost of revenue declined again at 3.3% from 39.6 million Saudi riyals in 2020G to 38.6 million Saudi riyals in 2021G following lower levels of labor cost and indirect costs.

Cost of revenues as per the commercial sector covered cost of such commodities and products acquired by the Company for resale purposes. These costs fluctuate continuously and are affected by global prices and those adopted by suppliers. Cost of special revenues at the commercial sector level increased at 16.1% from 59.8 million Saudi riyals in 2019G to 69.4 million Saudi riyals in 2020G. This is mainly due to the increase in the cost of air conditioners and washing machines driven by the increase in the prices of iron and compressors. Then the cost decreased at 13.8% from 69.4 million Saudi riyals in 2020G to 59.8 million Saudi riyals in 2021G. This is due to the decrease in the cost of ovens after the shipping cost decline.

Cost of revenues as per the commercial sector

The following table shows the cost of revenues at the commercial sector level of the Company for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (39): Cost of revenues as per the commercial sector

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Commercial sector						
ACs – split	25,862	28,390	30,114	9.8%	6.1%	7.9%
ACs – window	6,178	8,684	6,539	40.6%	(24.7%)	2.9%
Ovens	9,326	10,895	4,618	16.8%	(57.6%)	(29.6%)
Washing machines	3,991	6,302	6,487	57.9%	2.9%	27.5%
Refrigerators	6,114	4,954	3,122	(19.0%)	(37.0%)	(28.5%)
Screens	5,654	6,497	4,982	14.9%	(23.3%)	(6.1%)
External coolers	371	357	166	(3.7%)	(53.5%)	(33.1%)
Freezers	1,060	1,798	297	69.6%	(83.5%)	(47.0%)
Consumables and spare parts	1,245	1,560	3,505	25.3%	124.7%	67.8%
Total cost of the commercial sector revenues	59,801	69,436	59,830	16.1%	(13.8%)	0.0%

Source: Licensee's Information

Air conditioner costs accounted for 53.6%, 53.4% and 61.3% of the commercial sector's total revenue cost in 2019G, 2020G and 2021G respectively.

Cost of revenues as per the industrial sector

The following table shows the cost of revenues at the industrial sector level of the Company for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (40): Cost of revenues as per the industrial sector

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Industrial sector						
Raw material costs						
Rack factory	6,312	9,217	10,355	46.0%	12.3%	28.1%
Refrigerator factory	7,263	12,287	11,623	69.2%	(5.4%)	26.5%
ACs factory	3,200	3,725	3,390	16.4%	(9.0%)	2.9%
Plastic factory	1,127	912	1,339	(19.1%)	46.9%	9.0%
Cooler factory	1,595	1,541	893	(3.3%)	(42.0%)	(25.2%)
Total raw material costs	19,497	27,683	27,601	42.0%	(0.3%)	19.0%
Labor costs						
Refrigerator factory	1,899	2,377	2,034	25.1%	(14.4%)	3.5%
Plastic factory	390	600	308	54.0%	(48.7%)	(11.1%)
ACs factory	479	116	111	(75.8%)	(4.5%)	(51.9%)
Rack factory	854	344	453	(59.7%)	31.9%	(27.1%)
Cooler factory	450	237	143	(47.2%)	(39.8%)	(43.7%)

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Total labor costs	4,072	3,674	3,049	(9.8%)	(17.0%)	(13.5%)
Indirect costs						
Refrigerator factory	6,003	4,034	3,919	(32.8%)	(2.9%)	(19.2%)
Rack factory	2,669	2,737	2,495	2.6%	(8.8%)	(3.3%)
Plastic factory	428	234	527	(45.3%)	125.2%	11.0%
ACs factory	1,464	1,120	669	(23.5%)	(40.3%)	(32.4%)
Cooler factory	385	379	304	(1.6%)	(19.9%)	(11.2%)
Indirect costs	10,949	8,504	7,913	(22.3%)	(6.9%)	(15.0%)
Total industrial sector cost	34,518	39,861	38,563	15.5%	(3.3%)	5.7%

Source: Licensee's Information

Costs of revenues associated with the industrial sector cover raw material, labor, and indirect costs. Raw material costs are the main component of these costs (raw material costs accounted for 65.8% of the total industrial cost during the period 2019G-2021G).

Raw material

The raw material cost primarily includes the cost of steel, compressors, condensers, as well as other raw materials used in the production process. The raw material costs increased at 42.0% from 19,5 million Saudi riyals in 2019G to 27.7 million Saudi riyals in 2020G. These costs passed no material change between 2020G and 2021G. As aforesaid, the increase in raw material costs during the year 2020G was affected by the increase in the volume of raw material purchases acquired by the Company in order to support business needs after the pace of business increased during the above year.

Labor costs

Labor costs consist of the salaries and benefits of employees and workers who run the Company's various factories. The said team of employees includes labor, supervisors, technicians, and engineers. Labor costs decreased at 9.8% from 4,1 million Saudi riyals in 2019G to 3.7 million Saudi riyals in 2020G. This decrease persisted at 17.0% from 3,7 million Saudi riyals in 2020G to 3,0 million Saudi riyals in 2021G. It should be noted that the decrease in labor costs was affected by the decline in the Labor Office expenses and a number of resignations and terminations that followed the Covid-19 pandemic crisis.

Indirect costs

Indirect costs cover depreciation expenses for machinery, equipment, plant buildings, rent, utilities, fixed costs, public utility as well as other costs incurred. Indirect costs decreased at 22.3% from 10.9 million Saudi riyals in 2019G to 8.5 million Saudi riyals in 2020G, with a further increase of 6.9% from 8.5 million Saudi riyals in 2020G to 7.9 million Saudi riyals in 2021G.

Total profit by product

The following table shows the total profit by product for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (41): Total profit by product

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Commercial sector						
Ovens	1,104	1,773	1,222	60.6%	(31.1%)	5.2%
Consumables and spare parts	1,032	3,028	336	193.3%	(88.9%)	(43.0%)
External coolers	103	75	55	(26.8%)	(26.2%)	(26.5%)
Refrigerators	1,144	1,122	749	(2.0%)	(33.3%)	(19.1%)
Screens	1,051	1,973	3,036	87.8%	53.9%	70.0%

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Washing machines	822	1,244	1,539	51.2%	23.8%	36.8%
Freezers	315	276	71	(12.3%)	(74.2%)	(52.4%)
ACs – split	3,768	4,707	6,779	24.9%	44.0%	34.1%
ACs – window	918	1,130	1,417	23.2%	25.3%	24.3%
Total commercial sector	10,257	15,328	15,204	49.4%	(0.8%)	21.8%
Industrial sector						
Cooler factory	483	348	154	(28.0%)	(55.7%)	(43.5%)
Plastic factory	16	(535)	52	N/A	(109.7%)	82.8%
Refrigerator factory	5,679	9,245	10,552	62.8%	14.1%	36.3%
Rack factory	3,296	4,893	9,561	48.4%	95.4%	70.3%
ACs factory	1,167	789	1,324	(32.4%)	67.8%	6.5%
Total Industrial sector	10,640	14,739	21,643	38.5%	46.8%	42.6%
Total	20,897	30,067	36,847	43.9%	22.6%	32.8%

Source: Licensee's Information

Most of the company's products recorded an increase in gross profit between 2019G and 2021G.

Commercial sector

At the commercial sector level, total profit increased at 49.4% from 10.3 million Saudi riyals in 2019G to 15.3 million Saudi riyals in 2020G. It can be said that the improvement indicated was mainly driven by higher revenues of this sector. It is worth mentioning that the profitability of this sector is closely associated with the prices of products imported by the Company and purchased for resale in the Saudi markets. Prices of imported products fluctuate permanently. It should be mentioned that the vast majority of the Company's purchases are acquired through issuable purchase orders, since the Company only enters into contracts with a certain number of suppliers, as the purchase prices of products fluctuate permanently, this does not make fixing prices through long-term contracts necessarily a useful step.

Industrial sector

Similar to the commercial sector case, the industrial sector profitability achieved a gradual increase from 10.6 million Saudi riyals in 2019G to 21.6 million Saudi riyals in 2020G. In addition to the revenue increase of the year 2020G, the decrease in cost of revenue in 2021G played a role in the said profitability increase. The lower cost of revenue was impacted by lower labor costs and indirect costs of factories. It should be noted that in the case of the industrial sector, the cost is affected by the prices of raw materials that are used in the day-to-day production processes.

Profit margin by product

The following table shows the profit margin by product for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (42): Profit margin by product

(SAR .000)	The financial year ending December 31		
	2019G Audited	2020G Audited	2021G Audited
Commercial sector			
Ovens	10.6%	14.0%	20.9%
Consumables and spare parts	45.3%	66.0%	8.7%
External coolers	21.7%	17.4%	25.0%
Refrigerators	15.8%	18.5%	19.3%
Screens	15.7%	23.3%	37.9%

(SAR .000)	The financial year ending December 31		
	2019G Audited	2020G Audited	2021G Audited
Washing machines	17.1%	16.5%	19.2%
Freezers	22.9%	13.3%	19.4%
ACs – split	12.7%	14.2%	18.4%
ACs – window	12.9%	11.5%	17.8%
Total commercial sector	14.6%	18.1%	20.3%
Industrial sector			
Cooler factory	16.6%	13.9%	10.3%
Plastic factory	0.8%	(44.2%)	2.3%
Refrigerator factory	27.2%	33.1%	37.5%
Rack factory	25.1%	28.5%	41.8%
ACs factory	18.5%	13.7%	24.1%
Total Industrial sector	23.6%	27.0%	35.9%
Total	18.1%	21.6%	27.2%

Source: Licensee's Information

As mentioned above, vast majority of the Company's products recorded an improvement in gross profit margin between 2019G and 2021G following an increase in revenues between 2019G and 2020G and cost of revenue decrease between 2020G and 2021G.

Sales and marketing expenses

The following table shows the Company's sales and marketing expenses for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (43): Sales and marketing expenses

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G- 2021G
Salaries, wages, and the like	3,795	4,446	4,929	17.2%	10.9%	14.0%
Due discounts of customers	1,328	1,615	2,605	21.6%	61.3%	40.0%
Transport expenses	1,314	1,579	1,371	20.2%	(6.9%)	5.8%
Repair and maintenance	615	1,542	1,135	150.7%	(26.4%)	35.8%
Sales commission	1,065	1,325	1,384	24.4%	4.4%	14.0%
Rents	1,034	1,227	1,425	18.6%	16.2%	17.4%
Governmental fees	693	510	209	(26.4%)	(59.1%)	(45.1%)
Amortization of right-of-use rights	464	466	465	0.5%	(0.3%)	0.1%
Amortization of properties, machinery, and equipment	439	284	204	(35.4%)	(27.9%)	(31.8%)
other	1,125	1,103	1,120	(1.9%)	1.5%	(0.2%)
Total	11,872	14,097	14,946	18.7%	6.0%	12.2%

Source: Audited financial statements

Sales and marketing expenses consist mainly of salaries, wages, and the like, which constituted 32.0%, 31.5%, and 33.0% of the total costs in 2019G, 2020G, and 2021G respectively.

Salaries, wages, and the like account for of salaries and benefits of salespersons and operations managers of showrooms. Expenses of salaries, wages, and the like increased at 17.2% from 3.8 million Saudi riyals in 2019G to 4.4 million Saudi riyals in 2020G, with a further increase of 10.9% to reach 4.9 million Saudi riyals in 2021G. The increase was generated by the hiring of additional staff to keep pace with the increase in the volume of the Company's activity.

Discounts due to customers' accounts for discounts granted to them. Expenses of discounts due to customers increased at 21.6% from 1.3 million Saudi riyals in 2019G to 1.6 million Saudi riyals in 2020G, with a further increase of 61.3% from 1.6 million Saudi riyals in 2020G to 2.6 million Saudi riyals in 2021G. It was also mentioned earlier that the Company gives discounts due to agents who achieve predetermined sales targets in their contracts. It should be noted that the value and traffic of these discounts fluctuates continuously as a result of the fluctuated number of agents who meet the sales targets set during the year.

Transport expenses are mainly associated with the expenses incurred by sales employees during their daily commute and domestic trips within the regions of the Kingdom (car and other expenses). These expenses fluctuate in the ordinary course of business and do not follow a particular trend.

Maintenance and repair expense primarily relates to repair and maintenance costs associated with vehicles of salespersons. Maintenance and repair expense increased at 150.7% from 0,6 million Saudi riyals in 2019G to 1.5 million Saudi riyals in 2020G. This increase is associated with extensive maintenance and repair carried out to vehicles of salespersons to extend their useful life and improve their operational condition. Then the maintenance expenses decreased at 26.4% from 1,5 million Saudi riyals in 2020G to 1.1 million Saudi riyals in 2021G. It should be noted that traffic of expenses fluctuates periodically and is affected by the volume and scope of maintenance work.

Sales commission includes commissions paid to salespersons and showroom operations managers. Commission of sales increased at 24.4% from 1.1 million Saudi riyals in 2019G to 1.3 million Saudi riyals in 2020G, with a further increase of 1.4 million Saudi riyals in 2021G. This increase was associated with improved business activity, especially as a large number of salespersons managed to achieve sales targets that were set for them in advance at the beginning of the year.

Rentals include the rent of warehouses and showrooms. Expenses of rentals increased at 18.6% from 1.0 million Saudi riyals in 2019G to 1.2 million Saudi riyals in 2020G, with a further increase of 16.2% to 1.4 million Saudi riyals in 2021G. The increase during the said period was attributable to the increased number of showrooms leased to keep pace with the commercial activity expansion.

Government fees include municipality, commercial chamber and other miscellaneous fees to be paid and they are associated with the Company's showrooms. Expenses of government fees decreased at 26.4% from 0.7 million Saudi riyals in 2019G to 0.5 million Saudi riyals in 2020G, with a further decline of 59.1% to 0.2 million Saudi riyals in 2021G. These expenses do not go in line with a certain trend but fluctuate periodically.

Depreciation expenses for property, plant, and equipment are associated with the vehicles used by salespersons and showroom operations managers. They significantly decreased at 35.4% from 0.4 million Saudi riyals in 2019G to 0.3 million Saudi riyals in 2020G, with a further decline to 0.2 million Saudi riyals in 2021G due to a decrease in the book value of cars used by salesperson, which became relatively fully depreciated.

Expenses of depreciation of right-of-use rights account for the amortization expenses of storage areas and offices acquired by the Company through leases. Such expenses passed no material change during 2019G and 2021G.

Other expenses include utilities, hospitality expenses, cleaning, and other expenses. Other expenses passed no significant traffic between 2019G and 2021G.

Administrative and general expenses

The following table shows the Company's administrative and general expenses for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (44): General and administrative expenses

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Salaries, wages, and the like	3,728	3,792	4,485	1.7%	18.3%	9.7%
Expenses of accounts receivable provision	15	5,230	-	34,764.6%	(100.0%)	(100.0%)
Banking expenses	170	467	278	175.5%	(40.5%)	28.1%
Consulting fees	366	430	573	17.5%	33.1%	25.1%
Depreciation of properties, machinery, and equipment	182	188	122	3.4%	(35.1%)	(18.0%)

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Telephone and post	134	121	118	(10.1%)	(2.5%)	(6.4%)
Governmental fees	201	120	166	(40.0%)	38.1%	(9.0%)
Other	871	793	544	(9.0%)	(31.4%)	(21.0%)
Total	5,667	11,141	6,287	96.6%	(43.6%)	5.3%

Source: Audited financial statements

General and administrative expenses consist mainly of salaries, wages and the like. The said item accounted for 65.8%, 34.0%, and 71.4% in the years 2019G, 2020G and 2021G respectively.

Salaries, wages, and the like consist mainly from salaries and benefits of administrative staff covering finance team members, IT, and internal audit. Salaries, wages, and the like increased at 1.7% from 3.8 million Saudi riyals in 2019G to 3.8 million Saudi riyals in 2020G, with a further increase of 18.3% to 4.9 million Saudi riyals in 2021G. The said increases resulted from the increased number of employees, specifically Saudi employees, which led to an increase in the fees of GOSI.

Expenses of accounts receivable provision is associated with barred and bad debit balances. The Company reserved a further provision at 5.2 million Saudi riyals in 2020G to cover the vast majority of barred balances. It worth mentioning that the provision balance is calculated using expected credit loss method and the balance fluctuates from year to year. No provision was recorded in the year 2021G.

Banking expenses relate to various banking transactions to be conducted on daily basis. Such transactions include salary transfer, collection by credit cards, issue of LCs, and other transactions. Banking expenses increased at a percentage of 175.5% from 0,2 million Saudi riyals in 2019G to 0,5 million Saudi riyals in 2020G. This increase was associated with the fees for LCs, issued by the Company during the year and the increase in Tadawul fees paid to the Capital Market Authority. Then the bank expenses decreased at 40,5% from 0,5 million Saudi riyals in 2020G to 0,3 million Saudi riyals in 2021G in the ordinary course of business.

Consulting fees relate to audit, consulting, and training fees. Consulting fees increased at 17,5% from 0,3 million Saudi riyals in 2019G to 0,4 million Saudi riyals in 2020G, with a further increase of 0,6 million Saudi riyals in 2021G. The increase was associated with higher audit and consulting fees as the Company appointed a new external auditor and conducted a set of feasibility studies to assess the merchantability of certain products that the Company intends to offer.

Expenses of properties, machinery, and equipment depreciation are costs associated with furniture, plant, stationery used by administrative staff. These expenses passed no material fluctuations during the period between 2019G and 2021G.

Telephone and post expenses account for utility expenses incurred at the head office and staff residential units. These expenses fluctuate periodically within the ordinary course of business.

Governmental fees include commerce chamber, municipality, fine, penalty, and other various fees. These expenses decreased at 40,0% from 0,2 million Saudi riyals in 2019G to 0,1 million Saudi riyals in 2020G, and then increased at 38,1% to 0,2 million Saudi riyals in 2021G. The traffic of these expenses fluctuates periodically as they are not closely associated with business traffic.

Other expenses include maintenance, repair, electricity, water, rentals, hospitality, cleaning, fuel, stationery, printing expenses as well as other various costs. Other expenses decreased at 9,0% from 0,9 million Saudi riyals in 2019G to 0,8 million Saudi riyals in 2020G. While the decrease covered more than one type of expense, it was concentrated in such expenses related to travel and fines. Travel expenses also include ticket, hotel, daily allowance costs as well as other costs incurred during business trips. Also, since the outbreak of Covid-19 pandemic, the frequency of business trips has declined and has not returned to its usual level. The decline of expenses persisted at 31,4% from 0,8 million Saudi riyals in 2020G to 0,5 million Saudi riyals in 2021G within the ordinary course of business.

Finance costs

The following table shows the Company's finance costs for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (45): Finance costs

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Loan finance costs	1,420	1,335	2,022	(6.0%)	51.5%	19.3%
Interests of lease agreement' liabilities	71	58	45	(17.7%)	(22.8%)	(20.3%)
Total	1,491	1,393	2,067	(6.5%)	48.4%	17.8%

Source: Audited financial statements

Loan financing costs are associated with loans obtained by the Company between 2019G and 2021G. Loan financing costs decreased at 6.0% from 1.4 million Saudi riyals in 2019G to 1.3 million Saudi riyals in 2020G, then increased again to 2.0 million Saudi riyals in 2021G due to the further loans obtained by the Company on an ongoing basis between 2019G and 2021G.

The benefits of leasing obligations relate to rented offices and storage areas. These expenses remained at a low value between 2019G and 2021G and passed no significant activity.

Expenses of expected liabilities provision

As aforesaid, these expenses account for provisions that the Company retained to cover certain of the potential Zakat amounts that the Company may be claimed. It is worth noting that the Company submitted its zakat returns to ZATCA until the year ending 31 December 2021G and received thereunder a valid certificate until 30 April 2023G. On 20 July, an initial Zakat assessment was issued to the Company by the ZATCA for the years from 2014G to 2018G in an amount of 2.7 million Saudi riyals. On 20 September 2020G, the Company brought an objection to ZATCA and the same is still under examination and study by ZATCA.

Other revenues

As aforesaid, other revenues attained by the Company in 2019G at 0,3 million Saudi riyals were associated with sale transactions of fully depreciated assets and properties.

Zakat expenses

The Zakat payable by the Company and its subsidiary has been calculated in accordance with the regulations issued by ZATCA in the Kingdom of Saudi Arabia. Balance fluctuates within the ordinary course of business.

Net profit

Net profit of the year increased at 612.1% from 82 Saudi million riyals in 2019G to 0,6 million Saudi riyals in 2020G. This increase in net profit remained in hike at 1,587.9% from 0,6 million Saudi riyals in 2020G to 9,8 million Saudi riyals in 2021G. The said increases were mainly affected by the rise in gross profit. It was mentioned earlier that the increase in gross profit was affected by the increase in revenues between 2019G and 2020G and decreased cost of revenues between 2020G and 2021G. In terms of net profit margin, it gradually increased from 0.1% in 2019G to 7.3% in 2021G in line with increased net profit between the two years.

6.7 Statement of Financial Position

The following table shows the Company's Statement of Financial Position as at 31 December 2019G, 2020G, and 2021G.

Table (46): Statement of Financial Position

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Non-current assets	44,055	41,740	39,592	(5.3%)	(5.1%)	(5.2%)
Current assets	112,976	145,992	152,246	29.2%	4.3%	16.1%
Total assets	157,031	187,732	191,838	19.6%	2.2%	10.5%
Total equities	107,167	106,620	115,306	(0.5%)	8.1%	3.7%
Non-current liabilities	6,530	8,816	9,220	35.0%	4.6%	18.8%
Current liabilities	43,334	72,296	67,312	66.8%	(6.9%)	24.6%
Total liabilities	49,864	81,112	76,532	62.7%	(5.6%)	23.9%
Total shareholders equities and liabilities	157,031	187,732	191,838	19.6%	2.2%	10.5%

Source: Audited financial statements

Non-current assets are concentrated in property, plant, and equipment. Non-current assets decreased by 5.3% or at 2.3 million Saudi riyals from 44.1 million Saudi riyals as at 31 December 2019G to 41.7 million Saudi riyals as at 31 December 2020G. Non-current assets decreased again by 5.0% or at 2,1 million Saudi riyals from 41,7 million Saudi riyals as at 31 December 2020G to 39,6 million Saudi riyals as at 31 December 2021G. The above impairments were affected by the continuous depreciation of assets between the said two years.

Current assets consist mainly of trade receivables and inventory, both of which, accounted for 88.1%, 83.8% and 92.2% as at 31 December 2019G, 31 December 2020G and 31 December 2021G respectively. Current assets decreased by 29.2% or at 33,0 million Saudi riyals from 113,0 million Saudi riyals as at 31 December 2019G to 146,0 million Saudi riyals as at 31 December 2020G. Current assets increased again by 4.3% or at 6,3 million Saudi riyals from 146,0 million Saudi riyals as at 31 December 2020G to 152,2 million Saudi riyals as at 31 December 2021G. These increases were affected by the increase in inventory after the Company acquired significant volumes of inventory in order to keep pace with the rise in the business wheel, especially in 2021G.

Equity balance fluctuated between 31 December 2019G and 31 December 2021G. Equity balance slightly decreased between 31 December 2019G and 31 December 2020G. The balance decreased from 107.2 million Saudi riyals as at 31 December 2019G to 106.6 million Saudi riyals as at 31 December 2020G, then increased by 8.1% or at 8.8 million Saudi riyals to 115.4 million Saudi riyals as at 31 December 2021G. The increase in 31 December 2021G was mainly due to an increase in the balance of retained earnings. On the other hand, the slight decrease between 31 December 2019G and 31 December 2020 was affected by the decrease in the actuarial reserve balance.

Non-current liabilities are mainly concentrated in those pertaining to employee benefits, which accounted for 64.7%, 66.9% and 75.3% of the total current liabilities balance as at 31 December 2019G, 31 December 2020G and 31 December 2021G respectively. The balance of non-current liabilities increased by 35.0% or at 2,3 million Saudi riyals from 6,5 million Saudi riyals as at 31 December 2019G to 8,8 million Saudi riyals as at 31 December 2020G. Increase of non-current liabilities persisted by 4.6% or at 0,4 million Saudi riyals to 9,2 million Saudi riyals as at 31 December 2021G. The said increases were due to higher employee benefit liabilities due to the increase of staff count between 31 December 2019G and 31 December 2021G.

Current liabilities consist mainly of short-term loans and trade payables, which accounted for 77.8%, 81.2% and 73.0% of the total current liabilities as at 31 December 2019G, 31 December 2020G and 31 December 2021G respectively. Balance of current liabilities increased by 66.8% or at 29,0 million Saudi riyals from 43,3 million Saudi riyals as at 31 December 2019G to 72,3 million Saudi riyals as at 31 December 2020G as the Company obtained loans to support working capital needs. Balances of current liabilities decreased by 6.9% or at 5.0 million Saudi riyals to 67.3 million Saudi riyals as at 31 December 2021G due to partial payment of balances pertaining to accounts payable.

Non-current liabilities

The following table shows the Company's non-current assets as at 31 December 2019G, 2020G, and 2021G.

Table (47): Non-current liabilities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G - 2021G
Property, machinery, and equipment	41,507	39,658	37,975	(4.5%)	(4.2%)	(4.3%)
Total right-of-use assets (net)	2,548	2,082	1,617	(18.3%)	(22.3%)	(20.3%)
Total	44,055	41,740	39,592	(5.3%)	(5.1%)	(5.2%)

Source: Audited financial statements

Non-current liabilities are mainly concentrated in properties, plant, and equipment which accounted for 94.2%, 95.0% and 95.9% of the total non-current assets balance as at 31 December 2019G, 31 December 2020G, and 31 December 2021G respectively. Balance of current assets gradually reduced from 44,1 million Saudi riyals as at 31 December 2019G to 39,6 million Saudi riyals as at 31 December 2021G. The decrease was affected by the continuous depreciation and amortization of tangible assets and right-of-use assets.

Properties, factories, and equipment

The following table shows the book value of the Company's properties, factories, and equipment as at 31 December 2019G, 2020G, and 2021G.

Table (48): Property, factories, and equipment

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G- 2021G
Lands	20,409	20,409	20,409	-	-	-
Buildings	5,270	4,736	4,214	(10.1%)	(11.0%)	(10.6%)
Machinery and equipment	14,710	13,745	12,513	(6.6%)	(9.0%)	(7.8%)
Cars	394	131	307	(66.7%)	133.9%	(11.8%)
Furniture and furnishings	715	632	528	(11.6%)	(16.4%)	(14.1%)

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Surveillance systems	9	6	5	(31.7%)	(15.9%)	(24.2%)
Total	41,507	39,658	37,975	(4.5%)	(4.2%)	(4.3%)

Source: Audited financial statements

Land and buildings formed the main components of the property and equipment between 31 December 2019G and 31 December 2021G. These two components accounted for 84.6%, 86.1%, and 86.7% of total property and equipment as at 31 December 2019G, 2020G, and 2021G.

Lands

The lands entered in the Company's books include a plot of land at 18,000 square meters, located in Al-Kharj Area (Riyadh) and two of the Company's factories are located therein. The book value of the lands passed no significant change between 31 December 2019G to 31 December 2021G.

Buildings

The buildings mainly include those of the Company's factories. The book value of buildings decreased by 10.1% or at 0.5 million Saudi riyals from 5.3 million as at 31 December 2019G to 4.7 million Saudi riyals as at 31 December 2020G. There was further decrease by 11.0% at 4.2 million Saudi riyals as at 31 December 2021G due to continuous depreciation.

Machinery and equipment

They consist of various machines and equipment used in production processes. Main machinery includes excavation and welding machines. The book value of machinery and equipment decreased by 6,6% or at 1,0 million Saudi riyals from 14,7 million Saudi riyals as at 31 December 2019G to 13,7 million Saudi riyals as at 31 December 2020G, with a further decrease by 9,0% or at 2,2 million Saudi riyals to 12,5 million Saudi riyals as at 31 December 2021G due to depreciation.

Cars

The cars consist of 125 vehicles that include freight trucks, buses, and cars used by administrative and sales staff. The book value of cars decreased by 66,7% or at 0,3 million Saudi riyals from 0,4 million Saudi riyals as at 31 December 2019G to 0,1 million Saudi riyals as at 31 December 2020G due to continuing depreciation. The book value of cars then increased by 133,9% or at 0,2 million Saudi riyals as at 31 December 2020G from 0,1 million Saudi riyals as at 31 December 2020G to 0,3 million Saudi riyals as at 31 December 2021G due to the acquisition of a fleet of card during 2021G.

Furniture and furnishings

The furniture and furnishings consist mainly of movable furniture, racks, and other fixtures in the Company's offices and staff residential units. The book value of furniture and furnishings decreased by 11,6% or at 0.1 million Saudi riyals from 0,7 million as at 31 December 2019G to 0,6 million Saudi riyals as at 31 December 2020G. There was further decrease by 16,4% at 0,5 million Saudi riyals as at 31 December 2021G due to continuous depreciation.

Surveillance systems

Surveillance systems consist of CCTV located at warehouses and offices. The book value of surveillance systems passed no material change between 31 December 2019G and 31 December 2021G.

Right-of-use assets

The following table shows the Company's right-of-use rights as at 31 December 2019G, 2020G, and 2021G.

Table (49): Total right-of-use assets

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Cost						
Balance at the beginning of the year	-	3,011	3,011	N/A	N/A	N/A
Additions	3,011	-	-	(100.0%)	N/A	(100.0%)
Balance in the end of the year	3,011	3,011	3,011	-	-	-
Accumulated depreciation						
Balance in the beginning of the year	-	464	930	N/A	100.5%	N/A
Carried over during the year	464	466	465	0.5%	(0.3%)	0.1%
Balance in the end of the year	464	930	1,394	100.5%	50.0%	73.4%
Total	2,548	2,082	1,617	(18.3%)	(22.3%)	(20.3%)

Source: Audited financial statements

The cost of right-of-use assets includes the amount of recognized lease obligations, initial direct incurred costs, and outstanding rent payments. The right-of-use assets were associated with the rents of showrooms and warehouses leased by the Company during 2019G.

The book value of right-of-use assets decreased by 18,3% or at 0,5 million Saudi riyals from 2,5 million Saudi riyals as at 31 December 2019G to 2,1 million Saudi riyals as at 31 December 2020G, with a further decrease by 22,3% or at 0,5 thousand Saudi riyals to 1,6 million Saudi riyals as at 31 December 2021G due to continuing amortization between 2019G and 2021G.

Current liabilities

The following table shows certain current assets of the Company as at 31 December 2019G, 2020G, and 2021G.

Table (50): Current liabilities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G - 2022G
Cash and cash equivalents	1,617	8,925	4,113	452.0%	(53.9%)	59.5%
Debit balances from related parties	1,648	-	-	(100.0%)	-	(100.0%)
Prepaid expenses and other accounts receivables	10,230	14,736	6,851	44.0%	(53.5%)	(18.2%)
Trade receivables	31,172	30,068	38,441	(3.5%)	27.8%	11.0%
Inventory	68,309	92,264	102,842	35.1%	11.5%	22.7%
Total	112,976	145,992	152,246	29.2%	4.3%	16.1%

Source: Audited financial statements

Current assets were concentrated in inventory balances and trade receivables, both of which, accounted for 88,1%, 83,8% and 92,8% of total current assets as at 31 December 2019G, 2020G, and 2021G respectively. Balance of current assets gradually increased from 113,0 million Saudi riyals as at 31 December 2019G to 152,2 million Saudi riyals as at 31 December 2021G after the increase in inventory balances and other debit balances.

Inventory

The following table shows the Company's inventory as at 31 December 2019G, 2020G, and 2021G.

Table (51): Inventory

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Finished goods	36,627	54,215	51,434	48.0%	(5.1%)	18.5%
Spare parts	18,697	24,598	36,562	31.6%	48.6%	39.8%
Raw materials	7,643	10,720	12,302	40.3%	14.8%	26.9%
Under operation production	5,342	4,420	4,233	(17.3%)	(4.2%)	(71.8%)
Provision for Inventory depreciation	-	(1,689)	(1,689)	N/A	-	N/A
Total	68,309	92,264	102,842	35.1%	11.5%	22.7%

Source: Audited financial statements

The inventory consists mainly of finished goods and spare parts. These two components accounted for 81,0%, 85.4%, and 85,6% of total net inventory as at 31 December 2019G, 2020G, and 2021G respectively.

Finished goods

Finished goods consist of ready-to-sell products that are kept in warehouses and placed in showrooms. Balance of finished goods increased by 48,0% or at 17,6 million Saudi riyals from 36,6 million Saudi riyals as at 31 December 2019G to 54,2 million Saudi riyals as at 31 December 2020G due to the increase in the volume of materials acquired by the Company during the year 2020G to keep pace with the rise in the levels of business and wheel of business.

Balance of finished goods then decreased by 5,1% or at 2,8 million Saudi riyals as at 31 December 2020G from 54,2 million Saudi riyals as at 31 December 2020G to 51,4 million Saudi riyals as at 31 December 2021G after the decline of business pace.

Spare parts

Spare parts include compressors, condensers, and other spare parts used in the production processes of air conditioners and refrigerators. The balance of spare parts increased by 31,6% or at 5,9 million Saudi riyals from 18,7 million Saudi riyals as at 31 December 2019G to 24,6 million Saudi riyals as at 31 December 2020G, with a further increase by 48,6% to 36,6 million Saudi riyals as at 31 December 2021G. The increase of the balance was affected by purchases acquired between 2019G and 2021G. It should be noted that the increase in the volume of purchases between 2019G and 2021G was not only aimed at keeping pace with the high volume of business, but was also affected by a policy followed by the Company to purchase large quantities of inventory in anticipation of an expected price rise.

Raw materials

Raw material inventory mainly includes steel raw materials used for production. The balance of raw materials increased by 40,3% or at 3,1 million Saudi riyals from 7,6 million Saudi riyals as at 31 December 2019G to 10,7 million Saudi riyals as at 31 December 2020G, with a further increase by 14,8% or at 1,6 million Saudi riyals to 12,3 million Saudi riyals as at 31 December 2021G after purchase volume rise.

In-operation production

Inventory of in-operation production consists of semi-finished goods that are still in production. The balance of in-operation production decreased by 17,3% or at 0,9 million Saudi riyals from 5,3 million Saudi riyals as at 31 December 2019G to 4,4 million Saudi riyals as at 31 December 2020G, with a further decrease by 4,2% or at 0,2 million Saudi riyals to 4,2 million Saudi riyals as at 31 December 2021G. In-operation production fluctuates and impairs by pace of production and factory operation.

Provision for inventory depreciation

Provision for inventory depreciation, retained by the Company and amounted to 1,7 million Saudi riyals between 31 December 2020G and 31 December 2021G was associated with slow-moving or damaged inventory. After conducting an evaluation and inventory of the Company's warehouses, the balance was reserved after the year 2020G.

Trade receivables (net)

The following table shows the Company's trade receivables as at 31 December 2019G, 2020G, and 2021G.

Table (52): Trade receivables

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Trade receivables	35,984	39,215	48,402	9.0%	23.4%	16.0%
Provision for credit losses	(4,812)	(9,147)	(8,943)	90.1%	(2.2%)	36.3%
Discounts for accounts receivable	-	-	(1,019)	N/A	N/A	N/A
Total	31,172	30,068	38,441	(3.5%)	27.8%	11.0%

Source: Audited financial statements

Trade receivables cover debit balances of the Company's various customers.

Balance of trade receivables decreased by 3.5% or at 1.1 million Saudi riyals from 31.2 million Saudi riyals as at 31 December 2019G to 30.1 million Saudi riyals as at 31 December 2020G. Net balance of trade receivables then increased by 27.8% or at 8.4 million Saudi riyals from 30.1 million Saudi riyals as at 31 December 2020G to 38.4 million Saudi riyals as at 31 December 2021G. The decrease between 31 December 2019G and 31 December 2020G was within the ordinary course of business. On the other hand, the increase as at 31 December 2021G was in line with the increase in business activity and was affected by the slowdown in cash collection of invoices since the outbreak of the Covid-19 pandemic in the financial year 2020G.

The following table shows the traffic of provision for expected credit losses of the Company as at 31 December 2019G, 2020G, and 2021G.

Table (53): Traffic of provision for expected credit losses

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Balance as at 1 January	5,403	4,812	9,147	(10.9%)	90.1%	30.1%
Constituent during the year	150	4,335	-	2,790.3%	(100.0%)	(100.0%)
Cancellation during the year	(741)	-	(205)	(100.0%)	N/A	(47.5%)
Balance as at 31 December	4,812	9,147	8,943	90.1%	(2.2%)	36.3%

Source: Audited financial statements

Provision for credit loss increased by 90.1% or at 4.3 million Saudi riyals from 4.8 million Saudi riyals as at 31 December 2019G to 9.1 million Saudi riyals as at 31 December 2020G. Balance then decreased by 2.2% or at 0.2 million Saudi riyals as at 31 December 2020G from 9.1 million Saudi riyals as at 31 December 2020G to 8.9 million Saudi riyals as at 31 December 2021G. We had previously indicated that the provision is calculated according to the method of credit losses at the end of each year. Therefore, balance of provision fluctuates within the ordinary course of business.

Table (54): Ages of accounts receivable

(SAR .000)	Undue balance	From 30 days to 60 days	From 60 days to 90 days	From 91 days to 180 days	From 181 days to 270 days	More than 270 days	Total balance
as at 31 December 2019G	10,298	10,648	1,988	3,130	356,0	9,565	35,984
as of 31 December 2020G	9,183	9,473	3,579	7,374	882	8,724	39,215
as at 31 December 2021G	14,574	9,116	7,110	9,315	1,061	7,225	48,402

Source: Licensee's Information

Accounts receivables due for a period exceeding 270 days accounted for 13.3% of the total balance as at 31 December 2021G. It should be noted that the credit grace period granted by the company to its customers ranges from 30 days to 90 days, but the delay in receiving the dues can be attributed to the lack of an effective collection department responsible for ongoing follow-up with customers in order to complete the collection process on time. The Company is currently working to improve the collection process by following new policies regarding the management of the client credit profile.

Prepaid expenses

The following table shows the Company's prepaid expenses as at 31 December 2019G, 2020G, and 2021G.

Table (55): Prepaid expenses

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2020G-2021G
Advance payment suppliers	3,372	10,933	1,984	224.2%	(81.9%)	(23.3%)
Security of documentary credits	1,358	1,661	2,000	22.3%	20.4%	21.4%
Staff trusts and advances	1,254	1,859	2,269	48.2%	22.1%	34.5%
Prepaid expenses	528	762	923	44.2%	21.2%	32.2%
Other debit balances	3,718	416	492	(88.8%)	18.1%	(63.6%)
Provision for depreciation of other debit balances	-	(894)	(817)	N/A	(8.7%)	N/A
Total	10,230	14,736	6,851	44.0%	(53.5%)	(18.2%)

Source: Audited financial statements

Advance payments of suppliers were the main element of the balances pertaining to prepaid expenses, which accounted for 33.0%, 74.2% and 29.0% of the total prepaid expenses and as at 31 December 2019G, And 31 December 2020G and 31 December 2021G respectively.

Suppliers - Advance payments

Advance payments of suppliers consist of certain payments to be prepaid to multiple suppliers, with whom, the Company deals. Balance increased by 224.2% or at 7.6 million Saudi riyals from 3.4 million Saudi riyals as at 31 December 2019G to 10.9 million Saudi riyals as at 31 December 2020G due to the increase in the volume of steel purchases and other raw materials acquired during the year to meet the growing demand of the Company products.

The balance decreased by 81.9% or at 8.9 million Saudi riyals 31 December 2020G from 10.9 million Saudi riyals as at 31 December 2020G to 2.0 million Saudi riyals as at 31 December 2020G after decreased volume of purchase compared to the year 2020G. Also, the increase in advances given to suppliers in 2020G was basically associated with purchases obtained by the Company from certain Turkish suppliers who required high amounts in advance before shipping the acquired materials to the Company.

It worth noting that the value of advance payments given to suppliers fluctuates periodically depending on the volume of purchases and the supplier's policy regarding the percentage of the down payment required.

Security of documentary credits

The security balance of documentary credits accounts for the fees associated with the documentary credits issued by the Company to suppliers between 2019G and 2021G. The security balance of documentary credits increased by 22.3% or at 0.3 million Saudi riyals from 1.4 million Saudi riyals as at 31 December 2019G to 1.7 million Saudi riyals as at 31 December 2020G, with a further increase by 20.4% or at 0.3 million Saudi riyals to 2.0 million Saudi riyals as at 31 December 2021G. The increased balance was due to the increase in the count and value of documentary credits issued to several suppliers.

Staff trusts and advances

Staff trusts and advances consist of advances and loans granted by the Company to employees and then deducted from their monthly salaries. The balance increased by 48.2% or at 0.6 million Saudi riyals from 1.3 million Saudi riyals as at 31 December 2019G to 1.9 million Saudi riyals as at 31 December 2020G, then increased by 22.1% to 2.3 million Saudi riyals as at 31 December 2021G. The rise resulted from the increased staff count. It should also be noted that the balance of staff trusts and advances impairs also by the count, value and requests for advances submitted and approved by the Company's management.

Prepaid expenses

These expenses cover several prepaid expenses such as rent, insurance, employment fees, and other miscellaneous prepaid expenses. The balance of prepaid expenses increased by 44.2% or at 0.2 million Saudi riyals from 0.5 million Saudi riyals as at 31 December 2019G to 0.8 million Saudi riyals as at 31 December 2020G, with a further increase by 21.2% or at 0.2 million Saudi riyals to 0.9 million Saudi riyals as at 31 December 2021G. The said increases resulted from the rise of prepaid recruitment fees arising from the increase in the staff count between 2019G and 2021G.

Other debit balances

Other debit balances include miscellaneous balances incurred in the ordinary course of business. Other debit balances decreased by 88,8% or at 4,5 million Saudi riyals from 3,7 million Saudi riyals as at 31 December 2019G to 0,4 million Saudi riyals as at 31 December 2020G. The said balance then increased by 18,1% or at 75 thousand Saudi riyals as at 31 December 2020G from 0,4 million Saudi riyals as at 31 December 2020G to 0,5 million Saudi riyals as at 31 December 2021G. The balance fluctuates continuously within the ordinary course of business. Relevant traffic is not associated with that of the business and commercial activity.

Cash and cash equivalents

The following table shows the Company's cash and cash equivalents as at 31 December 2019G, 2020G, and 2021G.

Table (56): Cash and cash equivalents

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Cash with banks	1,293	7,907	3,795	511.5%	(52.0%)	71.3%
Cash on hand	324	1,018	317	214.4%	(68.8%)	(0.9%)
Total	1,617	8,925	4,113	452.0%	(53.9%)	59.5%

Source: Audited financial statements

The balance of cash and cash equivalents increased by 452,0% or at 7,3 million Saudi riyals from 1,6 million Saudi riyals as at 31 December 2019G to 8,9 million Saudi riyals as at 31 December 2020G. The balance then re-decreased by 53.9% to SAR 4.1 million Saudi riyals as at 31 December 2021G. The traffic was mainly affected by that of the cash flows generated by financing activities. The increase in the balance of loans in 2020G was impaired by the loans obtained by the Company to support business requirements. On the other hand, the decrease in the cash and cash equivalents as at 31 December 2021G was impaired by the repayments recorded in 2021G.

The cash on hand consists mainly of daily cash collections made in the Company's showrooms.

Non-current liabilities

The following table shows the Company's non-current liabilities as at 31 December 2019G, 2020G, and 2021G.

Table (57): Non-current liabilities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G - 2022G
End-of-service liabilities	4,225	5,900	6,942	39.7%	17.7%	28.2%
Capital rent assets	2,305	1,815	1,121	(21.3%)	(38.2%)	(30.3%)
Short-term loans - non current value	-	1,101	1,156	-	5.0%	-
Total	6,530	8,816	9,220	35.0%	4.6%	18.8%

Source: Audited financial statements

Non-current liabilities of the Company are mainly concentrated in the balances of end-of-service liabilities, which accounted for 64,7%, 66,9% and 75,3% of the total balance of non-current liabilities as at 31 December 2019G, 31 December 2020G and 31 December 2021G respectively. The balance of non-current liabilities gradually increased from 6.5 million Saudi riyals as at 31 December 2019G to 9.2 million Saudi riyals as at 31 December 2021. The increase was impaired by the rise in the expense of end-of-service liabilities during the raid period following the appointment of employees to keep pace with the hike in business.

Employee benefit liabilities

The following table shows the Company's employee benefit liabilities as at 31 December 2019G, 2020G, and 2021G.

Table (58): Traffic for the current value of employee benefit liabilities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Balance as at 1 January	4,632	4,225	5,900	(8.8%)	39.7%	12.9%
Current service cost	772	769	303	(0.3%)	(60.5%)	(37.3%)
Amount(s) paid during the year	(332)	(224)	(415)	(32.5%)	85.5%	11.9%
Provision remeasurement as per actuary calculation	(847)	1,130	1,154	(233.4%)	2.1%	N/A
Balance as at 31 December	4,225	5,900	6,942	39.7%	17.7%	28.2%

Source: Audited financial statements

The Company applies the end-of-service bonus system to its eligible employees. This system authorizes subscribers to receive an amount associated with the length of term of office and salary at the time of retirement, resignation, or death. Liabilities of employee benefits are calculated by an actuary who conducts actuarial studies in order to calculate the required balance of employees. The studies to be conducted include a set of assumptions that change periodically.

The balance of employee benefit liabilities increased at 39.7% from 4.2 million Saudi riyals as at 31 December 2019G to 5.9 million Saudi riyals as at 31 December 2020G, with a further increase of 17.7% to 6.9 million Saudi riyals as at 31 December 2021G. The raised rises were impaired by the lower discount rate and increase of staff count.

Liabilities of lease agreements

The following table shows the Company's liabilities of lease agreements as at 31 December 2019G, 2020G, and 2021G.

Table (59): Liabilities of lease agreements

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Balance as at 1 January	-	2,702	2,305	N/A	(14.7%)	N/A
Additions during the year	3,011	-	-	(100.0%)	N/A	(100.0%)
Interests during the year	71	58	45	(17.7%)	(22.8%)	(20.3%)
Amount(s) paid during the year	(380)	(455)	(290)	19.8%	(36.3%)	(12.6%)
Total	2,702	2,305	2,060	(13.7%)	(10.6%)	(12.7%)
Non-current	2,305	1,815	1,121	(21.3%)	(38.2%)	(30.3%)
Current	397	490	939	23.4%	91.6%	53.8%
Total	2,702	2,305	2,060	(14.7%)	(10.6%)	(12.7%)

Source: Audited financial statements

The obligations of capital lease agreements were associated with a set of warehouses and showrooms that the Company acquired under capital lease agreements. Additions to lease obligations amounted to 3.0 million Saudi riyals in 2019G and were mainly associated with factory lease agreement.

The end-of-year balance for lease agreement obligations decreased by 14.7% or at 0.4 million Saudi riyals from 2.7 million Saudi riyals as at 31 December 2019G to 2.3 million Saudi riyals as at 31 December 2020G, with a further decrease to 2.1 million Saudi riyals as at 31 December 2021G. This is due to ongoing repayments and lack of any high value additions.

Short-term loans - non current value

Short-term loans were associated with the loans, obtained by the Company from various banks during 2019G and 2021G. There is a detailed explanation of loans in the following page.

Current liabilities

The following table shows the Company's liabilities of lease agreements as at 31 December 2019G, 2020G, and 2021G.

Table (60): Current liabilities

(SAR .000)	The financial year ending December 31			Increase/ decrease		Increase/ decrease
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2021G-2022G
Short-term loans	24,913	47,977	44,551	92.6%	(7.1%)	33.7%
Capital rent assets	397	490	939	23.4%	91.6%	53.8%
Payables	8,792	10,722	4,594	22.0%	(57.2%)	(27.7%)
Due expenses and other credit balances	5,406	7,789	11,924	44.1%	53.1%	48.5%
Credit balances from related parties	-	452	541	-	19.6%	-
provision for potential liabilities	-	1,000	1,997	-	99.7%	-
Debit Zakat	3,826	3,865	2,767	1.0%	(28.4%)	(15.0%)
Total	43,334	72,296	67,312	66.8%	(6.9%)	(24.6%)

Source: Audited financial statements

Current liabilities were concentrated in short-term loan balances as well as accounts payable, accrued expenses, and other credit balances. These three components accounted for 90.3%, 92.0%, and 90.7% of total liabilities as at 31 December 2019G, 2020G, and 2021G respectively.

Balance of current liabilities fluctuated during the period from 2019G and 2020G. Total balance increased by 66.8% from 43.3 million Saudi riyals as at 31 December 2019G to 72.3 million Saudi riyals as at 31 December 2020G due to an increase in the balance of short-term loans following additional loans obtained by the Company to support business requirements. Balance of current liabilities decreased again by 6.9% from 72.3 million Saudi riyals as at 31 December 2020G to 67.3 million Saudi riyals as at 31 December 2021G due to decreased balances of term loan and accounts payable.

Finance structure

The following table shows the Company's finance structure for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (61): Finance structure

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Loan balance as at 1 January	22,012	24,913	49,078	13.2%	97.0%	49.3%
Constituent during the year	80,593	125,789	96,460	56.1%	(23.3%)	9.4%
Due finance expenses	792	603	901	(23.8%)	49.3%	6.6%
Loan repayment(s) during the year	(78,484)	(102,228)	(100,731)	30.3%	(1.5%)	13.3%
Loan balance as at 31 December	24,913	49,078	45,707	97.0%	(6.9%)	35.4%
Non-current loans	24,913	47,977	44,551	92.6%	(7.1%)	33.7%
Current loans	-	1,101	1,156	N/A	5.0%	N/A
Total loans	24,913	49,078	45,707	97.0%	(6.9%)	35.4%
Total equities	107,167	106,620	115,306	(0.5%)	8.1%	3.7%
Total loans/ total equities (one time)	0.2	0.5	0.4			

Source: Audited financial statements

The loans obtained between 2019G and 2021G mainly include documentary credit financing loans obtained by the Company to support working capital requirements and finance suppliers' payables.

Overall, the loan balance increased by 97.0% from 24.9 million Saudi riyals as at 31 December 2019G to 49.1 million Saudi riyals as at 31 December 2021G, after obtaining new loans during the year. It should be noted that the Company managed to maintain a high capital balance during the period between 2019G and 2021G, but the time it takes to collect receivables prompted the Company to resort to the loan option as the working capital requirements are not time-associated and must be paid within the appointed periods.

Balance of loans gradually then decreased by 6.9% from 49,1 million Saudi riyals as at 31 December 2020G to 45,7 million Saudi riyals as at 31 December 2021G due to ongoing repayment.

Table (62): Details of the Company's Finance Structure

Bank	Loan type	Loan purpose	Value of the documentary credit	Interest rate	Balance The financial year ending December 31		
					2019G Audited	2020G Audited	2021G Audited
Million Saudi Riyals							
Saudi Investment Bank	documentary credit	Finance requirements of working capital	15,000	Admission fees: 2% annually Opening fees of credit profile Bank rate + 0,5% annually	12,851	8,541	1,416
Bank of Riyadh			76,505	Between 0,02% and 0,0%	12,056	38,959	34,654
Alinma Bank			18,750	Bank rate + 0,5% annually	-	-	9,637
Total			110,255		24,907	47,500	45,707

Source: Licensee's Information

It should be noted that the Riyadh Bank loan obtained by the Company is a guaranteed loan in favor of banks through the land owned by the Company under Title Deed (Sukk) No. 91010638304 and promissory notes that worth 39.0 million Saudi riyals.

Capital rent assets

As mentioned earlier, capital lease assets are associated with warehouses, showrooms, and other units that the Company has acquired under the scope capital lease agreements.

Accounts payable

Accounts payable account for the balances due to various suppliers, with whom, the Company deals for the purchase of raw materials and other products. It should be noted that most of the Company's purchases are based on purchase orders, as the Company has only entered into contracts with limited suppliers and the prices of products and materials fluctuate constantly. The balance of payables increased from 8.8 million Saudi riyals as at 31 December 2019G to 10.7 million Saudi riyals as at 31 December 2020G as a result of the increase in the volume and scope of purchases (raw materials and finished products) acquired by the Company to keep pace with the increase in the scope of business during the year 2021G. The balance decreased again by 57.2% to 4.6 million Saudi riyals as at 31 December 2021G due to continuous repayments and a decrease in the volume of purchases following a partial decrease in revenue.

Table (63): Ages of account payable

(SAR .000)	From 1 days to 180 days	From 181 days to 270 days	From 271 days to 365 days	More than 365 days	Total balance
as at 31 December 2019G	6,949	325	145	1,373	8,386
as of 31 December 2020G	6,708	233	3,328	453	10,722
as at 31 December 2021G	3,435	575	75	510	4,594

Source: Licensee's Information

Accounts payable due for a period exceeding 365 days accounted for 16.4%, 4.2%, and 11.1% of the total balance as at 31 December 2019G, 31 December 2020G and 31 December 2021G respectively. It can be said that delayed payment is in the ordinary course of business.

Table (64): Due expenses and other credit balances

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Advance payment clients	1,557	4,508	7,496	189.6%	66.3%	119.4%
Due salaries	1,989	990	1,067	(50.2%)	7.8%	(26.8%)
Due sale commissions	494	651	915	31.8%	40.6%	36.1%
Due VAT	273	622	877	127.7%	40.9%	79.1%
Due rents	237	226	452	(4.8%)	100.0%	38.0%
Other credit balances	865	792	1,118	(7.4%)	41.0%	14.3%
Total	5,406	7,789	11,924	44.1%	53.1%	48.5%

Source: Licensee's Information

Accrued expenses and other credit balances are concentrated in payments made in advance by customers, which accounted for 28.8%, 57.9%, and 62.9% of the total balance of accrued expenses and other credit balances as at 31 December 2019G, 2020G, and 2021G respectively.

Advance payment clients

According to the Company's policy, clients who conclude high-value deals are required to make advance payments ranging from 30.0% to 50.0% of the order value. The balances of advance payment clients increased by 189.6% or at 3.0 million Saudi riyals from 1.6 million Saudi riyals as at 31 December 2019G to 4.5 million Saudi riyals as at 31 December 2020G, with a further increase by 66.3% or at 3.0 million Saudi riyals to 7.5 million Saudi riyals as at 31 December 2021G. The increases mentioned were in line with the business activity traffic.

Due salaries

Due salaries are such unpaid salaries as at the date of each financial position statement. Employees' salaries are usually paid before the end of each month, but the payment process may be delayed due to late account closures. Balance of due salaries decreased by 50.2% or at 1.0 million Saudi riyals from 2.0 million Saudi riyals as at 31 December 2019G to 1.0 million Saudi riyals as at 31 December 2020G. Balance of due salaries then increased again by 7.8% or at 0.1 million Saudi riyals from 1.0 million Saudi at 31 December 2020G to 1.1 million Saudi riyals as at 31 December 2021G. The salary balance fluctuates within the ordinary business context and is affected by the count of employees and the timing of salary payments.

Sales commissions

Due sales commissions accounted for the commission paid to salespersons and showroom managers. The balance of commissions increased by 31.8% or at 0.2 million Saudi riyals from 0.5 million Saudi riyals as at 31 December 2019G to 0.7 million Saudi riyals as at 31 December 2020G, with a further increase by 40.6% or at 0.3 million Saudi riyals to 0.9 million Saudi riyals as at 31 December 2021G. The increases mentioned were in line with the business activity. However, it should be noted that the credit commission value is not only associated with the business traffic but is also affected by the count of employees who have managed to achieve their sales targets.

Due VAT

The Company's due VAT increased by 127.7% or at 0.3 million Saudi riyals from 0.3 million Saudi riyals as at 31 December 2019G to 0.6 million Saudi riyals as at 31 December 2020G. Then it increased again by 40.9% or at 0.3 million Saudi riyals from 0.6 million Saudi at 31 December 2020G to 0.9 million Saudi riyals as at 31 December 2021G. Rises resulted from increased sales.

Due rents

The accrued rents accounted for the accumulated rents of warehouses rented by the Company. The balance decreased by 4.8% from 237,000 Saudi riyals as at 31 December 2019G to 226,000 Saudi riyals as at 31 December 2020G, followed by an increase of 100.0% from 0.2 million Saudi riyals as at 31 December 2020G to 0.5 million Saudi riyals as at 31 December 2021G. The increase was associated with the increase in warehouse rents managed by the Company.

Other expenses, classified as accrued expenses and other credit balances, included accrued social insurance expenses and professional fees. These expenses decreased from 0.9 million Saudi riyals as at 31 December 2019G to 0.8 million Saudi riyals as at 31 December 2020G, then increased by 41.0% from 0.8 million Saudi riyals as at 31 December 2020G to 1.1 million Saudi riyals as at 31 December 2021G. These expenses fluctuate periodically within the ordinary course of business.

Related parties

The following table shows the Company's related parties as at 31 December 2019G, 2020G, and 2021G.

Table (65): Outstanding amounts from a related party

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G - 2022G
Abaad Real Estate Investment Co.	1,648	-	-	(100.0%)	N/A	(100.0%)
Total	1,648	-	-	(100.0%)	N/A	(100.0%)

Source: Audited financial statements

The amount of 1.6 million Saudi riyals, payable from the related parties balance and reported in 2019G, was primarily associated with miscellaneous payments made by the Company on behalf of Abaad Real Estate Investment Co.

The following table shows the Company's amount(s) payable to related party(ies) as at 31 December 2019G, 2020G, and 2021G.

Table (66): Amount(s) payable to related party(ies)

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G - 2022G
Abaad Real Estate Investment Co.	-	452	541	N/A	19.6%	N/A
Total	-	452	541	N/A	19.6%	N/A

Source: Audited financial statements

The amounts payable were associated with the financing obtained by the Company from Abaad Real Estate Investment Co. as well as the due amounts associated with rent.

The following table shows the Company's transactions with related parties as at 31 December 2019G, 2020G, and 2021G.

Table (67): ransactions with related parties

(SAR .000)	Nature of Relationship	The financial year ending December 31			Increase/ decrease		CAGR
		2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G- 2021G
Abaad Real Estate Investment Co.	Miscellaneous costs and expenses	3,714	1,938	1,765	(47.8%)	(8.9%)	(31.1%)
	Funding	-	(700)	(667)	N/A	(4.7%)	N/A
	Rents	-	(548)	(895)	N/A	63.5%	N/A
Total		3,714	690,2	202,9	(47.8%)	(70.6%)	(31.1%)

Source: Audited financial statements

Transactions made with Abaad Real Estate Investment Co. were associated with three types of the following transactions: Miscellaneous costs and expenses, finance, and rents.

Miscellaneous costs and expenses

Costs paid by the Company on behalf of Abaad Real Estate Investment Co. They include miscellaneous expenses paid by the Company during the period.

Funding

It accounts for the financing obtained by the Company from Abaad Real Estate Investment Co. to support working capital requirements. It should be noted that there is no interest apply to the loans obtained by the Company. These loans are not associated with specific repayment times.

Rents

This rent is paid for two warehouses and certain residential units rented by the Company from Abaad Real Estate Investment Co.

As mentioned earlier, the provision for contingent liabilities was booked by the Company on 20 July, an initial Zakat assessment was issued to the Company by the ZATCA for the years from 2014G to 2018G in an amount of 2.7 million Saudi riyals. On 20 September 2020G, the Company brought an objection to ZATCA and the same is still under examination and study by ZATCA.

Debit Zakat

The Zakat payable by the Company and its subsidiary has been calculated in accordance with the regulations issued by ZATCA in the Kingdom of Saudi Arabia. It should be noted that the balance of Zakat fluctuates continuously. It was noted earlier that the Company submitted its zakat returns to ZATCA until the year ending 31 December 2021G and received a valid certificate from ZATCA until 30 April 2023G.

List of changes to unified equities

The following table shows the Company's changes to unified equities for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (68): Changes to unified equities

Million Saudi Riyals	Capital	Legal reserve	Consensual reserve	Reserve for remeasurement of staff benefits	Retained earnings	Total equities of the Company's shareholders	Non-controlling equities	Total
Balance as at 1 January 2019G	60.0	9.8	0.7	0.3	35.4	106.2	0.0	106.2
Year profit	-	-	-	-	0.3	0.3	(0.2)	0.1
Other comprehensive income	-	-	-	0.8	-	0.8	0.0	0.8
Amount(s) transferred to the legal reserve	-	0.0	-	-	(0.0)	-	-	-
Settlements	-	-	-	0.0	-	0.0	0.0	0.0
Balance as at 31 December 2019G	60.0	9.8	0.7	1.1	35.7	107.4	(0.2)	107.2
Year profit	-	-	-	-	0.8	0.8	(0.2)	0.6
Other comprehensive income	-	-	-	(1.1)	-	(1.1)	0.0	(1.1)
Amount(s) transferred to the legal reserve	-	0.1	-	-	(0.1)	-	-	-
Balance as at 31 December 2020G	60.0	9.9	0.7	(0.0)	36.4	107.0	(0.4)	106.6
Year profit	-	-	-	-	9.9	9.9	(0.1)	9.8
Other comprehensive income	-	-	-	(1.2)	-	(1.2)	0.0	(1.2)
Amount(s) transferred to the legal reserve	-	1.0	-	-	(1.0)	-	-	-
Balance as at 31 December 2021G	60.0	10.9	0.7	(1.2)	45.4	115.8	(0.5)	115.3

Source: Audited financial statements

Capital

The Company's subscribed and paid-up capital is 60 million Saudi riyals between 31 December 2019G and 31 December 2021G divided into 6.0 million shares, each of which amounts to 10 Saudi riyals.

Legal reserve

According to the Articles of Association and Companies Law of the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the net income annually to the statutory reserve until this reserve reaches 30% of its capital. This reserve is not distributable to shareholders.

Consensual reserve

This reserve was formed based on the decision of the Company's Board of Directors for the Company's business development. This reserve is subject to increase, decrease, or distribution by a decision of the Company's Board of Directors.

Reserve for remeasurement of staff benefits

This reserve is periodically created in relation to employee benefits and end-of-service liabilities.

Impact of acquisition on non-controlling equities in affiliates

It includes impact of acquisition on non-controlling equities in affiliates. The balance increased gradually between 31 December 2019G and 31 December 2021G.

6.8 Cash flows

The following table shows the Company's cash flows for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (69): Cash flows

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Net cash generated by/ (used in) operational activities	1,976	(13,769)	2,097	(796.9%)	(115.2%)	3.0%
Net cash used in investment activities	(2,994)	(1,298)	(1,227)	(56.7%)	(5.5%)	(36.0%)
Net cash generated by/ (used in) funding activities	1,800	22,374	(5,683)	1,142.9%	(125.4%)	N/A
Net changes to the cash on hand and with banks	781	7,308	(4,812)	835.1%	(165.8%)	N/A
Cash on hand and with banks in the beginning of the year	835	1,617	8,925	93.6%	452.0%	226.9%
Cash on hand and with banks in the end of the year	1,617	8,925	4,113	451.6%	(53.9%)	59.5%

Source: Audited financial statements

Cash on hand and with banks in the end of the year increased by 452.0% or at 7.3 million Saudi riyals from 1.6 million Saudi riyals in 2019G to 8.9 million Saudi riyals in 2020G, driven by positive cash flows associated with financing activities following the Company's obtaining loans to finance business requirements.

Cash on hand and with banks in the end of the year decreased by 53.9% or at 4.8 million Saudi riyals to 4.1 million Saudi riyals in 2021G as a result of repayment of loan related obligations.

Cash Flows from Operating Activities

The following table shows the cash flows generated by the Company's operating activities for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (70): Cash Flows from Operating Activities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Operating activities						
Year profit before Zakat	2,191	2,288	12,577	4.4%	449.7%	139.6%
Amendments of:						
Depreciation of properties, machinery, and equipment	2,611	3,147	2,909	20.5%	(7.6%)	5.6%
Depreciation of leased right-of-use assets	464	466	465	0.5%	(0.3%)	0.1%
Provision for Inventory depreciation	-	1,689	-	N/A	(100.0%)	N/A
Provision for expected credit losses	(591)	4,335	(205)	(833.6%)	(104.7%)	(41.2%)
Depreciation of other debit balances	-	894	(78)	N/A	(108.7%)	N/A
Provision of expected liabilities	-	1,150	997	N/A	(13.3%)	N/A
Finance costs	1,491	1,393	2,067	(6.5%)	48.4%	17.8%
Employee benefit liabilities	772	769	303	(0.3%)	(60.5%)	(37.3%)
Profit of sale of properties, machinery and equipment	(94)	-	-	(100.0%)	N/A	(100.0%)
Operating cash flows before changes to working capital	6,843	16,132	19,036	135.7%	18.0%	66.8%
Changes to the working capital:						
Trade receivables	(2,580)	(3,231)	(8,168)	25.2%	152.8%	77.9%
Inventory	(1,120)	(25,643)	(10,578)	2,190.4%	(58.7%)	208.4%
Prepaid expenses and other debit balances	(501)	(5,400)	7,963	977.3%	(247.5%)	N/A
Outstanding amounts from a related party	(1,648)	1,648	-	(200.0%)	(100.0%)	(100.0%)
Amount(s) payable to related party(ies)	(463)	452	89	(197.6%)	(80.4%)	N/A
Trade payables	1,325	1,930	(6,128)	45.7%	(417.5%)	N/A
Due expenses and other credit balances	1,570	2,384	4,134	51.8%	73.5%	62.3%
Cash flows used in working capital	3,426	(11,729)	6,347	(442.3%)	(154.1%)	36.1%
Expected paid liabilities	-	(150)	-	N/A	(100.0%)	N/A
Paid finance costs	(699)	-	-	(100.0%)	N/A	(100.0%)
Employee paid benefit liabilities	(332)	(224)	(415)	(32.5%)	85.5%	11.9%
Paid Zakat	(420)	(1,666)	(3,835)	296.6%	130.2%	202.2%
Net cash generated by/ (used in) operating activities	1,976	(13,769)	2,097	(796.9%)	(115.2%)	3.0%

Source: Audited financial statements

In 2019G, the company recorded positive cash flows from operating activities of 2.0 million Saudi riyals, which turned in 2020G into outflows of 13.8 million Saudi riyals due to increased inventory (due to an increase in the value of purchases to keep pace with increasing demand). The Company recorded positive cash flows again at 2.1 million Saudi riyals in 2021G, as the traffic was mainly affected by the increase in net profit achieved by the Company between 2021G and 2021G.

Cash Flows from Investment Activities

The following table shows the cash flows generated by the Company's investment activities for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (71): Cash Flows from Investment Activities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Investment activities						
Additions of properties, machinery and equipment	(3,338)	(1,298)	(1,227)	(61.1%)	(5.5%)	(39.4%)
Sale proceeds of properties, machinery and equipment	344	-	-	(100.0%)	N/A	(100.0%)
Net cash used in investment activities	(2,994)	(1,298)	(1,227)	(56.7%)	(5.5%)	(36.0%)

Source: Audited financial statements

The cash used in (generated by) investment activities decreased by 56,7% or at 1,7 million Saudi riyals from 3,0 million Saudi at the year 2019G to 1,3 million Saudi the year 2020G, with a further decrease to 1,2 million Saudi at the year 2021G. The said decreases arose from additions in property, machinery, and equipment as the Company acquired new production equipment to accelerate production pace.

Cash flows from Finance Activities

The following table shows the cash flows generated by the Company's finance activities for the financial years ending 31 December 2019G, 2020G, and 2021G.

Table (72): Cash flows from Finance Activities

(SAR .000)	The financial year ending December 31			Increase/ decrease		CAGR
	2019G Audited	2020G Audited	2021G Audited	2020G December	2021G December	2019G-2021G
Operating activities						
Paid lease agreement liabilities	(309)	(397)	(245)	28.4%	(38.3%)	(11.0%)
Paid finance costs	-	(790)	(1,167)	N/A	4.7%	N/A
Loan proceeds	80,593	125,789	96,460	56.1%	(23.3%)	9.4%
Loan repayments	(78,484)	(102,228)	(100,731)	30.3%	(1.5%)	13.3%
Net cash generated by/ (used in) funding activities	1,800	22,374	(5,683)	1,142.9%	(125.4%)	N/A

Source: Audited financial statements

The traffic of cash flows generated by financing activities was mainly associated with the traffic of loans obtained by the Company between 2019G and 2021G.

Cash inflows generated by finance activities increased by 1,142,6% or at 20,6 million Saudi riyals from 1,8 million Saudi in 2019G to 22,4 million Saudi in 2020G, as a result of obtaining additional loans from different banks to support working capital.

Cash inflows generated by finance activities shifted in 2020G from positive flows of 22.4 million Saudi riyals to cash outflows of 5.7 million Saudi riyals in 2021G as a result of the repayment of certain loan obligations.

Discussion of management and analysis for the six-month period ending 30 June 2021G and 30 June 2022G

Operation outcomes

The following table shows the KPIs for the six-month period ending 30 June 2021G and 30 June 2022G:

Table (73): KPIs

(SAR .000)	The period ending 30 June	
	2021G unaudited	2021G unaudited
Revenue growth percentage	-	(7.2%)
General and administrative expenses as a percentage of revenues	(3.2%)	(4.2%)
Sales and marketing expenses as a percentage of revenues	(8.5%)	(9.1%)
Total profit rate	22.9%	24.6%
Operating profit rate	11.3%	11.2%
Net profit rate	8.8%	7.7%
Return on equities	0.0	0.1
Current assets/ current liabilities	2.3	2.1
Non-current assets/ non-current liabilities	4.3	4.0
Assets/ equities	1.7	1.8
Return on assets	0.0	0.0
Debt to total equities	0.4	0.4
Total assets/ total liabilities	2.5	2.3

Source: Management Information

Statement of Income

The following table shows the Company's statement of income for the six-month period ending 30 June 2021G and 30 June 2022G:

Table (74): Statement of income

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Revenues	81,850	75,939	(7.2%)
Cost of revenues	(63,083)	(57,290)	(9.2%)
Total profit	18,767	18,649	(0.6%)
Sales and marketing expenses	(6,940)	(6,945)	0.1%
General and administrative expenses	(2,606)	(3,164)	21.4%
Net profit from main operations	9,221	8,540	(7.4%)
Finance costs	(947)	(1,398)	47.7%
Expenses of expected liabilities provision	(200)	-	(100.0%)
Other revenues	27	-	(100.0%)
Net profit before Zakat	8,102	7,142	(11.8%)
Zakat	(915)	(1,259)	37.7%
Year net profit	7,187	5,883	(18.1%)

Source: Non-audited financial statements

Revenues decreased by 7.2% from 81.9 million Saudi riyals in the six-month period ending 30 June 2021G to 75.9 million Saudi riyals in the six-month period ending 30 June 2022G. It can be said that the decline is mainly due to the decline in global demand of the labor market, which is still suffering from the consequences of the Covid-19 pandemic.

Cost of revenues decreased by 9.2% from 63.1 million Saudi riyals in the six-month period ending 30 June 2021G to 57.3 million Saudi riyals in the six-month period ending 30 June 2022G. This is mainly due to lower indirect costs and lower raw materials.

Total profit decreased by 0.6% from 18.8 million Saudi riyals in the six-month period ending 30 June 2021G to 18.6 million Saudi riyals in the six-month period ending 30 June 2022G after the decrease in revenues and the increase in the cost of revenues by a percentage that exceeded the revenue increase.

Selling and marketing expenses passed no material change between the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G.

General and administrative expenses increased by 21.4% from 2.6 million Saudi riyals in the six-month period ending 30 June 2021G to 3.2 million Saudi riyals in the six-month period ending 30 June 2022G, primarily due to an increase in staff salaries and benefits following the recruitment of additional administrative staff.

Net profit from main operations decreased by 7.4% from 9.2 million Saudi riyals in the six-month period ending 30 June 2021G to 8.5 million Saudi riyals in the six-month period ending 30 June 2022G following the general and administrative expenses increase.

Financing costs increased by 47.7% from 1 million Saudi riyals in the six-month period ending 30 June 2021G to SAR 1.4 million in the six-month period ending 30 June 2022G, as a result of the increase in financial charges recorded during the period with the high loan yields achieved by the Company following the increase of financing costs.

As aforesaid, the expense of the provision for expected liabilities is associated with potential Zakat liabilities in relation to the Zakat assessments between 2014G and 2018G.

Net profit before Zakat decreased by 11.8% from 8.1 million Saudi riyals in the six-month period ending 30 June 2021G to 7.1 million Saudi riyals in the six-month period ending 30 June 2022G following the increase of financing costs.

Zakat increased by 11.8% from 0.1 million Saudi riyals in the six-month period ending 30 June 2021G to 1.2 million Saudi riyals in the six-month period ending 30 June 2022G. Zakat expenses fluctuate periodically.

Year net profit decreased by 18.1% from 7.2 million Saudi riyals in the six-month period ending 30 June 2021G to 5.9 million Saudi riyals in the six-month period ending 30 June 2022G. This was mainly due to higher operating expenses as well as higher financing and Zakat expenses.

Revenue and deductions

The following table shows the Company's revenue and deductions for the six-month period ending 30 June 2021G and 30 June 2022G:

Table (75): Revenue and deductions

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Revenues	90,995	89,300	(1.9%)
Deductions	(8,321)	(10,561)	26.9%
Returned objects	(824)	(2,800)	239.8%
Total	81,850	75,939	(7.2%)

Source: Licensee's Information

As in the case of the period between 2019G and 2021G, discounts generally increased between the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G in order to stimulate sales.

The following table shows the Company's revenue for the six-month period ending 30 June 2021G and 30 June 2022G:

Table (76): Revenues

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Commercial sector	46,772	41,480	(11.3%)
Industrial sector	35,077	34,459	(1.8%)
Total	81,850	75,939	(7.2%)

Source: Licensee's Information

Revenues generated by the commercial sector decreased by 11.3% from 46.8 million Saudi riyals in the six-month period ending 30 June 2021G to 41.5 million Saudi riyals in the six-month period ending 30 June 2022G. Revenues generated by the industrial sector decreased by 1.8% from 35.1 million Saudi riyals in the six-month period ending 30 June 2021G to 34.5 million Saudi riyals in the six-month period ending 30 June 2022G.

It can be said that the decline in revenues of the said two sectors arisen from the decline in the volume of demand globally given that the market is still suffering from the consequences of the Covid-19 pandemic as mentioned above.

The following table shows the Company's revenue by product for the six-month period ending 30 June 2021G and 30 June 2022G:

Table (77): Product revenues

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Commercial sector			
Ovens	3,163	5,358	69.4%
Consumables and spare parts	1,153	582	(49.5%)
External coolers	56	387	591.1%
Refrigerators	2,390	3,430	43.5%
Screens	6,021	1,121	(81.4%)
Washing machines	6,481	4,904	(24.3%)
Freezers	228	325	42.2%
ACs – split	22,039	18,913	(14.2%)
ACs – window	5,240	6,460	23.3%
Total commercial sector	46,772	41,480	(11.3%)
Industrial sector			
Cooler factory	1,140	1,004	(11.9%)
Plastic factory	909	2,055	126.0%
Refrigerator factory	16,586	14,983	(9.7%)
Rack factory	12,012	13,848	15.3%
ACs factory	4,429	2,568	(42.0%)
Total Industrial sector	35,077	34,459	(1.8%)
Total	81,850	75,939	(7.2%)

Source: Licensee's Information

Commercial sector

In the case of the commercial sector, the decline in revenues was concentrated in the decline in revenues generated by the sales of screens and air conditioners.

Revenues associated with sales of screens decreased by 81,4% from 6,0 million Saudi riyals in the six-month period ending 30 June 2021G to 1,1 million Saudi riyals in the six-month period ending 30 June 2022G. On the other hand, revenues generated by the sales of ACs (split) decreased by 14,3% from 22,0 million Saudi riyals in the six-month period ending 30 June 2021G to 18,9 million Saudi riyals in the six-month period ending 30 June 2022G. The main reason for the decline in revenues for the products referred to was the decline in the volume of demand after the rise in prices globally.

Industrial sector

Revenues generated by the industrial sector decreased by 1,8% from 35,1 million Saudi riyals in the six-month period ending 30 June 2021G to 34,5 million Saudi riyals in the six-month period ending 30 June 2022G. The decline was concentrated in refrigerator and air conditioner products as a result of the decline in demand.

Cost of revenues

The following table shows the Company's cost of revenues for the financial years ending 30 June 2021G and 30 June 2022G.

Table (78): Cost of revenues

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Industrial sector			
Raw material costs	17,959	17,561	(2.2%)
Labor costs	2,016	2,124	5.4%
Indirect costs	5,639	5,168	(8.3%)
Total Industrial sector	25,614	24,853	(3.0%)
Commercial sector			
Commercial cost	37,469	32,437	(13.4%)
Total commercial sector	37,469	32,437	(13.4%)
Cost of revenues	63,083	57,290	(4.2%)

Source: Licensee's Information

Cost of revenues pertaining to the industrial sector decreased by 3,0% from 25,6 million Saudi riyals in the six-month period ending 30 June 2021G to 24,9 million Saudi riyals in the six-month period ending 30 June 2022G as a result of the low cost of materials and the cost of indirect expenses.

Cost of revenues pertaining to the industrial sector decreased by 13,4% from 37,5 million Saudi riyals in the six-month period ending 30 June 2021G to 32,4 million Saudi riyals in the six-month period ending 30 June 2022G, where the Company managed to procure imported product with more informed prices.

The following table shows the Company's cost revenue as per the commercial sector for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G:

Table (79): Cost of revenues as per the commercial sector

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Commercial sector			
ACs – split	18,879	14,882	(21.2%)
ACs – window	4,214	5,204	23.5%
Ovens	2,542	4,384	72.5%
Washing machines	5,148	3,763	(26.9%)
Refrigerators	1,830	2,726	49.0%
Screens	3,910	791	(79.8%)
External coolers	45	304	568.7%
Freezers	181	243	34.2%
Consumables and spare parts	720	142	(80.3%)
Total cost of the commercial sector	37,469	32,437	(13.4%)

Source: Licensee's Information

It can be argued that the low cost of revenue for the commercial sector was associated with split air conditioners and screen products.

In case of split air conditioners, cost of revenues decreased by 21,2% from 18,9 million Saudi riyals in the six-month period ending 30 June 2021G to 14,9 million Saudi riyals in the six-month period ending 30 June 2022G. On the other hand, cost of revenues generated by the sales of screens decreased by 79,8% from 3,9 million Saudi riyals in the six-month period ending 30 June 2021G to 0,8 million Saudi riyals in the six-month period ending 30 June 2022G.

As aforesaid, the Company managed to obtain products of the commercial sector at lower prices.

The following table shows the Company's cost revenue as per the industrial sector for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G:

Table (80): Cost of revenues as per the industrial sector

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Industrial sector			
Raw material costs			
Rack factory	6,585	8,139	23.6%
Refrigerator factory	6,882	6,580	(4.4%)
ACs factory	3,247	1,326	(59.2%)
Plastic factory	630	985	56.3%
Cooler factory	614	531	(13.6%)
Total raw material costs	17,959	17,561	(2.2%)

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Labor costs			
Refrigerator factory	1,144	1,222	6.9%
Plastic factory	216	366	69.7%
ACs factory	90	234	160.3%
Rack factory	419	213	(49.2%)
Cooler factory	148	89	(39.7%)
Total labor costs	2,016	2,124	5.4%
Indirect costs			
Refrigerator factory	2,203	2,128	(3.4%)
Rack factory	2,223	2,009	(9.7%)
Plastic factory	277	555	100.0%
ACs factory	603	356	(40.9%)
Cooler factory	332	120	(63.9%)
Indirect costs	5,639	5,168	(8.3%)
Total industrial sector cost	25,614	23,853	(33.6%)

Source: Licensee's Information

Costs of the sold commodities associated with the industrial sector cover raw material, labor, and indirect costs. The raw material was the main element of these costs, which accounts relatively for 70.4% of the total industrial cost during the period.

Raw material

Costs of the Company's raw materials decreased by 2,2% from 18,0 million Saudi riyals in the six-month period ending 30 June 2021G to 17,6 million Saudi riyals in the six-month period ending 30 June 2022G. Decrease is within the ordinary course of business.

Labor costs

Labor costs increased by 5.4% from 2.0 million Saudi riyals in the six-month period ending 30 June 2021G to 2.1 million Saudi riyals in the six-month period ending 30 June 2022G. The slight increase was due to a partial rise in the employees hired by the Company in the factories.

Indirect costs

Indirect costs decreased by 8,3% from 5,6 million Saudi riyals in the six-month period ending 30 June 2021G to 5,2 million Saudi riyals in the six-month period ending 30 June 2022G. The decrease was associated with decline in factory operation level.

The following table shows the Company's total profit by product for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G:

Table (81): Total profit by product

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Commercial sector			
Ovens	622	975	56.8%
Consumables and spare parts	433	440	1.6%
External coolers	10	83	688.4%
Refrigerators	560	704	25.7%
Screens	2,111	331	(84.3%)
Washing machines	1,333	1,142	(14.3%)
Freezers	48	82	72.5%
ACs – split	3,160	4,031	27.5%
ACs – window	1,026	1,256	22.5%
Total commercial sector	9,304	9,043	(2.8%)
Industrial sector			
Cooler factory	45	264	485.4%
Plastic factory	(214)	149	(169.4%)
Refrigerator factory	6,358	5,052	(20.5%)
Rack factory	2,785	3,488	25.3%
ACs factory	490	652	33.2%
Total Industrial sector	9,463	9,606	1.5%
Total	18,767	18,649	(0.6%)

Source: Licensee's Information

Generally, and save certain products, total profit passed no material change between the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G.

The following table shows the Company's profit margin by product for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G:

Table (82): Profit margin by product

(SAR .000)	The period ending 30 June	
	2021G unaudited	2021G unaudited
Commercial sector		
Ovens	19.6%	18.2%
Consumables and spare parts	37.6%	75.6%
External coolers	18.7%	21.3%
Refrigerators	23.4%	20.5%
Screens	35.1%	29.5%
Washing machines	20.6%	23.3%
Freezers	20.9%	25.3%
ACs – split	14.3%	21.3%
ACs – window	19.6%	19.4%
Total commercial sector	19.9%	21.8%
Industrial sector		
Cooler factory	4.0%	26.3%
Plastic factory	(23.6%)	7.2%
Refrigerator factory	38.3%	33.7%
Rack factory	23.2%	25.2%
ACs factory	11.1%	25.4%
Total Industrial sector	27.0%	27.9%
Total	22.9%	24.6%

Source: Licensee's Information

Despite the decrease in revenue between the six months ending 30 June 2021G and the six-month period ended 30 June 2022G, gross profit margins increased relatively between the said two periods due to the partial decrease in cost of revenue.

Sales and marketing expenses

The following table shows the Company's sales and marketing expenses for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G:

Table (83): Sales and marketing expenses

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Salaries, wages and the like	2,061	2,197	6.6%
Due discounts of customers	1,244	1,253	0.6%
Transport expenses	631	478	(24.2%)
Repair and maintenance	365	344	(5.7%)
Sales commission	579	312	(46.1%)
Rents	719	783	8.8%
Governmental fees	100	100	-
Amortization of usable rights	232	209	(10.1%)
Depreciation of properties, machinery, and equipment	100	10	(90.0%)
Other	908	1,259	38.6%
Total	6,940	6,945	0.1%

Source: Licensee's Information

Salaries, wages, and the like of the Company decreased by 6,6% from 2,1 million Saudi riyals in the six-month period ending 30 June 2021G to 2,2 million Saudi riyals in the six-month period ending 30 June 2022G. The said increases were the result of the employment of additional employees across the Company's administrative departments.

Discounts due to clients increased by 0.6% from 1,2 million Saudi riyals in the six-month period ending 30 June 2021G to 1.3 million Saudi riyals in the six-month period ending 30 June 2022G for the increase of gents who achieve predetermined sales targets in their contracts.

Tax expense of the Company decreased by 24,2% from 0,6 million Saudi riyals in the six-month period ending 30 June 2021G to 0,5 million Saudi riyals in the six-month period ending 30 June 2022G. This expense fluctuates continuously within the ordinary course of business, as it depends on the size and scope of employee commute.

Maintenance and repair expense of the Company decreased at 5.7% from 0,4 million Saudi riyals in the six-month period ending 30 June 2021G to 0.3 million Saudi riyals in 2020G. This is due to the relative decrease of maintenance operations.

Sales commission decreased by 46,1% from 0,6 million Saudi riyals in the six-month period ending 30 June 2021G to 0,3 million Saudi riyals in the six-month period ending 30 June 2022G riyals due the decrease in of revenues between the said two periods.

Expenses of rents increased by 8,8% from 0,7 million Saudi riyals in the six-month period ending 30 June 2021G to 0,8 million Saudi riyals in the six-month period ending 30 June 2022G. The increase is primarily due to the increase in rents for exhibitions.

The governmental fees passed no remarkable change during the six-month period ending 30 June 2021G and 2022G.

Expenses of right-of-use depreciation passed no remarkable change between the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G.

Depreciation expenses of properties, machinery, and equipment decreased by 90.0% from 0,1 million Saudi riyals in the six-month period ending 30 June 2021G to 10 ten thousand Saudi riyals in the six-month period ending 30 June 2022G since majority of current fixed assets are mostly depreciated.

Other expenses increased by 38.6% from 0.9 million Saudi riyals in the six-month period ending 30 June 2021G to 1.3 million Saudi riyals in the six-month period ending 30 June 2022G. These expenses fluctuate periodically and their traffic is not closely related to the traffic of the business activity.

General and administrative expenses

The following table shows the Company's general and administrative expenses for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G:

Table (84): General and administrative expenses

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2022G June
Salaries, wages and the like	1,246	1,863	49.5%
Expenses of accounts receivable provision	-	-	N/A
Banking expenses	122	46	(62.3%)
Consulting fees	217	214	(1.4%)
Depreciation of properties, machinery, and equipment	85	93	9.3%
Telephone and post	100	100	-
Governmental fees	100	100	-
Other	736	748	1.6%
Total	2,606	3,164	21.4%

Source: Licensee's Information

Salaries, wages, and the like increased by 49.5% from 1.2 million Saudi riyals in the six-month period ending on 30 June 2021G to 1.9 million Saudi riyals in the six-month period ending 30 June 2022G as a result of the increase in staff count, which in turn led to an increase in bonuses and an increase in fees of GOSI.

The expenses of accounts receivable provision passed no material change during the six-month period ending 30 June 2021G and 2022G.

Banking expenses decreased by 62.3% from 0,1 million Saudi riyals in the six-month period ending 30 June 2021G to 46 thousand Saudi riyals in the six-month period ending 30 June 2022G following the decrease of the credits related expenses.

Consulting fees passed no material changes during the periods ending 30 June 2021G and 2022G.

Depreciation expenses of properties, machinery, and equipment increased by 9.3% from 85 thousand Saudi riyals in the six-month period ending 30 June 2021G to 93 thousand Saudi riyals in the six-month period ending 30 June 2022G since majority of the said assets are mostly depreciated throughout the period.

Expenses of telephone and post passed no material change during the six-month period ending 30 June 2021G and 2022G.

The governmental fees passed no material change during the six-month period ending 30 June 2021G and 2022G.

Other expenses passed no material change between the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G.

Finance costs

The following table shows the Company's finance costs for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G.

Table (85): Finance costs

(SAR .000)	The period ending 30 June		Increase/ decrease
	2021G unaudited	2021G unaudited	2021G-2022G
Loan finance costs	23	16	(28.8%)
Interests of lease agreement' liabilities	924	1,382	49.6%
Total	924	1,382	47.7%

Source: Licensee's Information

Loan finance costs increased by 47,7% from 0,9 million Saudi riyals in the six-month period ending 30 June 2021G to 1,4 million Saudi riyals in the six-month period ending 30 June 2022G after finance cost increase.

Zakat expenses

Zakat expenses increased by 37,7% from 0,9 million Saudi riyals in the six-month period ending 30 June 2021G to 1,3 million Saudi riyals in the six-month period ending 30 June 2021G.

Net profit

Year net profit decreased by 18,1% from 7,2 million Saudi riyals in the six-month period ending 30 June 2021G to 5,9 million Saudi riyals in the six-month period ending 30 June 2022G following the general and administrative expenses increase (including finance expenses). Net profit margin decreased from 8.8% to 7.7% between the said two periods.

Statement of Financial Position

The following table shows the Company's Statement of Financial Position as at 31 December 2021G and 2022G.

Table (86): Statement of Financial Position

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Non-current assets	39,592	38,209	(3.5%)
Current assets	152,246	170,836	12.2%
Total assets	191,838	209,046	9.0%
Total equities	115,306	116,689	1.2%
Non-current liabilities	9,220	9,546	3.5%
Current liabilities	67,312	82,811	23.0%
Total liabilities	76,532	92,357	20.7%
Total shareholders equities and liabilities	191,838	209,046	9.0%

Source: Non-Audited financial statements

The asset balance increased as at 30 June 2022G by 9,0% or at 17,2 million Saudi riyals from 191,8 million Saudi riyals as at 31 December 2021G to 209,0 million Saudi riyals as at 30 June 2022G, after the balance of current assets increased by 12,2% from 152,2 as at 31 December 2021G to 170,8 million Saudi riyals as at 30 June 2022G after the increased balances of accounts receivable and inventory.

The balance of total equity increased slightly between 31 December 2021G and the six-month period ended 30 June 2020G, and the balance then increased from 115.3 million Saudi riyals as at 31 December 2021G to 116.7 million Saudi riyals as at 30 June 2022 due to a slight increase in net profit between the said two periods.

Balance of total liabilities increased by 20,7% or at 15,8 million Saudi riyals from 76,5 million Saudi riyals as at 31 December 2021G to 92,4 million Saudi riyals as at 30 June 2022G, as a result of the balance of current assets increase by 23,0% from 67,3 million Saudi riyals as at 31 December 2021G million Saudi riyals to 82,8 million Saudi riyals as at 30 June 2022G after the increased balances of accounts receivable.

Non-current assets

The following table shows the Company's non-current assets as at 31 December 2021G and 30 June 2022G.

Table (87): Non-current assets

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2021G-2022G
Property, factories, and equipment	37,975	36,802	(3.1%)
Total right-of-use assets (net)	1,617	1,408	(12.9%)
Total	39,592	38,209	(3.5%)

Source: Non-Audited financial statements

Balance of non-current liabilities decreased by 3,5% from 39,6 million Saudi riyals as of 31 December 2021G to 38,2 million Saudi riyals as of 30 June 2022G due to a decrease in properties and equipment and right-of-use assets.

Property, factories, and equipment

The following table shows the net book value of the Company's properties, factories, and equipment as of 31 December 2021G, and the six-month period ending 30 June 2022G.

Table (88): Property, factories, and equipment

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Lands	20,409	20,409	-
Buildings	4,214	3,953	(6.1%)
Machinery and equipment	12,513	11,534	(7.8%)
Cars	307	403	31.3%
Furniture and furnishings	528	498	(5.6%)
Surveillance systems	5	5	(9.4%)
Total	37,975	36,802	(3.1%)

Source: Licensee's Information

Balance of properties, factories, and equipment reduced by 3,1% from 38,0 million Saudi riyals as at 31 December 2021G to 36,8 million Saudi riyals as at 30 June 2022G due to ongoing depreciation.

Total right-of-use assets (net)

The following table shows the Company's right-of-use assets for the financial year ending 31 December 2021G and the six-month period ending 30 June 2022G.

Table (89): Total right-of-use assets (net)

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2021G-2022G
Cost			
Balance at the beginning of the year	3,011	3,011	-
Additions	-	-	-
Balance in the end of the year	3,011	3,011	-
Accumulated depreciation			
Balance in the beginning of the year	930	1,394	50.0%
Carried over during the year	465	210	(54.8%)
Balance in the end of the year	1,394	1,604	15.1%
Total	1,617	1,407	(12.9%)

Source: Licensee's Information

The book value of right-of-use assets decreased by 12,9% or at 0,2 million Saudi riyals from 1,6 million Saudi riyals as at 31 December 2021G to 1,4 million Saudi riyals as at 30 June 2022G due to continuing amortization.

Current assets

The following table shows the Company's current assets for the financial year ending 31 December 2021G and the six-month period ending 30 June 2022G.

Table (90): Current assets

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2021G-2022G
Cash and cash equivalents	4,113	1,960	(52.3%)
Prepaid expenses and other accounts receivables	6,851	11,347	65.6%
Trade receivables	38,441	44,996	17.1%
Inventory	102,842	112,534	9.4%
Total	152,246	170,836	12.2%

Source: Non-audited financial statements

Total current assets increased by 12,2% from 152,2 million Saudi riyals as at 31 December 2021G to 170,8 million Saudi riyals as at 30 June 2022G. The increase was concentrated in the balances of prepaid expenses and other accounts receivables as well as trade receivables and inventory.

Inventory

The following table shows the Company's inventory for the financial year ending as at 31 December 2021G and the six-month period ending 30 June 2022G:

Table (91): Inventory

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Finished goods	51,434	61,832	20.2%
Spare parts	36,562	34,484	(5.7%)
Raw materials	12,302	14,450	17.5%
In-operation production	4,233	3,456	(18.4%)
Total	104,531	114,222	13.4%
Provision for Inventory depreciation	(1,689)	(1,689)	-
Total	102,842	112,534	9.4%

Source: Licensee's Information

Finished goods

The balance of finished goods increased by 20,2% or at 10,4 million Saudi riyals from 51,4 million Saudi riyals as at 31 December 2021G to 61,8 million Saudi riyals as at 30 June 2022G, due to the further purchases acquired by the Company during the six-month period ending 30 June 2022G.

Spare parts

The balance of spare parts decreased by 5,7% or at 2,1 million Saudi riyals from 36,6 million Saudi riyals as at 31 December 2021G to 34,5 million Saudi riyals as at 30 June 2022G due to continuing use in production.

Raw materials

The balance of raw materials increased by 17,5% or at 2,1 million Saudi riyals from 12,3 million Saudi riyals as at 31 December 2021G to 14,5 million Saudi riyals as at 30 June 2022G, due to the further purchases acquired by the Company during the six-month period ending 30 June 2022G.

In-operation production

In-operation production decreased by 18,4% or at 0,7 million Saudi riyals from 4,2 million Saudi riyals as at 31 December 2021G to 3,5 million Saudi riyals as at 30 June 2022G. Balance fluctuates within the ordinary course of business.

Provision for Inventory depreciation

The impairment provision for inventory passed no remarkable change between 31 December 2021G and 30 June 2022G.

Trade receivables (net)

The following table shows the Company's trade receivables for the financial year ending as at 31 December 2021G and the six-month period ending 30 June 2022G.

Table (92): Trade receivables (net)

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Trade receivables	48,402	55,167	14.0%
Provision for credit losses	(8,943)	(8,943)	N/A
Discounts for accounts receivable	(1,019)	(1,228)	20.5%
Total	38,441	44,996	17.1%

Source: Licensee's Information

Balance of trade receivables increased by 17,1% or at 6,6 million Saudi riyals from 38,4 million Saudi riyals as at 31 December 2021G to 45,0 million Saudi riyals as at the six-month period ending 30 June 2022G. It can be said that the said increase was impaired by the slow collection in the period between 2019G and 2021G.

The following table shows the Company's traffic of provision for expected credit losses for the financial year ending as at 31 December 2021G and the six-month period ending 30 June 2022G.

Table (93): Traffic of provision for expected credit losses (net)

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Balance as at 1 January	9,147	8,943	(2.2%)
Constituent during the year	-	-	N/A
Cancellation during the year	(205)	-	(100.0%)
Balance as at 31 December	8,943	8,943	-

Source: Licensee's Information

The provision for credit losses passed no remarkable change during the two periods as at 31 December 2021G and the six-month and period ending 30 June 2022G.

Table (94): Ages of accounts receivable

(SAR .000)	Undue balance	From 30 days to 60 days	60 days to 90 days	From 91 days to 180 days	From 181 days to 270 days	More than 270 days	Total balance
as at 30 June 2022G	21,152	16,785	1,071	3,148	2,030	10,981	55,167

Source: Licensee's Information

Accounts receivables due for a period exceeding 270 days accounted for 19.9% of the total balance as at 31 December 2021G. It should be noted that the credit grace period granted by the Company to its employees ranges from 30 to 90 days, but the delay in receiving dues can be attributed to slow collection in addition to the economic recession. The Company is currently working to improve the collection process by following new policies regarding the management of the client credit profile.

Prepaid expenses

The following table shows expenses prepaid to the Company's for the financial year ending as at 31 December 2021G and the six-month period ending 30 June 2022G.

Table (95): Prepaid expenses

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2020G December
Advance payment suppliers	1,984	4,367	120.1%
Security of documentary credits	2,000	2,908	45.4%
Staff trusts and advances	2,269	2,545	12.2%
Prepaid expenses	923	1,773	92.0%
Other debit balances	492	571	16.2%
Provision for depreciation of other debit balances	(817)	(817)	-
Total	6,851	11,347	65.6%

Source: Licensee's Information

Advance payment suppliers

The balance of advance payments of suppliers increased by 120,1% from 2,0 million Saudi riyals as 31 December 2021G to 4,4 million Saudi riyals as at 30 June 2022G. The said rise was mainly associated with a major supplier in China that the Company dealt with and required a high-value advance payment before shipping the goods.

Security of documentary credits

The balance of documentary credit security increased by 45,4% or 2,0 million Saudi riyals as at 31 December 2021G to 2,9 million Saudi riyals as at 30 June 2022G. The continuous increase in the said balance can be attributed to the increase in the value and number of documentary credits issued by the Company to its various suppliers.

Staff trusts and advances

The balance of staff trusts and advances increased by 12,2% from 2,3 million Saudi riyals as at 31 December 2021G to 2,5 million Saudi riyals as at 30 June 2022G. As we mentioned earlier, the balance of staff trusts and advances changes within the ordinary course of business with the fluctuation of the number and value of advance requests filed and approved to be granted by the Company's management.

Prepaid expenses

Balance of prepaid expenses increased by 92,0% from 0,9 million Saudi riyals as at 31 December 2021G to 1,8 million Saudi riyals as at 30 June 2022G. The increase was impaired by higher upfront financing costs due to higher financing costs as well as higher prepaid rents.

Other debit balances

Other debit balances decreased by 16,2% from 0,5 million Saudi riyals as at 31 December 2021G to 0,6 million Saudi riyals as at 30 June 2022G. As in the case of other balances under the prepaid expense category, these balances fluctuate continuously because their traffic is not closely associated with the business traffic.

Cash and cash equivalents

The following table shows the Company's cash and cash equivalents for the financial year ending as at 31 December 2021G and the six-month period ending 30 June 2022G.

Table (96): Cash and cash equivalents

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Cash with banks	3,795	1,673	(55.9%)
Cash on hand	318	287	(9.8%)
Total	4,113	1,960	(52.3%)

Source: Licensee's Information

Generally, balance of cash and cash equivalents reduced at 52,3% from 4,1 million Saudi riyals as at 31 December 2021G to 2,0 million Saudi riyals as at 30 June 2022G. The said decrease was impacted by the shift in positive cash flows associated with financing activities from a positive cash flow of 12.6 million Saudi riyals to a negative cash flow of 8.9 million Saudi riyals between the said two periods.

Cash flow generated by financing activities was associated with the repayment of various loans obtained by the Company between 2019G and 2021G.

Current liabilities

The following table shows current liabilities for the financial year ending as at 31 December 2021G and the six-month period ending 30 June 2022G:

Table (97): Current liabilities

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2021G-2022G
Short-term loans	44,551	42,211	(5.3%)
Capital rent assets	939	250	(73.4%)
Accounts payable	4,594	21,611	370.4%
Due expenses and other credit balances	11,924	11,557	(3.1%)
Credit balances from related parties	541	1,158	114.2%
provision for potential liabilities	1,997	1,997	-
Debit Zakat	2,767	4,026	45.5%
Total	67,312	82,811	23.0%

Source: Non-audited financial statements

Current liabilities increased by 23.0% from 67.3 million Saudi riyals as at 31 December 2021G to 82.8 million Saudi riyals as at 30 June 2022G due to an increase in the balance of accounts payables where the value of purchases acquired by the Company increased during the six-month period ending 30 June 2022G.

Finance structure

The following table shows the Company's finance structure for the six-month period ending 30 June 2021G and the six-month period ending 30 June 2022G.

Table (98): Finance structure

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Loan balance as at 1 January	49,078	45,707	(6.9%)
Constituent during the year	96,460	49,606	(48.6%)
Due finance expenses	901	681	(24.4%)
Loan repayment(s) during the year	(100,731)	(52,865)	(47.5%)
Loan balance as at 31 December	45,707	43,129	(5.6%)
Non-current loans	44,551	42,211	(5.3%)
Current loans	1,156	918	(20.6%)
Total loans	45,707	43,129	(5.6%)
Total equities	115,306	116,689	1.2%
Total loans/ total equities (one time)	0.4	0.4	-

Source: Licensee's Information

The balance of loan balance decreased by 5,6% or at 2,6 million Saudi riyals from 45,7 million Saudi riyals as at 31 December 2021G to 43,1 million Saudi riyals as at the six-month period ending 30 June 2022G, due to the continuous payments for the six-month period ending 30 June 2022G.

Table (99): Loan details

Bank	Loan type	Loan purpose	Interest rate	Value of the documentary credit	Balance at the Financial Year as of 31 December 2021G Audited	The financial year balance as at 30 June 2022G 2021G unaudited
Million Saudi Riyals						
Saudi Investment Bank	documentary credit	Finance requirements of working capital	Admission fees: 2% annually	15,000	1,416	-
			Opening fees of credit profile			
			Bank rate + 0,5% annually			
Bank of Riyadh			Between 0,02% and 0,0%	76,505	34,654	43,129
Alinma Bank			Bank rate + 0,5% annually	18,750	9,637	-
Total				110,255	45,707	43,129

Source: Licensee's Information

As aforesaid, the loans obtained by the Company are guaranteed loan in favor of banks through the land owned by the Company under Title Deed (Sukk) No. 91010638304 and promissory notes that worth 39.0 million Saudi riyals.

Capital rent assets

Balances of the assets acquired as per capital rent contracts reduced by 73,4% from 0,9 million Saudi riyals as at 31 December 2021G to 0,3 million Saudi riyals as at 30 June 2022G due to continuous repayments.

Accounts payable

Balance of accounts payable increased by 370,4% from 4,6 million Saudi riyals as at 31 December 2021G to 21,6 million Saudi riyals as at 30 June 2022G due to the increase in the volume of purchases during the first half of 2022G.

Ages of accounts payable

Table (100): Ages of accounts payable

(SAR .000)	From 1 days to 180 days	From 181 days to 270 days	From 271 days to 365 days	More than 365 days	Total balance
as at 30 June 2022G	20,536	271	-	804	8,386

Source: Licensee's Information

Due expenses and other credit balances

The following table shows the Company's due expenses and other credit balances as at 31 December 2021G and the six-month period ending 30 June 2022G.

Table (101): Due expenses and other credit balances

(SAR .000)	The financial year ending December 31	The period ending 30 June	Increase/ decrease
	2021G Audited	2021G unaudited	2022G June
Advance payment clients	7,496	3,160	(57.8%)
Due salaries	1,067	1,070	0.3%
Due sale commissions	915	614	(32.9%)
Due VAT	877	1,776	102.6%
Due rents	452	319	(29.4%)
Other credit balances	1,118	4,617	313.2%
Total	11,924	11,557	(3.1%)

Source: Licensee's Information

Prepayments Clients

The prepayment clients' balances have declined by 57.8% or SAR 4.3 million from SAR 7.5 million as at 31 December 2021G to SAR 3.2 million as at the six-month period ended 30 June 2022G because most clients' requests are made at the year's end.

Accrued Salaries

The accrued salaries' balance has risen up by 0.3% or SAR 3.0 thousand from SAR 1.1 million as at 31 December 2021G to SAR 1.1 million as at the six-month period ended 30 June 2022G. As we previously mentioned, the accrued salaries' balance periodically fluctuates given that it is only affected by the numbers of employees, but rather by the timing of payment of salaries.

Sales Commissions

The Company has recorded a decline in such expenses by 32.9% or SAR 0.2 million from SAR 0.9 million as at 31 December 2021G to SAR 0.6 million as at the six-month period ended 30 June 2022G. The decline has come in line with the low level of the commercial activity.

Accrued VAT

The Company has recorded a decline in accrued VAT by 102.6% or SAR 0.9 million from SAR 0.9 million as at 31 December 2021G to SAR 1.8 million as at the six-month period ended 30 June 2022G after the decline of sales.

Accrued Rents

These expenses have declined by 29.4% or SAR 0.1 million from SAR 0.5 million as at 31 December 2021G to SAR 0.3 million as at the six-month period ended 30 June 2022G. Such decline is attributed to the declining rent ratio of some showrooms of the Company.

Other Accounts Payable

These expenses have risen up by 313.2% or SAR 3.5 million from SAR 1.1 million as at 31 December 2021G to SAR 4.6 million as at the six-month period ended 30 June 2022G as a result of high expenses of social insurance after the rise in the numbers of Saudi employees.

Related Parties

The following table shows the amounts due to related parties to the Company for the fiscal year ended as at 31 December 2021G and the six-month period ended 30 June 2022G:

Table (102): Balances due to Related Parties

'000 SAR	The fiscal year ended 31 December	The period ended 30 June	Increase/ (Decrease)
	2021G Audited	2022G Unaudited	2022G June
Abaad Real Estate Investment Company	452	1,158	156.19%
Total	452	1,158	156.19%

Source: Unaudited financial statements

The account payable of related parties has risen up from SAR 0.5 million as at 31 December 2021G to SAR 1.2 million as at 30 June 2022G as a result of the additional transactions, which were carried out by the Company with Abaad Company and were basically connected with the financing transactions and rent transactions in relation to the buildings rented by the Company from Abaad Company.

The following table shows the transactions between related parties to the Company for the fiscal year ended as at 31 December 2021G and the six-month period ended 30 June 2022G.

Table (103): Transactions with related parties

'000 SAR	Nature of Relation	The fiscal year ended 31 December	The period ended 30 June	CAGR
		2021G Audited	2022G Unaudited	2020G Audited
Abaad Real Estate Investment Company	Sister company	1,765	233	(86.8%)
	Finance	(667)	(850)	27.4%
	Rents	(895)	-	(100.0%)
Total		202,9	(617,4)	(404.2%)

Source: The Company's Information

The transactions with related parties during the six-month period ended as at 30 June 2022G were mainly connected to the finances that the Company obtained from Abaad Real Estate Investment Company. The transactions included expenses and charges that were paid by the Company on behalf of Abaad.

The balance of provision of contingent liabilities has not witnessed any remarkable change between 31 December 2021G to 30 June 2022G.

The Zakat due balance has risen up from SAR 2.8 million as at 31 December 2021G to SAR 4.0 million as at 30 June 2022G.

Table (104): Non-Current Liabilities

'000 SAR	The fiscal year ended 31 December	The period ended 30 June	Increase/ Decrease
	2021G Audited	2022G Unaudited	2021-2022G
End-of-service liabilities	6,942	7,234	4.2%
Capital lease assets	1,121	1,394	24.4%
Short-term loans - non-current value	1,156	918	(20.6%)
Total	9,220	9,546	3.5%

Source: Unaudited financial statements

The Company applies the end-of-service bonus law to its employees governed under this law. This law allows the members to receive an amount that is connected to the length of the period of service and salary at the time of retirement, resignation, or death. The employees' benefits have been calculated by an actuary that conducts actuarial studies for calculating the balance requested for the employees. The studies conducted include a number of assumptions that change on a periodical basis. The balance has been risen up by 4.2% from SAR 6.9 million during the six-month period ended 30 June 2021G to SAR 7.2 million during the six-month period ended 30 June 2022G after a relative rise in the number of employees between the said two periods.

Statement of Changes in Equity

Table (105): Changes of Consolidated Equity

'000,000 SAR	Capital	Statutory reserve	Consensual reserve	Re-measurement of employee benefit liabilities reserve	Retained Profits	Total equity of company shareholders	Non-controlling equity	Total
Profit for the year	-	-	-	-	9.9	9.9	(0.1)	9.8
Other comprehensive income	-	-	-	(1.2)	-	(1.2)	0.0	(1.2)
Transformed into statutory reserve	-	1.0	-	-	(1.0)	-	-	-
Balance as at 31 December 2021G	60.0	10.9	0.7	(1.2)	45.4	115.8	(0.5)	115.3
Profit for the year	-	-	-	-	5.9	5.9	-	5.9
Dividends	-	-	-	-	(4.5)	(4.5)	-	(4.5)
Balance as at 30 December 2022G	60.0	10.9	0.7	(1.2)	46.8	117.2	(0.5)	116.7

Source: Unaudited financial statements

The equity balance has slightly risen up by 1.2% from SAR 115.3 million as at 31 December 2021G to SAR 116.7 million as at 30 June 2022G after a slight rise in the balance of the retained profits between the said two periods.

Cash flows

The following table shows the cash flows of the Company for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G.

Table (106): Cash Flows

'000 SAR	The period ended 30 June		Increase/ (Decrease)
	2021G Unaudited	2022G Unaudited	2022G June
Net cash (used in)/ generated from operating activities	(17,448)	6,980	(140.0%)
Net cash used in investment activities	(585)	(224)	(61.6%)
Net cash generated from/ (used in) financing activities	12,619	(8,908)	(170.6%)
Net change in cash on hand and in banks	(5,414)	(2,152)	(60.2%)
Cash on hand and in banks at the beginning of the year	8,925	4,113	(53.9%)
Cash on hand and in banks at the end of the year	3,511	1,960	(44.2%)

Source: Unaudited financial statements

Cash on hand and in banks by the year's end by 44.2% or SAR 1.6 million from SAR 3.5 million during the six-month period ended 30 June 2021G to SAR 2.0 million during the six-month period ended 30 June 2022G. The movement has been affected by the outward cash flows connected to financing activities.

The cash flows from operating activities

The following table shows the cash flows from the operating activities of the Company for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G.

Table (107): The cash flows from operating activities

'000 SAR	The six-month period ended 30 June		Increase/ (Decrease)
	2021G Unaudited	2022G Unaudited	2022G June
Operating activities			
Profit for the year before Zakat	8,102	7,142	(11.8%)
Adjustments of:			
Depreciation on property and equipment	1,489	1,398	(6.1%)
Depreciation of right-of-use assets	232	209	(10.1%)
Interests on lease liabilities	23	16	(28.8%)
Expected liability allowance	200	-	(100.0%)
Finance costs	947	1,398	47.7%
Employee benefit liabilities	397	415	4.6%
Operating cash flows before changes in working capital	11,389	10,578	(7.1%)
Changes in working capital:			
Inventory	(10,626)	(9,692)	(8.8%)
Trade receivables	(14,264)	(6,555)	(54.0%)
Prepayments and other accounts receivable	3,380	(4,496)	(233.0%)
Trade payables	(5,933)	17,017	(386.8%)
Accrued expenses and other accounts payable	448	(367)	(181.9%)
Due to related parties	(23)	617	(2,807.5%)
Changes in working capital:	(15,629)	7,103	(145.4%)

'000 SAR	The six-month period ended 30 June		Increase/ (Decrease)
	2021G Unaudited	2022G Unaudited	2022G June
Paid employee benefit liabilities	(108)	(123)	14.2%
Paid Zakat	(1,711)	-	(100.0%)
Net cash (used in)/ generated from operating activities	(17,448)	6,980	(140.0%)

Source: Unaudited financial statements

The cash used in operating activities from outward flows in the amount of SAR 17.4 million during the six-month period ended 30 June 2021G to positive cash flows in the amount of SAR 7.0 million during the six-month period ended 30 June 2022G as a result of the increase in trade receivables as a result of slow collection and accumulated balance.

Cash flows from investment activities

The following table shows the cash flows of the investment activities of the Company for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G.

Table (108): Cash flows from investment activities

'000 SAR	The six-month period ended 30 June		Increase/ (Decrease)
	2021G Unaudited	2022G Unaudited	2022G June
Investment activities			
Additions of property, plant and equipment	(585)	(224)	(61.6%)
Net cash used in investment activities	(585)	(224)	(61.6%)

Source: Unaudited financial statements

Cash on hand and in banks by the year's end by 61,6% or SAR 0,4 million from SAR 0,6 million during the six-month period ended 30 June 2021G to SAR 0,20 million during the six-month period ended 30 June 2022G due to low size and value of additions related to property, plant and equipment.

Cash flows from financing activities

The following table shows the cash flows of the financing activities of the Company for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G.

Table (109): Cash flows from financing activities

'000 SAR	The six-month period ended 30 June		Increase/ (Decrease)
	2021G Unaudited	2022G Unaudited	2022G June
Financing activities			
Paid lease liabilities	(255)	(432)	69.2%
Paid financing costs	(947)	(718)	(24.2%)
Paid financing costs	-	(4,500)	NA
Proceeds from loans	35,875	49,606	38.3%
Repayments of loans	(22,053)	(52,865)	139.7%
Net cash generated from/ (used in) financing activities	12,619	(8,908)	(170.6%)

Source: Unaudited financial statements

The movement of cash flows generated from financing activities has been mainly connected to the movement of loans.

The positive cash flows generated from operating activities has turned from positive flow in the amount of SAR 12.6 million during the six-month period ended 30 June 2021G to a negative cash flow in the amount of SAR 8.9 million during the six-month period ended 30 June 2022G as a result of the continuous repayments of loans.

7. Use of Offering Proceeds

7.1 Net Offering Proceeds

The total proceeds of offering priority rights shares are SAR (60,000,000), of which about SAR (3,000,000) will be paid towards covering the costs of offering, including the fees of the financial advisor, subscription manager, underwriter, and legal advisor, as well as marketing, printing, distribution and other subscription-related expenses.

The net offering proceeds will reach SAR (57,000,000), to be applied towards:

1. A part of the net proceeds amounting forty-one million (41,000,000) Saudi Riyals will be applied towards the lease of industrial land and building a new factory of the Company and transport of the plant and machinery from the current factory of the Company (the refrigerators, shelves and desert air conditioners factory) to the new factory in addition to the costs of preparation of the new factory and worker accommodation. The following table shows the details of their use.

Table (110): Details of Use of Proceeds for Financing a New Building for the Company

Item	Value (SAR)
Construction costs for building a new factory for the Company and transport of plant and machinery in the new factory of the Company (Refrigerators, shelves and desert air conditioners factory)	28,000,000
Costs of purchase of the new equipment and machinery for the factory	11,000,000
Costs of factory worker accommodation	2,000,000
Total	41,000,000

Source: The Company

2. 1. The repayment of bank loans in the amount of fourteen million Saudi Riyals (SAR 14,000,000). A part of the net proceeds amounting fourteen million (14,000,000) Saudi Riyals will be applied towards the repayment of a part of the existing facilities obtained by the Company from Riyadh Bank in the amount of seventy-five million (75,000,000) Saudi Riyals for finance of raw materials.
3. Purchase of vehicles in the amount of two million (2,000,000) Saudi Riyals. A part of the net proceeds amounting two million (2,000,000) Saudi Riyals will be applied towards the purchase of new vehicles for replacement, rejuvenation and leverage of the Company's goods fleet.

The Company will also make public disclosure on Saudi Exchange (Tadawul) when there is a difference of 5% or more between the actual application of the offering proceeds against the disclosure made in the Prospectus once it becomes aware thereof.

7.2 Use of Offering Proceeds

The following table shows the expected use of offering proceeds:

Table (111): Expected Use of Offering Proceeds.

Item (SAR)	Q4 2023G	Q4 2024G	Q2 2024G	Q3 2024G	Q4 2024G	Total
Construction costs for building a new factory for the Company and transport of plant and machinery in the new factory of the Company (Refrigerators, shelves and desert air conditioners factory)	4,000,000	7,000,000	5,000,000	6,000,000	6,000,000	28,000,000
Costs of purchase of the new equipment and machinery for the factory	-	4,000,000	3,500,000	3,500,000	-	11,000,000
Costs of factory worker accommodation	-	1,000,000	500,000	500.00	-	2,000,000
Repayment of bank loans	14,000,000	-	-	-	-	14,000,000
Purchase of vehicles	1,000,000	1,000,000	-	-	-	2,000,000
Offering expenses	3,000,000	-	-	-	-	3,000,000
Total	22,000,000	13,600,000	9,000,000	10,000,000	6,000,000	60,000,000

Source: The Company

Noteworthy, the abovementioned projects will be exclusively financed from the offering proceeds.

8. STATEMENTS BY EXPERTS

The written approval of the financial advisor, the legal advisor, underwriter, lead manager of the Company, whose names appear in page (v) for insertion of their names, logos, and statements in the form set in this Prospectus. In addition, the written approval of the auditors of the Company to insert their names and logos in the form set in this Prospectus. Such approvals have not been withdrawn as at the date of this Prospectus and none of the foregoing and their staff or relatives have any shares or any interest in the Company or its subsidiary of any kind whatsoever.

9. Declarations

The Directors up to the date of this Prospectus acknowledge that:

- There has been no interruption of business of the Company or its subsidiaries that may affect or have remarkably affected the financial position during the last (12) months.
- No commissions, discounts, brokerage fees or any non-monetary consideration has been given by the Company or its subsidiary during the three years immediately preceding the date of the registration application and offering of securities in respect of the issue or offering of any securities.
- There has been no material adverse change in the financial and commercial position of the Company or its subsidiary during the three years immediately preceding the date of the registration application and offering of securities regulated by this Prospectus in addition to the period included in the auditor's report up to the date of approval of the Prospectus.
- The Company has not retained any treasury shares and the Extraordinary General Assembly has not approved the purchase of the Company's shares.
- Notwithstanding the content in page (xii) above, no Directors nor their relatives have any shares or interest of any kind whatsoever in the issuer or its subsidiary.

10. Legal Information

10.1 Incorporation

Al-Omran Industrial & Trading Co. ("Company" or "Issuer") is a limited liability company incorporated by virtue of Commercial Registration 1010187735, dated 18/04/1424H (corresponding to 18/06/2003G) with capital amounting three million two hundred thousand (3,200,000) Saudi Riyals in the name of Al Omran Metal Kitchens Co. On 13/02/1428H (corresponding to 03/03/2007G), the Ministerial Resolution No. 40/Q was handed down on the transformation from a limited liability company into a closed joint-stock company with a capital amounting sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals and the Company's name was changed to Al-Omran Industrial & Trading Co. On 14/02/1438H (corresponding to 14/11/2016G), the Board's resolution was issued approving the offering and listing of the Company in OTC with one million and two hundred thousand (1,200,000) shares, accounting for 20% of the Company's shares. On 24/11/1441H (corresponding to 15/07/2020G), the approval of Tadawul was issued of the Company's application for movement from the OTC to the Main Market. On 30/11/1441H (corresponding to 21/07/2020G), the Company's shares were listed and went into trading in the Main Market.

The Company's current capital is sixty million (60,000,000) Saudi Riyals divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, fully paid.

10.2 History of the Company and Key Developments of Capital Structure

- On 06/01/1424H (corresponding to 09/03/2003G), it was agreed between the founding partners, namely (1) Mohamed Nasser Al-Omran, (2) Mohamed Omran Al-Omran, (3) Nasser Bin Mohamed Bin Nasser Bin Omran, and (4) Abdul Rahman Bin Mohamed Bin Nasser Bin Omran to sign the Memorandum of Association of the Company (in its old name Al Omran Metal Kitchens Co.) as follows:

One of the founders, namely Mohamed Omran Al-Omran then held a corporation under the name Al-Omran Trading Establishment, Commercial Registration No. 101003334 dated 13/10/1397H, and operating in the wholesale and retail of office and household furniture and furniture. This Establishment then held a branch in the name Al-Omran Metal Kitchens Factory, Commercial Registration No. 010013334/001 dated 14/03/1404H. The other founders, namely Mohamed Nasser Al-Omran, Nasser Bin Mohamed Bin Nasser Bin Omran, and Abdul Rahman Mohamed Bin Nasser Al-Omran were desirous to enter and subscribe to Al-Omran Trading Establishment and Al-Omran Metal Kitchens Factory with a valuation of three million and two hundred thousand (3,200,000) Saudi Riyals for all assets of the Establishment and its branches. Therefore, the founders signed the Memorandum of Association of the Company in its old name - Al-Omran Metal Kitchens Co.), whereby Al-Omran Trading Establishment and its branches turned into Al-Omran Metal Kitchens Co. after the issuance of the approval of the Ministry of Industry under Ministerial Resolution No. 120/S, dated 26/01/1424H (corresponding to 29/03/2003G), and consequently, the commercial register of the Company was issued under number 1010187735 dated 18/04/1424H (corresponding to 18/06/2003G). The following table shows the structure of ownership of the Company on incorporation of the Company:

Table (112): Ownership Structure on Incorporation of the Company

Ser.	Partner's Name	No. of Shares Cash	No. of Shares In kind	Total Shares	Share Value (SAR)	Total Share Value (SAR)
1	Mohamed Nasser Al-Omran	400	880	1280	1000	1,280,000
2	Mohamed Omran Al-Omran	500	1100	1600	1000	1,600,000
3	Nasser Bin Mohamed Bin Nasser Bin Omran	50	110	160	1000	160,000
4	Abdul Rahman Bin Mohamed Bin Nasser Bin Omran	50	110	160	1000	160,000
Total		1000	2200	3200	1000	3,200,000

Source: The Company

- On 23/12/1427H (corresponding to 13/01/2007G), the Founding Partners unanimously resolved to:
 - To approve the access of Mrs. Latifa Mohamed Al-Hajji as a new partner in the Company through the sale by all founding partners of a part of their shares to her.
 - To approve the acquisition of AL RAHA AIR CONDITIONERS FACTORY under Commercial Registration No. 1010154984 dated 27/04/1427H (corresponding to 25/05/2006G), owned by one of the partners, namely Mohamed Nasser Bin Omran for evaluation of the assets and liabilities of this Factory in the amount of twelve million (12,000,000) Saudi Riyals and that the amount will be paid by issuing shares for Mohamed Bin Nasser Bin Omran in the Company in an equivalent amount to the amount of acquisition.
 - To approve the acquisition of ZAWIT ALREEF DISPLAY REFRIGERATORS & COOLERS FACTORY under Commercial Registration No. 1010179603 dated 03/06/1423H (corresponding to 12/08/2002G), owned by one of the partners, namely Mohamed Nasser Bin Omran for evaluation of the assets and liabilities of this Factory in the amount of ten million (10,000,000) Saudi Riyals and that the amount will be paid by issuing shares for Nasser Bin Mohamed Nasser Bin Omran in the Company in an equivalent amount to the amount of acquisition.
 - To re-evaluate net assets of Al-Omran Metal Kitchens Co. in an amount equivalent to thirty-eight million (38,000,000) Saudi Riyals.
 - To approve the raise of capital from three million and two hundred thousand (3,200,000) Saudi Riyals to sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) shares with a nominal value of ten (10) riyals per share. The capital has been fixed as follows:

Table (113): Details of Capital

Description	Value (SAR)	Evaluation Rationale
AL RAHA AIR CONDITIONERS FACTORY	12,000,000	The factory land in the 2nd Industrial City in addition to the plant and equipment owned by the Corporation
Acquisition of the land of ZAWIT ALREEF DISPLAY REFRIGERATORS & COOLERS FACTORY	10,000,000	Plant and equipment and stock owned by the Factory
Reevaluation of net assets of Al-Omran Metal Kitchens Co.	38,000,000	The factory land in the 2nd Industrial City in addition to the plant and equipment owned by the Corporation
Total	60,000,000	

Source: The Company

To approve the amendment of the name of the Company from Al-Omran Metal Kitchens Co. to Al-Omran Industrial & Trading Co.

To approve the transformation of the Company from a limited liability company into a closed joint stock company.

- On 13/02/1428H (corresponding to 03/03/2007G), the Ministerial Resolution No. 40/Q was handed down on the transformation of the Company from a limited liability company into a closed joint-stock company with a capital amounting sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals under the Company's name Al-Omran Industrial & Trading Co. The following table shows the structure of Ownership after the Partners' Resolutions mentioned above:

Table (114): Structure of Ownership after the Partners' Resolutions

Ser.	Shareholder's Name	No. of Shares	Share Value (SAR)	Nominal Value of Share (SAR)	Ownership Percentage
1	Mohamed Bin Omran Bin Mohamed Al-Omran	3,000,000	10	30,000,000	50%
2	Mohamed Nasser Bin Omran Al-Omran	2,394,000	10	23,940,000	39.9%
3	Nasser Bin Mohamed Bin Nasser Bin Omran	300,000	10	3,000,000	5.00%
4	Abdul Rahman Bin Mohamed Bin Nasser Bin Omran	300,000	10	3,000,000	5.00%
5	Latifa Mohamed Al-Hajji	6,000	10	60,000	0.10%
Total		6,000,000	10	60,000,000	100%

Source: The Company

- Pursuant to the Board's resolution dated 14/02/1438H (14/11/2016G), the Board resolved to offer and have the Company listed in the OTC by offering one million and two hundred thousand (1,200,000) shares, accounting for 20% of shares of the Company in a public offering in the OTC as follows:
 - Mr. Mohamed Bin Omran Bin Mohamed Al-Omran sold six hundred thousand (600,000) shares of the shares then held by him in the Company.
 - Mr. Mohamed Bin Nasser Bin Omran Al-Omran sold four hundred seventy-eight thousand and eight hundred (478,800) shares of the shares then held by him in the Company.
 - Mr. Nasser Bin Mohamed Bin Nasser Al-Omran sold sixty thousand (60,000) shares of the shares then held by him in the Company.
 - Mr. Abdul Rahman Bin Mohamed Bin Nasser Bin Omran sold sixty thousand (60,000) shares of the shares then held by him in the Company.
 - Mr. Latifa Mohamed Al-Hajji sold one thousand and two hundred (1,200) shares of the shares then held by her in the Company.
- On 13/04/1438H (corresponding to 11/01/2017G), the approval of CMA of the Company's listing in the OTC was issued.
- On 29/05/1438H (corresponding to 26/02/2017G), the Company was listed in the OTC and actual trading of its shares started.
- On 24/11/1441H (corresponding to 15/07/2020G), the approval of Tadawul was issued of the Company's application for movement from the OTC to the Main Market. On 30/11/1441H (corresponding to 21/07/2020G), the Company's shares were listed and went into trading in the Main Market.

The following table shows the ownership of Key Owners before and after Offering in OTC:

Table (115): Structure of Ownership of Key Owners before and after Offering in the over-the-counter market (OTC)

Ser.	Shareholder's Name	Before Offering		After Offering	
		No. of Shares	Ownership Percentage	No. of Shares	Ownership Percentage
1	Mohamed Bin Omran Bin Mohamed Al-Omran	3,000,000	50%	2,400,000	40%
2	Mohamed Nasser Bin Omran Al-Omran	2,394,000	39.9%	1,915,200	31.92%
3	Nasser Bin Mohamed Bin Nasser Bin Omran	300,000	5%	240,000	4%
4	Abdul Rahman Bin Mohamed Bin Nasser Bin Omran	300,000	5%	240,000	4%

Source: The Company

• Changes in Capital

(1) Al-Omran Industrial & Trading Co. ("Company") was initially incorporated under the name "Al-Omran Metal Kitchens Co." as a limited liability company under commercial register No. 1010187735 dated 18/04/1424H (corresponding to 18/06/2003G) in the city of Riyadh with a total capital of three million and two hundred thousand (3,200,000) Saudi Riyals divided into three thousand and two hundred (3200) shares in kind and cash shares of equal value, each share valuing SAR (1000).

(2) On 13/02/1428H (corresponding to 03/03/2007G), the Ministerial Resolution No. 40/Q was handed down on the transformation from a limited liability company into a closed joint-stock company with a capital amounting sixty million (60,000,000) Saudi Riyals, divided into six million (6,000,000) ordinary shares with a nominal value of ten (10) Saudi Riyals and the Company's name was changed to Al-Omran Industrial & Trading Co.

(3) On 29/05/1438H (corresponding to 26/02/2017G), the Company was listed in OTC by offering one million and two hundred thousand (1,200,000) shares, accounting for 20% of the Company's shares.

10.3 Activity of the Company

The Company practices its activity under commercial register No. 1010187735 dated 18/04/1424H (corresponding to 18/06/2003G). The activities as stated in the commercial register are as follows:

- Manufacturing of metal structures and their parts
- Manufacturing of refrigerators and freezers
- Manufacturing of display and sale refrigerators and freezers
- Manufacturing of air conditioners (units or central) (freon)
- Repair and maintenance of cooler and air purifiers such as refrigerators, freezers, and air conditioners

The activities of the Company as stated in its Articles of Association are the practice and implementation of the following objects:

- Trading
- Manufacturing industries and their branches according to industrial licenses
- Carriage, storage, and cooling
- Money, business and other services
- IT
- Construction and building
- Electricity, gas, water and their branches
- Agriculture and fishing
- Mines, petroleum and their branches
- Social, group and personal services

The Company practices its activities according to applicable laws after obtaining necessary licenses from the competent authorities, if any.

10.4 Commercial Registers of the Company

The Company holds a main register and six sub-registers as per the following table:

Table (116): Branches of the Company

	Branch Name	City	Register	Address	Date	Expiry
1	Al-Omran Metal Kitchens Factory	Riyadh	1010440482	Exit 11 - Old Kharj Agricultural Road	19/01/1437H Corresponding to (01/11/2015G)	19/03/1448H Corresponding to (01/09/2026G)
2	ZAWIT ALREEF DISPLAY REFRIGERATORS & COOLERS FACTORY	Riyadh	1010179603	Riyadh - 2nd Industrial City - North Power Station next to Alabdul Latif Accommodation	03/06/1423H Corresponding to 12/08/2002G	20.05.1445H Corresponding to 04.12.2023G
3	AL RAHA AIR CONDITIONERS FACTORY	Riyadh	1010154984	2nd Industrial Zone	27/04/1420H Corresponding to (09/08/1999G)	20/05/1445H Corresponding to (04/12/2023G)
4	Al-Omran Industrial & Trading Co.	Buraidah	1131291944	Buraidah, opposite to the Vegetables Market	08/08/1439H Corresponding to (24/04/2018G)	08/08/1449H Corresponding to (05/01/2028G)
5	Al-Omran Industrial & Trading Co.	Dammam	2050115326	King Saud St.	29/04/1439H Corresponding to (16/01/2018G)	28/04/1447H Corresponding to (20/10/2025G)
6	Al-Omran Industrial & Trading Co.	Medina	4650226209	Othman Ibn Affan Road, Al Oyun, Al Jarf	14/05/1442H Corresponding to (29/12/2020G)	14/05/1447H Corresponding to (05/11/2025G)

Source: The Company

10.5 Showrooms and Wholesale Centers of the Company

The Company has nine exhibitions spreading over the KSA in addition to three wholesale centers of the Company. The following table shows the details of the Company's exhibitions:

Table (117): Showrooms and Wholesale Centers of the Company

	Showroom/ Wholesale Sales Center	City	Address
1	Al Khazan Showroom	Riyadh	Al Wisham District, Al Numan Al Wasiti St.
2	Industrial Showroom	Riyadh	Industrial District - Medina St.
3	Buraidah Showroom (1)	Buraidah	Al-Sada District, King Abdulaziz Road
4	Buraidah Showroom (2)	Buraidah	Al Jarda District, Ahmed Ibn Hanbal St.
5	Dammam Showroom	Dammam	Al Nakheel District, King Saud St.
6	Medina Showroom	Medina	Bir Othman District,
7	Khamis Mushait Showroom	Khamis Mushait	Al-Shifa District, King Khalid Road
8	Jeddah Showroom	Jeddah	Al Aziziyah District, Prince Majid Road
9	Tabuk Road	Tabuk	Al-Rawda District, King Abdulaziz Road
10	Wholesale Center	Buraidah	Al-Jazira District
11	Wholesale Center	Khamis Mushait	Industrial District
12	Wholesale Center	Riyadh	Old Kharj Road

Source: The Company

10.6 Corporate Governance

10.6.1 Board Composition

Article 15 of the Articles of Association of the Company provides that: "The Company shall be managed by a board of directors consisting of five members elected by the Shareholders' Ordinary General Assembly for a period not exceeding three years, and may be re-elected, provided that the majority of the Directors are non-executive directors and the number of Independent Directors are at least two".

The Ordinary General Assembly approved in its meeting held on 20/11/1443H (corresponding to 19/06/2022G) to appoint the Directors whose names are mentioned in the table below for three years starting from 18/09/2022G to 17/09/2025G.

Table (118): Directors

The Board of Directors of the Company appointed on 22/02/1444H (corresponding to 18/09/2022G)*								
Name	Title	Membership Type	Nation-ality	Age	Shares Held			
					Directly		Indirectly	
					Number	Percentage	Number	Percentage
Mohamed Bin Omran Bin Mohamed Al-Omran	Chairman	Non-Independent Non-Executive	Saudi	70	1,133,942	18.899%	-	-
Nasser Bin Mohamed Bin Nasser Bin Omran	Vice Chairman	Non-Independent Non-Executive	Saudi	49	381,292	6.355%	-	-
Abdul Rahman Bin Mohamed Bin Nasser Bin Omran	Board Member and Managing Director	Non-Independent Executive	Saudi	47	384,229	6.404%	-	-

The Board of Directors of the Company appointed on 22/02/1444H (corresponding to 18/09/2022G) [*]								
Name	Title	Membership Type	Nationality	Age	Shares Held			
					Directly		Indirectly	
					Number	Percentage	Number	Percentage
Abdullah Bin Abdul Aziz Bin Falah Al Ghadir	Board Member	Independent	Saudi	60	-	-	-	-
Fahad Bin Saad Bin Abdullah Al-Huwaimel	Board Member	Independent	Saudi	47	-	-	-	-

Source: The Company

^{*} The Ordinary General Assembly approved in its meeting held on 20/11/1443H (corresponding to 19/06/2022G) to appoint the Directors for three years starting from 22/02/1444H (corresponding to 18/09/2022G) through 25/03/1447H (corresponding to 17/09/2025G).

10.6.2 Board Chairman, Vice Chairman and Secretary

The Company is committed to the requirements of appointment in these positions in accordance with the Articles of Association and the Corporate Governance Regulations as on 20/11/1443H (corresponding to 19/06/2022G), the Ordinary General Assembly approved to appoint the current directors of the Company. On 11/02/1444H (corresponding to 07/09/2022G), the Board approved to appoint Mr. Mohamed Bin Omran Bin Mohamed Al-Omran as Chairman of the Board of Directors and Mr. Nasser Bin Mohamed Bin Nasser Bin Omran as Vice Chairman of the Board of Directors.

On 11/02/1444H (corresponding to 07/09/2022G), the Board issued its approval of the appointment of Mr. Ayedh Bin Mohamed Al Asmari as Board Secretary.

10.6.3 Board's Remunerations

The Board's remunerations shall be as stipulated in the Companies Law and its Regulations. The Board's report to the Ordinary General Assembly shall demonstrate all remunerations and expenses allowance and other benefits received by the Directors as well as a statement of the payment received by the Directors as staff, administrators or the payments made to them in consideration of any technical or administrative works or consultancy and the number of Board's sessions and the sessions attended by each Director from the date of the last General Assembly.

The following table shows the details of Directors' remunerations over the past three years:

Table (119): Board Members' Remunerations

Year		
2019G	2020G	2021G
SAR 36,000	SAR 116,000	SAR 460,000

Source: The Company

10.6.4 Board's Meetings

According to Article 21 of the Articles of Association of the Company, the Board shall meet at least twice per annum at the invitation of the Chairman, which may be made in writing or by any means of communication. The Chairman shall make invitation for the meeting whenever he is so requested by two directors.

The following table shows the number of Board's meeting over the past three years:

Table (120): No. of Directors' meetings

Year			
2019G	2020G	2021G	2022G
4	6	8	6

Source: The Company

10.6.5 Company Committees

The Company has three committees, as follows:

- **Audit Committee.**

- The Ordinary General Assembly of the Company issued the Charter of the Audit Committee in its meeting held on 19/10/1441H (corresponding to 11/06/2020G)
- According to Article 39 of the Articles of Association of the Company, the Audit Committee will be competent to monitor the business of the Company. In doing so, the Committee has the right to review its records and documents and request any clarification or statement from the Directors or the Executive Management and may request the Board to invite the General Meeting of the Company for convention if the Board obstructs its business or the Company suffers from gross damages or losses.
- In the meeting held on 20/11/1443H (corresponding to 19/06/2022G), the Ordinary General Assembly composed the members of the Audit Committee for a new session starting from 18/02/1444H (corresponding to 17/09/2022G) through 23/12/1446H (corresponding to 17/09/2025G) The following table shows their names:

Table (121): Members of the Audit Committee

Name	Title
Fahad Bin Saad Bin Abdullah Al-Huwaimel	Committee Chairman
Yousif Bin Mohamed Al-Omran	Member
Saleh Abdullah Al Munif	Member

Source: The Company

Below is a table that shows the number of meetings held by the Audit Committee over the past three years up to the date of this Prospectus.

Table (122): Meetings of the Audit Committee

No. of Meetings of the Audit Committee	2019	2020	2021	2022
	4	3	4	3

Source: The Company

According to Article (57) of the Corporate Governance Regulations, the Audit Committee shall meet on a periodical basis, provided that they shall be at least four meetings during the fiscal year of the Company. The minutes of the Committee's 2020 meetings reflect that the Company has not complied with the minimum requirement for the meetings of this Committee.

- **The Nomination and Remuneration Committee.**

- The Ordinary General Assembly of the Company issued the Charter of the Nomination and Remuneration Committee in its meeting held on 19/10/1441H (corresponding to 11/06/2020G)
- The Nomination and Remuneration Committee has been formed by a Board's resolution dated 11/02/1444H (corresponding to 07/09/2020G)
- The Committee shall be competent to propose the criteria for membership of the Board of Directors and nominate its members and the remunerations of them and the members of the Board committees.

The following table shows the names of members of the Nomination and Remuneration Committee:

Table (123): Members of the Nomination and Remuneration Committee

Name	Title
Fahad Bin Saad Bin Abdullah Al-Huwaimel	Chairman
Mohamed Bin Omran Bin Mohamed Al-Omran	Member
Nasser Bin Mohamed Bin Nasser Bin Omran	Member

Source: The Company

Below is a table that shows the number of meetings held by the Nomination and Remuneration Committee over the past three years up to the date of this Prospectus.

Table (124): Meetings of the Nomination and Remuneration Committee

Number Meetings of the Nomination and Remuneration Committee	2019*	2020	2021	2022
	-	1	2	2

Source: The Company

* The Committee was formed in 2020G after the Company moved to the Main Market, as its formation has not been mandatory to the Company in Nomu Market. Therefore, no meeting was held in 2019G.

According to Article (63) of the Corporate Governance Regulations, the Nomination and Remuneration Committee shall meet on a periodical basis at least annually. According to the Charter of the Nomination and Remuneration Committee, the Committee shall meet at least twice per annum. The minutes of meetings for 2020G of the Nomination and Remuneration Committee reflect that the Company did not comply with the minimum requirement for meetings of this Committee.

• The Executive Committee

- The Board of Directors has approved the charter of the Executive Committee in its meeting held on 09/04/1444H (corresponding to 03/11/2022G)
- The Executive Committee has been formed by a Board's resolution dated 11/02/1444H (corresponding to 07/09/2020G)
- The Executive Management shall be competent to all duties of the Board of Directors and assume its missions during the period between the Board's meetings and ordinary administration of the Company. It also takes part in drawing the strategic plans and assesses and refers the suggestions made by the Executive Management to the Board. It also supervises the annual budget and monitors and supervises the performance of the Executive Management. The following table shows the names of members of the Executive Committee:

Table (125): Members of the Executive Committee

Name	Title
Abdul Rahman Bin Mohamed Bin Nasser Bin Omran	Chairman
Omran Bin Mohamed Al-Omran	Member
Saber Bin Mohamed Hegazi	Member
Adib Mahmoud Sab Laban	Member
Mohamed Al-Maamoun Mohamed Abdullah	Member

Source: The Company

- The Committee shall meet on a periodical basis at least four times during the fiscal year of the Company. For validity of its meetings, its majority of members shall be present and its resolutions shall be issued by the majority votes of present members. On equal voting, the side of the chairman of the meeting shall prevail.

The below table shows the number of meetings held by the Executive Committee during this year. The Committee held 2 meetings in 2022. As it was recently formed, no meetings were held in the past years and no remunerations were paid to its members:

Table (126): Meetings of the Executive Committee

No. of Meetings of the Executive Committee	2019	2020	2021	2022
	-	-	-	2

Source: The Company

10.6.6 Executive Management

The following table shows the details of the executive management of the Company:

Table (127): Executive Management of the Company.

Name	Title	Nationality	Age	Date of Appointment	Shares Held			
					Directly		Indirectly	
					Number	Percentage	Number	Percentage
Abdul Rahman Bin Mohamed Bin Nasser Bin Omran	Managing Director	Saudi	47	19/06/2022G	384,229	6.404%	-	-
Omran Bin Mohamed Al-Omran	Deputy Managing Director	Saudi	36	01/04/2008	-	-	-	-
Saber Mohamed Hegazi Zerina	CFO	Egyptian	66	15/12/2010	-	-	-	-
Aedh Mohamed Al-Asmari	Manager of Administrative Affairs	Saudi	37	10/07/2011	-	-	-	-
Adib Mahmoud Sab Laban	Manager of Operations and Production Department	Jordanian	43	24/10/2016	-	-	-	-
Mohamed Al-Mamoun Abdullah Ali	Procurement Manager	Sudanese	47	20/10/2018	-	-	-	-
Mustafa Ibrahim Al-Damanhuri	Sales Manager	Egyptian	35	05/01/2016	-	-	-	-
Hussein Nassef Hussein Aradhi	Project Manager	Egyptian	34	31/10/2009	-	-	-	-
Abdullah Mohamed Al-Shiha	HR Manager	Saudi	40	01/03/2022	-	-	-	-

Source: The Company

10.6.7 Corporate Governance

The Board has approved the Company's Corporate Governance Guide and Rules in its meeting held on 08/09/1441H (corresponding to 01/05/2020G). The company also confirms that it is committed to achieving the requirements of the Corporate Governance Regulations as amended by the CMA Board Resolution No. 8-5-2023 dated 25/06/1444H corresponding to 18/01/2023G based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H.

10.6.8 Subsidiaries of the Company

The Company has only one subsidiary in the name Al-Omran Plastic Industries Company, commercial register No. 1010432884 issued 02/07/1436H through 02/07/1447H. The Company owns 70% of the subsidiary and Abaad Real Estate Investment Company holds 30%. Below are the details of the Subsidiary:

Table (128): Details of the Subsidiary

Company's Name	Capital	Place of Incorporation	Activity	Ownership Percentage
Al-Omran Plastic Industries Company	SAR (100,000)	Riyadh - Kingdom of Saudi Arabia	Plastic products	70%

Source: The Company

10.7 Government Consents, Licenses and Certificates

The Company (and its branches and Subsidiaries) hold several operational and regulatory licenses and certificates issued by the relevant competent authorities and which are periodically renewed. The Directors declare that the Company have obtained all of the licenses and approvals necessary to execute and maintain its operations. The following tables list the regulatory licenses and certificates held by the Company:

Table (129): Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries and Branches

	Branch Name	City	Register	Address	Date	Expiry
1	Main Register	Riyadh	1010187735	Riyadh - Old Kharj Agricultural Road, Heit Exit	18/04/1424H (corresponding to 18/06/2003G)	17/04/1446H (corresponding to 20/10/2024G)
2	Al-Omran Metal Kitchens Factory	Riyadh	1010440482	Exit 11 - Old Kharj Agricultural Road	19/01/1437H (corresponding to 01/11/2015G)	19/03/1448H (corresponding to 01/09/2026G)
3	ZAWIT ALREEF DISPLAY REFRIGERATORS & COOLERS FACTORY	Riyadh	1010179603	Riyadh - 2nd Industrial City - North Power Station next to Alabdul Latif Accommodation	03/06/1423H (corresponding to 12/08/2002G)	20/05/1445H (corresponding to 04/12/2023G)
4	AL RAHA AIR CONDITIONERS FACTORY	Riyadh	1010154984	2nd Industrial Zone	27/04/1420H (corresponding to 09/08/1999G)	20/05/1445H (corresponding to 04/12/2023G)
5	Al-Omran Industrial & Trading Co.	Buraidah	1131291944	Buraidah, opposite to the Vegetables Market	08/08/1439H (corresponding to 24/04/2018G)	08/08/1449H (corresponding to 05/01/2028G)
6	Al-Omran Industrial & Trading Co.	Dammam	2050115326	King Saud St.	29/04/1439H (corresponding to 16/01/2018G)	28/04/1447H (corresponding to 20/10/2025G)
7	Al-Omran Industrial & Trading Co.	Medina	4650226209	Othman Ibn Affan Road, Al Oyun, Al Jarf	14/05/1442H Corresponding to (29/12/2020G)	14/05/1447H (Corresponding to 05/11/2025G) (Expired - under renewal)
8	Al-Omran Plastic Industries Company	Riyadh	1010432884	Old Kharj Road, Heit	02/07/1436H (corresponding to 21/04/2015G)	02/07/1447H (corresponding to 22/12/2025G)

Source: The Company

Table (130): Details of Regulatory Licenses and Certificates Obtained by the Company and its Subsidiaries.

Issuing Authority	Type	No.	Issue Date	Expiration Date	Case
Ministry of Industry and Mineral Resources	License of an industrial establishment for AL RAHA AIR CONDITIONERS FACTORY	441110125476	27/08/1444H (Corresponding to 19/03/2023G)	09/09/1445H (Corresponding to 19/03/2024G)	Valid
	License of an industrial establishment for Al-Omran Metal Kitchens Factory	441110126234	21/09/1444H (Corresponding to 12/04/2023G)	03/10/1445H (Corresponding to 12/04/2024G)	Valid
	License of an industrial establishment for the Subsidiary	1001008937	29/02/1441H (Corresponding to 28/10/2019G)	29/02/1444H (Corresponding to 25/09/2022G)	Expired (under renewal)
Chamber of Commerce (Riyadh Chamber)	Subscription certificate of the Company	134930	22/04/1424H (Corresponding to 22/06/2003G)	17/04/1446H (Corresponding to 20/10/2024G)	Valid
	Subscription certificate of the Subsidiary	339344	28/04/1437H (Corresponding to 07/02/2016G)	02/07/1447H (Corresponding to 22/12/2025G)	Valid
Riyadh Region Municipality	Trade activity license	40031771569	-	15/05/1447H (Corresponding to 06/11/2025G)	Valid
	Trade activity license	440410913082	-	14/04/1447H (Corresponding to 06/10/2025G)	Valid
Eastern Region Municipality	Trade activity license	440410910847	-	14/04/1447H (Corresponding to 06/10/2025G)	Valid
Al-Qassim Municipality	Trade activity license	3909416039	-	22/01/1449H (Corresponding to 27/06/2027G)	Valid
	Trade activity license	440410913686	-	14/04/1447H (Corresponding to 06/10/2025G)	Valid
Tabuk Municipality	Trade activity license	440410914167	-	14/04/1447H (Corresponding to 06/10/2025G)	Valid
Asir Municipality	Trade activity license	440210528030	-	17/02/1447H (Corresponding to 11/08/2025G)	Valid
Medina Municipality	Trade activity license	42055054644	-	12/04/1438H (Corresponding to 10/01/2017G)	Expired
Jeddah Municipality	Trade activity license	440410909748	-	14/04/1447H (Corresponding to 06/10/2025G)	Valid

Issuing Authority	Type	No.	Issue Date	Expiration Date	Case
MHRSD	The WPS Certificate of the Company	20012210017558	01/04/1444H (Corresponding to 26/10/2022G)	60 days after its issue	-
	The WPS Certificate of the Subsidiary	20012210017554	01/04/1444H (Corresponding to 26/10/2022G)	60 days after its issue	-
	Saudization Certificate of the Company	12933094523375	13/01/1445H (Corresponding to 31/07/2023)	14/04/1445 H (Corresponding to 29/10/2023)	Valid
	Saudization Certificate of the Subsidiary	12242973857237	12/01/1445 H (Corresponding to 30/07/2023G)	13/04/1445 H (Corresponding to 28/10/2023)	Valid
Zakat, Tax and Customs Authority	VAT registration certificate of the Company	300053637100003	21/02/1439H (Corresponding to 10/11/2017G)	-	-
	VAT registration certificate of the Subsidiary	302006642900003	28/03/1439H (Corresponding to 16/12/2017G)	-	-
National Center for Environmental Compliance (NCEC)	Operation environmental permit (1st category) of the Subsidiary	EL/7560/1444	21/04/1444H Corresponding to 15/11/2022G	21/04/1447H Corresponding to 13/10/2025G	Valid
	Operation environmental permit (2nd category) of the Company	17854/1444	18/05/1444H Corresponding to 12/12/2022G	10/05/1447H Corresponding to 01/11/2025G	Valid

Source: The Company

* The site is currently under removal by Medina Municipality. Therefore, no action or modification may be made in the procedures of any property in the region.

10.8 Summary of Material Contracts

The Company has several material contracts for carrying out its works as set forth in the following table. Noteworthy, there are no material contracts for the subsidiary:

Table (131): Supply Contracts

Other party of the contract	Purpose of contract	Period	Amount
Alma Hills for Safety Devices	Implementation of survey, design, and approval of safety plans	15/03/2022G To implementation	SAR 136,850
Ahmed Ibrahim Shiba	Distribution of electric, household, and electronic devices	01/01/2022G to 31/12/2022G	SAR 3,000,000
Abdul Rahman Bin Saad Al Qahbani	Supply of desert air conditioners	09/06/2022G To implementation	SAR 1,100,550
Abdulaziz Al Mushaiqeh Electrical Appliances & Air Conditioning Company	Distribution of the Company's appliances	From 01/01/2022G to 31/12/2022G	SAR 6,000,000
Almoslehi Contracting & Construction Company	Promotion of the Company's products	From 01/01/2022G to 31/12/2022G	SAR 3,500,000
Rawabi Integrated Gas Co. (RIG)	Request for credit facilities	-	SAR 500,000
Al Andalus Glass Factory	Purchase of credit products	-	SAR 250,000

Other party of the contract	Purpose of contract	Period	Amount
Insulation Products Factory Saptex	Forward sale	-	Nil
Mimar Steel Est.	Forward sale	-	SAR 700,000
Mass Steel	Purchase of credit products	-	SAR 500,000
Albawardi Steel Industries	Purchase of credit products	-	SAR 500,000
Al Mulhem Refrigeration Establishment	Purchase of credit products	-	SAR 250,000

Source: The Company

All the said transactions below are with Abaad Real Estate Investment Company in which the Board Members (Mr. Mohamed Bin Omran Bin Mohamed Al-Omran, Mr. Nasser Bin Mohamed Bin Nasser Bin Omran, and Mr. Abdul Rahman Bin Mohamed Bin Nasser Bin Omran) have a direct interest as owners of Abaad Real Estate Investment Company. The following table shows the contracts with related parties:

The Company has transactions with third parties as follows:

Table (132): Contracts of Related Parties

Year	Type of Transaction	Amount	GM's Approval
2019G	Representation expenses	SAR 3,713,815	The Ordinary General Assembly's approval dated 19/10/1441H (corresponding to 11/06/2020G) of an amount of SAR 3,700,000 The approval of the Ordinary General Assembly on 26/11/1444H (Corresponding to 15/06/2023G) of an amount of 13,815 Saudi Riyals
	Representation expenses	SAR 1,937,714	
2020G	Finance	SAR 700,000	The Ordinary General Assembly's approval dated 15/11/1442H (corresponding to 15/06/2021G) of an amount of SAR 2,099,785
	Rents	SAR 547,500	
Total		SAR 3,185,214	
2021G	Representation expenses	SAR 1,764,948	The Ordinary General Assembly's approval dated 20/11/1443H (corresponding to 19/06/2022G) of an amount of SAR 1,764,948
	Finance	SAR 667,000	The Ordinary General Assembly's approval dated 20/11/1443H (corresponding to 19/06/2022G) was granted of an amount of SAR 667,000
	Rents of Company worker accommodation and warehouses	SAR 895,000	The Ordinary General Assembly's approval dated 20/11/1443H (corresponding to 19/06/2022G) of an amount of SAR 895,000
Total		SAR 3,326,948	SAR 3,326,948
2022G*	Finance	SAR 1,250,000	The Ordinary General Assembly approved on 26/11/1444H (corresponding to 15/06/2023G) an amount of SAR 1,250,000
	Representation expenses	SAR 111,784	The Ordinary General Assembly approved on 26/11/1444H (corresponding to 15/06/2023G) the amount of SAR 111,784
	Rents	SAR 1,090,050	The Ordinary General Assembly approved on 26/11/1444H (corresponding to 15/06/2023G) SAR 1,090,050
Total		SAR 2,451,834	

Source: The Company

10.9 Conflict of Interest

The Directors acknowledge that no conflict of interest has arisen between the Directors in connection with the contracts and/or transactions concluded with the Company other than those disclosed in the business transactions with related parties section and they have not been a part of any activity with any similar or competitive activity to the activities of the Company as at the date of this Prospectus.

10.10 Credit Facilities and Loans

The Company has credit facilities from Riyadh Bank and Alinma Bank. The following tables show the details of the credit facilities:

Table (133): Credit facilities from Riyadh Bank

Riyad Bank	
Finance Ceiling	SAR 76,505,000 (Islamic finance agreement)
Finance instruments	<ul style="list-style-type: none"> - Securitization: SAR 68,892,000 - Direct Credit Alternatives: SAR 76,505,000
Agreement Effective Date	28/12/2021G
Agreement Expiry Date	28/12/2024G
Submitted Guarantees	A guarantee under a joint payment and performance guarantee dated 28/12/2021G in the following names: Mohamed Bin Omran Bin Mohamed Al-Omran 100% - Mohamed Bin Nasser Bin Omran Al-Omran 100% - Nasser Bin Mohamed Bin Nasser Bin Omran 100% - Abdul Rahman Bin Mohamed Bin Nasser Bin Omran 100%
Fees	<ul style="list-style-type: none"> - Credit tuition fees 1% per annum of the total amount of finance - SIBOR profit margin +3% per annum
Bank's approval of capital change	One of the terms of the agreement binds the Company to advise the Bank of its willing to increase its capital and the Company has so done and an advice has been sent to Riyadh Bank on 01/11/2022G.

Source: The Company

Table (134): Details of credit facilities from Alinma Bank

Alinma Bank	
Finance Ceiling	SAR 18,750,000, including: <ul style="list-style-type: none"> - SAR 10,000,000 as Musharaka credit finance and then Murabaha in the Bank's share within the secured finance program, one of the Central Bank's initiatives. - SAR 8,750,000 as Musharaka credit finance and then Murabaha in the Bank's share.
Finance instruments	<ul style="list-style-type: none"> - Musharaka credit finance and then Murabaha in the Bank's share within the secured finance program (one of the Saudi Central Bank's initiatives): Limit: SAR 10,000,000. - Forward sale finance - within the secured finance program (one of the Saudi Central Bank's initiatives), being a sub-limit of the above finance. Limit: SAR 10,000,000 - Musharaka credit finance and then Murabaha in the Bank's share Limit: SAR 8,750,000 - Forward sale finance, a sub-limit of the above finance Limit: SAR 8,750,000
Agreement Effective Date	13/05/2022G
Agreement Expiry Date	28/02/2023G (Expired – Under Renew)
Submitted Guarantees	<ul style="list-style-type: none"> - Payment and performance bond from Mr. Mohamed Bin Omran Al-Omran, Mr. Nasser Bin Mohamed Bin Nasser Bin Omran, and Mr. Abdul Rahman Bin Mohamed Bin Nasser Bin Omran in the amount of SAR 18,750,000. - A guarantee of SME finance guarantee program in the amount of SAR 9,025,000 - A guarantee of SME finance guarantee program in the amount of SAR 5,975,000 - Promissory note in the amount of SAR 18,750,000 in the name of the Company

Fees	<ul style="list-style-type: none"> - Central Bank's tariff +0,5% per annum inclusive of SAMA fees - Advance payment SAR 131,250 - Profit margin +4% per annum (fixed) - SIBOR ++3% per annum
Bank's approval of capital change	One of the terms of the agreement binds the Company to advise the Bank of its willing to increase its capital and the Company has so done and an advice has been sent to Alinma Bank on 01/11/2022G.

Source: The Company

10.11 Insurance Policies

The Company keeps insurance policies that cover all types of risks which it may encounter. These policies have been concluded with several insurance companies inside KSA.

The following table shows the main details of the insurance policies kept by the Company:

Table (135): Insurance Policies.

Policy number	Insurance Company	Duration	Type	Insurance Value	Cover Amount (SAR)	Validity
N/A	Bupa	From 10/01/2023 To 09/01/2024	Medical insurance for the company's employees	761,986 SR	1,000,000 SAR	Valid
P/102/22/5022/2023/501/6	Gulf Union Al Ahlia Cooperative Insurance	From 17/01/2023 To 16/01/2024	Company Vehicles insurance	76,245 SR	10,000,000 SAR	Valid
P-c01-23-20030-002079	Walaa Cooperative Insurance	From 20/07/2023 To 19/07/2024	All Risks and Property Insurance	42,822 SR	76,468,354 SAR	Valid

Source: The Company

10.12 Real Estate

The Company owns only one property in Riyadh. The following table shows the details of this property as at 31/10/2022G.

Table (136): Details of the Property owned by the Company

Title Deed No.	Plot No.	Area	Constructions	Mortgage
910106038304	196	18,191 sq. m.	Company's Factory Building	Mortgaged in favor of Riyadh Bank as a security of the facilities amounting SAR 75,505,000.

Noteworthy, the subsidiary does not own any property.

Table (137): Summary of the Real Estate Agreements rented by the Company.

	Lessor	Real Estate Property	Period	Total Contract Value	Renewal	Validity	Lease Legalization
1	Saudi Authority for Industrial Cities and Technology Zones "MODON"	Area: 6,544 sq. m.	From 03/07/1442H to 02/07/1460H	SAR 26,176 (annual)	Nil	Valid	Non-legalized

	Lessor	Real Estate Property	Period	Total Contract Value	Renewal	Validity	Lease Legalization
2	Abaad Real Estate Investment Company	5 apartments	From 01/01/2023G to 13/12/2023G	SAR 65,000	Automatically renewable unless either party notifies the other of its willing to terminate the Contract 60 days prior to its expiration date	Valid	Legalized
3	Abaad Real Estate Investment Company	Property Area: 2,400 m	From 01/01/2023G to 31/12/2023G	SAR 192,000	Automatically renewable unless either party notifies the other of its willing to terminate the Contract 10 days prior to its expiration date	Valid	Legalized
4	Abaad Real Estate Investment Company	A building in Riyadh	From 01/01/2023G to 31/12/2023G	SAR 200,000	Automatically renewable unless either party notifies the other of its willing to terminate the Contract 60 days prior to its expiration date	Valid	Legalized
5	Abaad Real Estate Investment Company	6 offices in Riyadh	From 01/01/2023G to 31/12/2023G	SAR 311,000	Automatically renewable unless either party notifies the other of its willing to terminate the Contract 10 days prior to its expiration date	Valid	Legalized
6	Abaad Real Estate Investment Company	Warehouse area: 2,400m in Riyadh	From 01/01/2023G to 31/12/2023G	SAR 192,000	Automatically renewable unless either party notifies the other of its willing to terminate the Contract 10 days prior to its expiration date	Valid	Legalized
7	Abaad Real Estate Investment Company	Two apartments in Dammam	From 01/01/2023G to 31/12/2023G	SAR 24,000	Through a new contract	Valid	Legalized
8	Abdullah Mohamed Al-Samani	2 warehouses - area: 3,000 in Buraidah	From 21/01/2017G to 05/07/2027G	SAR 250,000 (annual)	Nil	Valid	Non-legalized
9	Othman Bin Nasser Al-Saleh	A building in Riyadh	From 31/03/2019G to 29/07/2022G (Expired - under renewal)	SAR 350,000	To be renewed by virtue of a new contract	Invalid	Legalized
10	Saeed Bin Saad Bin Owair	Warehouse - Area: 2,400 m 2 apartments	From 01/03/2019G to 28/02/2024G	SAR 150,000 (annual)	Automatically renewable unless either party notifies the other of the termination of the contract	Valid	Non-legalized
11	Ahmed Abdulwahed & Partners	Showroom - Area: 641m in Dammam	From 17/02/2022G to 16/02/2023G (Expired - Under Renew)	SAR 149,500	To be renewed by virtue of a new contract	Valid	Legalized

	Lessor	Real Estate Property	Period	Total Contract Value	Renewal	Validity	Lease Legalization
12	Abdullah Abdulaziz Ababtain	Showroom - Area: 60m in Buraidah	From 09/09/2021G to 06/10/2026G	SAR 307,500	Nil	Valid	Legalized
13	Ibrahim Saud Al Nujidi	Unit - Area: 153m in Buraidah	From 26/05/2023G to 25/05/2024G	SAR 40,000 (annual)	To be renewed by virtue of a new contract	Valid	Legalized
14	Aftan Auda Al-Attwah	Showroom in Tabuk	From 01/12/2022G to 30/11/2023G	SAR 80,000	Nil	Invalid	Non-legalized
15	Abdulaziz Saleh Al Tassan	Showroom - Area: 200m in Jeddah	From 17/09/2022G to 16/09/2023G	SAR 370,000	To be renewed by virtue of a new contract	Valid	Legalized
16	Abdullah Mohamed Al-Samani	Warehouses - area: 1500m in Buraidah	From 07/10/2020G to 06/10/2021G (Expired - under renewal)	SAR 40,000	To be renewed by virtue of a new contract	Invalid	Legalized
17	Saeed Abdullah Al-Shahrani	A real estate unit in Khamis Mushait	From 15/01/2021G to 14/01/2024G	SAR 241,500	To be renewed by virtue of a new contract	Valid	Legalized
18	Saudi Authority for Industrial Cities and Technology Zones (MODON)	A plot with an area of 56,274 m ²	From 13/09/1444H to 12/09/1464H	SAR 112,549 (Annually)	N/A	Valid	Undocumented
19	Abdullah Mohammed Al-Samaani	2 warehouses with an area of 3066 m in Buraidah city	02/02/1442H To 02/02/1452H	SAR 211,554	N/A	Valid	Undocumented

Source: The Company

Table (138): Summary of the agreements of the real estate properties rented by the Company.

	Lessor	Real Estate Details	Period	Total Contract Value	Renewal	Validity	Lease Legalization
1	Abaad Real Estate Investment Company	Warehouse area: 2,400m in Riyadh	From 01/01/2023G to 31/12/2023G	SAR 192,000	Automatically renewable unless either party notifies the other of its willing to terminate the Contract 10 days prior to its expiration date	Valid	Legalized

Source: The Company





10.13 Trademarks and Property Rights

The Company markets its services and products through its trade name registered in its commercial register, as reflected in its logo, which supports its business and competitive edge and gives it a clear excellence in the market among the customers. The company applied to the Saudi Authority for Intellectual Property (SAIP) to register its official logo - the application is still under study - and the company also has three trademarks that are protected and registered at SAIP.

However, the business of the Company's subsidiaries heavily depends on its trademark given the nature of the business of such subsidiaries and it being in no need to have any trademark registered inside or outside the Kingdom because it does not place heavy reliance on it.

Below are the details of the registered trademarks of the Company:

Table (139): Trademarks of the Company.

Certificate Type	Registrar	Certificate Number	Protection start date	End date of protection	Category Type	Purpose	Description	Trademark
Trademark Registration Request	SAIP	Order number: 417003	-	-	11	Official company logo	The word Al-Omran in Arabic and Latin letters and all letters in black except for one of the Latin letters in blue, and one letter of the Arabic letters in blue. A square shape on the side of the word in an Arabic letter Al-Ain in silver and a letter in silver with a blue background.	
Trademark Registration	SAIP	1444011506	27/03/1444 H	26/03/1454 H	11	Company Products	The word Rantik in Latin letters in blue inside a rectangle in light blue	
Trademark Registration	SAIP	143212757	18/12/1442 H	17/12/1452 H	11	Company Products	The word Unix and below it the word Plus in Latin letters in silver. The word is inside a square with a red frame (protection does not include the word Plus).	
Trademark Registration	SAIP	1438006050	12/03/1438 H	14/03/1448 H	11	Company Products	The word Unix in Latin letters in silver and in Arabic letters in orange in a distinctive way.	

Source: The Company

* The Company has made an application for trademark registration with SAIP Sub. No. 181465 dated 02/04/1444H of the protection-expired Rantech mark and the application is still in process.

10.14 Disputes and Litigation

Below is a summary of the details of the outstanding claims and cases initiated by the Company and there are no cases filed by or against the Subsidiary:

Table (140): Cases, Claims, and Legal Proceedings

	Plaintiff	Defendant	Subject Matter of the Case	Judicial Authority	Amount (SAR)	Status
2	The Company	Mohamed Al-Dhuwyan	Libel case	Criminal Court in Buraidah (public right)	No amount.	A decision of pardon was issued in this case only in respect of the public right.
3	The Company	Abdulrahman Bawzyr Est.	Financial claim	General Court in Khamis Mushait.	SAR 73,600	The first hearing has been scheduled to 09/03/1444H and deferred till appearance and hearing the reply of the Defendant to the Case. No other hearing has been scheduled up to date.
4	The Company	Todo Trading Co.	Case (a claim for promissory notes)	Commercial Court in Riyadh	SAR 255,060	A request has been made to Taradhi Platform and no conciliation has been possible and the case will be entered once again

	Plaintiff	Defendant	Subject Matter of the Case	Judicial Authority	Amount (SAR)	Status
5	The Company	Ahmed Al-Asmari	A case for compensation for litigation fees.	Commercial Court in Riyadh.	SAR 30,000	The Court of First Instance ruled that the Case is not accepted in the form and, therefore, an appeal was filed against the judgment. A hearing was scheduled before the Court of First Instance on 13/04/1444H after the case was returned from the Appeal Circuit to the First Instance Circuit.
6	The Company	Ahmed Al-Asmari	Attorney's fees case.	Makkah Enforcement Court.	SAR 42,892	The Circuit affirmed the first instance case by fixing the attorney's fees amount of forty-two thousand, eight hundred ninety-two (42,892) Saudi riyals and an enforcement was made for the said amount.
Total Amounts					SAR 401,552	

Source: The Company

In addition, the Company applied to the Enforcement Court for execution on a property mortgaged in its favor against commercial debts arising from business transactions with a client according to the following details:

Table (141): Details of the application for execution on the property mortgaged in favor of the Company

Execution Debtor	Mortgage Deed No.	Court	Application Status
Ahmed Al-Asmari	371704002232	Third Enforcement Circuit in the Enforcement Court in Khamis Mushait	The Circuit issued its decision of suspension of the Execution Debtor in addition to sale of the property in public auction and referred it to the Entrustment and Liquidation Agency on 23/09/1443H.

In addition, the Company applied to the Enforcement Court for execution on cheques and promissory notes as follows:

Table (142): List of cases brought by the Company for execution on cheques and promissory notes

	Vs.	Court	Execution Application Date	Claimed Amount (SAR)
1	Mohamed Abu Salem	Enforcement Court in Riyadh	14/08/1438H	1,500,000
2	Farag Kaabi	Enforcement Court in Riyadh	05/07/1438H	130,600
3	Ibrahim Al Qomaiche Est.	Enforcement Court in Riyadh	01/09/1439H	344,741
4	Alyn Alarkan Trading	Enforcement Court in Riyadh	04/11/1439H	95,567
5	San Holding Co.	Enforcement Court in Riyadh	17/11/1439H	263,422
6	Aqeelah Mahli Trading Est.	Enforcement Court in Riyadh	08/01/1443H	107,194
8	Hya Njd Trading Est.	Enforcement Court in Riyadh	10/05/1440H	146,398
9	Sultan Mohamed Al-Jahani Est.	Enforcement Court in Riyadh	26/12/1440H	255,534
10	Taj Namar Est.	Enforcement Court in Riyadh	05/01/1441H	332,827
16	Fajr Air Conditioners	Enforcement Court in Khamis Mushait.	28/11/1440H	210,400
17	Ahmed Al-Asmari	Enforcement Court in Khamis Mushait.	22/11/1440H	428,920
18	Ahmed Al-Ghamdi	Enforcement Court in Riyadh.	15/05/1439H	309,975
19	Talaya Randa Trading Co.	Enforcement Court in Riyadh.	26/12/1439H	299,483

	Vs.	Court	Execution Application Date	Claimed Amount (SAR)
30	Rawae' Miss Trading	Enforcement Court in Riyadh.	13/08/1443H	287,584
31	Ali Al-Ghamdi	Enforcement Circuits in the General Court in Bishah.	14/05/1442H	308,511
32	Saif Sayer Al Mutteri	Enforcement Court in Riyadh.	19/05/1442H	222,738
33	Ali Abdullah Al Sheikhi	Enforcement Circuit in the General Court in Al Qunfudhah.	19/05/1442H	146,720
34	Alwan Al Yamamah Co.	Enforcement Court in Riyadh.	23/06/1443H	382,984
35	Al-Naseem Al-Bared Trading Est.	Enforcement Court in Riyadh.	28/06/1443H	97,113
36	Yahia Salem Marsh	Enforcement Court in Riyadh.	16/07/1443H	50,000
Total Amounts				5,720,711

Source: The Company

10.15 Sanctions and Penalties

The Company has received the following violations from the government authorities and they have been fully paid as shown in the following table:

Table (143): Violations from the Government Authorities

Regulatory Authority	Violation	Date	Amount
Jeddah Municipality	Market and Store Violation	2021G	SAR 700
Jeddah Municipality	Market and Store Violation	2021G	SAR 200

Source: The Company

It is worth noting that on 09/30/2021G, the Company received a notification from the Capital Market Authority of the presence of violations against the Company related to the annual financial statements ending on December 31, 2019G. The Company has addressed these violations except for the following violations:

Sr.	Violation / Standard	Accounting Treatment	Financial Impact of Non-Application
1	Paragraphs B11 and B11d (a) of IFRS 7 Financial Instruments, Disclosures: The Company presented, in its clarification, to analyze the maturity of the value of discounted cash flows and the company did not present the obligations of the lease contracts in its explanation for the analysis of maturities.	The company will show the value of undiscounted cash flows distributed over maturities in the annual financial statements for the year 2023.	There is no financial impact on the Company's financial statements for the year ended December 2022. However, the disclosure will only be affected in Clarification No. 26 after the implementation of the standard in 2023.
2	Paragraph 39 of IFRS 7, Financial Instruments, Disclosures: The Company presented, in its clarification, to analyze the maturities the item of other due amounts, which includes amounts that are not considered financial obligations as classified by the standard.	Not applicable	Not applicable

Source: The Company

It should also be noted that CMA Board Resolution No. (10-1-2023) dated 10/06/1444H (corresponding to 03/01/2023G) was issued to address a letter to the current members of the Board of Directors regarding the violation of paragraph (2) of Article (126) of the Companies Law and paragraph (9) of Article (22) of the Corporate Governance Regulations and paragraph (9) of Article (30) of the Corporate Governance Regulations to emphasize not to recommit these violations, due to the failure to prepare the Company's annual financial statements for the period ending on 31/12/2021, in accordance with the accounting and auditing standards approved by the Saudi Organization for Chartered and Professional Accountants "SCOPA".

10.16 The material information that has changed since the CMA's approval of the last prospectus

The following is a summary of the key information that has changed since the CMA's approval of the last prospectus (Prospectus), which was issued on 13/04/1438H (corresponding to 11/01/2017G):

- **Governance:** The Ordinary General Assembly of the Company issued the Charter of the Nomination and Remuneration Committee in its meeting held on 19/10/1441H (corresponding to 11/06/2020G) and the Committee was formed by a Board's resolution dated 11/02/1444H (corresponding to 07/09/2022G).
 - The Board of Directors approved the guide and rules of the governance regulations of the Company in its meeting held on 08/09/1441H (corresponding to 01/05/2020G)
 - The Board of Directors approved the Charter of the Executive Committee in its meeting held on 09/04/1444H (corresponding to 03/11/2022G) and the Executive Committee was formed by a Board's resolution dated 11/02/1444H (corresponding to 07/09/2022G).
- **Articles of Association:** The Articles of Association have been amended according to the Shareholders' Extraordinary General Assembly's Resolution dated 07/09/2022G and reviewed and approved by the Ministry of Commerce on 28/09/2022G.

10.17 Representations Related to Legal Information

The Directors declare the following:

- a. the issue does not violate the relevant laws and regulations of the Kingdom;
- b. the issue does not violate any of the contracts or agreements to which the Company is a party;
- c. all material legal information related to the Company has been disclosed in the Prospectus;
- d. except as disclosed in Section 10.11 (**Litigation**) of this Prospectus, the Company and its Subsidiaries are not parties to any existing disputes or legal procedures that may jointly and severally have a material impact on the operations or financial position of the Company or its Subsidiary; and
- e. the Company's Directors shall not be subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the business or financial position of the Company or its Subsidiaries.
- f. Except as disclosed in Risk (2.1.6) "**Risks Related to Licenses and Approvals**" and Risk (2.2.3) "**Risks related to Companies Law, Corporate Governance Regulations and Capital Market Authority Rules**" of Section (2) "**Risk Factors**", the Company maintains and undertakes to keep in compliance with the Ministry of Commerce's requirements up to the date of this Prospectus.
- g. Except as disclosed in Risk (2.2.3) "**Risks related to Companies Law, Corporate Governance Regulations and Capital Market Authority Rules**" of Section (2) "**Risk Factors**", the Company continues and undertakes to keep in compliance with the requirements of the law, regulations, and instructions of CMA and Saudi Tadawul Group (Tadawul) up to the date of this Prospectus.

11. Underwriting

The Company and the Underwriter (Alinma Investment Co.) have entered into an underwriting agreement of six million (6,000,000) ordinary shares at ten (10) Saudi riyals per share, with a total value of sixty million (60,000,000) Saudi riyals, standing as (100%) of the Rights Shares offered for subscription (“Underwriting Agreement”).

11.1 Underwriter

Alinma Investment Co.

Riyadh, King Fahad Road

(Al Anoud Tower 2)

P. O. Box: 55560 Riyadh 11544

Kingdom of Saudi Arabia

Tel: +966 11 218 5999

Fax: +966 11 2185970

Website: www.alinmainvestment.com

E-mail: info@alinmainvestment.com



11.2 Summary of the Underwriting Agreement

According to the terms and conditions of the Underwriting Agreement,

- The Company undertakes to the Underwriter that at the date of allotment, all Rights Shares undertaken to be underwritten in this subscription, and which are not subscribed to by the eligible shareholders will be issued and allotted to the Underwriter as additional shares at the rate of subscription.
- The Underwriter undertakes to the Company that at the date of allotment, he will purchase the shares undertaken to be underwritten in this subscription, and which are not subscribed to by the eligible shareholders as additional shares at the rate of subscription.
- The Underwriter will receive a fixed financial consideration against his undertaking to underwrite, which will be paid from the proceeds of subscription.
- The Underwriter's obligation to purchase all rump shares shall be subject to the provisions related to termination of the Agreement such as the occurrence of any force majeure as defined in the Agreement or failure to satisfy some of the conditions precedent in relation to subscription.

12. Exemptions

The Company has not made any application for exemption to the CMA in relation to offering.

13. The Information related to Shares and Terms and Conditions of Offering

The Company has made an application to CMA for registration and offering of the new shares and to Saudi Tadawul Group (Tadawul) for listing of the new shares and all requirements have been satisfied in accordance with the rules of offering of securities, continuous obligations, and rules of listing.

All eligible shareholders, equity holders and proposal makers shall carefully read the conditions and instructions of subscription before electronic subscription or making an application for subscription through the agent or filling the rump offering form. Making an application for subscription or signing and submitting the rump offering form shall constitute an approval and acceptance of the said Terms and Conditions.

13.1 Offering

Offering is an increase in the capital of the Company by issuing Rights Shares for sixty million (60,000,000) Saudi riyals, divided into six million (6,000,000) ordinary shares in the nominal value of ten (10) Saudi riyals per share and an offer price of ten (10) Saudi riyals per share.

13.2 How to apply for subscription of Rights Shares (New Shares)

The registered shareholders and desirous to subscribe to Rights Shares shall make the subscription application during the period of subscription through the investment portfolio at the trading platforms through which the sale and purchase orders in addition to the possibility to subscribe through any other means provided by the agent and share custodian in the Kingdom during the subscription period. In case any of rump offering period, automatic subscription applications may be made during it for rump shares only be investment institutions.

By participating in subscription, a subscriber undertakes as follows:

- To accept subscription in the Company to the number of shares mentioned in the subscription application.
- To have reviewed, studied, and understood the significance of this Prospectus and all its contents.
- To have accepted the Articles of Association of the Company and the terms of this Prospectus.
- That he has not applied for subscription to the same shares for the same offering with the agent, and the Company has the right to dismiss all applications in case of frequent subscription applications.
- To have accepted the shares allotted to him under the subscription application and accepted all terms and instructions of subscription stated in the application and this Prospectus.
- To ensure that the application will not be cancelled or amended after it was made to the agent.

13.3 Subscription Application

An eligible person that is desirous to exercise all his right and subscribe to all Rights Shares to which he is entitled to subscribe shall subscribe through the investment portfolio in the trading platforms through which the sale and purchase orders are entered or through any other means offered by the agent and the share custodian.

The number of shares which an eligible person is entitled to subscribe shall be calculated as per the number of Rights held by him. The amount of subscription which the subscriber is required to pay will be calculated by multiplying the number of existing Rights held by him before the end of the subscription period at ten (10) Saudi riyals.

13.4 Trading and Subscription Phase and Rump Offering Period

The eligible shareholders and those willing to subscribe to Rights Shares shall submit the subscription application during the subscription period, which starts from Tuesday 30/04/1445H (corresponding to 14/11/2023G) to Sunday 12/05/1445H (corresponding to 26/11/2023G). During the period from ten (10:00 a.m.) to two (2:00) p.m.

In addition, the eligible shareholders and those willing to subscribe to Rights Shares may make the subscription application during the trading period, starting from Tuesday 30/04/1445H (corresponding to 14/11/2023G) to Tuesday 07/05/1445H (corresponding to 21/11/2023G) during the period from ten (10:00 a.m.) to three (3:00) p.m.

The Extraordinary General Assembly held on Wednesday 24/04/1445H (corresponding to 08/11/2023G) has approved the Board's recommendation with an increase in the Company's capital by issuing Rights Shares. Subject to the Prospectus, six million (6,000,000) ordinary shares will be offered for subscription in Rights Shares, accounting for (100.00%) of the Company's capital before subscription at an offer price of ten (10) Saudi riyals per share with a nominal value of ten (10) Saudi riyals per share and a total offering value of sixty million (60,000,000) Saudi riyals and the new shares will be issued at one share per each Right. The subscription to the Rights Shares offered to shareholders entered in the register of shareholders in the Company will be made at the end of the second trading day following the Extraordinary General Assembly dated Wednesday 24/04/1445H (corresponding to 08/11/2023G), and the eligible persons who have purchased the Rights during the period of trading of Rights, including the registered shareholders who have purchased additional Rights beside the rights originally held by them.

In case no Rights of the eligible persons are exercised by the end of the subscription period, the rump shares (arising from the failure to exercise or sell such Rights by the eligible persons) to the institutional investors by offering them during the rump offering period.

The registered shareholders will be able to trade the Rights that are deposited in the portfolios through the Saudi Stock Exchange (Tadawul). These Rights are an acquired right of all shareholders entered in the registers of the Company by the end of the second trading day following the holding of the Extraordinary General Assembly on the raise of capital. Each Right grants its holder the right to subscribe for one New Share at the Offer Price. The Rights will be deposited after the holding of the Assembly. The Rights will be reflected in the portfolios of the shareholders registered under a new code of the Rights and will then the registered shareholders will be then notified of the deposit of the Rights in their portfolios.

The time table for sequence and details of the Rights Shares offering will be as follows:

1. **Eligibility Date:** The end of the trading day of the EMG date Wednesday 24/04/1445H (corresponding to 08/11/2023G).
2. **Trading and Subscription Phase:** The trading and subscription phase will start on Tuesday 30/04/1445H (corresponding to 14/11/2023G) and the trading period will end on Tuesday 07/05/1445H (corresponding to 21/11/2023G), and the subscription period will go through Sunday 12/05/1445H (corresponding to 26/11/2023G). Noteworthy, the trading hours of the Rights will start from ten (10:00) a.m. to three (3:00) p.m., while the subscription hours of the Rights will start at ten (10:00) a.m. to two (2:00) p.m.
3. **Rump Offering Period:** It will start at ten a.m. on Wednesday 15/05/1445H (corresponding to 29/11/2023G) to five p.m. on Thursday 16/05/1445H (corresponding to 30/11/2023G). During this period, the rump shares will be offered to a number of institutional investors (referred to as "Institutional Investors"), and such Institutional Investors will make offers for purchase of the rump shares. The rump shares will be allotted to the Institutional Investors of the highest offer to the lower offers (provided that it shall be no less than the Offer Price), provided that the shares will be allotted in proportion to the Institutional Investors that make the same offer. As to fractional shares, they will be added to the rump shares and equally treated. The subscription price of the new shares that have not been subscribed to during this period will be, at least, the offer price. If the price of the unsubscribed shares is higher than the offer price, the difference, if any, will be distributed as a compensation to the holders of the Rights that have not subscribed to their rights in proportion to the rights held by them.
4. **Final Allotment of Shares:** The shares will be allotted to each investor based on the number of rights fully and properly exercised by them. As to holders to fractional shares, all fractional shares will be gathered and offered to Institutional Investors during the Rump Offering Period: The total offer price of rump shares will be paid to the Company and the remaining proceeds of sale of rump shares and fractional shares, without charging any fees or deductions exceeding the offer price, will be distributed to eligible persons in the amount due no later than Tuesday 21/05/1445H (corresponding to 05/12/2023G).
5. **Trading of New Shares in the Market:** The shares offered for subscription will commence to be traded in (Tadawul) on the completion of all procedures related to the registration and allotment of offered share, provided that the period between the end of subscription of the Rights and the deposit of shares in the shareholders' portfolios will be 9 business days.

The Company has made an application to CMA for registration and offering of the new shares. It also made an application to Saudi Tadawul Group (Tadawul) for accepting their listing.

13.5 Allotment and Refund of Surplus

The Company and Lead Manager will open a trust account in which the proceeds of subscription will be deposited.

The Rights Shares will be allotted to the eligible persons based on the number of rights fully and properly exercised by them. As to eligible persons of fractional shares, the fractional shares will be gathered and offered to the institutional investors during the Rump Offering Period and the total offer price of the rump share will be paid to the Company and the remaining proceeds of sale of rump shares and fractional shares (if any) (not exceeding the offer price) shall be distributed to eligible persons as per the entitlement of each no later than Thursday 08/06/1445H (corresponding to 21/12/2023G). Noting that the investor that has not subscribed or sold his rights and holders of fractional shares may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price. If shares then remain unsubscribed, the Underwriter will purchase such new rump shares at the Offer Price and they will be allotted to him and accordingly, the eligible persons that have not exercised their right to the Rights will not receive any consideration.

The final number of shares that have been allotted to each eligible person is expected to be announced without any commissions or deductions from the Lead Manager by entering them in the subscribers' accounts. The eligible persons have to contact the agent through which the subscription application is made to obtain to any additional information. The results of allotment will be announced no later than Tuesday 21/05/1445H (corresponding to 05/12/2023G).

The surplus (the remaining proceeds of the offering process in excess of the Offer Price) (if any) and the amount of compensation (if any) will be refunded to the eligible persons, who have not exercised the right of subscription in whole or in part in the new shares and those eligible to fractional shares without any deductions no later than Thursday 08/06/1445H (corresponding to 21/12/2023G).

13.6 Supplementary Prospectus

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware of:

- A significant change in material matters stated in this Prospectus.
- The emergence of any important materials that need to be included in this Prospectus.

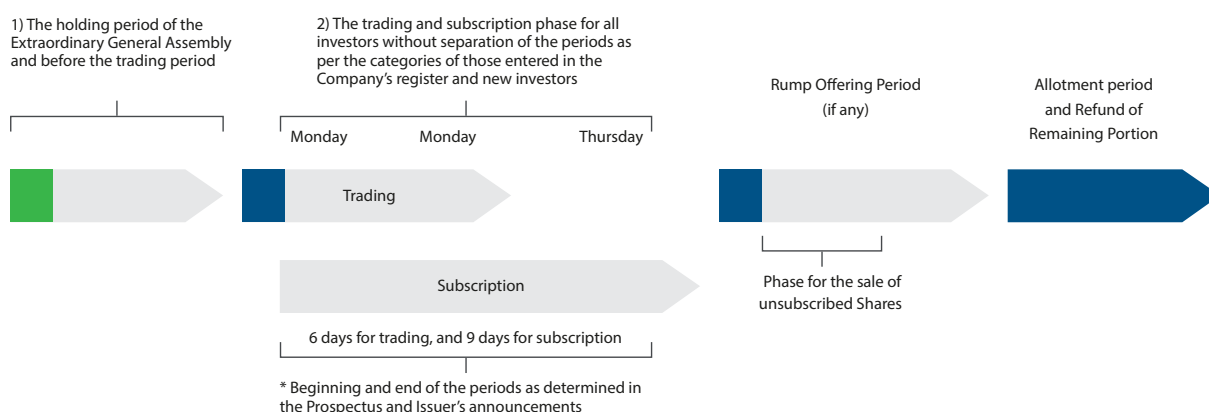
The investor that has subscribed to the new shares may, before publication of the Supplementary Prospectus, cancel or amend his subscription to these shares before the end of the Offering Period.

13.7 Suspension or Cancellation of Offering

CMA may at any time issue a decision of suspension of offering if it finds that the offering may result in a breach of the Capital Market Law, its Implementing Regulations, or Market Rules. In addition, the offering will be cancelled in case Extraordinary General Assembly does not approve any offering details of the offering.

The following table shows the mechanism of trading and subscription of Traded Rights:

Figure No. (2): The mechanism of trading and subscription of Traded Rights:



Source: Tadawul

13.8 Rights - Q&A

What is a Rights Issue?

A Rights Issue is an offering of tradable securities that give their holders the right to subscribe for New Shares upon approval of capital increase. They are acquired rights for all Shareholders who own shares at the date of the Extraordinary General Assembly for capital increase, and who are registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly. Each Right grants its holder the right to subscribe for one New Share at the Offer Price.

Who is granted the Rights?

The Rights shall be granted to Shareholders registered in the Company's Register as of the close of the second trading day of the Extraordinary General Assembly to increase the capital.

When are the Rights deposited?

Following the Extraordinary General Assembly and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of shareholders registered in the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly. The New Rights appear in their portfolios under a new code for the Rights. These Rights cannot be traded or subscribed by the Registered Shareholders until the beginning of the Trading Period and Subscription Period.

How are Registered Shareholders notified of the Rights being deposited in their portfolios?

The Registered Shareholders are notified through an announcement on the Tadawul website and through Tadawulati Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the Extraordinary General Assembly.

What is the Rights Issue eligibility factor?

It is the means by which the Registered Shareholder can determine the Rights it is entitled to in relation to its shareholding under the Company's Shareholders Register held with the Depository Center at the close of the second trading day following the date of the Extraordinary General Assembly. It is calculated by dividing the number of New Shares by the number of the Company's existing Shares. It is, therefore, one right for each (1) share held by registered shareholders on eligibility date; for example, if a registered shareholder owns (1,000) shares on eligibility date, then (1000) shares will be allocated to him/her in consideration of his/her shareholding.

Will these Rights be tradable under a different name/ symbol of the Company's shares?

The Rights will be deposited in the investors' portfolios under the name of the original share, and by adding the word "Priority Rights", they will be deposited in a new symbol for these rights.

What is the value of the Right upon commencement of trading?

The opening price of the Right is the difference between the closing price of the share on the day preceding the Rights listing and the Offer Price (the indicative value of the Right). For example (using hypothetical prices), if the closing price of a share on the preceding day is fifteen (15) Saudi Riyals (SAR 15) and the Offer Price is ten (10) Saudi Riyals (SAR 10), the opening price of the Rights upon the commencement of trading will be five (5) Saudi Riyals (SAR 5).

Who is the Registered Shareholder?

A shareholder who appears in the Company's shareholder register at the end of the second trading day after the Extraordinary General Assembly.

Can Registered Shareholders subscribe for additional shares?

Yes. Registered Shareholders can subscribe to additional shares by purchasing new Rights through Tadawul during the Trading Period.

Is it possible for a registered shareholder to lose his/her eligibility to subscribe even if he/she has the right to attend the Extraordinary General Assembly and vote on raising the capital through a rights issue?

Yes, the Shareholder loses his/her eligibility to subscribe if he sells his/her shares on the day of the Extraordinary General Assembly or one working day before it.

How does the Subscription take place?

Subscription Applications 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 intermediaries and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

No. An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

If the Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The rights will be deposited in the same portfolio in which the shares of the Company connected to the rights are deposited. For example, if a shareholder holds one thousand (1000) shares in the Company (eight hundred (800) shares in portfolio (a) and two hundred (200) shares in portfolio (b)), then the total rights (amounting to two thousand (1000) rights, as each share is eligible for a right) will be deposited. Therefore, one thousand six hundred (1600) rights will be deposited in portfolio (a) and four hundred (400) rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

Is it possible to sell a part of these Rights?

Yes, the investor may sell a part of these Rights and subscribe for the remaining part.

When can a Shareholder subscribe for the Rights he/she purchased during the Trading Period?

Any time during the Subscription Period (i.e., until the ninth day) after settlement of the purchase of Rights (two business days).

Can the Eligible Person sell or assign the Right after the expiry of Trading Period?

No. After the expiry of the Trading Period, the Eligible Person may only exercise the right to subscribe to the Rights Shares. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What happens to the Rights that are unsold or unsubscribed for during the Trading and Subscription Periods?

If the New Shares are not fully subscribed for during the Subscription Period, the remaining New Shares will be offered for subscription through an offering to be organized by the Lead Manager. The amount of compensation (if any) to the Rights holder will be calculated after deducting the subscription value. The investor may not receive any consideration if the sale occurs during the Rump Offering Period at the Offer Price.

Who has the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through a Rights Issue?

A shareholder registered in the Company's Shareholders Register at the Depository Center after the end of the trading session, on the date of the Extraordinary General Assembly, shall have the right to attend the Extraordinary General Assembly and vote on increasing the Issuer's share capital through Rights Issue.

When is the share price adjusted as a result of increasing the Issuer's share capital through a Rights Issue?

The share price is adjusted by Tadawul before the start of trading on the day, following the Extraordinary General Assembly.

If an investor buys securities on the date of the Extraordinary General Assembly, will he/she be eligible for the Rights resulting from the increase of the Issuer's share capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the Extraordinary General Assembly), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the Extraordinary General Assembly. However, he/she may not attend or vote in the Extraordinary General Assembly for the capital increase.

If an investor has more than one portfolio with more than one broker, how will their Rights be calculated?

The investor's shares will be distributed to their portfolios according to the percentage of shareholding in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are the Trading and Offering Periods?

Trading in and subscription for the Rights shall commence at the same time three (3) working hours after the approval of Extraordinary General Assembly of the raise of capital until the end of trading on the sixth day. However, subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No.

Can investors, who are not Registered Shareholders, subscribe for the Rights Shares?

Yes. Investors can subscribe to the Rights Shares upon full purchase of Rights through Tadawul during the Trading Period.

Additional assistance:

In case of any inquiries, please contact the Company at the e-mail (info@anaamgroup.com). For legal reasons, the company will only be able to provide the information contained herein and will not be able to advise on the merits of issuing rights or even provide financial, tax, legal, or investment advice.

For more information on the terms, conditions and instructions for the subscription, please refer to Section (13) "Details on Shares and Offering Terms and Conditions" and other information contained herein.

13.9 The Resolutions and Approvals under which Shares will be offered

On 22/01/1444H (corresponding to 20/08/2022G), the Company Board of Directors has recommended the increase of the Company's capital by offering Rights Shares in the amount of sixty million (60,000,000) Saudi riyals, whereby the capital after increase becomes one hundred and twenty million (120,000,000) Saudi riyals after obtaining all necessary legal approvals and the content of the Extraordinary General Assembly.

On Wednesday 24/04/1445H (corresponding to 08/11/2023G), the Extraordinary General Assembly of the Company approved the increase of the Company's capital by issuing Rights Shares. Subscription comes in the form of offering Rights Shares for sixty million (60,000,000) Saudi riyals, whereby the capital after increase becomes one hundred and twenty million (120,000,000) Saudi riyals after obtaining all necessary legal approvals and the content of the Extraordinary General Assembly.

Saudi Tadawul (Tadawul) has approved the application for listing of new shares on 26/05/1444H (corresponding to 20/12/2022G). In addition, this Prospectus and all supporting documents requested by CMA have been approved on to date of their posting on CMA's website 25/02/1445H (corresponding to 10/09/2023G).

13.10 Miscellaneous

- The subscription application and all relevant terms and conditions will be binding upon and inure in favor of its parties, their successors, assigns, executors, administrators, and heirs. Save only as specifically stipulated in this Prospectus, neither the application nor any rights, interests or obligations arising therefrom shall be assigned or delegated to any of the parties referred to in this Prospectus without obtaining the prior written consent of the other party.
- These instructions and terms and any receipt of the subscription application form or the contracts arising therefrom shall be subject and construed in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus has been distributed in Arabic and English. In case of any conflict between the Arabic and English versions, the Arabic version of the Prospectus shall prevail.

13.11 Statement of Any Pending Arrangements for Preventing Disposal of Certain Shares

There are no pending arrangements for preventing disposal of any shares.

14. Change in Share Price as a result of Raise of Capital

The closure price of the Company's share on the day of Extraordinary General Assembly including approval of the raise of capital is SAR (56.90), and is expected to reach SAR (33.45) at the beginning of the next day. Such change is a (41.21%) decrease, and in case none of the holders of shares registered in the register of shareholders of the Company subscribes at the depository center at the end of the second trading day next to the date of the Extraordinary General Assembly including approval of the raise of capital, this will reduce their holding in the Company.

Method of calculation of the share price as a result of raise of capital as follows:

First: Calculation of the Market Value of the Company on Closure on the Extraordinary General Assembly Day

The number of shares at the end of the Extraordinary General Assembly day x the closing price of the Company's share on the Extraordinary General Assembly day = the market value of the Company on closure of the Extraordinary General Assembly day.

Second: Calculation of the share price on the opening of the day next to the Extraordinary General Assembly day

(The market value of the Company on closure of the Extraordinary General Assembly day + value of offered shares) / (number of shares at the end of the Extraordinary General Assembly day + number of shares offered for subscription) = expected share price at the opening of the day next to the Extraordinary General Assembly day.

15. Subscription Undertakings

15.1 About Subscription Application and Undertakings

Subscription can be made using the trading platforms or through any other means offered by the agent to investors. Subscription to the new shares will be made in one phase as follows:

1. During this period, all registered shareholders and new investors will be allowed to subscribe to the new shares.
2. A registered shareholder will be allowed to directly subscribe by the number of his shares during the subscription period. If he purchases new rights, he will be allowed to subscribe to them after the end of its adjustment period (two business days).
3. The new investors will be allowed to subscribe to the new shares directly after adjustment of the purchase of rights (two business days).
4. Subscription will be electronically made available through the investment portfolio in the trading platforms and applications through which the sale and purchase orders are entered beside subscription to the agent's other available channels and means, provided that subscription is only approved of a number of new eligibility shares under the Rights existing in the investment portfolio.

Each Right grants its holder the right to subscribe to one new share at the Offer Price. The subscriber to new shares represents as follows:

- To have accepted all terms and instructions of the subscription stated in this Prospectus.
- To have reviewed, studied, and understood the significance of this Prospectus and all its contents.
- To have accepted the Articles of Association of the Company.
- Undertakes not to cancel or amend the subscription application after it is executed

15.2 Allotment Processes

The Rights Shares will be allotted to the eligible persons based on the number of rights fully and properly exercised by them. As to those entitled to fractional shares, the fractional shares will be gathered and offered to the institutional investors during the Rump Offering Period and the total offer price of the rump shares will be paid to the Company and the remaining proceeds of sale of rump shares and fractional shares (exceeding the offer price) shall be distributed to eligible persons as per the entitlement of each no later than Thursday 08/06/1445H (corresponding to 21/12/2023G). If shares then remain unsubscribed, the Underwriter will purchase such new rump shares and they will be allotted to him.

The eligible persons have to contact the agent through which the subscription is made to obtain to any additional information. The results of allotment will be announced no later than Tuesday 21/05/1445H (corresponding to 05/12/2023G).

15.3 Saudi Stock Exchange (Tadawul)

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Electronic trading in the Kingdom started in 1990G. Trading in shares occurs through a fully integrated trading system from the execution of the trade transaction through its settlement. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. at other times.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, including, in particular, the "Tadawul" website and the "Tadawul" Information Link, which supplies trading data in real time to information providers such as "Reuters". Exchange transactions are settled on a T+2 basis, meaning that share ownership is transferred two working days after the trade transaction is executed.

The company is required to disclose all material decisions and information that are important for the investors via "Tadawul". Surveillance and monitoring are the responsibility of Tadawul, as the operator of the market, to ensure fair trading and an orderly market.

15.4 Trading of Company's Shares in Saudi Stock Exchange

An application is made to CMA for registration and offering of Rights Shares in the Saudi Stock Exchange and an application to the Saudi Stock Exchange (Tadawul) for their listing, and the Prospectus was approved and all requirements satisfied.

It is expected that registration is approved and trading in Rights Shares starts in the Saudi Stock Exchange after final allotment of Rights Shares. This will be timely announced on Tadawul website. The dates stated in this Prospectus are initial and can be changed with the consent of the CMA.

Although the existing shares are registered in the Saudi Stock Exchange and that Company's shares are listed in the Stock Exchange (Tadawul), the new shares can only be traded after approval of the final allotment and deposit of shares in the subscribers' portfolios. New shares may not be traded before approval of the allotment process.

The subscribers and bidders to the rump offering who transact in prohibited trading activities are fully liable and the Company will not accept any legal liability in this case.

16. Documents Available for Inspection

The following documents will be available for inspection at the head office of the Company seated in Riyadh City, Riyadh, King Abdulaziz Road- Astoria Complex, 2nd Floor, KSA during the official business days from Sunday to Thursday between 08:00 a.m. And 04:00 p.m. from the first business day after the date of invitation for the Extraordinary General Assembly, provided that such period shall be no less than 14 days prior to the Extraordinary General Assembly date. These documents will be available for inspection up to the end of offering:

- **The Documents of Incorporation and Articles of Association of the Company:**
 - Commercial Registration Certificate of the Company.
 - Articles of Association of the Company, as amended.
 - Memorandum of Association of the Company.
- **Offering-Related Approvals:**
 - A copy of the announcement of CMA approval of the offering of Rights Shares.
 - The approval of the Saudi Stock Exchange (Tadawul) of the listing of Rights Shares.
 - The Board's recommendation for the raise of the Company's capital.
 - The Extraordinary General Assembly's resolution of approval of the raise of the Company's capital.
- **Reports, Letters, and Documents:**
 - The Underwriting Agreement and Subscription Management Agreement.
 - The written approvals of the Financial Advisor, Lead Manager, Underwriter, Legal Advisor, and Auditor of the use of their respective names, logos, and statements within the Prospectus.
 - The internal auditor's report for the six-month period ended 30 June 2022G



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