



Trading Period: Starting from **/**/**** H (corresponding to **/**/**** G) and ending on **/**/**** H (corresponding to **/**/**** G)
 Subscription Period: Starting from **/**/**** H (corresponding to **/**/**** G) and ending on **/**/**** H (corresponding to **/**/**** G)



Naseej International Trading Company is a Saudi joint stock company established in accordance with the Ministerial Resolution No. (276/S) dated 01/11/1428H (corresponding to 11/11/2007G) and the Ministerial Resolution No. (325/S) dated 21/11/1428H (corresponding to 31/12/2007G) and under the Commercial Registration No. (4030133919) issued from Jeddah on 05/03/1422H (corresponding to 28/05/2001G).

Offering sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) ordinary shares at an offer price of 10 Saudi riyals per share by issuing right shares with a total value of (163,459,510) Saudi riyals, representing an increase in the capital of the Company by (149,999,995%) to become (272,432,520) Saudi riyals

Naseej International Trading Company («Naseej» or the «the Company») is a Saudi joint stock company, established as a limited liability company and registered in the Commercial Register in Jeddah under Certificate No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G) under the trade name «Al-Sorayai Carpet Factory». On 11/11/1427H (corresponding to 02/12/2006G), «Abdullah and Nasser Abdul Aziz Al-Sorayai Joint Company» and «Jeddah Industrial Yarn Factory Limited Company» were merged into «Al-Sorayai Carpet Factory Company». The merger resulted in amending the trade name of the Company to become «Al-Sorayai Trading and Industrial Group LTD Company» subject to the Shareholders' Resolution notarized by the Notary Public on 17/01/1428H (corresponding to 05/02/2007G). On 19/10/1428H (31/10/2007G), the shareholders decided to convert the Company from a limited liability company to a closed joint stock company, while retaining the same trade name without the phrase «Limited», so that the trade name of the Company becomes «Al-Sorayai Trading and Industrial Group Company». The approval of His Excellency the Minister of Commerce and Investment was issued in accordance with the Ministerial Resolution No. (276/S) dated 01/11/1428H (11/11/2007G) and the Ministerial Resolution declaring the incorporation of the Company No. (325/S) dated 21/11/1428H (31/12/2007G), and it was registered as a closed joint stock company with the same number and date of the commercial registration certificate (4030133919) issued in Jeddah. On 08/03/1431H corresponding to 22/02/2010G, the Company was converted from a Saudi shareholding (Closed) to a Saudi shareholding (Public) and its shares were listed on the Saudi Stock Exchange (the Main Market). On 03/09/1441H (corresponding to 26/04/2020G), the Extraordinary General Assembly approved the change of the name of the Company from «Al-Sorayai Trading and Industrial Group LTD Company» to «Naseej International Trading Company». Noting that the Company is headquartered in Jeddah (Industrial Zone - Phase IV).

The Company's current capital is one hundred eight million nine hundred and seventy-three thousand and ten (108,973,010) Saudi Riyals divided into ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) ordinary shares (the «Shares») with a nominal value of ten (10) Saudi Riyals per share paid in full (individually referred to as «Existing Shares» and collectively as «Existing Shares»). As of the date of publication of this Prospectus, there are no major shareholders in the Company (who own 5% or more of the Company's shares).

On 06/09/1444H (corresponding to 28/03/2023G), the Board of Directors of the Company recommended an increase in the capital of the Company through the offering of right shares of one hundred and sixty-three million four hundred and fifty-nine thousand five hundred and ten (163,459,510) Saudi Riyals. This increase is mainly aimed at raising its solvency, strategic expansion and improving financial performance, borrowing rates and costs incurred therefrom.

On **/**/**** H (corresponding to **/**/**** G), the Extraordinary General Assembly of the Company approved the increase of the capital of the Company through the issuance of Right Shares («Subscription»), consisting of the offering of sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) new ordinary shares («Right Shares» or «New Shares») at an offering price of ten (10) Saudi Riyals per share (the «Offering Price»), with a nominal value of ten (10) Saudi Riyals for the purpose of increasing the capital of the Company from one hundred and eight million nine hundred and seventy-three thousand ten (108,973,010) Saudi Riyals divided into ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) ordinary shares to two hundred and seventy-two million four hundred and thirty-two thousand five hundred and twenty-two (272,432,520) Saudi Riyals divided into twenty-seven million two hundred and forty-three hundred and fifty-two (27,243,252) ordinary shares.

Rights will be issued as negotiable securities (collectively referred to as «Rights» and individually as «Right») to shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly meeting, including approval of the capital increase («Eligibility Date») and who are 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 meeting, including approval of the capital increase on **/**/**** H (corresponding to **/**/**** G) (collectively referred to as «Registered Shareholders» and individually as «Registered Shareholders»), provided that these rights are deposited in the portfolios of registered shareholders after the Extraordinary General Assembly, taking into account the settlement procedures of (1,499,999,995) rights for each (1) share of the Company. Additionally, each right holder has the right to subscribe for one new share at the Offering Price.

Registered shareholders and other general investors («New Investors»), who may trade rights and subscribe for New Shares, will be able to trade and subscribe for Right Shares in the Saudi Stock Exchange («Tadawul» or the «Market»). 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 **/**/**** H (corresponding to **/**/**** G) provided that the Trading Period shall end on **/**/**** H (corresponding to **/**/**** G) (the «Trading Period»), while the Subscription Period shall continue until the end of **/**/**** H (corresponding to **/**/**** G) (the «Subscription Period»). It shall be noted that the trading period and the subscription period will start on the same day, while the trading period lasts until the end of the sixth day of the beginning of the period, while the subscription period lasts until the end of the ninth day of the beginning of the same period. Registered shareholders will be able to trade the rights during the trading period by selling the acquired rights or part of them or buying additional rights through the market, and they also have the right not to take any action regarding the rights they own. New investors during the trading period will also be able to buy rights via the market and sell the rights purchased during the trading period. The subscription for the new shares will be available in one phase according to the following:

1. In this period, all registered shareholders and new investors will be able to subscribe for new shares.
2. The registered shareholder will be able to subscribe directly for the number of his shares or less than the number of his shares during the subscription period. In the event that the registered shareholder buys new rights, the registered shareholder will be able to subscribe to them after the end of their settlement period (two business days).
3. New investors will be able to subscribe for new shares immediately after the settlement of the rights purchase (two business days).
4. Subscription will be available electronically through the investment portfolio in trading platforms and applications through which purchase and sale orders are entered in addition to subscribing to other channels and means available with the broker.

In the event that there are remaining shares that have not been subscribed for after the end of the subscription period (the «Remaining Shares»), those shares will be offered to a number of institutional investors (referred to as «Institutional Investors») (such offering shall be referred to as the «Remaining Offering»). The said institutional investors shall submit their offers to purchase the remaining shares and such offers will be received starting at 10:00 am on **/**/**** H (corresponding to **/**/**** G) (the «Remaining Offering Period») and until 5:00 pm on **/**/**** H (corresponding to **/**/**** G) («Remaining Offering Period»). Furthermore, the remaining shares will be allocated to the investment institutions with the highest offer and then the lowest offer (provided that it is not less than the offering price), provided that the shares are allocated proportionally to the investment institutions that offer the same offer.

With regard to the fractions of the shares, they will be added to the remaining shares and treated similarly, and the total offering price collected from the Company's remaining offering will be paid, and the rest of the proceeds of the offering process will be distributed without calculating any fees or deductions (exceeding the offering price) to its beneficiaries, each according to what is entitled to, no later than **/**/**** H (corresponding to **/**/**** G).

In the event that the institutional investors do not subscribe to all the remaining shares and fractions of the shares, the remainder of the shares will be allocated to the underwriter who will purchase them at the offering price (please refer to Section (12) «Subscription Terms, Conditions and Instructions»). The final Allocation will be announced no later than **/**/**** H (corresponding to **/**/**** G) («Allocation Date») (please refer to Section (12) «Subscription Terms, Conditions and Instructions»). After the completion of the subscription process, the capital of the Company will become two hundred and seventy-two million four hundred and thirty-two thousand five hundred and twenty (272,432,520) Saudi Riyals divided into twenty-seven million two hundred and forty-three thousand two hundred and fifty-two (27,243,252) ordinary shares, taking into account that the net proceeds of the offering will be used. This increase is mainly aimed at raising its financial solvency, strategic expansion, improving financial performance, borrowing rates and costs incurred. (Please refer to Section (6) «Use of Subtraction Proceeds»).

All shares of the Company are of one class, and no share shall give to its holder preferential rights. The new shares will be fully paid up and fully equal to the existing shares. Each share shall entitle its holder to one vote and each shareholder of the Company («Shareholder») shall be entitled to attend and vote at a General Meeting of Shareholders («General Meeting») (whether ordinary or extraordinary). The holders of the new shares will be entitled to any dividend declared by the Company to be distributed after the date of issue (if any).

The Company's shares were listed on the Saudi market on 08/03/1431H (corresponding to 22/02/2010G) with a capital of three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares with a nominal value of ten (10) Riyals per share. On 20/05/1434H (corresponding to 01/04/2013G), the Company increased its capital from three hundred million (300,000,000) Saudi Riyals to three hundred and seventy-five million (375,000,000) Saudi Riyals, thus increasing the number of the Company's shares from thirty million (30,000,000) ordinary shares to thirty-seven million five hundred thousand (37,500,000) ordinary shares, by capitalizing the retained profits through the issuance of (1) one share for every four (4) shares owned by the shareholders registered in the Company's records at the end of trading on the second day following the extraordinary general assembly meeting. On 10/04/1439H (corresponding to 28/12/2017G), the Company reduced its capital from three hundred and seventy-five million (375,000,000) Saudi Riyals to two hundred and twenty-five million (225,000,000) Saudi Riyals, thus reducing the number of shares of the Company from thirty-seven million five hundred thousand (37,500,000) ordinary shares to twenty-two million five hundred thousand (22,500,000) ordinary shares by cancelling fifteen million (15,000,000) ordinary shares and a reduction rate of (40%) of the Company's capital and a reduction rate of two (2) shares for every five (5) shares. On 27/12/1440H (corresponding to 28/08/2019G), the Company's capital was reduced from two hundred and twenty-five million (225,000,000) Saudi Riyals to sixty-five million five hundred thousand (65,500,000) Saudi Riyals, thus reducing the number of shares of the Company from twenty-two million five hundred thousand (22,500,000) ordinary shares to six million five hundred and fifty thousand (6,550,000) ordinary shares by cancelling fifteen million nine hundred and fifty thousand (15,950,000) ordinary shares, with a reduction rate of (70.89%) of the Company's capital and a reduction rate of (1) shares for each (1.41) shares. On 27/05/1441H (corresponding to 22/01/2020G), the Company increased its capital from sixty-five million five hundred thousand (65,500,000) Saudi Riyals to one hundred and seventy-eight million one hundred and sixty thousand (178,160,000) Saudi Riyals, thus increasing the number of shares of the Company from six million five hundred and fifty thousand (6,550,000) ordinary shares to seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares, by issuing rights' shares of one hundred and twelve million six hundred and sixty thousand (12,660,000) Saudi Riyals and eleven million two hundred and sixty-six thousand (11,266,000) ordinary shares at a rate of issuance of (1.72) rights for each (1) shares. On 05/05/1442H (corresponding to 20/12/2020G), the Company reduced its capital from one hundred and seventy-eight million one hundred and sixty thousand (178,160,000) Saudi Riyals to sixty-one million six hundred and thirty-two thousand and ten (61,632,010) Saudi Riyals, thus reducing the number of shares of the Company from seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares to six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares by cancelling eleven million six hundred and fifty-two thousand seven hundred and ninety-nine (11,652,799) ordinary shares, with a reduction in capital of approximately (65.4%), and at a rate of reduction of (1) shares for each (1.529) shares. On 29/03/1443H (corresponding to 04/11/2021G), the Company increased its capital from sixty-one million six hundred and thirty-two thousand and ten (61,632,010) Saudi Riyals to two hundred and eleven million six hundred and thirty-two thousand and ten (211,632,010) Saudi Riyals, thus increasing the number of shares of the Company from six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares to twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) ordinary shares, by issuing rights shares of one hundred and fifty million (150,000,000) Saudi Riyals and fifteen million (15,000,000) ordinary shares at a rate of issuance of (2.434) rights for each (1) shares. On 19/12/1443H (corresponding to 18/07/2022G), the Company reduced its capital from two hundred and eleven million six hundred and thirty-two thousand and ten (211,632,010) Saudi Riyals to one hundred and eight million nine hundred and seventy-three thousand and ten (108,973,010) Saudi Riyals, thus reducing the number of the Company's shares from twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) shares to ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) shares by cancelling ten million two hundred and sixty-five thousand nine hundred (10,265,900) shares, with a capital reduction rate of approximately (48.51%), and a reduction rate of (1) shares for each (2.06) shares, after obtaining all the approvals required by law and the Extraordinary General Assembly.

The existing shares of the Company are currently traded on the Saudi Stock Exchange («Tadawul» or the «Market»). The Company has applied to the Capital Market Authority of the Kingdom of Saudi Arabia (the «CMA») to register and offer the new shares and has also submitted a request to Tadawul to accept its listing. All the required documents have been submitted and all the requirements of the relevant authorities have been met and this Prospectus has been approved. The new shares are expected to begin trading in the market within a short period after the completion of the new share allocation process and the return of the surplus (please refer to page No. (n) «Important Dates and Subscription Procedures»). Trading in the new shares - after registration and acceptance of listing - will be available to citizens and legal residents of the Kingdom of Saudi Arabia, citizens of the member states of the Gulf Cooperation Council, Saudi and Gulf companies and investment funds, as well as qualified foreign investors under the rules governing the investment of qualified foreign financial institutions in listed securities. Furthermore, other categories of foreign investors are entitled to the economic benefits associated with the new shares by entering into swap agreements with persons licensed by CMA (the «Licensed Person»), in which case the Licensed Person will be the registered legal holder of the shares.

This Prospectus shall be read in full and the «Important Notice» section on page (a) and section (2) «Risk Factors» contained in this Prospectus shall be considered before making an investment decision relating to the new rights or shares.

Financial Advisor and Underwriter

wasatah capital
وساطة كابيتال



Lead Manager



This Prospectus contains information provided as part of the application for registration and offering of securities in accordance with the requirements of the Securities Offering Rules and the Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (hereinafter referred to as «CMA») and the request to accept the listing of securities in accordance with the requirements of the listing rules of the Saudi Stock Exchange. The directors whose names appear in this Prospectus are jointly and severally responsible for the accuracy of the information contained herein, and confirm to the best of their knowledge and belief, after conducting all possible and reasonable studies, that there are no other facts the failure to include in this Prospectus could render any statement contained therein misleading. CMA and the Saudi Stock Exchange do not assume any responsibility for the contents of this Prospectus, do not give any assurances regarding its accuracy or completeness, and expressly disclaim any responsibility whatsoever for any loss resulting from what is stated in this Prospectus or from relying on any part hereof. The offering of Rights' Shares under this Prospectus is subject to the approval of the shareholders to increase the capital in accordance with the recommendation of the Board of Directors and the Company obtaining the statutory approvals. A call to the Extraordinary General Assembly of the Company has been published to approve the increase in the capital of the Company through the issuance of Rights' Shares on **/**/**** H (corresponding to **/**/**** G), and the shareholders shall be informed that if the shareholders' approval is not obtained for the offering of Rights Shares, the issuance of Rights Shares will automatically stop, and at that time this Prospectus will be considered null and the shareholders will be notified of this.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic language Prospectus Published on the CMA's website (www.cma.org.sa) remains the only official, legal binding version and shall prevail in the event of any conflict between the two texts.

This prospectus was issued on 27/03/1445H (corresponding to 12/10/2023G)



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Naseej



Important Notice

This Prospectus (the "Prospectus") contains full details of Naseej International Trading Company and of the Rights Shares offered for subscription. When applying to subscribe 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 headquarters and the lead manager or by visiting the websites of the Company (www.al-sorayai.com), the financial advisor (www.wasatah.com.sa) and the website of CMA (www.cma.org.sa).

The prospectus will be published and made available to the public within a period of not less than (14) days before the date of the Extraordinary General Assembly for the capital increase. In the event that the Extraordinary General Assembly does not approve within six months from the date of CMA' approval of the registration and offering of rights, CMA' approval shall be considered cancelled.

The Company has appointed Al Wasatah Al Maliah ("Wasatah Capital") as the Financial Advisor (hereinafter referred to as "Financial Advisor") and Al-Nefae Investment Group Company ("Al-Nefae Investment") as the Lead Manager (hereinafter referred to as "Lead Manager"). The Company has also appointed a financial brokerage company ("Wasatah Capital") to act as an underwriter (hereinafter referred to as "Underwriter") in connection with the offering of rights issue shares to increase the capital of the Company under this Prospectus.

The Prospectus contains information provided in accordance with the requirements of the Securities Offering Rules and the Continuing Obligations issued by the Board of the Capital Market Authority under Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1444H and amended by the Board of the Capital Market Authority Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G). The members of the Board of Directors whose names appear on page (c) collectively and individually shall bear full responsibility for the accuracy of the information contained in this Prospectus, and confirm to the best of their knowledge and belief, after conducting possible studies and to the extent reasonable, that there are no other facts that could not be included in the Prospectus to make any statement contained therein misleading. CMA and Tadawul Saudi Arabia do not assume any responsibility for the contents of this Prospectus, do not give any assurances regarding its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from what is stated in this Prospectus or from reliance on any part hereof.

Although the Company has carried out all reasonable studies to investigate the validity of the information contained in this Prospectus at the date of its issuance, part of the information contained in this Prospectus has been obtained from external sources, and although neither the Company nor any of its directors, managers, financial advisor or any of the Company's advisors listed on page (e) (the "Advisors") have any reason to believe that this information is inaccurate in substance, this information has not been independently verified, and therefore no obligation or statement maybe made regarding the accuracy or completeness of this information.

The information contained in this prospectus as of the date of its issuance shall be subject to change, especially since the financial position of the Company and the value of the subscription shares can be adversely affected as a result of future developments such as inflation, interest rates, taxes or other economic, political or other factors beyond the control of the Company (please refer to Section (2) "Risk Factors"). The provision of this Prospectus or any oral or written information relating to the Offering Shares or the interpretation hereof or reliance hereon shall in no way be deemed to be a pledge, confirmation or representation as to the realization of any future revenues, results or events.

This Prospectus shall not be deemed to be a recommendation by the Company or its directors or any of its advisors to participate in the subscription process for the Rights Issue Shares. The information contained in this Prospectus is of a general nature and is prepared without taking into account individual investment objectives, financial situation or special investment needs. Each person (natural or legal) receiving this Prospectus, before making an investment decision, shall be responsible for obtaining professional advice from a financial advisor licensed by CMA regarding the subscription to assess the suitability of this investment and the information contained in this Prospectus for its objectives, conditions and financial needs.

Registered shareholders and other general investors ("New Investors"), who may trade rights and subscribe for New Shares, will be able to trade and subscribe for Rights' Shares in the Saudi Stock Exchange ("Tadawul" or the "Market"). The Trading Period and the Subscription Period shall commence (3) business days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on **/**/**** H (corresponding to **/**/**** G), provided that the Trading Period shall end on **/**/**** H (corresponding to **/**/**** G) (the "Trading Period"), while the Subscription Period shall continue until the end of **/**/**** H (corresponding to **/**/**** G) (the "Subscription Period"). It shall be noted that the trading period and the subscription period will start on the same day, while the trading period lasts until the end of the sixth day of the beginning of the period, while the subscription period lasts until the end of the ninth day of the beginning of the same period.

Registered shareholders will be able to trade rights during the trading period by selling part of the acquired rights or buying additional rights through the market, and new investors during the trading period will be able to buy rights through the market and sell rights purchased during the trading period.

The subscription for the new shares will be available in one phase according to the following:

1. In this period, all registered shareholders and new investors will be able to subscribe for new shares.
2. The registered shareholder will be able to subscribe directly to the number of his shares during the subscription period. In the event that he buys new rights, he will be able to subscribe to them after the end of their settlement period (two business days).
3. New investors will be able to subscribe for new shares immediately after the settlement of the rights purchase (two business days).
4. Subscription will be available electronically through the investment portfolio in trading platforms and applications through which the purchase and sale order is entered, in addition to subscribing to other channels and means available with the broker.

In the event that there remaining shares that have not been subscribed for after the end of the subscription period (the "Remaining Shares"), those shares will be offered to a number of institutional investors (referred to as "Institutional Investors") (such offering shall be referred to as the "Remaining Offering"). These investment institutions submit their offers to buy the remaining shares and these offers will be received from 10:00 am on **/**/**** H (corresponding to **/**/**** G) until 5:00 pm on the following day **/**/**** H (corresponding to **/**/**** G) (the "Remaining Offering Period"). The remaining shares will be allocated to the investment institutions with the highest offer and then the lowest offer (provided that it is not less than the offering price), provided that the shares are allocated proportionally to the investment institutions that offer the same offer. With regard to the fractions of the shares, they will be added to the remaining shares and treated similarly, and the total offering price collected from the remaining offering process of the Company will be paid and the rest of the proceeds of the offering process (if any) will be distributed (beyond the offering price) without calculating any fees or deductions on their beneficiaries, each according to what it is entitled to, no later than **/**/**** H (corresponding to **/**/**** G). Note that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not receive any consideration if the sale is made in the remaining offering period at the offering price.

In the event that the institutional investors do not subscribe to all the remaining shares and fractions of the shares, the remainder of the shares will be allocated to the underwriter who will purchase them at the offering price (please refer to Section (12) "Subscription Terms, Conditions and Instructions"). The final Allocation will be announced no later than **/**/**** H (corresponding to **/**/**** G) (the "Allocation Date") (please refer to the "Subscription Terms, Conditions and Instructions" section).



Sector and Market Information

The global carpet and rug market was valued at \$78.12 billion in 2021 and is expected to reach \$120 billion by 2030. With a compound annual growth rate (CAGR) of 5.5% between 2022 and 2030. The expected rise in the value of the carpet and rug market is due to the rise in construction activity in both developed and emerging countries.

One of the main factors for the growth of the carpet and rug market is changing consumer preferences by focusing on interior decoration, evolving lifestyles, as well as increasing consumer income levels as well as increasing spending on renovation and reconstruction activities for existing buildings.

The market is expected to grow significantly due to the growing interest in interior decoration products. Homeowners are expressing a growing interest in comfortable homes and beautiful interiors. According to industry sources, Saudi nationals make unique requests while designing homes and residential units in terms of architecture and interiors.

Source: Company, Custom Market Insights. (2022). Global Carpets and Rugs Market.

Financial Information

The Company's audited consolidated financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances adopted by the Saudi Organization for Auditors and Accountants (SOCPA). The financial statements for the years ended 31 December 2020, 2021 and 2022 have been audited by El Sayed El Ayouty & Co. Taking into account that the Company issues its lists in Saudi riyals.

It shall be noted that some of the financial and statistical information contained in this prospectus has been rounded to the nearest whole number. If the numbers in the table are collected, there may be a slight difference in the numbers mentioned in the tables compared to those mentioned in this prospectus.

Forecasts and Forward-Looking Statements

The future forecasts included in this prospectus have been prepared on the basis of specific and stated assumptions mentioned in the relevant places. Operating conditions may differ from the assumptions used and therefore there is no warranty or undertaking as to the accuracy or completeness of any such forecast. The Company confirms that the statements in this Prospectus were made with due diligence. Some of the statements in this prospectus represent statements about future aspirations. These forward-Looking statements are generally inferred by the manner in which certain words are used such as "intends/plans", "estimates", "believes", "expects", "possible", "will", "intends", "shall", "expected", "may", or "thinks" or the negative forms of these words and other words that are close or similar in meaning.

These statements of aspirations reflect the Company's current view and management regarding future events, but are not a guarantee of future performance. There are many factors that may lead to actual results, performance or achievements of the Company, significantly different from any future results, performance or achievements that can be expressed explicitly or implicitly in the statements of those aspirations. The most significant risks or factors that may lead to such an impact have been reviewed in more detail in other sections of this prospectus (see section (2) "Risk Factors"). If one or more of these risks or uncertainties materializes, or if any of the assumptions relied upon prove to be incorrect or inaccurate, the actual results may differ materially from those stated in this prospectus in terms of expectations, beliefs, estimates or plans.

Subject to Article (49) of the Securities Offering Rules and Continuing Obligations, the Issuer shall submit a supplementary prospectus to CMA if at any time after the date of publication of this Prospectus and prior to the completion of the offering, the Issuer becomes aware of any of the following: (1) there is a significant change in material matters contained in the Prospectus; and (2) any significant matters that shall have been included in the Prospectus arise. With the exception of these two cases, the Issuer does not intend to update or amend any information contained in this Prospectus, whether as a result of additional new information, future incidents or otherwise related to the Company, the Sector or risk factors. As a result of these and other risks and assumptions, the events and circumstances of the forward-looking statements set out in this Prospectus may not occur as the Company expects, or may not occur at all. Therefore, potential investors shall study all forward-looking statements in the light of these interpretations, with no undue reliance on forward-looking statements.



Company Directory

Directors and Secretary

| Name* | Position | Nationality | Age | Title | Shares held | | | | Membership Date |
|---------------------------------------|----------------------------------|-------------|-----|-----------------------------|-------------|------------|--------------|------------|-----------------|
| | | | | | Direct | | Indirect**** | | |
| | | | | | Number | Percentage | Number | Percentage | |
| Wael bin Saad Abdulaziz Al-Rashed | Chairman | Saudi | 54 | Non-executive - Independent | 200 | 0.0018353% | 0 | 0 | 16/07/2021G |
| Ahmed Siraj Abdul Rahman Khokair | Vice Chairman | Saudi | 55 | Non-executive - Independent | 88 | 0.0008075% | 0 | 0 | 16/07/2021G |
| Nasser Saleh Al-Sorayai | Member of the Board of Directors | Saudi | 37 | Non-executive - Independent | 0 | 0 | 0 | 0 | 16/07/2021G |
| Abdulrahman Ibrahim Hamad Al-Hadlaq** | Member of the Board of Directors | Saudi | 34 | Non-executive - Independent | 0 | 0 | 0 | 0 | 02/12/2021G |
| Rashid Sulaiman Al Rashid | Member of the Board of Directors | Saudi | 49 | Non-executive - Independent | 5 | 0.0000459% | 0 | 0 | 16/07/2021G |
| Abdullah Yahya Fitaihi | Member of the Board of Directors | Saudi | 48 | Executive - Non-independent | 0 | 0 | 0 | 0 | 16/07/2021G |
| Vacant*** | - | - | - | - | 0 | 0 | 0 | 0 | - |
| Omar Fadel Mohamed Taha**** | Secretary | Sudanese | 53 | Executive - Non-independent | 0 | 0 | 0 | 0 | 01/02/2022G |

Source: The Company

* The Ordinary General Assembly of the Company, in its meeting held on 24/09/1442H (corresponding to 06/05/2021G), approved the election of the following members of the Board of Directors: Dr. Wael Saad Al-Rashed, Mr. Nasser Saleh Al-Sorayai, Eng. Mansour Saleh Al-Kharboush, Eng. Abdullah Ali Al-Dubaikhi, Dr. Ahmed Siraj Khoqeer, Mr. Rashid Suleiman Al-Rashid, and Eng. Abdullah Yahya Fitaihi, provided that the appointment takes effect from 16/07/2021G for a period of three years.

** On 30/11/2021G, the Board of Directors approved the resignation of Board Member Abdullah Ali Al-Dubaikhi by resigning from the Board of Directors. On 26/04/1444H (corresponding to 01/12/2021G), the Board of Directors of the Company decided to appoint Mr. Abdulrahman Ibrahim Hamad Al-Hadlaq as an independent board member to replace the resigning member as of 27/04/1443H (corresponding to 02/12/2021G). This appointment was approved by the Ordinary General Assembly held on 10/10/1443H (corresponding to 11/05/2022G)

***On 26/04/1443H (corresponding to 01/12/2021G), the Board of Directors approved the resignation of Board Member Eng. Mansour Al-Kharboush, and this position is considered vacant.

**** On 28/06/1443H (corresponding to 31/01/2022G), the Board of Directors decided to exempt Ms. Maram Abdul Rahim Khotani from the duties of Secretary of the Board of Directors as of 29/06/1443H (corresponding to 01/02/2022G) and to appoint Mr. Omar Fadel Mohamed Taha as Secretary of the Board of Directors as of the same date.

***** means the shares held by directors indirectly in the Company through their ownership in companies holding shares in the Company.



Company Address

Naseej International Trading Company

P.O. Box 7318 Jeddah 22429

Industrial Zone - Phase 4

Tel: +966 12 6222608

Fax: +966 12 6823930

Website: www.al-sorayai.com

Email: info@al-sorayai.com.sa



Company Representatives

Company's First Authorized Representative

Wael Saad Al-Rashed

(Chairman)

P.O. Box 91873 Riyadh 11643

Tel: +966 12 6222608 Ext 275

Fax: +966 12 6373921

Website: www.al-sorayai.com

Email: Walrashid@naseejco.com

Company's Second Authorized Representative

Ahmed Abdul Salam Al-Khattabi

(CFO)

P.O. Box 7318 Jeddah 22429

Industrial area.

Tel: +966 12 6369900 Ext 103

Fax: +966 12 6373921

Website: www.al-sorayai.com

Email: abdulsalam@naseejco.com

Stock Market

Saudi Exchange (Tadawul)

King Fahd Road – Olaya 6897

Unit No.: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Tel: +966 92 0001919

Fax: +966 11 2189133

Email: csc@saudiexchange.sa

Website: www.saudiexchange.com.sa





Advisors

Financial Advisor and Underwriter

Al Wasatah Al Maliah (Wasatah Capital)

Riyadh - Olaya General Street Building No. 7459
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P.O Box 50315, Riyadh 11523
Kingdom of Saudi Arabia
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Website: www.wasatah.com.sa
Email: info@wasatah.com.sa

wasatah capital
وساطة كابيتال



Lead Manager

Al-Nefae Investment Group Company

Bin Hamran Center, Tahlia Street, 7th Floor Office No. 704b
P.O Box 17381 Jeddah 21484
Kingdom of Saudi Arabia
Tel: +966 12 6655071
Fax: +966 12 6655723
Website: www.nefaie.com
Email: info@nefaie.com



Legal Advisor

Gulf Legal Advisors Company - GLA & Co.

King Fahad Road, Olaya District
P.O Box 230888 Riyadh 11321
Kingdom of Saudi Arabia
Tel: +966 11 2118000
Fax: +966 11 2118001
Website: www.glaco.com
Email: capitalmarkets@glaco.com



Chartered Accountant of the Company for the financial years ending in 2020, 2021 and 2022

El Sayed El Ayouty & Co. (MOORE)

58 The Arab World - Al-Hamra
P.O Box 780 Jeddah 21421
Kingdom of Saudi Arabia
Tel: +966 11 6693478
Fax: +966 11 6602432
Website: www.elayouty-cpas.com
Email: jeddah@elayouty.com



Disclaimer: All the above-mentioned entities have given their written consent to refer to their names, logos and data in the context of this Prospectus, and that consent has not been withdrawn as of the date of this Prospectus, and none of the consultants, the chartered accountant, their employees or any of their relatives owns any shares or interest of any kind in the Company or its subsidiaries as of the date of this Prospectus.



Offering Summary

Investors wishing to subscribe to the shares of this offering shall read the full prospectus before making their investment decision related to subscribing to the rights shares, as the summary of the offering is insufficient to make an investment decision and it is necessary to take into account what is stated in the (Important Notice) and (Risk Factors) sections of this prospectus. The following is a summary of the offering:

| | |
|---|---|
| <p>Name and Description of the Issuer and Information on its Incorporation</p> | <p>Naseej International Trading Company ("Naseej" or the "the Company") is a Saudi joint stock company, established as a limited liability company and registered in the Commercial Register in Jeddah under Certificate No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G) under the trade name "Al-Sorayai Carpet Factory". On 11/11/1427H (corresponding to 02/12/2006G), " Abdullah and Nasser Abdul Aziz Al-Sorayai Joint Company" and " Jeddah Industrial Yarn Factory Limited Company" were merged into "Al-Sorayai Carpet Factory Company". The merger resulted in amending the commercial name of the Company to become "Al-Sorayai Trading and Industrial Group LTD Company" subject to the Shareholders' Resolution notarized by the Notary Public on 17/01/1428H (corresponding to 05/02/2007G). On 19/10/1428H (31/10/2007G), the shareholders decided to convert the Company from a limited liability company to a closed joint stock company, while retaining the same trade name without the phrase "Limited", so that the commercial name of the Company becomes "Al-Sorayai Trading and Industrial Group Company". The approval of His Excellency the Minister of Commerce and Investment was issued to convert in accordance with the Ministerial Resolution No. (276/S) dated 01/11/1428H (11/11/2007G) and the Ministerial Resolution declaring the incorporation of the Company No. (325/S) dated 21/11/1428H (31/12/2007G), and it was registered as a closed joint stock company with the same number and date of the commercial registration certificate (4030133919) issued in Jeddah. On 08/03/1431H corresponding to 22/02/2010G, the Company was converted from a Saudi shareholding (Closed) to a Saudi shareholding (Public) and its shares were listed on the Saudi Stock Exchange (the Main Market). On 03/09/1441H (corresponding to 26/04/2020G), the Extraordinary General Assembly approved the change of the name of the Company from "Al-Sorayai Trading and Industrial Group LTD Company" to "Naseej International Trading Company".</p> <p>The Company's current capital is one hundred eight million nine hundred and seventy-three thousand and ten (108,973,010) Saudi Riyals divided into ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) ordinary shares (the "Shares") with a nominal value of ten (10) Saudi Riyals per share paid in full (individually referred to as "Existing Shares" and collectively as "Existing Shares"). As of the date of publication of this Prospectus, there are no major shareholders in the Company (who own 5% or more of the Company's shares).</p> |
| <p>Issuer's Activities</p> | <p>The Company carries out its activities under Commercial Registration No. (4030133919) issued on 05/03/1422H (corresponding to 28/05/2001G) in the manufacture of rugs, the manufacture of carpets, including (prayer and travel rugs), moquette carpet, the spinning and preparation of synthetic threads such as nylon and dilon, the weaving of textiles from synthetic threads such as nylon, the weaving of textiles from natural threads, including (linen and jute).</p> <p>The main purposes of the Company according to its Articles of Association are as follows:</p> <ol style="list-style-type: none"> 1. Wholesale and retail trade in carpets, rugs, ceramics, floors, upholstery, furniture, antiques, wooden and metal lampshades, office furniture, kitchens, blankets, sheets, curtain fabrics and accessories. 2. Production of carpets, rugs and cutting carpets under the license of the Ministry of Industry and Electricity No. (1566/R) on 20/12/1420H (Corresponding to 26/03/2000G). 3. Production of Bobby Proline Yarns, Nylon Yarns, Treated Polypropylene Yarns and Treated Nylon Yarns (Polyamide), pursuant to the Ministerial Resolution issued by the Ministry of Commerce No. (1699/R) on 27/12/1424H (Corresponding to 19/02/2004G). 4. Commercial Services: <ol style="list-style-type: none"> A. Marketing to third parties. B. Commercial and Distribution Agents. C. Import and export to third parties. D. Brokerage in non-exchange and real estate. E. Commercial undertakings. 5. Real Estate Investment: <ol style="list-style-type: none"> A. Buying and selling land, owning real estate, building on it and investing it for the benefit of the Company. B. Establishing and developing residential, commercial and service complexes and investing them by selling, leasing or managing them for the benefit of the Company. C. Establishing commercial and industrial exhibitions and warehouses and investing them by selling, renting or managing them for the benefit of the Company D. General Contracting for Buildings (Construction, Repair, Demolition and Restoration). 6. Services (transportation, shipping, warehousing, customs clearance). 7. Production of calcium carbonate and chemicals. 8. Establishing, owning, maintaining, cleaning and establishing institutes, colleges and universities. 9. Establishing, owning and managing factories and metal pulling trade. 10. Establishing, owning, maintaining, cleaning and establishing health centers. 11. Wholesale and retail trade in building materials. 12. Establishing, setting up and managing the operation of laboratories for specifications and standards. 13. Security and safety activities. <p>The Company shall carry out its activities in accordance with the regulations in force in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.</p> |
| <p>Major Shareholders</p> | <p>The Company does not own any of the major shareholders (who own 5% or more of the Company's shares)</p> |



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| The Public | In the Rules for the Offering of Securities and Continuing Obligations, the following persons shall mean: 1. Affiliates of the Issuer; 2. Substantial shareholders of the issuer; 3. Directors and senior executives of the issuer; 4. Directors of the affiliates of the issuer; 5. Directors and senior executives of substantial shareholders of the issuer; 6. Any relatives of persons described at (1), (2), (3) or (5) above; 7. Any company controlled by any person described at (1), (2), (3), (5) or (6) above. 8. Persons acting jointly and jointly holding (5%) or more of the class of shares to be listed. |
| Nature of the Offering | Increasing the capital through the issuance of rights' shares. |
| Purpose of Issuing Proposed Rights Shares | By increasing its capital by offering rights' shares, the Company aims mainly to raise its financial solvency, strategic expansion, and improve financial performance, borrowing rates, and costs incurred from it. (Please refer to Section (6) "Use of Offering Proceeds"). |
| Total number of issuer shares before offering | Ten million eight hundred ninety-seven thousand three hundred and one (10,897,301) ordinary shares fully paid. |
| Nominal value of the share | Ten (10) Saudi riyals per share. |
| Issued capital before offering | One Hundred Eight Million Nine Hundred Seventy-Three Thousand Ten (SAR 108,973,010). |
| Total number of new shares offered | Sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) ordinary shares fully paid. |
| Offering price | Ten (10) Saudi riyals per share. |
| Total value of the offering | One hundred sixty-three million four hundred fifty-nine thousand five hundred and ten (163,459,510) Saudi riyals. |
| Adjusted price | The share price of the Company in the financial market has been adjusted to (***) Saudi riyals per share before the trading day following the day of the extraordinary general meeting for the capital increase, and this represents a decrease in the share price by (***) Saudi riyals per share. |
| Registered Shareholders | Shareholders holding shares at the end of trading on the day of the extraordinary general meeting on capital increase and registered in the Company's register at the Depository Center at the end of trading on the second trading day following the extraordinary general meeting on capital increase. |
| New Investors | General individual and institutional investors – non-registered shareholders - who purchased rights during the trading period. |
| Categories of Targeted Investors | Registered shareholders and new investors. |
| Rights | They are negotiable securities that give the holder the right to subscribe to new shares after approving the capital increase, which is an acquired right of all registered shareholders. The right may be traded during the trading period. Each right gives the holder the right to subscribe to one share of the new shares at the offering price. Rights will be deposited in the portfolios of registered shareholders after the extraordinary general meeting on capital increase. These rights will appear in the portfolios of registered shareholders under a new rights code. Edaa will notify the shareholders by announcing on Tadawul website the addition of the rights of the shareholders registered in the Center's accounts to the eligible shareholders. |
| New Shares | Sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) ordinary shares, which will be issued as a result of the capital increase. |
| Eligibility Ratio | Each registered shareholder shall be granted (1.49999995) rights for approximately every (1) share he owns. This ratio is the result of dividing the number of new shares by the number of current shares of the Company. |
| Number of Rights Issued | Sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) rights. |
| Number of underwritten new shares | Sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) ordinary shares. |
| Total value of the underwriting new shares | One hundred sixty-three million four hundred fifty-nine thousand five hundred and ten (SAR 163,459,510). |
| Number of issued shares after capital increase | Twenty-Seven Million Two Hundred Forty-Three Thousand Two Hundred Fifty-Two (27,243,252) Ordinary Shares. |
| Issued capital after capital increase | Two Hundred Seventy-Two Million Four Hundred Thirty-Two Thousand Five Hundred Twenty (SAR 272,432,520). |



| Percentage of shares offered from the issued capital | (149.999995%). | | | | | | | | | | | | | | | | | | |
|--|--|------------|--------------------------|------------|--|------------|--------|--|------------|--------|---|------------|--------|----------------|------------|-------|--------------------------------|-------------|-------|
| Total proceeds expected to be obtained and an analysis and description of their proposed use | <p>The total proceeds of offering rights' shares are one hundred and sixty-three million four hundred and fifty-nine thousand five hundred and ten (163,459,510) Saudi riyals. It is expected that the net proceeds of the offering will amount to about one hundred and fifty million, nine hundred and nine thousand five hundred and ten (150,909,510) Saudi riyals after deducting the costs of the offering, amounting to twelve million five hundred and fifty thousand (12,550,000) Saudi riyals approximately.</p> <p>The Company intends to use the net proceeds of the offering to raise its financial solvency, strategic expansion, improve financial performance, borrowing rates and costs incurred.</p> <p>The following table shows the expected use of the proceeds of the offering:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Proposed Use Value (SAR)</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Working capital (Raw materials for yarn products, rugs, carpets, purchase of finished products for the commercial sector) "</td> <td>60,909,510</td> <td>37.26%</td> </tr> <tr> <td>Adjustment of term loans with commercial banks</td> <td>33,000,000</td> <td>20.19%</td> </tr> <tr> <td>New production lines and capital projects</td> <td>57,000,000</td> <td>34.87%</td> </tr> <tr> <td>Offering Costs</td> <td>12,550,000</td> <td>7.68%</td> </tr> <tr> <td>Total proceeds of the offering</td> <td>163,459,510</td> <td>100 %</td> </tr> </tbody> </table> <p>For more information (please refer to Section (6) «Use of Offering Proceeds»).</p> | Item | Proposed Use Value (SAR) | Percentage | Working capital (Raw materials for yarn products, rugs, carpets, purchase of finished products for the commercial sector) " | 60,909,510 | 37.26% | Adjustment of term loans with commercial banks | 33,000,000 | 20.19% | New production lines and capital projects | 57,000,000 | 34.87% | Offering Costs | 12,550,000 | 7.68% | Total proceeds of the offering | 163,459,510 | 100 % |
| Item | Proposed Use Value (SAR) | Percentage | | | | | | | | | | | | | | | | | |
| Working capital (Raw materials for yarn products, rugs, carpets, purchase of finished products for the commercial sector) " | 60,909,510 | 37.26% | | | | | | | | | | | | | | | | | |
| Adjustment of term loans with commercial banks | 33,000,000 | 20.19% | | | | | | | | | | | | | | | | | |
| New production lines and capital projects | 57,000,000 | 34.87% | | | | | | | | | | | | | | | | | |
| Offering Costs | 12,550,000 | 7.68% | | | | | | | | | | | | | | | | | |
| Total proceeds of the offering | 163,459,510 | 100 % | | | | | | | | | | | | | | | | | |
| Offering Costs | The value of the costs of the offering, amounting to twelve million five hundred and fifty thousand (12,550,000) Saudi riyals, noting that this amount is an estimate (please refer to Section (6-2) " Use of Offering Proceeds "). | | | | | | | | | | | | | | | | | | |
| Net proceeds of the offering after deducting the costs of the offering | It is expected that the net proceeds of the offering will amount to about one hundred and fifty million, nine hundred and nine thousand five hundred and ten (150,909,510) Saudi riyals, after deducting all the costs of the offering, which amount to twelve million five hundred and fifty thousand (12,550,000) Saudi riyals, noting that this amount is an estimate (for more details, please refer to Section (6-2) " Use of Offering Proceeds "). | | | | | | | | | | | | | | | | | | |
| Use of Offering Proceeds | Shareholders holding shares at the end of trading on the day of the extraordinary general meeting on capital increase and registered in the Company's shareholders' register at the end of trading on the second trading day following the extraordinary general meeting on capital increase, on **/**/** ** H (corresponding to **/**/** **). | | | | | | | | | | | | | | | | | | |
| Offering Period | <p>The trading period shall commence three (3) business days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on **/**/** ** H (corresponding to **/**/** ** G) and shall continue until the end of **/**/** ** H (corresponding to **/**/** ** G.) During this period, all rights holders - whether they are registered investors or new investors - may trade in rights.</p> <p>The subscription period begins after (3) three business days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, on **/**/** ** H (corresponding to **/**/** ** G) and continues until the end of **/**/** ** H (corresponding to **/**/** ** G. During this period, all holders of the initial rights - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares. It shall be noted that the trading period and the subscription period will start on the same day, while the trading period lasts until the end of the sixth day of the beginning of the period, while the subscription period lasts until the end of the ninth day of the beginning of the same period.</p> | | | | | | | | | | | | | | | | | | |
| Remaining Shares | The remaining shares that have not been subscribed for during the subscription period. | | | | | | | | | | | | | | | | | | |
| Rump Offering | In the event that shares remain unsubscribed after the end of the subscription period (the remaining shares), those shares will be offered to a number of institutional investors (investment institutions). These investment institutions submit their offers to buy the remaining shares and these offers will be received from 10:00 am on **/**/** ** H (corresponding to **/**/** ** G) until 5:00 pm on **/**/** ** H (corresponding to **/**/** ** G) (the remaining offering period). The remaining shares will be allocated to the investment institutions with the highest offer and then the lowest offer (provided that it is not less than the offering price), provided that the shares are allocated proportionally to the investment institutions that offer the same offer. With regard to the fractions of the shares, they will be added to the remaining shares and treated similarly. | | | | | | | | | | | | | | | | | | |
| Payment of Compensation Amounts (if any) | Cash compensation amounts will be paid to eligible persons who have not fully or partially exercised their right to subscribe to the new shares and to those entitled to fractions of the shares without any deductions no later than **/**/** ** H (corresponding to **/**/** ** G) knowing that the cash compensation amounts represent the amount that exceeds the offering price of the net proceeds of the sale of the remaining shares and fractions of the shares. | | | | | | | | | | | | | | | | | | |



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| Listing and Trading of Rights | <p>Rights are listed in Tadawul and traded during the rights trading period. The Rights shall have a separate and distinct symbol from the Company's existing share symbol on the Tadawul screen.</p> <p>The registered shareholders have several options during the trading period, which include selling the rights or part of them in the market, buying additional rights through the market, or not taking any action on the rights, whether by selling them or buying additional rights. During the trading period, new investors will have the right to buy rights via the market, sell those rights or part of them, or not take any action on the rights purchased during the trading period.</p> <p>The Tadawul system will cancel the Company's rights symbol on the trading screen after the end of the rights trading period, and therefore the trading of rights will stop with the end of that period.</p> |
| Subscription Method | <p>Subscription applications are submitted electronically through the websites and platforms of electronic brokers that make these services available to subscribers or through any other means provided by brokers.</p> |
| Exercise of the Rights Issue | <p>Eligible persons shall have the right to exercise their right to subscribe to rights shares by subscribing electronically through electronic brokerage sites and platforms that provide subscription services or through any other means provided by the brokers. Eligible persons may also exercise rights as follows:</p> <ol style="list-style-type: none">1. Shareholders who are registered during the subscription period shall be entitled to exercise the rights granted to them on the maturity date and any additional rights they have purchased during the trading period by subscribing to the new shares. They also have the right not to take any action regarding the rights they have.2. During the subscription period, new investors have the right to exercise the rights they purchased during the trading period by subscribing for new shares. They also have the right not to take any action regarding the rights they have. <p>In the event that any of the registered shareholders or new investors do not exercise their right to subscribe for the new shares during the subscription period, the shares associated with those rights will be offered in the remaining offering period.</p> |
| Indicative Value of the Right | <p>The indicative right value is the difference between the market value of the Company's stock during the trading period and the offering price.</p> <p>Tadawul will calculate and publish the indicative right value during the trading period on its website. Market information service providers will also publish this information so that investors can see the indicative right value when entering orders.</p> |
| The trading price of the right | <p>It is the price at which the right is traded, knowing that it is determined through the supply and demand mechanism, and therefore it may differ from the indicative value of the right.</p> |
| Allocation Date | <p>The shares will be allocated no later than **/**/**** H (corresponding to **/**/**** G)</p> |
| Method of Allocation and Refund | <p>Shares will be allocated to each investor based on the number of rights properly and fully exercised. The fractions of the shares will be collected and added to the remaining shares and then offered to the investment institutions during the remaining offering period.</p> <p>The Company will receive the total Offering Price obtained from the sale of the remaining shares, while the rest of the proceeds of the remaining offering will be distributed without calculating any fees or deductions (that is, exceeding the Offering Price) to its beneficiaries who have not subscribed in whole or in part to the new shares and to the beneficiaries of the fractions of shares, noting that the investor who has not subscribed or has not sold his rights, and the holders of fractions of shares, may not receive any consideration if the sale is made in the remaining Offering Price period (please refer to Section (12) "Subscription Terms, Conditions and Instructions"). The Subscription Surplus (if any) will be refunded to the Underwriters without commissions or deductions from the Lead Manager.</p> |
| Trading of New Shares | <p>Trading of new shares in Tadawul begins after completing all procedures related to the registration, allocation and listing of new shares.</p> |
| Eligibility for Dividends | <p>The holders of the new shares will be entitled to any dividend declared by the Company to be distributed after the date of issue.</p> |
| Voting Rights | <p>All shares of the Company are of one class, and no share shall give to its holder preferential rights. The new shares will be fully paid up and fully equal to the existing shares. Each share shall give its holder the right to one vote and each shareholder of the Company shall be entitled to attend and vote at the general meeting of shareholders (whether ordinary or extraordinary).</p> |
| Restrictions on shares | <p>There are no restrictions on the trading of the Company's shares, with the exception of regulatory restrictions on publicly listed shares.</p> |
| Restrictions on new shares as a result of capital increase | <p>There are no restrictions imposed on the shareholders in general and the founding shareholders after the subscription process resulting from the capital increase.</p> |
| Restrictions on Rights Trading | <p>There are no restrictions on trading rights.</p> |



| | |
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| <p>Shares previously listed by the Issuer</p> | <p>The Company's shares were listed on the Saudi market on 08/03/1431H (corresponding to 22/02/2010G) with a capital of three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares with a nominal value of ten (10) riyals per share. On 20/05/1434H (corresponding to 01/04/2013G), the Company increased its capital from three hundred million (300,000,000) Saudi riyals to three hundred and seventy-five million (375,000,000) Saudi riyals, thus increasing the number of the Company's shares from thirty million (30,000,000) ordinary shares to thirty-seven million five hundred thousand (37,500,000) ordinary shares, by capitalizing the retained profits through the issuance of (1) one share for every four (4) shares owned by the shareholders registered in the Company's records at the end of trading on the second day following the extraordinary general assembly. On 10/04/1439H (corresponding to 28/12/2017G), the Company reduced its capital from three hundred and seventy-five million (375,000,000) Saudi riyals to two hundred and twenty-five million (225,000,000) Saudi riyals, thus reducing the number of shares of the Company from thirty-seven million five hundred thousand (37,500,000) ordinary shares to twenty-two million five hundred thousand (22,500,000) ordinary shares by canceling fifteen million (15,000,000) ordinary shares and a reduction rate of (40%) of the Company's capital and a reduction rate of two (2) shares for every five (5) shares. On 27/12/1440 H (corresponding to 28/08/2019G), the Company's capital was reduced from two hundred and twenty-five million (225,000,000) Saudi riyals to sixty-five million five hundred thousand (65,500,000) Saudi riyals, thus reducing the number of shares of the Company from twenty-two million five hundred thousand (22,500,000) ordinary shares to six million five hundred and fifty thousand (6,550,000) ordinary shares by canceling fifteen million nine hundred and fifty thousand (15,950,000) ordinary shares, with a reduction rate of (70.89%) of the Company's capital and a reduction rate of (1) shares for each (1.41) shares. On 27/05/1441H (corresponding to 22/01/2020G), the Company increased its capital from sixty-five million five hundred thousand (65,500,000) Saudi riyals to one hundred and seventy-eight million one hundred and sixty thousand (178,160,000) Saudi riyals, thus increasing the number of shares of the Company from six million five hundred and fifty thousand (6,550,000) ordinary shares to seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares, by issuing rights shares of one hundred and twelve million six hundred and sixty thousand (112,660,000) Saudi riyals and eleven million two hundred and sixty-six thousand (11,266,000) ordinary shares at a rate of issuance of (1.72) rights for each (1) shares. On 05/05/1442H (corresponding to 20/12/2020G), the Company reduced its capital from one hundred and seventy-eight million one hundred and sixty thousand (178,160,000) Saudi riyals to sixty-one million six hundred and thirty-two thousand and ten (61,632,010) Saudi riyals, thus reducing the number of shares of the Company from seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares to six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares by canceling eleven million six hundred and fifty-two thousand seven hundred and ninety-nine (11,652,799) ordinary shares, with a reduction in capital of approximately (65.4%), and at a rate of reduction of (1) shares for each (1.529) shares. On 29/03/1443H (corresponding to 04/11/2021G), the Company increased its capital from sixty-one million six hundred and thirty-two thousand and ten (61,632,010) Saudi riyals to two hundred and eleven million six hundred and thirty-two thousand and ten (211,632,010) Saudi riyals, thus increasing the number of shares of the Company from six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares to twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) ordinary shares, by issuing rights shares of one hundred and fifty million (150,000,000) Saudi riyals and fifteen million (15,000,000) ordinary shares at a rate of issuance of (2.434) rights for each (1) shares. On 19/12/1443H (corresponding to 18/07/2022G), the Company reduced its capital from two hundred and eleven million six hundred and thirty-two thousand and ten (211,632,010) Saudi riyals to one hundred and eight million nine hundred and seventy-three thousand and ten (108,973,010) Saudi riyals, thus reducing the number of the Company's shares from twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) shares to ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) shares by canceling ten million two hundred and sixty-five thousand nine hundred (10,265,900) shares, with a capital reduction rate of approximately (48.51%), and a reduction rate of (1) shares for each (2.06) shares, after obtaining all the approvals required by law and the Extraordinary General Assembly.</p> |
| <p>Risk Factors</p> | <p>Investing in rights shares involves certain risks, and these risks can be classified into: (1) risks related to the issuer (2) The risks related to the market and the sector in which the issuer operates (3) The risks of the securities offered, and these risks have been reviewed in Section (2) "Risk Factors" of this Prospectus, which shall be carefully studied before making any investment decision in new rights or shares.</p> |
| <p>Conditions for subscription to rights shares</p> | <p>Eligible persons wishing to subscribe for new shares shall satisfy the relevant subscription conditions. For subscription terms, conditions and instructions, please refer to Section (12) "Subscription Terms, Conditions and Instructions".</p> |



| | |
|--|---|
| Total proceeds previously obtained at the last rights issue, analysis and description | <p>The total proceeds of the offering previously obtained by the Company at the last rights issue amounted to one hundred and fifty million (150,000,000) Saudi riyals, which was approved by the Extraordinary General Assembly on 29/03/1443H (corresponding to 04/11/2021G). In its latest prospectus, the Company disclosed the expected use of the proceeds as shown below:</p> <p>Financing the working capital to buy raw materials and finished products: Buying raw materials in the amount of (45.8) million Saudi riyals to be used in the manufacture of yarns used in the manufacture of carpets/rugs, buying raw materials to be used in the manufacture of carpet and carpet products, buying finished products such as vinyl, artificial grass and imported carpets in order to meet all tastes and demand in the markets.</p> <p>Settlement of loans with commercial banks and government agencies: Repayment of an amount of (86.7) million Saudi riyals to settle part of some long-term loans, which include Riyadh Bank, Al-Rajhi Bank, Al-Ahli Bank, SABB Bank, Samba, the Ministry of Finance, and the Saudi Industrial Development Fund, which are outstanding loans and are being rescheduled in order to spare the Company from bearing annual financial burdens, which will improve the levels of profitability and financial performance of the Company.</p> <p>Expansion of yarn extrusion lines: Collected continuous yarn extrusion, which is the first stage of production, converts polypropylene granules into synthetic fibers for use in the production of yarns used in the manufacture of soft floor products. The polypropylene line can be tri-color/ monochrome, and according to the current market requirements that it is moving towards soft thread, this will increase our production capacity internally so that we can supply the carpet and carpet manufacturers (the new line can produce 25% more capacity than the current line), and will help the Company to have more opportunities to export this type of yarn required globally and gain more market share. It is expected that the suppliers will be contracted for the supply of machinery and equipment during the third quarter of 2021 and that these equipment and machinery will be received during the fourth quarter of 2021 and the first quarter of 2022, and that the project will be equipped and the start of trial operation during the second and third quarters of 2022, provided that commercial operation takes place during the fourth quarter of 2022. The value of the expansion of the extrusion lines is expected to reach (8) million Saudi riyals. The Company's management estimates that the expected financial impact on the Company's revenues is (17.8) million riyals annually.</p> <p>Upgrading the station for collecting rugs and carpet rolls. Based on the expansion of the production of soft yarns referred to in the above item, there is a need to develop a roll collecting station produced from soft carpet made from those yarns, as it requires a special technology to roll the rolls to have a low flexibility that requires advanced technology to ensure that the rolls are tightened correctly and evenly to avoid any deterioration in the operational process of these products. It is expected that the suppliers will be contracted for the supply of machinery and equipment during the third quarter of 2021 and that these equipment and machinery will be received during the fourth quarter of 2021 and the first quarter of 2022, and that the project will be equipped and the start of trial operation during the second and third quarters of 2022, provided that commercial operation takes place during the fourth quarter of 2022. It is expected that the value of upgrading the assembly station for carpet and carpet rolls will be (2) million Saudi riyals. The Company's management estimates that the expected financial impact on the Company's revenues is (18) million riyals annually.</p> <p>On 12/09/2021G. CMA has approved the prospectus of the issuance of the Company's rights shares</p> <p>Whereas, the Company relied on its expectations in the process of allocating the use of the proceeds of the offering according to the items approved in the last prospectus, on which there were some deviations, the most prominent of which are the following:</p> <ul style="list-style-type: none">• The Company expected to complete the capital increase process by May 2021. As it was completed in November 2021, the Company delayed the payment of debts, which incurred a high financing cost, in addition to the lack of working capital facilities from banks.• The Company expected that the prices of raw materials will remain stable in 2021. As a result of the impact of the Corona virus, most of the prices of raw materials increased, which led to a decrease in the Company's ability to produce and sell more quantities due to the limited working capital without any financing from banks• The Company expected that container freight rates will remain stable during 2021 and as a result of the impact of the coronavirus, container numbers decreased, resulting in an increase in container freight rates by about three times.• The Company and the market in general were affected by the corrective campaign of the kafala system, which led to some shops stop buying the Company's products for fear of closing their shops and also affected the Company's ability to collect its money from the shops.• It was planned to use the value of the capital increase to negotiate working capital facilities from banks and use it to obtain credit from suppliers and as obtaining credit facilities from suppliers was delayed, the Company continued to purchase in cash which affected the extension of the overall cash cycle and squeezed liquidity. <p>Due to the major changes in the basic assumptions described above, the Company has redefined the uses of the funds related to the proceeds of the offering, as it considered that it needed to allocate more funds to secure the Company's position of raw materials to ensure that they are not in short supply, to avoid production interruptions and to protect itself from the continuous rise in prices of raw materials. The Company considers that the priority is to invest funds in activities that lead to a rapid cash transfer and improves the Company's liquidity.</p> <p>Accordingly, in its annual report to the General Assembly for the financial year ended 31 December 2021, the Audit Committee recommended changing the use of the proceeds, as an amount of 14,620,728 Saudi riyals was directed to the working capital, by deducting 4,615,593 Saudi riyals from the amount directed to pay the facilities and deducting 10,000,000 Saudi riyals from the amount directed to expand the flow lines in the thread factory and develop the carpet and rug collection station.</p> |
|--|---|



| | Description | Planned Use | % of total receipts | Redistribution | Actual Use | % of total receipts | Proportion of actual expenditure to planned expenditure |
|---|---|--------------------|---------------------|----------------|--------------------|---------------------|---|
| 1 | Working capital (raw materials for spinning products, rugs, carpets, purchase of finished products for the commercial sector) | 45,800,000 | 30.53% | 14,620,728 | 60,420,728 | 40.28% | 131.92% |
| 2 | Payment of long-term credit facilities to commercial banks | 86,700,000 | 57.80% | (4,615,593) | 82,084,407 | 54.72% | 94.68% |
| 3 | Thread Factory Flowline Expansion | 8,000,000 | 5.33% | (8,000,000) | 0 | 0.00% | 0.00% |
| 4 | Development of carpet and rug collection station | 2,000,000 | 1.33% | (2,000,000) | 0 | 0.00% | 0.00% |
| 5 | Offering Costs | 7,500,000 | 5.00% | (5,135) | 7,494,865 | 5.00% | 99.93% |
| | Total | 150,000,000 | 100.00% | - | 150,000,000 | 100.00% | - |

The following table details changes in the use of funds

The Audit Committee also recommended that the Company be allowed to make any additional allocation or redistribution in the future up to SAR 5,000,000. On 10/10/1443H (corresponding to 11/05/2022G), the Ordinary General Assembly approved the change in the use of the proceeds of the offering from what was disclosed in the prospectus and approved the use mentioned in the above table.

Material changes to the information disclosed in the last Prospectus

CMA approved the prospectus of the issuance of the Company's rights on 12/09/2021G. On 10/10/1443H (corresponding to 11/05/2022G), the Ordinary General Assembly approved changing the use of the proceeds of the offering from what was disclosed in the prospectus. (For more details, please see paragraph (9-12) "Material information that has changed since CMA's approval of the latest share issue prospectus" of Section (9) "Legal Information" of this Prospectus).

Disclaimer: The "Important Notice" section on page A and Section 2 (Risk Factors) of this Prospectus shall be carefully considered before making any investment decision in new rights or shares.



Key Dates and Subscription Procedures

| Timetable | Date |
|--|--|
| Conclusion of the Extraordinary General Assembly, which includes the approval of the capital increase and the determination of the date of eligibility and the eligible shareholders, noting that the eligible shareholders are the shareholders who own the shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly for the capital increase. | (**/**/**** H (Corresponding to **/**/**** G)) |
| Trading Period | The trading period starts three (3) business days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on (**/**/**** H (Corresponding to **/**/**** G)) and shall continue until the end of (**/**/**** H (Corresponding to **/**/**** G)). During this period, all holders of the initial rights - whether they are registered investors or new investors - may carry out rights trading. |
| Subscription Period | The subscription period begins after (3) three business days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, on (**/**/**** H (Corresponding to **/**/**** G)) and continues until the end of (**/**/**** H (Corresponding to **/**/**** G)). During this period, all holders of the initial rights - whether they are registered investors or new investors - may exercise their right to subscribe to the new shares. |
| Expiry of Subscription period | The subscription period ends and the receipt of subscription applications ends by the end of (**/**/**** H (Corresponding to **/**/**** G)) |
| Rump Offering Period | Starting at 10:00 am on (**/**/**** H (Corresponding to **/**/**** G)) and continuing until 5:00 pm on (**/**/**** H (Corresponding to **/**/**** G)) |
| Notice of Final Allocation | (**/**/**** H (Corresponding to **/**/**** G)) |
| Paying compensation amounts (if any) to eligible persons who did not participate in the subscription in whole or in part and who are entitled to fractions of shares | (**/**/**** H (Corresponding to **/**/**** G)) |
| Expected start date of trading in new shares | After completing all the necessary procedures, the start date of trading in the new shares will be announced on Tadawul website. |

Disclaimer: All dates mentioned in the above timetable are approximate, and the actual dates will be announced on t Tadawul website (www.tadawul.com.sa)



Key Announcement Dates

| Announcement | Announcer | Announcement Date |
|---|-----------|--|
| Announcement of the call for the Extraordinary General Assembly Meeting on Capital Increase | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the results of the Extraordinary General Assembly Meeting on Capital Increase | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the amendment of the Company's share price, the deposit of rights and the indicative value of the right | Tadawul | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the Addition of Rights of the Company | Edaa | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the Determination of the Trading Period of Rights and the Subscription Period for New Shares | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the commencement of the trading period of rights and the subscription period for new shares | Tadawul | (**/**/**** H (Corresponding to **/**/**** G)) |
| Reminder Announcement of Commencement of Rights Trading Period and Subscription Period for New Shares | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| A reminder of the last day of trading rights and the importance of those who do not wish to subscribe to sell the rights they own and the last day to subscribe to new shares | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of: • Subscription Results • Details of the sale of the unsubscribed shares (if any) and the commencement of the remaining offering period | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the results of the remaining offering and the notification of the final allocation | Company | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of Deposit of New Shares in Investors' Portfolios | Edaa | (**/**/**** H (Corresponding to **/**/**** G)) |
| Announcement of the distribution of compensation amounts (if any) | Company | (**/**/**** H (Corresponding to **/**/**** G)) |

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

*The time period between the end of the underwriting of the rights and the deposit of the shares in the shareholders' portfolios will be nine (9) business days

Subject to subparagraph (e) of Article No. (51) of the Rules of Offering Securities and Continuing Obligations, it shall be noted that in the event that an announcement relating to the offering is published in a local newspaper after the publication of the prospectus, the announcement shall include the following:

- 1) The Issuer Name and Commercial Registration Number
- 2) The securities, their value, type and category covered by the application for registration and offering of securities
- 3) Addresses and places where the public can get the prospectus
- 4) Publication date of the Prospectus
- 5) A statement that the announcement is for information only and does not constitute a call or offering to own, buy or subscribe for securities
- 6) Name of Lead Manager, Underwriters, Financial Advisor and Legal Advisor
- 7) Disclaimer as follows: «CMA and Saudi Exchange (Tadawul) do not assume any responsibility for the contents of this announcement, do not give any assurances regarding its accuracy or completeness, and expressly disclaim any responsibility whatsoever for any loss resulting from this announcement or from reliance on any part thereof.»



Method of Submitting a Subscription Application

Subscription to 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 remaining shares not subscribed to by the eligible persons will be offered to the investment institutions through offering them in the remaining offering period. Eligible persons wishing to subscribe to the new shares shall submit subscription applications through the means and services provided by the broker to investors, provided that the eligible person has an investment account with one of the brokers providing these services.

The data of the eligible person shall be up to date, and there shall be no changes to the data or information of the eligible person (by deleting or adding a member of his family) since his subscription to a recent offering, unless these amendments have been communicated to and approved by the brokers.

Subscription applications are submitted through the investment portfolio in the trading platforms through which purchase and sale orders are entered, in addition to the possibility of subscribing through any other means provided by the broker to investors and the custodian of shares. The Company reserves the right to reject any application to subscribe for new shares in whole or in part, in the event that it does not meet any of the conditions or requirements of the subscription. It is not permissible to amend or withdraw the subscription application after its delivery. The subscription application, upon submission, represents a binding contract between the Company and the eligible shareholder. (Please refer to Section No. (12) "Information related to shares and the terms and conditions of the Offering").

Rights Q&A

What are rights' shares?

They are negotiable securities that give the holder the right to subscribe to the new shares offered upon the approval of the capital increase, which is an acquired right of all shareholders who own the shares on the day of the extraordinary general meeting on the capital increase and who are registered in the register of shareholders of the Company at the Depository Center by the end of the second trading day following the date of the extraordinary general meeting. Each right gives the holder the right to subscribe to one share, at the offering price.

To whom do you grant rights' shares?

For all shareholders registered in the Company's shareholders register by the end of the second trading day following the date of the extraordinary general meeting.

Who is the Registered Shareholder?

All shareholders registered in the register of shareholders of the Company at the end of the second trading day following the date of the extraordinary general meeting.

When are rights' shares deposited?

After the extraordinary general meeting and its approval to increase the capital through the offering of rights shares, rights shall be deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting, and the shares will appear in their portfolios under a new symbol for rights. Trading or subscribing to these rights will not be allowed except at the beginning of the trading and subscription periods.

How is the investor notified of the rights to deposit the rights in the portfolio?

The notification is made by announcing on the Tadawul website as well as by the service (Tadawulaty) provided by the Securities Depository Center Company and SMS messages sent by brokerage companies.

How many rights will the registered shareholder receive?

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

What is the eligibility ratio?

It is the ratio that enables the registered shareholders to know the number of rights due to them in exchange for the shares they own at the end of the second trading day after the extraordinary general meeting. This ratio is calculated by dividing the number of new shares by the number of existing shares of the Company. Accordingly, the eligibility ratio is (1.49999995) right of approximately one (1) share owned by the registered shareholder at the date of eligibility. Accordingly, if a registered shareholder owns one thousand (1,000) shares at the date of eligibility, he will be allocated (1499) rights in exchange for the shares he owns.

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

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

What is the value of the right at the beginning of its trading?

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

Can registered shareholders subscribe for additional shares?

Yes, registered shareholders can subscribe for additional shares by purchasing new rights via the market in the trading period.



Is it possible for a shareholder to lose his right to subscribe even if he has the right to attend an extraordinary general meeting and vote on a capital increase by offering rights shares?

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

How does the subscription process work?

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

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

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

If the Company's shares are held through more than one investment portfolio, in which portfolio are the rights deposited?

Rights will be deposited in the same portfolio in which the shares of the Company linked to the rights are deposited. For example, if a shareholder owns one thousand (1,000) shares in the Company as follows: eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), the total rights that will be deposited one thousand four hundred and ninety-nine (1499) rights considering that each share has (1.49999995) rights approximately. Accordingly, one thousand two hundred (1200) rights will be deposited in the portfolio of (A) and two hundred and ninety-nine (299) rights in the portfolio of (B).

In the case of subscription through more than one portfolio, where are the new shares deposited after the allocation?

In the event of subscription through more than one portfolio, the deposit of the new shares after allocation shall be in the investment portfolio mentioned in the first subscription application.

Do holders of share certificates have the right to subscribe and trade?

Yes, holders of share certificates are entitled to subscribe, but they will only be able to trade after depositing the certificates in electronic portfolios through the receiving entities or the Securities Depository Center Company (the "Depository Center"), and bringing the necessary documents before the end of the subscription period.

Does the person who bought additional rights have the right to trade them again?

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

When can a shareholder subscribe to the rights purchased during the rights trading period?

After the settlement of the purchase of rights ends (which is two business days), provided that the rights are subscribed to during the subscription period.

Can the holder of the rights sell or waive the right after the expiry of the trading period?

No, it can't be. After the expiry of the trading period, the owner of the right only has the right to exercise the right to subscribe for the shares of the rights or not. In the event that the right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

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

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

What happens if you subscribe to new shares and sell the rights afterwards?

In the event that the registered shareholder subscribes and then sells the rights and does not buy a number of rights equivalents to the number of rights subscribed before the end of the trading period, the subscription application will be completely rejected if a part thereof is sold, taking into account that the rejected subscription amount will be reported and returned through the shareholder's broker.

Will any other fees be added for rights trades?

The same commissions will be applied to sell and buy operations as they are in shares, but without a minimum commission amount, provided that the maximum limit does not exceed fifteen and a half basis points (0.155%) of the total value of the transaction.

Who has the right to attend the Extraordinary General Assembly and vote to increase the Company's capital by offering rights shares?

The shareholder registered in the register of shareholders of the Company at the Depository Center after the end of the trading day of the Extraordinary General Meeting shall have the right to attend the Extraordinary General Meeting and vote on the increase of the capital of the Company by offering rights issue shares.

When is the share price adjusted as a result of an increase in the Company's capital by offering rights shares?

The share price shall be adjusted by the market before the start of trading on the day following the day of the extraordinary general meeting.



If an investor buys securities on the day of the meeting, is he entitled to the rights resulting from the increase in the capital of the issuer?

Yes, as the investor will be registered in the register of shareholders of the Company after two business days from the date of purchase of shares (that is, at the end of trading on the second trading day following the day of the extraordinary general meeting), knowing that rights will be granted to all shareholders registered in the register of shareholders of the Company at the end of trading on the second trading day following the date of the extraordinary general meeting. However, he shall not be entitled to attend or vote at the Extraordinary General Meeting of the Capital Increase.

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

The investor's share will be distributed to the portfolios owned by the investor, according to the percentage of ownership in each portfolio, and in the event of fractions, those fractions will be collected, and if they complete one or more correct numbers, the correct number will be added to the portfolio in which the investor owns the largest amount of rights.

What are the trading and subscription periods?

Trading and subscription of rights shall commence at the same time after (3) three business days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, until the end of trading on the sixth day, while the subscription shall continue until the ninth day, according to what is mentioned in this prospectus and the Company's announcements.

Can I subscribe over the weekend?

No,

Can the general public of registered non-shareholder investors subscribe to rights shares?

Yes, after completing the purchase of rights during the trading period.

Additional assistance:

In case of any queries, please contact the Company at: info@sorayai.com.sa. For legal reasons, the Company will only be able to provide the information contained in this prospectus and will not be able to advise on the merits of the rights issue or even provide financial, tax, legal or investment advice.

For more information on the terms and conditions of subscription, please refer to Section (12) "Terms, Conditions and Instructions for Subscription" and the remaining information contained herein.



Key Information Summary

This summary provides a brief overview of the background information contained herein. Since it is a summary, it does not contain all the information that may be of interest to shareholders and other general institutional and individual investors. Recipients of this prospectus shall read it in full before making an investment decision regarding new rights or shares.

Overview of the Company

Naseej International Trading Company ("Naseej" or the "Company") is a Saudi joint stock company, established as a limited liability company and registered in the Commercial Register in Jeddah under Certificate No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G) under the trade name "Al-Sorayai Carpet Factory". On 11/11/1427H (corresponding to 02/12/2006G), "Abdullah and Nasser Abdul Aziz Al-Sorayai Joint Company" and "Jeddah Industrial Yarn Factory Limited Company" were merged into "Al-Sorayai Carpet Factory Company". The merger resulted in amending the commercial name of the Company to become "Al-Sorayai Trading and Industrial Group LTD Company" subject to the Shareholders' Resolution notarized by the Notary Public on 17/01/1428H (corresponding to 05/02/2007G). On 19/10/1428H (31/10/2007G), the shareholders decided to convert the Company from a limited liability company to a closed joint stock company, while retaining the same trade name without the phrase "Limited", so that the commercial name of the Company becomes "Al-Sorayai Trading and Industrial Group Company". The approval of His Excellency the Minister of Commerce and Investment was issued to convert in accordance with the Ministerial Resolution No. (276/S) dated 01/11/1428H (11/11/2007G) and the Ministerial Resolution declaring the incorporation of the Company No. (325/S) dated 21/11/1428H (31/12/2007G), and it was registered as a closed joint stock company with the same number and date of the commercial registration certificate (4030133919) issued in Jeddah. On 08/03/1431H corresponding to 22/02/2010G, the Company was converted from a Saudi shareholding (Closed) to a Saudi shareholding (Public) and its shares were listed on the Saudi Stock Exchange (the Main Market). On 03/09/1441H (corresponding to 26/04/2020G), the Extraordinary General Assembly approved the change of the name of the Company from "Al-Sorayai Trading and Industrial Group LTD Company" to "Naseej International Trading Company".

The Company's current capital is one hundred eight million nine hundred and seventy-three thousand and ten (108,973,010) Saudi Riyals divided into ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) ordinary shares (the "Shares") with a nominal value of ten (10) Saudi Riyals per share paid in full (individually referred to as "Existing Shares" and collectively as "Existing Shares"). As of the date of publication of this Prospectus, there are no major shareholders in the Company (who own 5% or more of the Company's shares).

Summary of the Company Activities

The Company carries out its activities under Commercial Registration No. (4030133919) issued on 05/03/1422H (corresponding to 28/05/2001G) in the manufacture of rugs, the manufacture of carpets, including (prayer and travel rugs), the manufacture of rugs, the spinning and preparation of synthetic threads such as nylon and dilon, the weaving of textiles from synthetic threads such as nylon, the weaving of textiles from natural threads, including (linen and jute).

The main purposes of the Company according to its Articles of Association are as follows:

1. Wholesale and retail trade in carpets, rugs, ceramics, floors, upholstery, furniture, antiques, wooden and metal lampshades, office furniture, kitchens, blankets, sheets, curtain fabrics and accessories.
2. Production of carpets, rugs and cutting carpets under the license of the Ministry of Industry and Electricity No. (1566/R) on 20/12/1420H (Corresponding to 26/03/2000G).
3. Production of Bobby Proline Yarns, Nylon Yarns, Treated Polypropylene Yarns and Treated Nylon Yarns (Polyamide), pursuant to the Ministerial Resolution issued by the Ministry of Commerce No. (1699/R) on 27/12/1424H (Corresponding to 19/02/2004G).
4. Commercial Services:
 - a) Marketing to third parties.
 - b) Commercial and Distribution Agents.
 - c) Import and export to third parties.
 - d) Brokerage in non-exchange and real estate.
 - e) Commercial undertakings.
5. Real Estate Investment:
 - a) Buying and selling land, owning real estate, building on it and investing it for the benefit of the Company.
 - b) Establishing and developing residential, commercial and service complexes and investing them by selling, leasing or managing them for the benefit of the Company.
 - c) Establishing commercial and industrial exhibitions and warehouses and investing them by selling, renting or managing them for the benefit of the Company
 - d) General Contracting for Buildings (Construction, Repair, Demolition and Restoration).
6. Services (transportation, shipping, warehousing, customs clearance).
7. Production of calcium carbonate and chemicals.
8. Establishing, owning, maintaining, cleaning and establishing institutes, colleges and universities.
9. Establishing, owning and managing factories and metal pulling trade.
10. Establishing, owning, maintaining, cleaning and establishing health centres.
11. Wholesale and retail trade in building materials.
12. Establishing, setting up and managing the operation of laboratories for specifications and standards.
13. Security and safety activities.

The Company shall carry out its activities in accordance with the regulations in force in the Kingdom of Saudi Arabia and after obtaining the necessary licenses from the competent authorities, if any.



The Company's main current activities are:

A. Commercial activity: It is represented in the internal trade (wholesale and retail) of the Company's products, carpets and rugs. The Company operates through many branches and through sales centres that are exhibitions and warehouses. The Company's commercial activity also includes exporting the Company's products to some Arab countries and Africa.

B. Industrial activity: It is represented in the field of carpet and rug industry through the carpet factory, which has two operating licenses for the carpet factory and the rug factory, as well as in the field of industrial yarn production through Jeddah Industrial Yarn Factory. The Company owns two industrial facilities in industrial zones under the supervision of the Saudi Authority for Industrial Estates and Technology Zones ("Modon").

Summary of branches of the Company engaged in industrial activity

| Branch | Commercial Register | Industrial licensing | Industrial activity |
|--------------------------------|---------------------|----------------------|--------------------------------------|
| Jeddah Industrial Yarn Factory | 4030115974 | 411102105715 | Preparation and spinning of textiles |
| Al-Sorayai Carpet Factory | 4030131014 | 411102105126 | Manufacturing rugs and carpets |

C. Investment activity: The Company may establish companies on its own with limited liability or closed joint stock (provided that the capital is not less than (5) million riyals). It may also own shares and shares in other existing companies or merge with them and have the right to participate with others in the establishment of joint stock or limited liability companies after fulfilling the requirements of the regulations and instructions followed in this regard. Naseej owns 25% of the shares of the Arabian Company for the Manufacture of Calcium Carbonate



Structure of the Company's Capital

The Company's shares were listed on the Saudi market on 08/03/1431H (corresponding to 22/02/2010G) with a capital of three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares with a nominal value of ten (10) riyals per share. On 20/05/1434H (corresponding to 01/04/2013G), the Company increased its capital from three hundred million (300,000,000) Saudi riyals to three hundred and seventy-five million (375,000,000) Saudi riyals, thus increasing the number of the Company's shares from thirty million (30,000,000) ordinary shares to thirty-seven million five hundred thousand (37,500,000) ordinary shares, by capitalizing the retained profits through the issuance of (1) one share for every four (4) shares owned by the shareholders registered in the Company's records at the end of trading on the second day following the extraordinary general assembly. On 10/04/1439H (corresponding to 28/12/2017G), the Company reduced its capital from three hundred and seventy-five million (375,000,000) Saudi riyals to two hundred and twenty-five million (225,000,000) Saudi riyals, thus reducing the number of shares of the Company from thirty-seven million five hundred thousand (37,500,000) ordinary shares to twenty-two million five hundred thousand (22,500,000) ordinary shares by cancelling fifteen million (15,000,000) ordinary shares and a reduction rate of (40%) of the Company's capital and a reduction rate of two (2) shares for every five (5) shares. On 27/12/1440H (corresponding to 28/08/2019G), the Company's capital was reduced from two hundred and twenty-five million (225,000,000) Saudi riyals to sixty-five million five hundred thousand (65,500,000) Saudi riyals, thus reducing the number of shares of the Company from twenty-two million five hundred thousand (22,500,000) ordinary shares to six million five hundred and fifty thousand (6,550,000) ordinary shares by cancelling fifteen million nine hundred and fifty thousand (15,950,000) ordinary shares, with a reduction rate of (70.89%) of the Company's capital and a reduction rate of (1) shares for each (1.41) shares. On 27/05/1441H (corresponding to 22/01/2020G), the Company increased its capital from sixty-five million five hundred thousand (65,500,000) Saudi riyals to one hundred and seventy-eight million one hundred and sixty thousand (178,160,000) Saudi riyals, thus increasing the number of shares of the Company from six million five hundred and fifty thousand (6,550,000) ordinary shares to seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares, by issuing rights shares of one hundred and twelve million six hundred and sixty thousand (12,660,000) Saudi riyals and eleven million two hundred and sixty-six thousand (11,266,000) ordinary shares at a rate of issuance of (1.72) rights for each (1) shares. On 05/05/1442H (corresponding to 20/12/2020G), the Company reduced its capital from one hundred and seventy-eight million one hundred and sixty thousand (178,160,000) Saudi riyals to sixty-one million six hundred and thirty-two thousand and ten (61,632,010) Saudi riyals, thus reducing the number of shares of the Company from seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares to six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares by cancelling eleven million six hundred and fifty-two thousand seven hundred and ninety-nine (11,652,799) ordinary shares, with a reduction in capital of approximately (65.4%), and at a rate of reduction of (1) shares for each (1.529) shares. On 29/03/1443H (corresponding to 04/11/2021G), the Company increased its capital from sixty-one million six hundred and thirty-two thousand and ten (61,632,010) Saudi riyals to two hundred and eleven million six hundred and thirty-two thousand and ten (211,632,010) Saudi riyals, thus increasing the number of shares of the Company from six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares to twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) ordinary shares, by issuing rights shares of one hundred and fifty million (150,000,000) Saudi riyals and fifteen million (15,000,000) ordinary shares at a rate of issuance of (2.434) rights for each (1) shares. On 19/12/1443H (corresponding to 18/07/2022G), the Company reduced its capital from two hundred and eleven million six hundred and thirty-two thousand and ten (211,632,010) Saudi riyals to one hundred and eight million nine hundred and seventy-three thousand and ten (108,973,010) Saudi riyals, thus reducing the number of the Company's shares from twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) shares to ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) shares by cancelling ten million two hundred and sixty-five thousand nine hundred (10,265,900) shares, with a capital reduction rate of approximately (48.51%), and a reduction rate of (1) shares for each (2.06) shares, after obtaining all the approvals required by law and the Extraordinary General Assembly.

On 06/09/1444H (corresponding to 28/03/2023G), the Board of Directors of the Company recommended an increase in the capital of the Company through the offering of rights shares of one hundred and sixty-three million four hundred and fifty-nine thousand five hundred and ten (163,459,510) Saudi riyals. This increase is mainly aimed at raising its solvency, strategic expansion and improving financial performance, borrowing rates and costs incurred from them.

Vision

The Company continues its commitment to maintaining its reputation as a leading manufacturer of carpets and rugs and strives to reach its global success, which it can achieve by expanding its trade network through the local and global distribution of the Company's products.

Mission

The Company strives to provide its products and services with optimal quality that ensures the achievement of customer satisfaction standards, in line with its values towards its employees and shareholders.

Strategy

The Company's announced strategy includes the following:

- Focusing on the manufacture of high-quality carpets and profitable products, and focusing on the commercial side by importing carpets and selling them to cover all tastes and obtaining the largest market share in the local market.
- Increasing the production capacity in the carpet manufacturing activity.
- Making the yarn factory as an independent profit-generating entity.
- Expansion of the commercial sector in everything related to flooring solutions, for which there is demand from local markets.

Strengths and Competitive Advantages of the Company

Naseej is distinguished by the quality of its products manufactured in its factories locally, especially carpet.

In detail, Naseej's strengths and competitive advantages are as follows:

- Naseej uses the latest technology available in the manufacture of yarns used to make carpets and rugs.
- Adopting the highest standards in the use of the finest raw materials according to the international standards.
- Naseej has a widespread network and distributors to meet the needs of its customers in all regions of the Kingdom and abroad.



Market Overview

The global carpet and rug market was valued at \$78.12 billion in 2021 and is expected to reach \$120 billion by 2030. With a compound annual growth rate (CAGR) of 5.5% between 2022 and 2030. The reason for the expected increase in the value of the carpet and rug market is due to the increase in construction activity in both developed and emerging countries.

According to what the Crown Prince Mohammed bin Salman bin Abdulaziz pointed out during his conversation with a number of journalists, by 2030 we aspire to reach a population of 50 to 60 million people, and the Crown Prince explained that the maximum limit for Riyadh is 25 million. According to the statistics of 2021, the population of Riyadh is about 10.5 million people. This means that the population of Riyadh City will grow by more than double, which will lead to the construction of new housing. The increase in population growth, urbanization and tourism is expected to drive growth in the construction sector especially in residential and leisure units. This causes an increase in demand for carpets and rugs.

One of the main factors for the growth of the carpet and rug market is changing consumer preferences by focusing on interior decoration, evolving lifestyles, as well as increasing consumer income levels as well as increasing spending on renovation and reconstruction activities for existing buildings.

The market is expected to grow significantly due to the growing interest in interior decoration products. Homeowners are expressing a growing interest in comfortable homes and beautiful interiors. According to industry sources, Saudi nationals make unique requests while designing homes and residential units in terms of architecture and interiors.

Increasing end-user applications, process innovations, and technologies in carpet designs are the identified market opportunities in the country. In general, the market will be driven by the evolution in industry standards following the deployment of cutting-edge technologies and will be supported by the completion of mega real estate projects that are set to increase demand for local carpets and flooring. According to industry sources, Arabic carpets are rapidly progressing to a leading position as one of the best carpets in the world.

Source: The Company

Custom Market Insights, (2022). Global Carpets and Rugs Market.



Risk Factors Summary

Investors wishing to subscribe to the shares of this Offering shall read this prospectus in its entirety and study Section (2) “Risk Factors” contained herein before making an investment decision regarding the rights or the new shares. The following is a summary of the risks related to the issuance of rights shares:

❖ Risks related to the Issuer

- Risks related to revenue concentration
- Risks related to exports
- Reputational Risks
- Risks of relying on key customers
- Risks related to transportation
- Risks related to receivables
- Negative cash flows during previous years
- Liquidity risks
- Risks related to the availability and price change of major raw materials
- Risks related to relying on major suppliers
- Risks of inflation and slow stock movement
- Risks associated with stock taking
- Risks related to operational business continuity
- Risks related to expansion and growth strategy
- Brand and Website Risks
- Risks related to non-extraction or non-renewal of licenses, permits and certificates
- Risks related to accumulated losses
- Risks of funding sources
- Risks of dealing with related parties
- Risks related to Zakat status
- Risks related to developments in international accounting standards or the application of new international accounting standards (IFRS) in the future
- Risks related to fixed assets
- Risks related to leases
- Risks related to the Company’s reliance on senior management and key personnel
- Risks related to high staff turnover
- Risks of relying on non-Saudi employees
- Risks related to inadequate insurance coverage
- Risks related to employee errors or misconduct
- Risks of not exploiting the production capacity of factories
- Risks of future energy price increases
- Risks related to operating systems and information technology
- Risks related to the COVID-19 pandemic
- Disclosure risks



❖ Risks related to the market and sector in which the issuer operates

- Risks related to the economic performance of the Kingdom:
- Risks related to non-compliance with current regulations and laws and/or the issuance of new regulations and laws
- Risks related to political and economic instability in the Middle East
- Risks related to the violation of the labor law
- Risks related to the new Companies Law and the amended Corporate Governance regulation
- Risks related to the imposition of new fees or taxes
- Risks related to the competitive environment:
- Risks related to currency exchange rate fluctuation
- Risks related to interest rate fluctuation
- Risks related to the environment, occupational safety and health
- Risks associated with the application of Value Added Tax (VAT)
- Risks of growth opportunities
- Risks related to energy and electricity products and related services
- Risks of required reports
- Risks related to the withdrawal of licenses, certificates or basic approvals
- Risks of not being able to comply with the requirements of Saudization and the requirements of the General Organization for Social Insurance

❖ Risks of securities offered

- Risks related to shareholders' poor awareness of the trading mechanism and the exercise of their rights
- Risks related to potential volatility in the price of rights
- Risks related to potential fluctuations in share price
- Risks related to non-profitability or the sale of rights
- Risks related to future data
- Risks related to the possible issuance of new shares
- Risks related to low demand for rights and shares of the Company
- Risks of low ownership ratios
- Risks of not exercising rights in a timely manner
- Risks related to dividends
- Risks related to speculation in rights
- Risks related to the suspension of trading or cancellation of the Company's shares as a result of not publishing its financial statements during the statutory period



Summary of Financial Information

The following summary of financial information is based on the Company's audited financial statements for the financial years ended 31 December 2020, 2021 and 2022 and the accompanying notes.

Statement of Financial Position

| Statement of Financial Position (Thousands of Saudi Riyals) | Financial year ended 31/12/2020 (Audited) | Financial year ended 31/12/2021 (Audited) | Financial year ended 31/12/2022 (Audited) |
|--|--|--|--|
| Total current assets | 295,904 | 258,314 | 232,154 |
| Total non-current assets | 215,639 | 200,659 | 179,820 |
| Total Assets | 511,543 | 458,973 | 411,974 |
| Total current liabilities | 205,472 | 148,180 | 128,887 |
| Total non-current liabilities | 250,638 | 201,820 | 177,698 |
| Total Liabilities | 456,110 | 350,000 | 306,585 |
| Total Equity | 55,433 | 108,973 | 105,389 |
| Total Liabilities and Equity | 511,543 | 458,973 | 411,974 |

Source: The Company's Financial Statements

Income Statement

| Income Statement (Thousands of Saudi Riyals) | Financial year ended 31/12/2020 (Audited) | Financial year ended 31/12/2021 (Audited) | Financial year ended 31/12/2022 (Audited) |
|---|--|--|--|
| Total Revenue | 192,201 | 230,196 | 280,181 |
| Cost of Revenue | 169,714 | 202,547 | 230,268 |
| Gross Profit (Loss) | 22,487 | 27,649 | 49,913 |
| Profit (loss) from operations | (59,757) | (73,480) | 10,971 |
| Net profit (loss) before Zakat | (80,972) | (83,180) | 5,509 |
| Net Profit (Loss) | (83,417) | (85,517) | (1,376) |

Source: The Company's Financial Statements

Statement of Cash Flows

| Statement of Cash Flows (Thousands of Saudi Riyals) | Financial year ended 31/12/2020 (Audited) | Financial year ended 31/12/2021 (Audited) | Financial year ended 31/12/2022 (Audited) |
|--|--|--|---|
| Cash and cash equivalents at the beginning of the year | 4,531 | 38,493 | 63,256 |
| Net cash and cash equivalents from operating activities | (63,137) | (41,824) | (14,556) |
| Net cash and cash equivalents from investment activities | 2,796 | (6,553) | (374) |
| Net cash and cash equivalents from financing activities | 94,303 | 73,140 | (41,890) |
| Net change in cash and cash equivalents of the year | 33,962 | 24,763 | (56,820) |
| Cash and cash equivalents at the end of the year | 38,493 | 63,256 | 6,436 |

Source: The Company's Financial Statements



Key Performance Indicators

| Key Performance Indicators | Financial period ended 31/12/2020 (Audited) | Financial year ended 31/12/2021 (Audited) | Financial year ended 31/12/2022 (Audited) |
|--------------------------------------|--|--|--|
| Revenue Growth Rate | (17.28%) | 19.77% | 21.71% |
| Growth rate in net income | (28.22%) | 2.52% | (98.39%) |
| Gross Profit Margin | 11.70% | 12.01% | 17.81% |
| Net Profit Margin | (43.40%) | (37.15%) | (0.49%) |
| Current ratio (times) | 1.44 | 1.74 | 1.80 |
| Total assets/ Total liabilities | 1.12 | 1.31 | 1.34 |
| Revenue/ Total Assets | 37.57% | 50.15% | 68.01% |
| Return on Total Assets | (16.31%) | (18.63%) | (0.33%) |
| Debt/Total Assets Ratio | 89.16% | 76.26% | 74.42% |
| Return on Total Shareholders' Equity | (150.48%) | (78.48%) | (1.31%) |



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1- Definitions and Terminology

| Term | Definition |
|--|--|
| “Company”, “Naseej” or “Issuer” | Naseej International Trading Company, a Saudi public joint stock company that was registered in the Commercial Register in Jeddah under Certificate No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G). |
| Advisors | Consultants of the Company whose names are shown on page (E). |
| Management | Management of the Company. |
| Board or Board of Directors | The Board of Directors of the Company, whose names appear on page (C). |
| Major Shareholders | Major shareholders of the Company shall mean any person (whether natural or legal) who owns 5% or more of the shares of the Company. As of the date of this Prospectus, the Company does not have any major shareholders. |
| Related party | It means: 1. Affiliates of the Issuer; 2. Substantial shareholders of the issuer; 3. Directors and senior executives of the issuer; 4. Directors of the affiliates of the issuer; 5. Directors and senior executives of substantial shareholders of the issuer; 6. Any relatives of persons described at (1), (2), (3) or (5) above; 7. Any company controlled by any person described at (1), (2), (3), (5) or (6) above. 8. Persons acting jointly and jointly holding (5%) or more of the class of shares to be listed. |
| Articles of Association | Articles of Association of the Company. |
| Capital Market Authority or CMA | The Capital Market Authority in the Kingdom of Saudi Arabia. |
| Senior Executives | Any natural person who is assigned (alone or together with others) by the administrative body of the Company or by a member of the administrative body of the Company with tasks of supervision and management, and whose reference is to any of the following: (1) the administrative body directly, (2) a member of the administrative body, and (3) the Chief Executive Officer. |
| Administrative Apparatus | The group of individuals who make strategic decisions for the Company, and the board of directors of the joint-stock company is the administrative body for it. |
| Saudi Authority for Industrial Cities and Technology Zones (“Modon”) | The Saudi Authority for Industrial Cities and Technology Zones (“Modon”), a government body with independent legal personality, was established based on the Council of Ministers Resolution No. (235) dated 27/08/1422H and is directly linked to His Excellency the Minister of Industry and Mineral Resources. |
| Companies Law | The Companies Law issued by Royal Decree No. (M/ 132) dated 01/12/1443H (corresponding to 30/06/2022G) based on the decision of the Council of Ministers approving the new Companies Law dated 29/11/1443H (corresponding to 28/06/2022G), which entered into force on 26/06/1444 H (corresponding to 19/01/2023G). The new Law replaced the Companies Law issued by Royal Decree No. (M/ 3) dated 28/01/1437H (corresponding to 10/11/2015G) and the Professional Companies Law issued by Royal Decree No. (M/ 17) dated 26/01/1441H (corresponding to 25/09/2019G), provided that all provisions inconsistent with it are repealed. All existing companies as of the date of the entry into force of the new Law shall amend their status in accordance with its provisions within a period not exceeding (two) years from the date of its entry into force. With the exception of the provisions specified by the Ministry of Commerce and the Capital Market Authority on 11/06/1444H (corresponding to 04/01/2023G) - each in its own jurisdiction - which companies shall comply with from the date of entry into force of the new law). |
| Stock Market | Saudi Stock Exchange (Tadawul). |
| Tadawul | Saudi Tadawul Group. |
| Founding Shareholders | The founding shareholders of the Company. |
| General Assembly | The general assembly of the shareholders of the Company. |
| Ordinary General Assembly | The ordinary general meeting of the shareholders of the Company, which is held in accordance with the articles of association of the Company. |
| Extraordinary General Assembly | Extraordinary General Meeting of the shareholders of the Company held in accordance with the Articles of Association of the Company. |
| Gulf Cooperation Council (GCC) | Cooperation Council for the Arab States of the Gulf. |
| GDP | Gross Domestic Product of the Kingdom of Saudi Arabia. |
| Government | Government of the Kingdom of Saudi Arabia. |



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| Corporate Governance Regulation | Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority under 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 28/1/1437H (corresponding to 10/11/2015G), and amended by the Board of the Capital Market Authority 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 1/12/1443H (corresponding to 30/06/2022G). |
| Kingdom or Saudi Arabia | The Kingdom of Saudi Arabia. |
| Rights | They are negotiable securities that grant the holder the right to subscribe to new shares upon approval of the capital increase. It is an acquired right of all registered shareholders, and each right gives the holder the right to subscribe to one share of the new shares at the offering price. The rights shall be deposited after the extraordinary general assembly for a capital increase. These rights will be reflected in the shareholders' accounts, enrolled under a new rights code. Registered shareholders will be informed of the deposit of rights in their portfolios. |
| Capital Market Law | The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G). |
| Rules on the Offer of Securities and Continuing Obligations | Rules of offering securities and Continuing Obligations issued by the Board of the Capital Market Authority under Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H and amended by the Board of the Capital Market Authority Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G). |
| Listing Rules | Listing Rules issued by the Saudi Stock Exchange (Tadawul) and approved by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) and amended by its Resolution No. 1-108-2022 dated 23/03/4144H (corresponding to 19/10/2022G). |
| Listing | Listing securities in the main market or - where the context allows – submitting a listing request to the Saudi Tadawul Company (Tadawul) |
| Lead Manager | Al Nefae Investment Group. |
| Net Proceeds of the Offering | Net proceeds of the offering after deducting the expenses of the offering. |
| Offering/Subscription Price | 10 Saudi riyals per share. |
| Shares offered for subscription | 16,345,951 Ordinary Shares. |
| Indicative Right Value | The difference between the market value of the Company's stock during the trading period and the offering price. |
| Rump Offering | The period starting after (3) three working days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, from **/**/**** H (corresponding to **/**/**** G) to **/**/**** H (corresponding to **/**/**** G). |
| Rump Offering Period | Offering any remaining shares not subscribed to by the persons entitled to the investment institutions by offering them in the remaining offering period. |
| Remaining Offering Period | In the event that there remain shares that have not been subscribed for after the end of the subscription period (the "Remaining Shares"), those shares will be offered to a number of institutional investors (referred to as "Institutional Investors") (such offering shall be referred to as the "Remaining Offering"). These investment institutions submit their offers to buy the remaining shares and these offers will be received from 10:00 am on **/**/**** H (corresponding to **/**/**** G) until 5:00 pm on **/**/**** H (corresponding to **/**/**** G) (the "Remaining Offering Period"). The remaining shares will be allocated to the investment institutions with the highest offer and then the lowest offer (provided that it is not less than the offering price), provided that the shares are allocated proportionally to the investment institutions that offer the same offer. With regard to the fractions of the shares, they will be added to the remaining shares and treated similarly. |
| Eligible Persons | All holders of rights, whether they are registered shareholders or those who purchased rights during the trading period. |
| Registered Shareholders | Shareholders holding shares on the day of the extraordinary general meeting on the increase of capital and registered in the register of shareholders of the Company at the end of the second trading day following the extraordinary general meeting. |
| New Investors | General individual and institutional investors - non-registered shareholders - who have purchased rights during the trading period. |
| Person | Natural person. |
| Prospectus | It means this document is prepared by the Company in connection with the subscription of the Rights Shares. |
| SAR | Saudi Riyal - The official currency of the Kingdom of Saudi Arabia. |
| Functional Currency | Saudi Riyals in which the consolidated financial statements are presented. |
| USD | The current official currency of the United States of America. |
| EUR | The current official currency of the European region. |
| Pound Sterling | The current official currency is the United Kingdom. |
| Shareholder | The holder of the Shares as of any specified time. |
| Total Shares Offered | The Company's ordinary shares amounting to sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) shares with a nominal value of ten (10) riyals per share. |



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| Al Wasatah Al Maliah or Wasatah Capital | Al Wasatah Al Maliah (“Wasatah Capital”), a Saudi closed joint stock company licensed by the Capital Market Authority with license No. (08125-37), which allows it to deal in an original capacity and to pledge coverage, management, arrangement and custody in securities. |
| Al Nefae Investment Group Company | Al-Nefae Investment Group Company, a Saudi closed joint stock company licensed by the Capital Market Authority with license number (37-07082), which allows it to deal in an original capacity, as an agent and pledge to cover, manage, arrange, advise and preserve in securities. |
| Brokers | They are market institutions licensed by the Capital Market Authority to practice the activity of dealing in securities as an agent. |
| Institutional Investors | <p>It includes a group of institutions as follows:</p> <ol style="list-style-type: none"> 1. Government entities and government-owned companies, directly or through a private portfolio manager, any international body recognized by the authority, the market, and any other financial market recognized by the authority, or the depository centre. 2. Public investment funds established in the Kingdom that are offered in a public offering in addition to private funds that invest in securities listed on the Saudi Stock Exchange if the terms and conditions of the fund allow it to do so, while adhering to the provisions and restrictions stipulated in the Investment Funds Regulations. 3. Persons licensed to deal in securities in an original capacity, while complying with the requirements of financial sufficiency. 4. Clients of a person licensed to conduct management business provided that such licensed person has been appointed on terms that enable him to make decisions regarding accepting participation in the offering and investing in the Saudi Stock Exchange on behalf of the client without the need to obtain prior approval from him. 5. Any other legal persons may open an investment account in the Kingdom and an account with the Depository Center, taking into account the investment controls of companies listed in securities, provided that the participation of the Company does not lead to any conflict of interest. 6. Gulf investors with legal personality, which includes companies and funds established in the GCC countries. 7. Qualified foreign investors. 8. A final beneficiary of legal status in a swap agreement concluded with a licensed person in accordance with the terms and controls of the swap agreements. |
| Eligible Persons | The rights holders, whether they are registered shareholders or general institutional investors and individuals who purchased the rights of the entitled persons during the trading period. |
| The Saudi Organization for Chartered and Professional Accountants (SOCPA) | Saudi Organization for Auditors and Accountants in the Kingdom of Saudi Arabia, formerly the Saudi Organization for Certified Public Accountants. |
| International Financial Reporting Standards (IFRS) | A set of accounting standards and their interpretations issued by the International Accounting Standards Board. |
| Ministry of Commerce | Ministry of Commerce of the Kingdom of Saudi Arabia (formerly “Ministry of Commerce and Investment”) |
| Subscriber | Any person who subscribes for shares offered for subscription. |
| Tadawul System | An automated system for buying and selling Saudi stocks. |
| Industrial Fund | Saudi Industrial Development Fund |
| Value Added Tax (VAT) | On 02/05/1438H, the Council of Ministers decided to approve the unified agreement for value-added tax for the countries of the Cooperation Council for the Arab States of the Gulf, which entered into force on 1 January 2018, as a new tax to be added to the system of taxes and other fees to be applied by specific sectors in the Kingdom, and in the countries of the Cooperation Council for the Arab States of the Gulf. The amount of this tax is (5%), and the government of the Kingdom has decided to increase the value added tax rate from 5% to 15%, starting from July 2020, and a number of products have been excluded, including (basic foods and services related to health care and education). |
| Underwriter | Al Wasatah Al Maliah (“Wasatah Capital”) |
| Underwriting Agreement | Underwriting Agreement concluded between the Company and the Underwriter. |
| Capital | The balance shown as a separate item within shareholders' equity in the statement of financial position. |
| Litigation | Resort to courts or judicial and quasi-judicial committees to reach a dispute settlement. |
| Synthetic yarns | They are yarns manufactured from petrochemical materials obtained through companies specializing in the manufacture of raw materials that form these yarns locally, and they are a set of filaments collected to form the final shape of the thread. |
| Polypropylene granules | It is one of the basic raw materials and the most widely used in the polymer and plastic industries, and it is of great importance. |



2- Risk Factors

In addition to the other information contained in this prospectus, anyone wishing to invest in the shares offered for subscription shall carefully study all the information contained herein, including the risk factors set out below in this section of the prospectus, before making the decision to buy the shares of the offering. Noting that the risks described below may not include all the risks that the Company may face, but there may be additional risks that are not known to the Company at the present time, or that the Company may consider immaterial, or that may not hinder its operations. The Company's activity, financial position, results of operations, cash flows and future prospects may be adversely and materially affected if one of the risk factors referred to below occurs or materializes.

The members of the Board of Directors of the Company also acknowledge, to the best of their knowledge and belief, that there are no material risks that could affect the decision of shareholders and potential investors, and are known to them until the date of this Prospectus other than what has been disclosed within this section. An investment in the Offered Shares is only suitable for investors who are able to assess the risks and benefits of that investment and who have sufficient resources to bear any loss that may result from that investment. A potential investor who has any doubts about the decision to invest in the Company shall seek the assistance of a financial advisor licensed by the Capital Market Authority to obtain appropriate advice on investing in the Offered Shares.

In the event of the occurrence or realization of any of the risk factors that the Company currently believes to be important, or the occurrence of any other risks that the Company has not been able to identify, or that it currently considers immaterial, this may lead to a decline in the price of shares in the market and the potential investor may lose all or part of his investment in these shares.

The risks described below are listed in an order that does not reflect their importance or the expected impact of a company, and additional risks that are not known or are currently considered immaterial may have the effects described in this prospectus.

2-1 Risks related to the Issuer

2-1-1 Risks related to revenue concentration

The general nature of the Company's business is represented in the manufacture of high-quality carpets and rugs. It also focuses on the commercial side by importing carpets and selling them to cover all tastes and obtain the largest market share in the local market. The Company's revenues are largely focused on the sales of carpet roll, as the sales of carpet roll accounted for (47.98%), (44.48%) and (49.82%) of the Company's total sales for the financial years ended 31 December 2020, 2021 and 2022, respectively. Carpet roll sales accounted for (16.6%), (29.17%) and (26.66%) of the Company's total sales for the financial years ended 31 December 2020, 2021 and 2022, respectively. The following table shows the details of the Company's revenues by product type and its percentage of total sales:

Table No. (1): Company Revenues by Product Type

| Source of Revenue | Company Revenues | | | | | |
|---------------------------|---------------------------|--------------|---------------------------|--------------|---------------------------|--------------|
| | 2020G | | 2021G | | 2022G | |
| | Thousands of Saudi riyals | Percentage % | Thousands of Saudi riyals | Percentage % | Thousands of Saudi riyals | Percentage % |
| Moquette Roll | 92,221 | 47.98% | 102,385 | 44.48% | 139,576 | 49.82% |
| Carpet Roll | 31,912 | 16.60% | 67,141 | 29.17% | 74,692 | 26.66% |
| Unheated yarn | 7,956 | 4.14% | 6,222 | 2.70% | 13,600 | 4.85% |
| Imported Vinyl | 5,577 | 2.90% | 4,429 | 1.92% | 13,956 | 4.98% |
| Cut Carpet | 11,752 | 6.11% | 12,970 | 5.63% | 11,017 | 3.93% |
| Heat-treated yarn | 5,886 | 3.06% | 10,787 | 4.69% | 8,943 | 3.19% |
| Local Procurement | 3,976 | 2.07% | 3,776 | 1.64% | 3,698 | 1.32% |
| Fixtures | 2,556 | 1.33% | 1,868 | 0.81% | 3,005 | 1.07% |
| Floor Accessories | 4,939 | 2.57% | 2,505 | 1.09% | 2,199 | 0.78% |
| Imported Artificial Grass | - | 0.0% | 659 | 0.29% | 1,787 | 0.64% |
| Other | 25,426 | 13.23% | 17,454 | 7.58% | 7,708 | 2.75% |
| Total | 192,201 | %100 | 230,196 | %100 | 280,181 | 100% |

Source: The Company

Sales of the Company's main products may be affected by several factors, including, but not limited to, changing consumer preferences or the emergence of new competitors. This is in addition to a change in the prices of the Company's products locally and globally as a result of changing supply and demand or the inability of the Company to reach a satisfactory solution with suppliers that caused an interruption or delay in receiving raw materials. Therefore, if the Company fails to diversify its sources of revenue, the Company's revenues will be directly affected and this will be reflected negatively and fundamentally on the Company's business, its subsidiaries, the results of its operations, its financial position and its future prospects.



2-1-2 Risks related to Exports

The Company exports its products to Yemen, Bahrain, Pakistan and some countries in Africa such as Ethiopia and Sudan. The export sales amounted to (28,910) thousand Saudi riyals, (34,462) thousand Saudi riyals and (43,795) thousand Saudi riyals as of 31 December 2020, 2021 and 2022, respectively. They amounted to (15.04%), (14.97%) and (15.63%) of the total sales as of 31 December 2020, 2021 and 2022, respectively.

Any change in the laws of the countries or any change in the local laws and regulations in the Kingdom of Saudi Arabia regarding the export of the Company's products and its subsidiaries or the severance of political relations, will affect the ability of the Company and its subsidiary to export its products to its clients in those countries and thus the Company's sales will decrease, which in turn will negatively and materially affect the Company's and its subsidiary's business, financial results, expectations and financial position.

2-1-3 Risks related to Reputation

The Company's reputation is critical to attracting new clients and to maintaining its clients and establishing a strong relationship with counterparties, and it is possible that the Company's reputation will be damaged in the future as a result of several factors, including the decline in the Company's financial results, legal or regulatory procedures against the Company or the behavior of one of its employees that may cause the Company to violate the applicable regulatory requirements. The damage to the Company's reputation will adversely affect the Company, its subsidiaries, its business, its financial position, the results of its operations, its stock profitability and its future prospects.

2-1-4 Risks of relying on Key Clients

Revenues generated from the Company's top five major clients amounted to SAR 27.9 million, SAR 45.7 million and SAR 48.7 million, representing (15%), (20%) and (17%) of the Company's total revenues for the financial years ended 31 December 2020, 2021 and 2022, respectively. There is no guarantee of the sustainability of sales volume to key clients and the Company may not be able to maintain its clients in general, or any of its key clients in particular, so the Company shall work to expand its customer base with the aim of reducing reliance on key clients locally or internationally to avoid continuous change in price levels and pressure on profit margins.

The following table shows the five largest clients of the Company during the previous three years:

Table No. (2): five largest clients of the Company during the previous three years

| Top Five Clients | Client | Amount in SAR |
|------------------|----------|---------------|
| 2020G | Client 1 | 7,616,990 |
| | Client 2 | 7,041,897 |
| | Client 3 | 4,861,896 |
| | Client 4 | 4,320,416 |
| | Client 5 | 4,057,051 |
| 2021G | Client 3 | 13,472,141 |
| | Client 6 | 10,854,688 |
| | Client 7 | 8,275,593 |
| | Client 2 | 6,812,295 |
| | Client 8 | 6,257,224 |
| 2022G | Client 2 | 12,631,031 |
| | Client 6 | 12,200,712 |
| | Client 4 | 9,260,092 |
| | Client 3 | 8,120,024 |
| | Client 7 | 6,479,547 |

It shall be noted that if the Company loses one or more of these five main clients or if there is a decline in the volume of business with them, the Company will lose a large share of its revenues without the ability to compensate from other clients. This will adversely and materially affect the business of the Company and its subsidiaries, its financial condition, the results of its operations and its future prospects.



2-1-5 Risks related to Transportation

The Company delivers its products to its clients inside and outside the Kingdom of Saudi Arabia through third parties (transport service providers), (for more information, please see paragraph (9-6-5) "Shipping and Transportation Agreements" of Section (9) "Legal Information" of this Prospectus). Transportation and shipping expenses are charged according to the agreement concluded with the customer, and in view of this, any malfunction that occurs to the transport fleet that the Company deals with, or in the event of any change in the transport laws and regulations and statutory requirements for the transport of the Company's products, or a substantial increase in the costs associated with transport, such as gasoline, maintenance, spare parts and labor costs, will limit the Company's ability to supply its products to its clients, which in turn will negatively affect the Company's business, its subsidiaries, the results of its operations, its financial position and its future prospects.

2-1-6 Risks related to Receivables

Credit risk arises when one party fails to meet a certain financial obligation of the other party. The Company or any of its subsidiaries may face credit risks in several temporary or permanent cases, including: the presence of receivables from clients, and the failure of other parties to meet their obligations to the Company. The Company uses the expected credit loss (ECL) method to calculate the allowance for doubtful debts. The balance of the Company's net trade receivables amounted to (87.2), (75.6) and (100.1) million Saudi riyals for the financial years ended 31 December 2020, 2021 and 2022, respectively, representing (17.04%), (16.46%) and (24.3%) of the total assets of the Company for the financial years ended 31 December 2020, 2021 and 2022, respectively. Although the credit period granted by the Company to its clients ranges between 30-60 days, receivables whose age exceeded 90 days on average accounted for 59% of the total receivables with a total value of SAR 93.2 million as of 31 December 2022. In 2022, receivables of SAR 4.6 million were collected and deducted from the total provision instead of adjusting for the total receivables, which the Company is exposed to significant risk that the provision for receivables is insufficient. Receivables and profit before interest, tax, depreciation and amortization (EBITDA) for the financial year ending in 2022 are overstated. The Company cannot guarantee that the parties with whom it deals will not fail to meet their obligations, nor can it anticipate their future ability to adhere accurately. In the event that the debtors fail to pay the Company's dues on time or do not comply at all with the payment in part or in full, this will negatively and materially affect the Company and its subsidiaries, its financial position and the results of its operations.

2-1-7 Negative Cash Flows during Previous Years the historical period

During the historical period, the Company's revenues increased at a compound annual growth rate (CAGR) of 20.7%, rising from SAR 192.2 million as of 31 December 2020 to SAR 280.2 million as of 31 December 2022. Earnings before interest, tax, depreciation and amortization (EBITDA) evolved from negative SAR 16.1 million as of 31 December 2020 to positive SAR 20.4 million as of 31 December 2022, despite the impressive growth rates in revenues and earnings before interest, tax, depreciation and amortization (EBITDA), resulting from the following reasons:

1. Recovering from the Corona pandemic.
2. The non-entry of Turkish competitive products into the local market, which led to the tendency of most consumers to buy from the Company.
3. Focusing on improving the working capital by liquidating the old stock because of its positive effects on the Company by reversing the provisions of the count to face the obsolescence in addition to achieving revenues from the sale process.
4. A new approach to budgeting where zero-based budgeting has been applied.

However, the Company was unable to achieve positive cash flows, given the high leverage and the facility balance of SAR 43.2 million resulting from the current loan facilities and the historical restructuring of the various financing facilities. It is worth mentioning that the cash balance ratio of the total assets amounted to 7.5% and 13.8% with a total value of SAR 38.5 million and SAR 63.3 million, as of 31 December 2020 and 31 December 2021, respectively. Then, on 31 December 2022, the cash balance ratio of the total assets decreased significantly to 1.6% with a total value of SAR 6.4 million. The reasons for the significant decrease are due to the cash balance resulting from the proceeds of the offering in the comparative years. If the Company's cash flows continue to be negative, it may face risks related to its inability to repay the financing facilities in the future, which in turn will negatively affect the Company's business, its subsidiaries, the results of its operations, its financial position and its future prospects.

2-1-8 Liquidity Risks

The Company faces liquidity risks when it is unable to provide the necessary funds to meet its financial obligations arising from operating activities and liabilities at the specified time. The liquidity rate of the Company reached (1.44), (1.74) and (1.80) times as on 31 December 2020, 2021 and 2022, respectively. Although the liquidity rate of the Company exceeds 1, the previous historical cash flows of the Company are negative. For more details, please see the risk No. (2-1-7) Negative cash flow risks during the previous years, sub-paragraph 2-1 of Section 2 "Risk factors"). The following table shows the average age of payables during the years ended 31 December 2020, 2021 and 2022, respectively

Table No. (3): Ageing of Accounts Payable

| Thousands of Saudi riyals | 2020G | 2021G | 2022G |
|----------------------------|--------|--------|--------|
| Less than 3 months | 12,057 | 8,217 | 16,955 |
| From 3 months to 12 months | 11,275 | 7,684 | 4,255 |
| More than a year | 16,225 | 11,058 | 8,686 |
| Total | 39,557 | 26,959 | 29,896 |

Source: The Company

According to the above table, payables whose age exceeded 90 days accounted for 43.3% of the total payables with a total value of SAR 12.9 million as of 31 December 2022, although the terms of credit with suppliers ranged between 30-60 days. The main reason behind the Company's high payables for their useful life is the liquidity crisis faced by the Company, as the Company benefits from the process of delaying the payment of its suppliers in the necessary time for the purpose of financing the working capital. It shall be noted that the balance of payables due for more than two years amounted to (SAR 5.3 million). If the Company continues on the current approach, this may affect its relationship with its suppliers and cause an interruption in the supply of raw materials, which in turn will contribute to reducing the Company's production rates and will negatively and materially affect the Company's business and its subsidiaries, the results of its operations and future expectations.



2-1-9 Risks related to the Availability and Price Change of Major Raw Materials

The products of Naseej International Trading Company, whether carpets, rugs or industrial yarns, are based on raw materials made of plastics, whether in the form of granules or in the form of fibers. The derivatives of petrochemical products are the most important raw materials for the Company's business and represent an important element of the costs and expenses borne by the Company. The price of petrochemical products is characterized by the volatile cyclical nature, and the following table shows the change in the prices of raw materials during the financial years ended as of 31 December 2020, 2021 and 2022:

Table No. (4): the prices of raw materials during the financial years ended as of 31 December 2020, 2021 and 2022

| Raw Material | Prices of raw materials SR/ Unit | | |
|------------------------------------|----------------------------------|-------|-------|
| | 2020G | 2021G | 2022G |
| Polypropylene granules | 3.65 | 5.50 | 5.03 |
| Natural Rubber Squeezers | 3.50 | 4.02 | 4.93 |
| Jute Fibre Yarn | 5.26 | 7.66 | 6.94 |
| Nonwoven Polyester Secondary Floor | 1.02 | 1.04 | 0.97 |
| Woven Polypropylene Primary Floor | 0.76 | 1.02 | 1 |

Source: The Company

Whereas the Company is primarily dependent on the availability of those materials, its operations may be directly and adversely affected in the event of any delay in those supplies or any change in the terms of their provision to the disadvantage of the Company or their interruption. The change in the prices of the main raw materials used in the Company's production will affect the results of the Company's operations. The Company's profitability may be negatively affected in the event of a rise in the prices of raw materials if the Company does not succeed in raising the selling prices of its products or covering the deficit by reducing other operational costs, which will have a negative impact on the Company's business, its subsidiaries, its financial position and its future prospects.

2-1-10 Risks related to relying on Major Suppliers

The continuity of the Company depends on the extent to which it is able to provide raw materials at reasonable prices. The Company deals with local and international suppliers to provide its raw materials and the mechanism of dealing with suppliers is on the basis of contracts or by issuing direct purchase orders. Naseej International Trading Company purchases of raw materials from the five largest suppliers represent (23%), (42%) and (48%) of the total purchases for the financial years ended as of 31 December 2020, 2021 and 2022, respectively. Due to the Company's dealings on direct purchase agreements, it may be exposed to risks related to the possibility of interruption of raw materials and fluctuation in their prices, whether for a short or long period of time. In addition to the risks of expiration of the agreements without renewal, it may be difficult for the Company to ensure the continuation of supply and not to affect the work in the absence of contracts or agreements with these suppliers, and the occurrence of any defect, malfunction or sudden interruption in the work of suppliers, stopping the relationship with one of the suppliers or changing one of the conditions or obligations, This will negatively and fundamentally affect the production rates of the Company and its subsidiaries, its business, the results of its operations and financial performance.

Table No. (5): Top Five Suppliers during the previous three years

| Top Five Suppliers | Supplier | Raw Material | Raw Material Price | Total Amount SAR |
|--------------------|------------|-------------------------------------|--------------------|------------------|
| 2020G | Supplier 1 | Polypropylene granules | 3.61 | 17,848,314 |
| | Supplier 2 | Polypropylene woven floor | 0.78 | 9,750,894 |
| | Supplier 3 | Natural wool yarn | 27 | 8,046,618 |
| | Supplier 4 | Polyester non-woven secondary floor | 1.22 | 7,533,410 |
| | Supplier 5 | Nylon yarn | 14.46 | 6,264,220 |
| 2021G | Supplier 1 | Polypropylene granules | 5.65 | 26,820,968 |
| | Supplier 6 | Polypropylene granules | 5.55 | 13,686,880 |
| | Supplier 7 | Polypropylene granules | 5.16 | 12,586,613 |
| | Supplier 2 | Polypropylene woven flooring | 1.04 | 11,375,916 |
| | Supplier 8 | Natural Rubber Juicers | 4 | 7,291,956 |
| 2022G | Supplier 6 | Polypropylene granules | 5.18 | 28,613,079 |
| | Supplier 2 | Polypropylene woven flooring | 1.09 | 15,237,725 |
| | Supplier 9 | Jute Fiber Yarn | 7.15 | 9,792,038 |
| | Supplier 7 | Polypropylene granules | 5.05 | 9,563,756 |
| | Resource 8 | Natural Rubber Squeezers | 4.93 | 9,447,035 |

Source: The Company



2-1-11 Risks of Inflation and Slow Inventory Movement

The Company shall maintain adequate stock levels in such a manner as to ensure continuity of production and obtain the correct Inventory type and quantity. The net inventory amounted to SAR 150.3 million, SAR 104.4 million and SAR 108.4 million as of 31 December 2020, 2021 and 2022, respectively. In addition, the provision for slow-moving and obsolete inventory amounted to SAR 18.9 million, SAR 69.9 million, and SAR 49.7 million as of 31 December 2020, 2021, and 2022, respectively. (For more details, please see the (5-7-5) "Inventory" section of Section 5 "Financial Information and Management Discussion and Analysis"). Inventory turnover reached (338) days, (229) days and (168) days as of 31 December 2020, 2021 and 2022, respectively. The inflation and slow turnover of inventory in the historical period forced the Company to sell part of its products at discounts and prices less than its cost, which negatively affected the target profit margins and resulted in losses of SAR 5.7 million, SAR 2.2 million and SAR 236,000 as of 31 December 2020, 2021 and 2022, respectively. If the Company is unable to maintain optimal inventory levels and periodically monitor inventory, this will lead to a significant decrease or surplus in inventory levels, which may cause the Company to suffer losses related to its inability to meet the requirements of clients, in the first case, or from disbursing inventory at less than the cost price, in the second case, which may affect the Company's operations and its commercial subsidiaries in a negative and substantial manner, its financial position and the results of its operations.

2-1-12 Risks related to Physical inventory count.

The Company inventories its inventory at least once a year, and there is a significant difference in the Company's actual inventory compared to the inventory management system. As a result, the Company has proven a deficit of 915 thousand, constituting 0.578% of the value of the inventory, as of 31 December 2022, including, a deficit of SAR 389,000 pertains to 2022 and a deficit of SAR 526,000 pertains to 2020, as scrap and maintenance expenses on the cost of finished goods were incorrectly capitalized in 2020 and the Company did not discover and correct them until 2022.

At the end of 2021, the Company's inventory deficit amounted to 200,000 Saudi riyals. Accordingly, the Company proved the value of the deficit in the Company's results for 2021. At the end of 2020, the surplus of inventory amounted to 1,270,000 Saudi riyals, and therefore the Company has proven the increase in the Company's results of 2020. Therefore, the Company faces a significant risk of overstatement of inventory during previous years which would adversely affect the net income of the Company and its subsidiaries and the results of its operations and future prospects.

2-1-13 Risks related to Operational Business Continuity

The success of the Company depends largely on the business of its factories and the continuity of its production. Any malfunction in the machines, shortage of raw materials, sudden power outages, bad weather, or the occurrence of natural disasters such as fires and others will result in a halt in the Company's production process, which in turn will limit the amount of finished products directed to the Company's warehouses, exhibitions and clients, and will cause a decrease in sales, which in turn will negatively and materially affect the Company's business, its subsidiaries, the results of its operations, its financial position, profitability and future expectations.

2-1-14 Risks related to Expansion and Growth Strategy

The Company's future performance depends on its ability to implement its growth plans and strategies, which include working with production and commercial units in the manner of Strategic Business Units (SBU) by dividing the production and commercial departments into three strategic units: (a) a strategic unit for the thread factory, (b) a strategic unit that includes a moquette factory and a carpet factory, (c) a strategic unit that includes wholesale sales, retail sales, and project sales, with a leader appointed for each unit who is responsible for preparing the necessary plans to develop the strategic unit. Additionally, there is no guarantee that the Company's employees or its current systems will be sufficient to support future growth and expansion, or that the Company will be able to obtain the necessary approvals for any future growth plans in a timely manner or at all. In addition, the Company's expansion plans are subject to specific timelines and may require additional funding to cover additional costs. Failure to adhere to these timelines or obtain additional funding may result in the failure to achieve the desired economic results of the growth and expansion plans. The Company's failure to implement its business plans and growth strategies will have a negative and material impact on the Company's business, subsidiaries, financial position, results of its operations and future prospects.

2-1-15 Risks related to the Trademark and Website

As of the date of this prospectus, the branch of the Company "Jeddah Industrial Yarn Factory" has five (5) trademarks that were registered with the Ministry of Commerce – Trademarks Department, before the authority to register trademarks was transferred to the Saudi Authority for Intellectual Property. The Company also submitted an application to register a trademark with the Saudi Authority for Intellectual Property at the end of 2020, but as of the date of this prospectus, it has not obtained a final registration certificate (for more information, see paragraph (9-9) "Trademarks and Intellectual Property Rights" of Section (9) "Legal Information" of this prospectus). The Company is not obligated to register its website (www.al-sorayai.com) with the Communications, Space and Technology Commission and therefore does not have secured its protection and prevented its violation and use by third parties.

The success of the Company in promoting its products and expanding its operations hinges on the effective utilization of its brand names. These brands bolster its products and competitive standing while establishing a clear distinction in the market among customers. It's important to recognize that failing to secure a trademark registration through a final certificate won't provide the required legal safeguards. Moreover, any unauthorized use of the Company's trademarks by third parties can potentially harm the Company's reputation, prompting the filing of legal actions in the appropriate courts to safeguard these rights.

The use and violation of the Company's website by third parties will result in the inability of the Company to use it, which may force it to create another website as a means of supporting its brands and attracting clients, as well as being a channel of communication with them and a tool for disseminating information related to the Company.

There are no violations or judicial settlements regarding the use of any trademark of the Company or its website as of the date of this prospectus. In the event of any prosecution or settlement of any claims in the future, it may take a long time to settle them, may cause high costs to the Company, and require significant effort from management in following them up. The inability of the Company to prevent the violation of its rights in this regard will adversely affect its trademarks and will make the exercise of its work more expensive and thus will adversely affect its operational results.

2-1-16 Risks related to Non-extraction or Non-renewal of Licenses, Permits and Certificates

The Company and its subsidiaries shall obtain and maintain various statutory licenses, permits and certificates in relation to its activities. These licenses, permits and certificates include, but are not limited to: certificates of registration in the Commercial Register, certificates of membership with the Chambers of Commerce and Industry, Zakat certificate and VAT registration, certificates of subscription with the General Organization for Social Insurance, certificates issued by the Ministry of Human Resources and Social Development such as Saudization certificates, compliance with the Wages Protection System and Nitaqat System, safety certificates and municipal licenses, as well as operating licenses, industrial licenses, licenses and environmental permits for operation (for more information, please refer to paragraph (9-4) "Licenses, certificates and basic approvals" of Section (9) "Legal information" of this prospectus).

The Company and its Subsidiaries, as the "Licensee", shall comply with the terms and conditions of each license, permit or certificate obtained by it. In the event that any of these companies is unable to do so, they may not be able to renew these licenses, permits and certificates or obtain other new licenses, which they may need from time to time for the purposes of expanding their activities, which may result in the suspension or default of the Company's business or the imposition of financial fines on it by government agencies, which will negatively and materially affect the Company's business, financial position, results of its operations and future prospects.



As of the date of this prospectus, the Company has a number of licenses and permits that are not issued or are no longer valid, as follows:

- Municipal licenses have not been issued or renewed for the two subsidiaries of Al Sorayai Company for Operation and Maintenance Limited and the Home Styles Company, in addition to the two branches of the Company in (1) the city of Dammam, which is registered in the Commercial Register under Certificate No. (2050013058), (2) the city of Taif, which is registered in the Commercial Register under Certificate No. (4032000509). Therefore, the Group is not committed to the requirements of the Ministry of Municipal and Rural Affairs and Housing in terms of renewing and issuing municipal licenses for the branches through which it carries out its commercial activity, which is considered a violation. The Company and its subsidiaries may be exposed to the penalties stipulated in the Sanctions Regulations for Municipal Violations (issued on 05/02/1442H corresponding to 22/09/2020G), which may reach five hundred thousand (500,000) Saudi riyals, in addition to the closure of the Company's branches and subsidiaries, which will negatively affect its operations, results of operations and financial position.
- The non-compliance of the two subsidiaries of Al Sorayai Company for Operation and Maintenance Limited and the Home Styles Company, in addition to the two branches of the Company in (1) the city of Dammam registered in the Commercial Register under Certificate No. (2050013058) and (2) the city of Taif registered in the Commercial Register under Certificate No. (4032000509) and (3) the city of Abha registered in the Commercial Register under Certificate No. (5850021602), with the Civil Defense Law issued by Royal Decree No. (M/10) dated 10-5-1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G) and amended by Royal Decree No. (M/63) dated 13/09/1436H (corresponding to 02/04/2015G) in terms of obtaining safety licenses in compliance with the requirements of security and safety, the Group will be subject to the penalties and fines stipulated in Article (30) thereof, which provides for imposing a penalty for violating any of the provisions of this Law or its regulations or decisions issued pursuant thereto with imprisonment for a period not exceeding six months, or a fine not exceeding thirty thousand (30,000) Saudi riyals or both. The failure of the Company and its subsidiaries to obtain civil defense licenses will also result in the Company being unable to obtain new municipal licenses or renew existing licenses. In the event that it is unable to obtain safety licenses from the civil defense, this may lead to the closure of the branch headquarters until the legal procedures for obtaining civil defense licenses are completed.

Accordingly, the inability of the Company and its subsidiaries to renew their current licenses, permits and certificates or to obtain any of the necessary licenses for its business, or if any of its licenses are suspended or expired, or if any of those licenses are renewed on conditions that are not suitable for them, or in the event that the Company is unable to obtain additional licenses, permits and certificates that may be required from it in the future, this exposes the violating company to stopping and preventing it from carrying out its business and imposing fines thereon, which will result in the disruption of the Company's operations and incurring additional costs. The foregoing will have a materially adverse effect on the Company's and its Subsidiaries' business, financial position, results of its operations and future prospects.

2-1-17 Risks related to Accumulated Losses

In previous years, the Company suffered from several increases in its accumulated losses as a result of several reasons, the most important of which are the decrease in total sales and the increase in the prices of raw materials, as follows:

- On 31 December 2020, the accumulated losses amounted to (6.199) million Saudi riyals, representing (10%) of its then-capital of (61.632) million Saudi riyals.
- On 31 December 2021, the accumulated losses amounted to (102.659) million Saudi riyals, representing (48.51%) of its then-capital of (211.632) million Saudi riyals.
- On 31 December 2022, the accumulated losses amounted to (3.584) million Saudi riyals, representing (3.29%) of its then-capital of (108.973) million Saudi riyals.

Such losses led the Company to take many decisions, most notably the appointment of a new board of directors, the appointment of a new executive management and many changes that included the development of sales plans and policy and a focus on reducing the Company's operating costs. The Company has also restructured its capital several times to reduce its accumulated losses as shown below:

- On 05/05/1442H (corresponding to 20/12/2020G), the Company reduced its capital from (178,160,000) Saudi riyals to (61,632,010) Saudi riyals, thus reducing the number of shares of the Company from (17,816,000) ordinary shares to (6,163,201) ordinary shares by canceling (11,652,799) ordinary shares, with a reduction in the capital of approximately (65.4%), and a reduction rate of (1) shares for each (1.529) shares.
- On 19/12/1443H (corresponding to 18/07/2022G), the Company reduced its capital from (211,632,010) Saudi riyals to (108,973,010) Saudi riyals, thus reducing the number of shares of the Company from (21,163,201) shares to (10,897,301) shares by canceling (10,265,900) shares, and a reduction in the capital of (48.51%), and a reduction rate of (1) shares for each (2.06) shares.

Subject to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), and in particular Article (132) of the Companies Law, if the losses of the joint stock company amount to (half) of the issued capital, the Board of Directors shall disclose this and its recommendations on those losses within (sixty) days from the date of its knowledge of reaching this amount, and invite the Extraordinary General Assembly to meet within (one hundred and eighty) days from the date of knowledge of this to consider the continuation of the Company with taking any of the necessary measures to address or resolve these losses.

Accumulated losses affect the financial and operational status of the Company and its subsidiaries, as the high accumulated losses lead to a decrease in the value of owners' rights, and thus the high ratio of indebtedness to total assets, which will lead to a decrease in the financial efficiency of the Company, which will negatively affect the Company's ability to attract appropriate funding, if necessary.

2-1-18 Risks of Funding Sources

The Company may need to obtain financing and bank facilities to finance future expansion plans. It is worth mentioning that obtaining financing depends on the Company's capital, financial position, cash flows, guarantees provided by it, and its credit record. The Company and its subsidiaries may not be able to obtain appropriate financing if the need arises, so the inability of the Company to obtain the financing it needs from financiers, or financing on acceptable preferential terms commensurate with the Company, will have a negative impact on the Company's performance, operations and future plans. As of 31 December 2022, Naseej has outstanding loans from several commercial banks valued at 210 million riyals for the purpose of financing working capital. The following table shows the credit facilities and loans obtained by the Company.

Table No. (6): Funding Sources

| Funding Entity | Facility Provision End Date | Credit Limit (SAR) | Short-term Loans | Long-term Loans | Amounts Paid* (SAR) | Remaining Amounts *(SAR) |
|---------------------|-----------------------------|--------------------|------------------|-----------------|---------------------|--------------------------|
| Loan agreements | | | | | | |
| Saudi National Bank | 30/09/2023G | 27,388,134 | 12,000,000 | 15,388,134 | 2,111,102 | 25,934,068 |
| Riyad Bank | 31/12/2030G | 115,603,500 | 5,000,000 | 110,603,500 | 8,470,545 | 106,703,091 |
| SABB Bank | 31/07/2023G | 12,555,296 | - | 12,555,296 | 3,340,000 | 9,215,296 |



| | | | | | | |
|--|-------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Industrial Development Fund | 14/07/2026G | 28,357,000 | - | 28,357,000 | 1,750,000 | 20,907,000 |
| Al Rajhi Banking & Investment Company | 31/10/2023G | 27,000,000 | - | 27,000,000 | 26,000,000 | 27,000,000 |
| Credit facility agreement IN the form OF AN interest free loan | | | | | | |
| Ministry of Finance | 01/06/2022G | 34,442,418 | 15,000,000 | 19,442,418 | 2,206,814 | 20,235,604 |
| Total | | 250,646,848 | 32,000,000 | 213,346,348 | 41,671,647 | 209,995,059 |

*As of 31 December 2022

Source: The Company

The financing agreements include restrictions, obligations and undertakings on the Company, described as follows:

- The financing agreement signed with SABB stipulated that the ratio of indebtedness to equity does not exceed 1.6, as it amounted to 0.9, 1.7 and 1.8, as of 31 December 2020, 31 December 2021 and 31 December 2022, respectively. In view of the Company's commitment to the terms of the agreement, which stipulates that any breach of the terms will result in an increase in the commission rate of future facilities, the bank has the right to cancel the facilities and demand the Company to pay the full amount due for the facilities, and until 2022, no claims related to the cancellation of the agreement or an increase in the commission rate have been implemented by the Bank. However, in the future, the Company may not be able to obtain credit facilities from the Bank.
- The financing agreement signed with the Industrial Fund stipulated that the total liabilities/tangible net value shall not be greater than 3:1, and it is found here that the Company has violated it during previous years, as it reached 8.4 and 3.2 as of 31 December 2020 and 31 December 2021, respectively. The breach of the terms of the loan leads to its being considered due for performance from the Company, and may also affect the Company's ability to obtain loans from the Industrial Development Fund in the future.

For more information on the requirements of banks, please see subparagraph (9-6-9) "Loans and facilities" of paragraph (9-6) "Summary of Material Contracts" of Section (9) "Legal Information" of this prospectus). The requirements may also limit the Company's ability to carry out certain types of procedures, such as restrictions on the distribution of profits under the loan contract concluded with the Industrial Development Fund, the banking facilities agreement concluded with Al-Rajhi Bank and the credit facilities agreement with the Saudi National Bank, in addition to the Company's commitment to obtain the prior written approval of Al-Rajhi Bank in the event of the issuance of shares and notify Riyadh Bank of this. The Company is also required under these agreements to provide guarantees and if the Company is unable to meet its payment obligations under the above-mentioned loans or in the future breaches any of the obligations or undertakings of the debts resulting therefrom, the above financing authorities may request the payment of the debt immediately and the collection of guarantees provided by the Company. In this case, there is no guarantee that the Company will be able to obtain adequate alternative sources of financing to meet the payment of such debts, and any of these factors will have a material negative impact on the business and, financial position of the Company and its subsidiaries.

2-1-19 Risks of Related Parties Transactions

The Company has transactions with related parties represented in the supply of raw materials to its factories and leasing contracts related to the Company's exhibitions, warehouses and offices. The balance due to related parties amounted to SAR 21.4 million, SAR 4.4 million and SAR 6.3 million, representing 10.4%, 3.0% and 4.8% of the total current liabilities, as of 31 December 2020, 31 December 2021 and 31 December 2022, respectively. For more information, please see sub-paragraph (9-6-3) "Transactions with Related Parties" of Section (9) "Legal Information" of this Prospectus).

All transactions with related parties shall be subject to the approval of the General Assembly of the Company. The Company has obtained the approval of the General Assembly for all the transactions mentioned above as follows:

- On 13/10/1444H (corresponding to 03/05/2023G), the transactions that took place with related parties for the year 2022G were approved.
- On 10/10/1443H (corresponding to 11/05/2022G), the transactions that took place with related parties for the year 2021G were approved.
- On 24/09/1442H (corresponding to 06/05/2021G), the Ordinary General Assembly approved the transactions that took place during the year 2020G.

It shall be noted that the failure to present and approve transactions with related parties by the general assembly of the Company's shareholders constitutes a violation of Article (27) of the Companies Law, and therefore the Company has the right to claim before the competent judicial authority to invalidate the related works and contracts and obligate its director or the concerned board member to pay any profit or benefit achieved therefrom. Additionally, if transactions with related parties in the future are not carried out on a purely commercial basis, this will negatively and materially affect the Company's business, its subsidiaries, its financial position, the results of its operations and its future expectations.

2-1-20 Risks related to Litigation and Legal Claims

As of the date of this prospectus, the Company is a party to (296) lawsuits in its capacity as a plaintiff and their total value is (47,093,796) Saudi riyals. The Company is a defendant to (3) labor lawsuits filed by former employees of the Company. Noting that a judgment was issued in one of them on 01/08/1444H (corresponding to 21/02/2023G) by the 16th Commercial Circuit to oblige the Company (the defendant) to pay an amount of (40,000) Saudi riyals in favor of the plaintiff, after the plaintiff was demanding the Company to pay an amount of (127,500) Saudi riyals. A case was also settled and a judgment was issued against the Company to pay an amount of 16,749 Saudi riyals according to a reconciliation report, noting that the plaintiff worker in this case has submitted an acknowledgment of the Company's payment of all his final dues and end of service (for more details, as well as to see paragraph (9-11) "Judicial Disputes" of Section (9) "Legal Information" of this prospectus). The Company has not allocated funds for claims arising from the lawsuits filed, which may lead in the event of judgments against the Company and obliging it to pay large sums of money to the inability to meet them.

The Company, or any of its subsidiaries, may also become a party to other lawsuits and lawsuits, whether as plaintiff or defendant. Any negative result with regard to litigation and regulatory proceedings would adversely affect the Group's business, financial position, results of its operations and future prospects. The Group cannot accurately predict the cost of lawsuits or judicial proceedings instituted or those that may be instituted or instituted against it in the future, the final results of such lawsuits or judgments issued in them, and the compensation and sanctions they contain. Such lawsuits may include, but are not limited to, zakat and tax matters, the labor law, errors, complaints and other damages that result from negligence or fraud by persons or institutions in a manner that is beyond the control of the Group. Therefore, any negative results of such issues will adversely affect the Group's business, results of its operations, financial position and future prospects.



2-1-21 Risks related to Zakat Status

The Company submitted its Zakat declaration for the financial year ending on 31 December 2020, and obtained a certificate from the Zakat, Tax and Customs Authority No. (1110798522) dated 27/10/1442H (corresponding to 08/06/2021G). It expired on 29/09/1443H (corresponding to 30/04/2022G). The Company also submitted the unified Zakat declaration for 2021G with the Authority and paid the Zakat due under the declaration submitted and was unable to obtain a valid Zakat certificate due to the existence of existing Zakat disputes related to previous years, as it had received a claim of (11) million Saudi riyals and an amount of (7.2) million Saudi riyals for 2017 and 2018, respectively. The reason for this is that the purchases of imports that were recorded in the other income were not allowed, and the revaluation was carried out accordingly. The Company objected to this linkage through the General Secretariat of Tax Committees, and as of the date of this prospectus, the decision has not been issued. The Company has also received a claim in the amount of (8.1) million Saudi riyals for the years 2019 and 2020. The Company has submitted its objection to the separation committee and there are no developments until the date of the prospectus. Note that for not obtaining a valid Zakat certificate, the Company is not able to pay its dues, renew its licenses, and may be held accountable by the Zakat, Tax and Customs Authority and the suspension of the services of the Labor Office and the Ministry of Commerce. These risks may adversely affect the Company's business, especially since the Zakat certificate is one of the basic requirements when applying for projects.

It shall be noted that the Company has ended its Zakat status with the Zakat, Tax and Customs Authority for all years until 31 December 2016, and has formed a zakat provision of (6.8) million Saudi riyals as of 31 December 2022. The Company faces risks related to the rejection of its objections and its demand to pay the additional obligation of 26.3 million Saudi riyals

Accordingly, the Company and its subsidiaries cannot predict whether the Zakat, Tax and Customs Authority will accept its zakat estimates or require it to pay any zakat differences in the future, or predict the results of objections submitted before the General Secretariat of Zakat and Tax Committees and whether it will accept or reject them. If the Zakat, Tax and Customs Authority (ZATCA) requires the Company to pay such differences, this will negatively and materially affect the Group's profits, results of its operations, financial position and future prospects.

2-1-22 Risks related to Developments in International Accounting Standards or the Application of New International Reporting Standards (IFRS) in the Future

The audited consolidated financial statements of the Company for the financial years ended 31 December 2020, 2021 and 2022 and the accompanying notes have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances adopted by the Saudi Organization for Auditors and Accountants (SOCPA).

The Company shall apply amendments or changes to the standards adopted from time to time. Therefore, any changes in these standards or the mandatory application of some new standards can negatively affect the financial statements and thus the financial results of the Company, its subsidiaries and its financial position.

2-1-23 Risks related to Fixed Assets

The Company's activity depends mainly on its ability to operate its factories optimally. The Company faces risks related to the cessation of work of its factories, as the combined depreciation percentage of the total book value of machinery and equipment reached (77.37%), (77.33%) and (78.57%) as of 31 December 2020, 2021 and 2022, respectively. Industrial facilities are subject to significant operational risks resulting from several factors, including malfunctions of production lines or major equipment resulting from misuse or unexpected accidents such as power supply cuts or fire. It shall be noted that all of the Company's assets are considered almost completely depreciated except for machinery and buildings, where the depreciation rate of property, machinery and equipment is 80.7% as of 31 December 2022. It shall be noted that the Company relies heavily on its machinery and equipment, which are more than 20 years old and are still used. The Company has not injected any capital expenses on its assets during the previous years, and has used its stock of spare parts as part of periodic maintenance operations. The Company plans to allocate part of the proceeds of the offering to purchase machinery and equipment and for more information (please refer to Section (6) "Use of the proceeds of the offering"). However, there is no guarantee that the Extraordinary General Assembly will approve this capital increase request. In the event that the request is rejected, the Company will face risks associated with the possibility that its factories will stop working, which in turn will negatively and materially affect the Company's business, its subsidiaries, the results of its operations and its future prospects.

2-1-24 Risks related to Leases

The Company has concluded a number of leases in its capacity as the lessee, among these contracts is what is concluded with the Saudi Authority for Industrial Cities and Technology Areas and others concluded with private parties (for more details, please see subsection No. (9-6-4) "Leases" from subsection No. (9-6) "Summary of Substantive Contracts" "From Section No. (9)" Legal Information ").

Nasej International Trading Group did not commit to registering one (1) lease contract in the electronic network "Ejar", knowing that the Council of Ministers No. (292) was issued, which includes not considering the lease contract that is not registered in the electronic network as a valid contract that produces its administrative and judicial effects. Whereas, the electronic network of rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H (corresponding to 03/02/2018G), and the circular of the Ministry of Justice was issued approving the application of this to all contracts concluded after 05/05/1440H (corresponding to 11/01/2019G). Noting that the electronic lease contract is considered an executive document and both parties can request its implementation directly, even by force, through the enforcement courts, without the need to file a lawsuit in the event that either party breaches its fundamental obligations arising from the contract. Therefore, if any dispute arises between the company and any of the lessors regarding the lease contract that is not registered electronically, it may not be considered by the Saudi courts, and thus the company, as a plaintiff, may not be able to protect its rights. In the event that any of the lessors breach their contractual obligations, this will negatively and fundamentally effect on the Company's business, its subsidiaries, and its future aspirations.

2-1-25 Risks related to the Company's Reliance on Senior Management and Key Employees

The success of the Company and its operational business depends on the experience and capabilities of its administrative and technical cadres of senior executives and qualified employees in addition to its ability to attract, recruit, develop, motivate and maintain qualified employees in the future. The Company relies on a number of key employees in its executive management team who have valuable experience in the industrial sector and have contributed significantly to the development and improvement of the Company's operations. The Company does not guarantee its ability to retain its qualified employees, continue to develop their skills, or attract new qualified employees. Therefore, the Company's loss of any senior executives and other key employees and its inability to employ an alternative of the same level, experience, and skill at an appropriate cost to the Company will have a negative impact on the Company's business, its subsidiaries, its financial position, the results of its operations, and its future prospects.

2-1-26 Risks related to High Staff Turnover

During the historical period, the turnover rate of employees in the Company's manufacturing department fluctuated from 1.2% during the first quarter of 2021 to 8.6% during the third quarter of 2022, due to the exit of 19 employees and 31 employees in the second and third quarters of 2022, respectively, which made the turnover rate of employees worse, and the Company could not compensate for their places, and thus the Company is unable to maintain a stable base of the necessary labor. Whereas the Company's operations rely heavily on its factories, which need manpower to operate the machines, the Company faces risks related to its inability to perform its operational operations efficiently, which will negatively and fundamentally affect the Company's business, subsidiaries, results of its operations, financial position, and future prospects.



2-1-27 Risks of relying on Non-Saudi Employees

The percentage of non-Saudi employees constitutes about (71.68) % of the total employees in the Company as of 31 December 2022, and in the event that the Company is unable to maintain its non-Saudi cadres or find replacements for them with the same required skills and experience or in the event of a change in the policies and regulations of the Ministry of Human Resources and Social Development resulting in an increase in the Saudization rate of the sector. This may negatively affect the results of the Company's business, financial position and operational results. In addition, the Company's dependence on a high percentage of non-Saudi employees leads to a rise in government fees borne by the Company for each non-Saudi employee. In 2016, the Government of the Kingdom of Saudi Arabia approved a number of decisions aimed at carrying out comprehensive reforms to the labor market in the Kingdom of Saudi Arabia, including the decision to impose additional fees for each non-Saudi employee working for a Saudi entity as of 01/01/2018 at a rate of four hundred (400) Saudi riyals per month for each non-Saudi employee for 2018, increasing to (600) Saudi riyals per month for 2019, and then to eight hundred (800) Saudi riyals per month for 2020. In view of this, any decision to increase fees for non-Saudi employees in the future will lead to an increase in the costs of the Company in general, which will negatively affect the Company, its subsidiaries, its business, its financial performance and the results of its operations.

2-1-28 Risks related to Inadequate Insurance Coverage

The Group has a number of insurance contracts, including health insurance for the employees of the Company and its subsidiaries and their families, in addition to insurance against all risks, insurance of boilers and pressure stations, insurance of trust guarantee, money insurance, public liability insurance, and vehicle insurance (for more information, as well as see paragraph (9-10) "Insurance" of Section (9) "Legal Information" of this Prospectus). As of the date of this prospectus, the insurance policy of the trust guarantee has expired. The Group also has (57) vehicles that have not been insured and one vehicle whose insurance has expired, which may lead to the unavailability of insurance coverage for an accident. The Company may also lose the capital invested in any of the accidents, which may adversely affect its financial results and profits. These contracts also include deductibles and factors excluded from insurance coverage, in addition to other restrictions related to insurance coverage that are negotiated with insurance companies. The possibility of the Company receiving the compensation due to it by the relevant insurance company depends on its solvency and its ability to meet the value of this compensation. Therefore, the insurance may not cover all the losses incurred by the Company and no guarantee is given that the Company will not incur losses that exceed the limits of the insurance policies or outside the scope of coverage contained in these policies. Cases may arise in which the value of the claim exceeds the value of the insurance maintained by the Company, or the claim for compensation submitted by the Company to the relevant insurance company may be rejected or the claim and compensation period may be extended, which will adversely affect the Group's business, results of its operations and financial position.

2-1-29 Risks related to Employee Errors or Misconduct

The Company is committed to preparing a business regulation according to the form prepared by the Ministry of Human Resources and Social Development. The Company may include the regulation with additional terms and conditions, in a manner that does not conflict with the provisions of the labor law and its regulations and administrative decisions. The Company shall announce the work regulation and any amendment thereto in an apparent place in the facility or any other means that ensures that its subjects are aware of its provisions. It shall be noted that the Company has a regulation to regulate work approved by a legal office and is in the process of being approved by the Ministry of Human Resources and Social Development. However, the Company cannot guarantee the avoidance of employees' misconduct or mistakes such as fraud, intentional or unintentional mistakes, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf without obtaining the required administrative authorizations. Consequently, such actions may entail consequences and responsibilities borne by the Company, legal penalties, or financial responsibility, would adversely and materially affect the financial position of the Company and its subsidiaries and the results of its operations.

2-1-30 Risks of Not Exploiting the Production Capacity of Factories

The Company may not be able to provide the financial resources necessary to exploit the production capacity that enables it to produce new products that contribute to improving the profit margin. Although the Company seeks to obtain financial resources through the process of offering rights shares for the purpose of financing these projects, and although access to resources will reduce the likelihood or impact of the risk, the risk remains according to changing tastes and demand in the markets. The lack of necessary financial resources will adversely affect the performance of the Company and its subsidiaries in their financial position and the results of their operations. For more information, please see paragraph (3-4) "Company Activity" of Section (3) "Background on the Company and the Nature of its Business" of this Prospectus).

2-1-31 Risks of Future Energy Price Increases

The Company's sales and profitability depend directly on two main elements, namely the prices of energy products and the prices of raw materials, and it is difficult for the Company to predict them, especially with recent government decisions that included a rise in the prices of energy products with no clear vision that they can be increased in the future. Fuel and energy expenses accounted for 5.9%, 6.3% and 5.1% of the total cost as of 31 December 2020, 31 December 2021 and 31 December 2022, respectively. In addition to the fluctuation in the prices of raw materials, which are associated with the fluctuation of oil prices globally. For more details, please see the risk No. (2-1-9) "Risks related to the availability of main raw materials and their price change" from sub-paragraph 2-1 of Section 2 "Risk Factors"). The Company's performance depends on its ability to include these changes in costs within the selling prices of products. Failure to do so will adversely affect the results and operations of the Company and its subsidiaries.

2-1-32 Risks related to Operating Systems and Information Technology

The Company relies mainly on information technology systems to manage its assets and control its activities and financial records. The Company may be exposed to the risks of disruption of these systems, such as the interruption, failure of protection systems, hacking of the Company's systems or electronic viruses, fires, communication errors, lack of skilled labor necessary to operate and manage these systems, leakage of confidential data and information of the Company, its customers or its employees, or the low degree of security of those data and information. The Company continues to update its accounting systems and resource management system periodically, and it is likely that there will be a loss of some data or a breach in some technical operations. Therefore, if the Company fails to protect operating systems and information technology, this will negatively and materially affect the Company's business, its subsidiaries, and its financial and operational results.

2-1-33 Risks related to the COVID-19 Pandemic

The coronavirus pandemic has led to economic and financial fluctuations at the international level and led to governments taking unusual measures to limit its spread, which include travel bans, border and business closures, curfews, and all necessary measures to stabilize the market and promote the growth of the economy. Outbreaks of other types or infectious diseases, in the Kingdom, the Middle East and North Africa, or globally, may have a negative and fundamental impact on the economy and work environment of the relevant country and may have wider effects. It can also have a substantial impact on the supply chain and delivery infrastructure, including access to ports and major export points, such as what happened during the coronavirus pandemic in relation to the closure of major ports used by the Company. In addition, these epidemics may affect suppliers and other counterparts of the Company and their ability to comply with their obligations to the Company. As a result, these outages may affect the business operations of the Company and its subsidiaries and thus adversely affect its business, operations, financial position, cash flows and future prospects.



2-1-34 Risks related to Disclosures

Naseej International Trading Company issues its financial statements in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and includes the consolidated financial statements of the parent company and its subsidiaries. The accuracy of financial reports helps decision-makers to make appropriate decisions for the Company, draw appropriate strategies, study investment opportunities and predict the advantages and disadvantages of these investments by tracking the financial performance of the Company. The Company can face a range of legal problems and damages to the Company's profitability in the event of preparing inaccurate financial reports. Accurate financial reporting provides continuous monitoring of funds in all aspects of the Company, and reduces errors so that they are not the cause of larger problems. The Company has some deficiencies related to the detailed reports related to the cost of goods sold in detail for each product separately, in addition to the detailed reports related to the distribution of labor costs and overheads on the goods sold. The inaccuracy and availability of detailed financial reports may affect the quality of decision-making based on this information, which may adversely affect the future business results of the Company and its subsidiaries.

2-1-35 Risks related to the Availability of utilities and the Change in their Prices

The Company has factories built on land leased from the Saudi Authority for Industrial Cities and Technology Zones ("Modon"). Accordingly, the Company benefits from the services of utilities provided by Modon such as water, electricity, sanitation and hygiene services, disposal of waste industrial materials, telecommunications services, etc., under the agreements signed with Modon. The Company pays the fees and costs of services according to the tariff specified by Modon in cooperation with the regulatory authorities related to these services, especially water, electricity and telecommunications, which may in the future amend and change the tariff of services and raise it according to the commercial cost basis of services. (Modon) may also raise the fees for issuing or renewing licenses, raise the prices of the rental value of the leased lands or factories, limit the facilities provided to industrial companies such as canceling customs exemptions, imposing customs duties at certain rates, reducing the percentage of financing provided by the Industrial Development Fund for industrial companies in cooperation with (Modon), and impose certain rates as interest on the loans granted, which may lead to increased costs for industrial companies, higher production costs, lower revenues in return, and reduce the profitability of the Company or even incur losses, which will have a material negative impact on the Company's business, the results of its operations, its financial position or its future expectations, and thus on the price of the Company's shares.

2-2 Risks related to the Market and Sector in which the Issuer Operates

2-2-1 Risks related to the Economic Performance of the Kingdom

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation, GDP growth, average per capita income, etc. The Kingdom's total and partial economy depends mainly on oil and oil industries, which still control a large share of GDP. Therefore, any unfavourable fluctuations in oil prices will have a direct and fundamental impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which will negatively affect the financial performance of the Company and its subsidiaries, given its work within the Kingdom's economic system and its impact on government spending rates.

The continued growth of the Kingdom's economy depends on several other factors, including the continued growth of the population and the investments of the government and private sectors in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and thus will have a negative and fundamental impact on the Company's business, subsidiaries, financial results and future prospects.

2-2-2 Risks related to Non-compliance with Current Regulations and Laws and/or the Issuance of New Regulations and Laws

The Company and its subsidiaries (within the Kingdom) are supervised by a number of government agencies in the Kingdom of Saudi Arabia, and therefore the Company and its subsidiaries are exposed to the risks of changes in laws, regulations, circulars and policies in the Kingdom. Compliance costs for these laws are high. In the event of changes to the current laws or regulations or the issuance of new laws or regulations, this will lead to the Company incurring additional unexpected financial expenses for purposes related to compliance with those regulations and meeting the requirements of these laws, or may be subject to penalties and fines imposed by the competent supervisory authorities in the event of non-compliance with these laws and regulations on a continuous basis, on its business, results of operations, financial position and future prospects.

2-2-3 Risks related to Political and Economic Instability in the Middle East

The head office of the Company and its factory in which it carries out its operational activities are located within the Kingdom of Saudi Arabia. The Company sells its products in several different countries and regions, including Africa, Asia and the Gulf countries. Any unexpected changes in the political, social or economic situation in the Kingdom and in the countries where the Company's products are sold may have a direct and negative impact on the Company's ability to produce economically and effectively, on its profitability, and on its costs, and may reduce profit margins and demand for the Company's products. These changes include, but are not limited to, changes in governments and administrations, changes in public policies, economic conditions, changes in laws and incentives (which include restricting and discouraging foreign products), and others. This makes the Company vulnerable to the risks of these and other countries in which the Company hopes to expand and any factors affecting the economy of these countries and the investments made in them will affect the Company's business and subsidiaries, its operations, financial position, cash flows and future prospects.

2-2-4 Risks related to the violation of the Labor Law

Article (13) of the Labor Law issued by Royal Decree No. (M/46) dated 05/06/1436H (corresponding to 25/03/2015G) obliges every employer to prepare regulations to regulate work in his establishments according to the form prepared by the Ministry of Human Resources and Social Development. As of the date of this prospectus, the Company and its subsidiaries have not prepared a regulation to regulate the work in accordance with the approved form, which exposes it to a fine of ten thousand (10,000) Saudi riyals in accordance with paragraph (24) of the table of violations and penalties issued by Ministerial Decision No. 92768 dated 05/05/1443H (corresponding to 09/12/2021G). It shall be noted that during the years 2020, 2021 and 2022, financial fines were imposed on the Company for violating some provisions of the Labor Law and the instructions of the Labor Office as follows:

Paragraph (1) of the table of violations and penalties: Failure of the employer to comply with the rules of occupational protection, safety and health (approved by the Ministry) and to take the necessary precautions to protect workers.

Paragraph (26) of the Violations and Penalties Table: The employer enables the worker to work in a profession different from the one recorded in the work permit or work contract.

Paragraph (35) of the table of violations and penalties: Failure to open a file for the establishment or one of its branches in the competent office or failure to update the sites and data of the establishment.

Paragraph (36) of the table of violations and penalties: Employing non-Saudi workers in professions or activities limited to Saudis.

Paragraph (37) of the table of violations and penalties: Non-compliance with the Saudization rates for professions and activities issued by ministerial decisions.

Paragraph (40) of the table of violations and penalties: The employer registers a Saudi worker among the workers of the establishment without having a labor relationship.



In addition to paragraph No. (63) of the table of violations and penalties issued by virtue of Ministerial Resolution No. (178743) previously applied.

The total value of financial fines for these violations amounted to one hundred and fifty thousand (150,000) Saudi riyals, of which seventy thousand (70,000) Saudi riyals were paid, while the unpaid value amounted to fifty thousand (50,000) Saudi riyals, while payment invoices of thirty (30,000) Saudi riyals were cancelled as of the date of this prospectus. The violation of the Company or any of its subsidiaries of the provisions of the Labor Law shall subject it to the penalties stipulated in Article (229) of the Labor Law, which stipulates that without prejudice to any more severe penalty stipulated in another law, whoever violates any of the provisions of the Labor Law, its regulations, or the decisions issued in its implementation, shall be punished by one or more of the following penalties: (1) A fine not exceeding one hundred thousand (100,000) Saudi riyals (2) Closing the establishment for a period not exceeding thirty (30) days – (3) Closing the establishment permanently, knowing that the penalty imposed on the violator may be doubled in the event of repeated violation. The fines are multiplied by the number of persons in whose regard the violation occurred, which will have a negative and fundamental impact on the group's business in general and on its financial position.

2-2-5 Risks related to the New Companies Law and the Amended Corporate Governance Regulations

On 29/11/1443H (corresponding to 28/06/2022G), the Council of Ministers approved the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), which aims to facilitate legal procedures and requirements to stimulate the business environment and support investment. It also aims to achieve a balance between stakeholders, provide an effective framework for corporate governance that is characterized by justice, and institutional work. It contributes to the sustainability of economic entities, including family companies, attracting domestic and foreign investments, the availability of sustainable sources of financing, meets the needs and requirements of the entrepreneurship sector, and stimulates the growth of small and medium enterprises, to become effective from 26/06/1444H (corresponding to 19/01/2023G). This Law replaced the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 29/10/2016G) and the Professional Companies Law issued by Royal Decree No. (M/17) dated 26/01/1441H (corresponding to 25/09/2019G), provided that it repeals all provisions that contradict it. All existing companies upon the entry into force of the new Companies Law shall amend their status in accordance with its provisions within a period not exceeding (two) years starting from the date of its entry into force. As an exception to this, the Ministry of Commerce and the Capital Market Authority, each in its own jurisdiction, shall determine the provisions contained therein to which these companies are subject during that period.

On 11/06/1444H (corresponding to 04/01/2023G), the Ministry of Commerce and the Capital Market Authority clarified the mechanism for implementing the new Companies Law. According to this mechanism, the period for amending the status does not include (1) new companies established after the entry into force of the law, as all the provisions of the law will apply to them from the date of its entry into force, (2) the provisions that extended from the Companies Law promulgated by Royal Decree No. (M/3) dated 28/01/1437H, (3) the crimes and violations decided by the law and the penalties imposed upon them when they were committed, and (4) the provisions that established procedural obligations on the Company or its administrative body for the entry into force of the law. The Ministry of Commerce and the Capital Market Authority have also clarified the provisions that companies shall comply with from the date of entry into force of the law. As of the date of this Prospectus, the Company has not amended its Articles of Association in line with the new Companies Law and this may result in not taking full advantage of the benefits provided by the new Companies Law.

Note that according to the issuance of the new Companies Law, the Corporate Governance Regulations issued by the Board of the Capital Market Authority were amended subject 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 the Authority's 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. Any violation of these rules and procedures or failure in their application exposes the Company to accountability by the Financial Market Authority, which will have a negative and fundamental impact on the Company's business, its subsidiaries, its financial position, the results of its operations and future expectations.

2-2-6 Risks related to the Imposition of New Fees or Taxes

Although the Company is not currently subject to any type of taxes other than Zakat and VAT, which currently amounts to 15% of the product fees provided by the Company, the government may impose other fees or taxes on companies in the future. Therefore, if new taxes are imposed on companies or fees other than those currently applied, this will negatively affect the Company's net profits.

2-2-7 Risks related to the Competitive Environment

The Company and its subsidiaries operate in a competitive environment and face strong competition and there is no guarantee that the Company will continue to be able to compete effectively with other companies in the market. The Company's competitiveness depends on distinguishing the Company's products from other products offered in the market, by providing high-quality products at reasonable prices. In the event that current or potential competitors provide products of higher quality or with better competitive prices than those provided by the Company, the Company does not guarantee that they will keep pace and adapt quickly to evolving industry trends or changing market requirements, which will have a negative impact on the results and profitability of the Company and its financial subsidiaries.

2-2-8 Risks related to Currency Exchange Rate Fluctuation

The Company deals in all its international imports and exports with currencies that are closely linked to the Saudi riyal such as the dollar, the euro and the sterling. Any fluctuation between the Saudi riyal and any of those currencies may have a negative impact on the Company's revenues and profits. It is worth mentioning that the Saudi riyal is linked to the dollar at a fixed exchange rate of 3.75 Saudi riyals per US dollar and there is no guarantee that the riyal will continue to be linked to the dollar in the future. Whereas the Company continues to expand, its exposure to fluctuations in exchange rates may increase. As a result, the Company may experience a significant increase in its operating costs. This rise may have a negative and material impact on the Company's business, its subsidiaries, the results of its operations, its financial position and its future prospects.

2-2-9 Risks related to Interest Rate Fluctuation

Loans under the Company's banking facilities are essentially at variable interest rates. An increase in variable and unprotected interest rates in accordance with hedging agreements may increase the cost of the Company's loans, increase interest expenses, and decrease cash flows. Interest rates are also affected by many factors, including government, monetary and tax policies, international and domestic economic conditions, and other factors beyond the Company's control. The Company is not currently hedging against any interest rate fluctuations and this could result in losses in the event of a rise in interest rates, which would have a negative and material impact on the Company's business, subsidiaries, results of its operations, financial position and future prospects.



2-2-10 Risks related to Environment, Occupational Safety and Health

Like other companies in the same sector, the Company's operations are subject to a wide range of laws and regulations related to environmental protection, health and safety in the Kingdom, which increasingly impose strict standards that the Company shall adhere to on an ongoing basis. The costs of adhering to these laws and regulations and the fines resulting from them may be significant, and adhering to new and stringent standards requires incurring additional capital expenditures or modifications in operating practices. Environmental, health and safety incidents may arise outside of the Company's control. For example, the Company's operations can result in a number of waste and polluting materials that, if not properly controlled and managed, or if left untreated or properly managed, may lead to a risk of environmental pollution. Failure to comply fully with environmental legislation and regulations may lead to the closure of the Company's industrial facilities. It will also expose the Company to violations, fines or penalties that may be imposed by the regulatory authorities. It shall be noted that the Company was fined 10,000 Saudi riyals by the Civil Defense as a result of violating the safety regulations and it paid them on December 29, 2021. Accordingly, if the Company and its subsidiaries do not comply with the laws and regulations related to the protection of the environment, health and safety, this will expose it to financial fines, suspension of its business or withdrawal of its license. This will affect its ability to carry out its business and thus negatively affect the financial performance and profitability of the Company and its subsidiaries.

2-2-11 Risks related to the Application of Value Added Tax (VAT)

On the second of Jumada Al-Awwal 1438H, the Saudi Council of Ministers decided to approve the unified agreement for the value-added tax for the countries of the Cooperation Council for the Arab States of the Gulf, which entered into force on the first of January 2018, as a new tax of 5% of the sale price, to be added to the rest of the taxes and other fees on specific sectors in the Kingdom, including the sectors in which the Company operates. On 17/10/1441H (corresponding to 09/06/2020G), the Board of Directors of the General Authority for Zakat and Income No. (20-3-2) was issued to increase the value-added tax rate to become 15% of the sale price starting from 01/07/2020G. Whereas VAT is by its nature borne by the final consumer, the Company raises the prices of its products to reflect the value of the added tax. Consequently, the prices of its services, including VAT, will increase, which may reduce demand for them and thus negatively affect the Company's operations and profits. However, if the Company does not succeed in transferring the value added tax completely to the customer due to competition or other factors, it will be forced to bear the value of the tax not collected from the customer, which will negatively affect its profits and operations.

2-2-12 Risks of Growth Opportunities

The Company's ability to develop its business depends on the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and others. There is no guarantee of maintaining a level of continuous growth, as the Company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the Company is unable to manage its growth positively, its ability to develop its activity, increase or maintain its market share, increase its business profits and enhance returns to its shareholders may be affected, which means that the financial position of the Company and its subsidiaries will be negatively affected.

2-2-13 Risks related to Energy and Electricity Products and Related Services

The Company's operational operations depend on the availability of energy and electricity products, so any interruption or reduction in the supply of these products or any increase in their prices would significantly affect the volume of production and the degree of profitability of the Company's operations, which will reduce its profit margins and thus negatively affect the Company's business, subsidiaries, financial position, results of its operations and future expectations.

2-2-14 Risks of Required Reports

The Company is required to announce on its quarterly and annual financial statements and the report of the Board of Directors within the time period approved by the Capital Market Authority. The Company is also required to disclose any material information as soon as it occurs. The Company may be subject to penalties and fines in the event that it does not meet the requirements of the Capital Market Authority, the Rules of Offering Securities, the Continuing Obligations issued by the Capital Market Authority and the listing rules issued by the Saudi Stock Exchange (Tadawul), which will have a negative and substantial impact on the Company's business, its subsidiaries, the results of its operations, its financial position and its future prospects.

2-2-15 Risks related to the Withdrawal of Licenses, Certificates or Basic Approvals

The Company and its subsidiaries, The Home Styles Limited and Al Sorayai Company for Operation and Maintenance Limited, have obtained the basic licenses, certificates and approvals to practice its activity through its head office and other branches, in accordance with the regulations in force in the Kingdom of Saudi Arabia, including, but not limited to: certificates of registration in the Commercial Register and Chambers of Commerce and Industry, industrial licenses, operating licenses, environmental permits for operation, in addition to municipal licenses and safety certificates, as well as certificates related to employment such as registration certificates with the General Organization for Social Insurance and compliance with the wage protection law, except for licenses and permits that are not extracted or that are no longer valid (For more details, please see paragraph "2-1-16" Risks related to non-extraction or non-renewal of licenses, permits and certificates" of Section 2 "Risk Factors" of this Prospectus). These licenses and certificates are issued periodically by the licensed entities that impose on the Company and its subsidiaries the obligation to comply with essential requirements in order to maintain the licenses in force (for more details, please see paragraph 9-5 "Continuing Obligations imposed by government agencies on the Company as the licensee" of Section 9 "Legal Information" of this Prospectus). It shall be noted that the Company was subject to a violation of 5,000 Saudi riyals by the municipality due to its practice of the activity without obtaining a license, which the Company paid on December 19, 2022. Any violation of the Company or its subsidiaries of any of the obligations imposed by the licensed entities will lead to the imposition of fines and penalties against the Company that may amount to the withdrawal of the relevant license or certificate, which will negatively and materially affect the Company's business, its subsidiaries, the results of its operations, its financial position and its future prospects.

2-2-16 Risks of Inability to Comply with Saudization Requirements

The Ministry of Human Resources and Social Development has started implementing the Nitaqat program, which is designed to encourage companies to employ Saudi nationals and increase their percentage of the total employees working for the Company. According to the Nitaqat program, the Company's commitment to the requirements of Saudization is measured against the percentage of Saudi nationals working for the Company compared to the average percentage of Saudization in companies operating in the same sector.

Although the Company has achieved a Saudization rate of (28.88%) as of the date of the prospectus and is classified within the "low green" range of the Nitaqat program, there is no guarantee that the Company will continue to maintain the required Saudization rate within the levels prescribed by law, which will expose the Company to penalties for non-compliance with the decisions issued in this regard, which amount to stopping the issuance of the necessary employment visas for the Company, transferring the sponsorship of non-Saudi employees, excluding the Company from participating in government tenders, or not being able to obtain government funds and incentives that require a Saudization certificate in the event that the Company is unable to issue it, which will negatively affect the Company's business and its subsidiaries and the results of its operations.

2-2-17 Risks related to Non-Compliance with the Requirements of the General Organization for Social Insurance

The Company is subject to the Social Insurance Law and its branches and executive regulations issued by the General Organization for Social Insurance, in order to provide social and insurance protection for workers in the Kingdom of Saudi Arabia. The Company has committed to participate with the General Organization for Social Insurance No. (150013313), in the branches of pensions and occupational risks for Saudi subscribers and the branch of occupational risks for non-Saudis, and the Company shall comply with the provisions of the Social Insurance Law and its executive regulations.



It shall be noted that the Company has been subjected to two fines of ten thousand (10,000) Saudi riyals each, the first during the year 2020 for committing a violation to determine a reason for exclusion that does not correspond to the actual reason for exclusion, while the second was imposed in 2021 for committing a joint registration violation without an actual business relationship, knowing that the Company has committed to pay such fine.

In the event that the Company violates any of the provisions of the Social Insurance Law and its executive regulations, it may be subject to the penalties stipulated in the rules for imposing fines for violations issued by the General Organization for Social Insurance in addition to what is stipulated in Article (62) of the Social Insurance Law that: (1) without prejudice to any more severe penalty stipulated in another system, whoever violates any of the provisions of this Law and its regulations - including providing any incorrect data or refraining from providing the data required by the institution - shall be punished with a fine not exceeding ten thousand (10,000) Saudi riyals, and this limit shall be doubled in the event of repetition, and the fine shall be multiplied by the number of participating workers in respect of whom the employer committed one or more violations, as well as by the number of data provided or refraining from providing them, (2) an employer who registers a person with whom the establishment proves that he is not working for him shall also be punished by a fine in accordance with the provisions of paragraph (1) of this article, or not exceeding twice the total value of the contributions for the period for which the person was registered, whichever is more. The fines shall be multiplied by the number of persons registered in violation. However, (3) If any of the violations stipulated in paragraph (1) of this article results in the payment of compensation without a right, the penalty shall be a fine not exceeding the amount of such compensation, with the violator being obligated to return what has been paid. Therefore, any violation that requires a fine against the Company will have a negative impact on the Company's business and financial position

2-3 Risks of the Offered Securities

2-3-1 Risks related to Shareholders' Poor Awareness of the Trading Mechanism and the Exercise of their Rights

In 2013, the Capital Market Authority, in cooperation with Tadawul Saudi Arabia, developed a mechanism for offering, registering and trading rights as securities that allows registered shareholders to subscribe, sell their rights in whole or in part, or buy or trade rights during the rights trading period. This mechanism allows investors (non-shareholders) to purchase rights from eligible shareholders during the rights trading period. Although CMA has published awareness materials and special workshops to introduce investors to rights and the method of raising capital by issuing rights shares, how to subscribe and trade, etc., it may be difficult for some shareholders and investors to understand the mechanism of trading rights, especially the method of calculating the final price, which may miss the opportunity for shareholders to make an appropriate decision in a timely manner. It shall be noted that an investor who buys a right and then does not subscribe to the shares may lose all of his investment paid for the right in the event that institutional investors subscribe to the new shares during the remaining offering period at the offering price.

2-3-2 Risks related to Potential Volatility in the Price of Rights

The market price of rights may be subject to significant fluctuations due to the change in factors affecting the Company's stock. This volatility may be significant due to the difference between the allowed daily volatility (10% up and down from the previous day's closing price) for the rights, compared to the allowed daily volatility for the Company's shares. The trading price of the rights depends on the trading price of the Company's shares and the market's view of the fair price of the rights. These factors may negatively affect the trading price of the rights.

2-3-3 Risks related to Potential Fluctuations in Share Price

The market price of the rights during the trading period may not be indicative of the market price of the Company's shares after the offering. Additionally, the Company's share price may not be stable and may be significantly affected by fluctuations resulting from market conditions related to the Company's existing rights or shares. These fluctuations may also result from many factors, including but not limited to: stock market conditions, poor performance of the Company, inability to implement the Company's future plans, new competitors entering the market, change in the vision or estimates of experts and analysts of the stock market, and any announcement of the Company or any of its competitors related to mergers and acquisitions or strategic alliances.

The sale of large quantities of shares by shareholders or the belief in the possibility of such a sale will adversely affect the price of the Company's shares in the market. In addition, shareholders may not be able to sell their shares in the market without adversely affecting the price of the shares. There is no guarantee that the market price of the Company's shares will not be lower than the offering price, and if this happens after investors subscribe to the new shares, the subscription cannot be cancelled or modified. Investors may incur losses as a result. Furthermore, there is no guarantee that a Shareholder will be able to sell its Shares at a price equal to or greater than the Offering Price after subscribing for the New Shares.

2-3-4 Risks Related to Non-Profitability or the Sale of Rights

There is no guarantee of earnings per share by trading at a higher price. In addition, there is no guarantee that it can be sold in the first place, which indicates that there is no guarantee of sufficient demand in the market to exercise rights or receive compensation from the Company, noting that the investor who did not subscribe or sell his rights, and the owners of fractional shares, may not receive any compensation if the sale is made in the remaining offering period at the offering price.

2-3-5 Risks related to Future Data

Future results and performance data of the Company are not actually foreseeable and may differ from what is found in this Prospectus. Actual results that cannot be predicted or quantified are determined by the Company's achievements and ability to evolve. The inaccuracy of the data and results is one of the risks that the shareholder shall recognize in order not to affect his investment decision. Whereas, in the event that future results and performance data differ substantially from what is stated in this Prospectus, this will result in the shareholders losing part or all of their investments in the shares of the Company.

2-3-6 Risks related to the Possible Issuance of New Shares

In the event that the Company decides to issue new shares (other than the rights shares mentioned in this Prospectus), and the existing shareholders do not exercise their rights when issuing new rights, the ownership of the shares will decrease proportionally in addition to the voting right and the right to receive profits. Any additional offering may have a material impact on the market price of the share.

2-3-7 Risks related to Low Demand for Rights and Shares of the Company

There is no guarantee that there will be sufficient demand for the rights during the trading period to enable the holder of the rights (whether a registered shareholder or a new investor) to sell the rights and make a profit from them, or to enable him 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 investment institutions do not offer the remaining shares at a high price, there may not be sufficient compensation to distribute to rights holders who have not exercised their right to subscribe and those entitled to share fractions. Furthermore, there is no guarantee that there is sufficient market demand for shares acquired by a subscriber either through the exercise of the rights to such shares, through the remaining offering or through the open market.

2-3-8 Risks of Low Ownership Ratios



If the holders of rights do not subscribe in full for the new shares, their ownership and voting rights will decrease. There is also no guarantee that if the registered rights holder wishes to sell his rights during the trading period, the return he receives will be sufficient to fully compensate him for the decrease in his ownership in the capital of the Company as a result of the increase in its capital. There is also no guarantee that there will be an amount of compensation distributed to eligible shareholders who have not exercised their right to subscribe or to fractional shareholders in the event that the investment institutions do not, in the remaining offering period, submit offers for the remaining shares at a high price, or that the amount of compensation (if any) will be sufficient to compensate for the low percentage of ownership in the Company's capital.

2-3-9 Risks of Non-Exercise of Rights in a Timely Manner

The subscription period starts after (3) three working days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, on **/**/**H (corresponding to **/**/**G) and will end on **/**/**H (corresponding to **/**/**G). The rights holders and the financial brokers representing them shall take appropriate measures to follow all necessary instructions before the end of the subscription period. If the eligible shareholders are unable to exercise the subscription rights properly by the end of the subscription period, based on their rights, there is no guarantee that there will be an amount of compensation distributed to eligible shareholders who are not participating or who have not properly carried out the subscription exercise procedures or to fractional shareholders.

2-3-10 Risks related to the Distribution of Dividends to Shareholders

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

The Company does not guarantee that any dividends on shares will actually be distributed, nor does it guarantee the amount that will be distributed in any given year. The distribution of profits is subject to certain restrictions and conditions stipulated in the Company's Bylaws.

2-3-11 Risks related to Speculation in Rights

Speculation in rights is subject to risks that may result in material losses. The permissible daily fluctuation range for the rights trading price exceeds the permissible daily fluctuation range for the market price (which is 10% rise and fall from the closing price of the previous day). There is also a direct relationship between the Company's share price and the indicative value of the right. Therefore, the daily price limits (i.e. the daily fluctuation range) for rights trading will be affected by the daily price limits for shares trading. If the speculator does not sell the rights before the end of the trading period, and does not exercise these rights to subscribe to new shares, he may incur some losses. Therefore, investors shall review the full details of the mechanism for listing and trading new rights and shares and how they work, and become familiar with all the factors affecting them, in order to ensure that any investment decision is based on full awareness and understanding. (Please see Section (12) "Information related to the shares and the terms and conditions of the offering" in this prospectus).

2-3-12 Risks related to the Suspension of Trading or Cancellation of the Company's Shares as a result of not Publishing its Financial Statements within the Regulatory Period

In the event that the Company is unable to publish its financial information within the regulatory period (thirty days from the end of the financial period for the initial financial statements and three months from the end of the financial period for the annual financial statements), procedures for suspending listed securities will be applied in accordance with the listing rules - approved by the decision of the Capital Market Authority Board. No. (1-10-2019) dated 24/05/1440H (corresponding to 30/01/2019G), which stipulates that the market suspends trading in securities for a period of one trading session following the end of the regulatory deadline. If the financial information is not published within twenty trading sessions following the first suspended trading session, the Saudi Tadawul shall announce the re-suspension of the Company's securities until it announces its financial results. If the suspension of trading in the Company's shares continues for a period of six months without the Company taking appropriate measures to correct that suspension, CMA may cancel the listing of the Company's securities. The Saudi Tadawul lifts the suspension after one trading session has passed following the announcement of the Company's financial results. However, if the Company is late in announcing its financial results, or this will negatively and materially affect the interest of the Company's shareholders, the Company's reputation, and the results of its operations. If the Company is unable to publish it within the regulatory period referred to above, this will cause the Company's shares to be suspended or the listing of its shares to be cancelled, which will have a negative and material impact on the interest of the Company's shareholders, the Company's reputation, and the results of its operations. In addition, CMA may cancel the offering of the Company's initial rights shares if it deems that the offering may not be in the interest of shareholders.



3- Overview of the Company and its Business Activity

3-1 About the Company

Naseej International Trading Company (“Naseej” or the “Company”) is a Saudi Joint Stock Company (“JSC”), initially established as a Limited Liability Company (“LLC”) and registered in the Commercial Register in Jeddah under Certificate No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G) under the trade name “Al Sorayai Carpet Factory Company”. On 11/11/1427H (corresponding to 02/12/2006G), both companies “Abdullah and Nasser Abdul Aziz Al Sorayai Joint Company” and “Jeddah Industrial Yarn Factory Company Ltd.” were merged into “Al Sorayai Carpet Factory Company”, thus amending the Company’s trade name to “Al Sorayai Trading and Industrial Group Co. Ltd.” in accordance with the partners’ resolution registered with the notary on 17/01/1428H (corresponding to 05/02/2007G). On 19/10/1428H (corresponding to 31/10/2007G), the partners decided to convert the Company from an LLC to a closed JSC, while retaining the same trade name without the word “Ltd.” so that the Company’s trade name becomes “Al Sorayai Trading and Industrial Group Company”. The approval of His Excellency the Minister of Commerce and Investment on such conversion was issued according to Ministerial Resolution No. (276/S) dated 01/11/1428H (corresponding to 11/11/2007G) and the Ministerial Resolution No. (325/S) dated 21/11/1428H (corresponding to 31/12/2007G) announcing the Company’s incorporation and it was registered as a closed JSC while keeping the same number and date of the Commercial Registration Certificate No. (4030133919) issued in Jeddah. On 08/03/1431H, corresponding to 22/02/2010G, the Company was converted from a Saudi closed JSC to a Saudi public JSC, and its shares were listed on the Saudi Stock Exchange (Main Market). On 03/09/1441H (corresponding to 26/04/2020G), the Extraordinary General Assembly approved changing the Company’s name from Al Sorayai Trading and Industrial Group Company to Naseej International Trading Company.

The Company’s current share capital is one hundred and eight million nine hundred and seventy-three thousand and ten Saudi riyals (SAR 108,973,010) divided into ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) ordinary shares (“Shares”) with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share (referred to individually as “Current Share” and collectively as “Current Shares”). As of the date of this Prospectus, there are no major shareholders in the Company (i.e., who own 5% or more of the Company’s shares).

3-2 Company’s Vision, Mission, and Strategy

Company’s Vision

The Company is keen on maintaining its reputation as a pioneer in carpet and rug manufacture and seeks to reach global success, which can be achieved by expanding its trade network by distributing the Company’s products locally and globally.

Company’s Mission

The Company also strives to provide its products and services with an optimal quality that ensures achieving customer satisfaction standards, in line with its values towards its employees and shareholders.

Company’s Strategy

The Company’s stated strategy is as follows:

- To focus on manufacturing high-quality carpets and profitable products and to focus on developing its trade by importing and selling carpets to cover all tastes and obtain the largest market share in the local market.
- To increase production capacity in rug manufacturing activity.
- To transform the Yarn Factory into an independent profit-generating entity.
- To expand into the commercial sector in everything related to flooring solutions highly demanded by local markets.

3-3 Capital Structure

On 08/03/1431H (corresponding to 22/02/2010G), the Company’s shares were listed on Tadawul with a share capital amounting to three hundred million Saudi riyals (SAR 300,000,000), divided into thirty million (30,000,000) ordinary shares with a nominal value of ten Saudi riyals (SAR 10) per share. On 20/05/1434H (corresponding to 01/04/2013G), the Company increased its capital from three hundred million Saudi riyals (SAR 300,000,000) to three hundred and seventy-five million Saudi riyals (SAR 375,000,000), thus increasing the number of Company shares from thirty million (30,000,000) to thirty-seven million five hundred thousand (37,500,000) ordinary shares, by capitalizing the retained profits by issuing one (1) share for each four (4) shares owned by shareholders registered in the Company’s registers at the end of trading on the second day following the Extraordinary General Assembly. On 10/04/1439H (corresponding to 28/12/2017G), the Company reduced its capital from three hundred and seventy-five million Saudi riyals (SAR 375,000,000) to two hundred and twenty-five million Saudi riyals (SAR 225,000,000), thus reducing the number of Company’s shares from thirty-seven million five hundred thousand (37,500,000) to twenty-two million five hundred thousand (22,500,000) ordinary shares by cancelling fifteen million (15,000,000) ordinary shares, with 40% capital reduction, at a reduction rate of two (2) shares for each five (5) shares. On 27/12/1440H (corresponding to 28/08/2019G), the Company’s capital was reduced from two hundred and twenty-five million Saudi riyals (SAR 225,000,000) to sixty-five million five hundred thousand Saudi riyals (SAR 65,500,000), thus reducing the number of Company’s shares from twenty-two million five hundred thousand (22,500,000) to six million five hundred and fifty thousand (6,550,000) ordinary shares, by cancelling fifteen million nine hundred and fifty thousand (15,950,000) ordinary shares, at a reduction rate of (70.89%) of the Company’s capital and a reduction rate of (1) one share for each (1.41) share. On 27/05/1441H (corresponding to 22/01/2020G), the Company increased its capital from sixty-five million five hundred thousand Saudi riyals (SAR 65,500,000) to one hundred and seventy-eight million and one hundred and sixty thousand Saudi riyals (SAR 178,160,000), thus increasing the number of Company’s shares from six million five hundred and fifty thousand (6,550,000) to seventeen million eight hundred and sixteen thousand (17,816,000) ordinary shares, by issuing Rights of one hundred and twelve million and six hundred and sixty thousand Saudi riyals (SAR 112,660,000), amounting to eleven million two hundred and sixty-six thousand (11,266,000) ordinary shares issued at a rate of (1.72) rights for each (1) share. On 05/05/1442H (corresponding to 20/12/2020G), the Company reduced its capital from one hundred and seventy-eight million and one hundred and sixty thousand Saudi riyals (SAR 178,160,000) to sixty-one million six hundred and thirty-two thousand and ten Saudi riyals (SAR 61,632,010), thus reducing the number of the Company’s shares from seventeen million eight hundred and sixteen thousand (17,816,000) to six million one hundred and sixty-three thousand two hundred and one (6,163,201) ordinary shares by cancelling eleven million six hundred and fifty-two thousand seven hundred and ninety-nine (11,652,799) ordinary shares, at an approximate capital reduction of (65.4%), thus reducing approximately (1) share for each (1,529) shares. On 29/03/1443H (corresponding to 04/11/2021G), the Company increased its capital from sixty-one million six hundred and thirty-two thousand and ten Saudi riyals (SAR 61,632,010) to two hundred and eleven million six hundred and thirty-two thousand and ten Saudi riyals (SAR 211,632,010), thus increasing the number of the Company’s shares from six million, one hundred and sixty-three thousand, two hundred and one (6,163,201) to twenty-one million, one hundred and sixty-three thousand, two hundred and one (21,163,201) ordinary shares, by issuing Rights of one hundred and fifty million Saudi riyals (SAR 150,000,000) amounting to five million (5,000,000) ordinary shares, at a rate of issuance of (2.434) Rights for each (1) share. On 19/12/1443H (corresponding to 18/07/2022G), the Company reduced its capital from two



hundred and eleven million six hundred and thirty-two thousand and ten Saudi riyals (SAR 211,632,010) to one hundred and eight million nine hundred and seventy-three thousand and ten Saudi riyals (SAR 108,973,010), and thus reducing the number of Company's shares from twenty-one million one hundred and sixty-three thousand two hundred and one (21,163,201) to ten million eight hundred and ninety-seven thousand three hundred and one (10,897,301) shares by cancelling ten million two hundred and sixty-five thousand and nine hundred (10,265,900) shares, with a capital reduction of approximately (48.51%), and a reduction rate of (1) share for each (2.06) shares, after obtaining all the approvals required by law and the Extraordinary General Assembly.

On 06/09/1444H (corresponding to 28/03/2023G), the Company's Board of Directors recommended increasing the Company's capital by offering Rights of one hundred and sixty-three million, four hundred and fifty-nine thousand, five hundred and ten Saudi riyals (SAR 163,459,510). This increase aims primarily to raise its financial solvency, strategic expansion, and improving financial performance, borrowing rates and the costs incurred therefrom.

3-4 Company's Activity

The Company's activities are divided into three main categories:

- 1- Industrial Activity
- 2- Commercial Activity
- 3- Investment Activity

Industrial Activity

The Company's industrial activity is manufacturing carpets and rugs through Naseej Carpet Factory, which has two operating licenses for the Carpet Factory and the Rug Factory, as well as manufacturing industrial yarn through Jeddah Industrial Yarn Factory.

Company's Factories:

A- Carpet Factory

Falling under Al-Sorayai Carpet Factory, the Carpet Factory was established on 30/07/1405H (corresponding to 21/04/1985G) in Jeddah – Industrial Zone Phase 4, and produces a variety of carpet designs that cover the market needs, such as high-quality low-priced carpets to be used in offices and mosques. These products are sold in the local market and exported to many regions around the world.

Below is an overview of the Carpet Factory's carrying capacity:

Table No. (7): Overview of the Carpet Factory

| One thousand square meters | 2020G | 2021G | 2022G |
|----------------------------|-------|--------|-------|
| Production Capacity | 4,789 | 4,000 | 4,000 |
| Produced Quantity | 1,536 | 2,818 | 3,128 |
| Sold Quantity | 1,706 | 2,790 | 2,950 |
| Utilized Capacity | 32.1% | 70.44% | 78.2% |

Source: The Company.

B- Rug Factory

Falling under Al-Sorayai Carpet Factory, the Rug Factory was established on 28/11/1436H (corresponding to 12/09/2015G), in Jeddah – Industrial Zone Phase 4, and manufactures all market requirements, whether in residential units, hospitals, mosques, lobbies, hotels or offices. The Factory produces high-quality rugs with special specifications, including those made of wool, acrylic, and silk, as well as high-quality heat-resistant rugs to meet all the local and international market demands.

Below is an overview of the Rug Factory's carrying capacity:

Table No. (8): Overview of the Rug Factory

| One thousand square meters | 2020G | 2021G | 2022G |
|----------------------------|--------|--------|--------|
| Production Capacity | 26,188 | 22,000 | 22,000 |
| Produced Quantity | 8,900 | 8,794 | 12,237 |
| Sold Quantity | 7,925 | 8,993 | 12,672 |
| Utilized Capacity | 34.0% | 39.97% | 55.62% |

Source: The Company.



C- Jeddah Industrial Yarn Factory

On 23/01/1417H (corresponding to 10/06/1996G), Jeddah Industrial Yarn Factory was built in Jeddah for the production of nylon and polypropylene yarn. Nylon and polypropylene yarn are the main components in carpet and rug manufacture. This Factory provides production feed to carpet and rug manufacturers, and sells a production share to global markets.

Below is an overview of the carrying capacity of Jeddah Industrial Yarn Factory:

Table No. (9): Overview of Jeddah Industrial Yarn Factory

| One thousand kilos | 2020G | 2021G | 2022G |
|---------------------|--------|--------|--------|
| Production Capacity | 16,971 | 15,000 | 15,000 |
| Produced Quantity | 8,432 | 8,329 | 9,893 |
| Sold Quantity | 1,769 | 2,006 | 3,476 |
| Utilized Capacity | 49.7% | 55.53% | 66% |

Source: The Company.

Commercial Activity

Commercial activity consists of local trade (wholesale and retail) of the Company's products, namely carpets and rugs. The Company operates through many subsidiaries consisting of points of sale, showrooms, and warehouses. Registration certificates have been obtained for the subsidiaries issued by the Ministry of Commerce. The Company confirms that it does not have any other subsidiaries, whether inside or outside the Kingdom of Saudi Arabia.

The Company's commercial activity also includes exporting the Company's products to some Arab countries and Africa.

Investment Activity

The Company invests in other companies and owns controlling shares in some of them and non-controlling shares in others. These companies were established in the Kingdom of Saudi Arabia or abroad. The table below shows a summary of Naseej International Trading Company's ownership of these companies.

Table No. (10): The Company's investments in other companies

| Company's Name | Place of Establishment | Date of Establishment | Activity | Percentage |
|--|------------------------|---|--|------------|
| Home Styles Ltd (LLC) | KSA | 03/12/1431H (Corresponding to 09/11/2010G) | Wholesale and retail trade of carpets, rugs, and flooring | 90% |
| Al Sorayai Operation & Maintenance Company Ltd (LLC) | KSA | 20/06/1434H (corresponding to 30/04/2013G) | Wholesale and retail trade and repair of motor vehicles and motorcycles, retail sale of carpets, rugs, floor and wall coverings in specialized stores, and retail sale of household electrical appliances, furniture, lighting equipment, and other household items in specialized stores. | 100% |
| Al Sorayai Projects Co. Ltd (LLC) * | KSA | 06/08/1434H (corresponding to 15/06/2013G) | Retail sale of carpets, rugs, floor and wall coverings in specialized stores. | 100% |
| Millennium Weavers Group Holding Ltd. (LLC)** | USA | 25/01/1432H (corresponding to 31/12/2010G) | Distribution of carpets, floorings, and other related products. | 100% |
| Arabian Company for the Manufacture of Calcium Carbonate (LLC) | KSA | 23/1/1435H (corresponding to 26/11/2012G) | Manufacture of basic chemical materials and products. | 25% |
| Al-Salam National College Company Ltd (LLC) | KSA | 19/05/1435H (corresponding to 20/03/2014G) | Establishing, managing, and operating universities, colleges, and institutes in various disciplines, and wholesale and retail trade of books and educational tools. | 25% |

Source: The Company

* Ceased operating.

** Currently no longer operating as of the date of this Prospectus. The Board of Directors also decided to close the company at its meeting held on 08/05/1443H (corresponding to 13/12/2021G).



3-5 Competitive Advantages

Naseej is distinguished by the quality of its locally manufactured products, in particular rugs.

Naseej's strengths and competitive advantages can be summarized as follows:

- Using the latest technology available for the manufacture of yarns used in carpets and rugs.
- Adopting the highest standards in using the finest raw materials according to international standards.
- Having a widespread network and distributors to meet the needs of its customers in all regions of the Kingdom and abroad.

3-6 Business Interruption

There was no interruption in the Company's business that could have affected, or had significantly affected, the financial situation during the last 12 months.

3-7 Employees and Saudization

As of 31 December 2022G, the total number of the Company's employees reached (632), (179) of which are Saudi and (453) non-Saudi. The Company is classified within the "Medium Green Band (B)" Category of the Nitaqat Saudization Program launched by the Saudi Ministry of Human Resources and Social Development ("HRSD").

The following table shows the number of employees at Naseej International Trading Company and the

Table No. (11): the percentage of Saudization in the Company during the fiscal years ending on 31 December 2020G, 2021G, and 2022G:

| item | 2020G | | 2021G | | 2022G | |
|------------|--------|--------|--------|--------|--------|--------|
| | Number | % | Number | % | Number | % |
| Saudis | 129 | 19.11% | 116 | 17.85% | 179 | 28.32% |
| Non-Saudis | 546 | 80.89% | 534 | 82.15% | 453 | 71.68% |
| Total | 675 | 100% | 650 | 100% | 632 | 100% |

Source: The Company

3-8 Employees' Shares Options Program

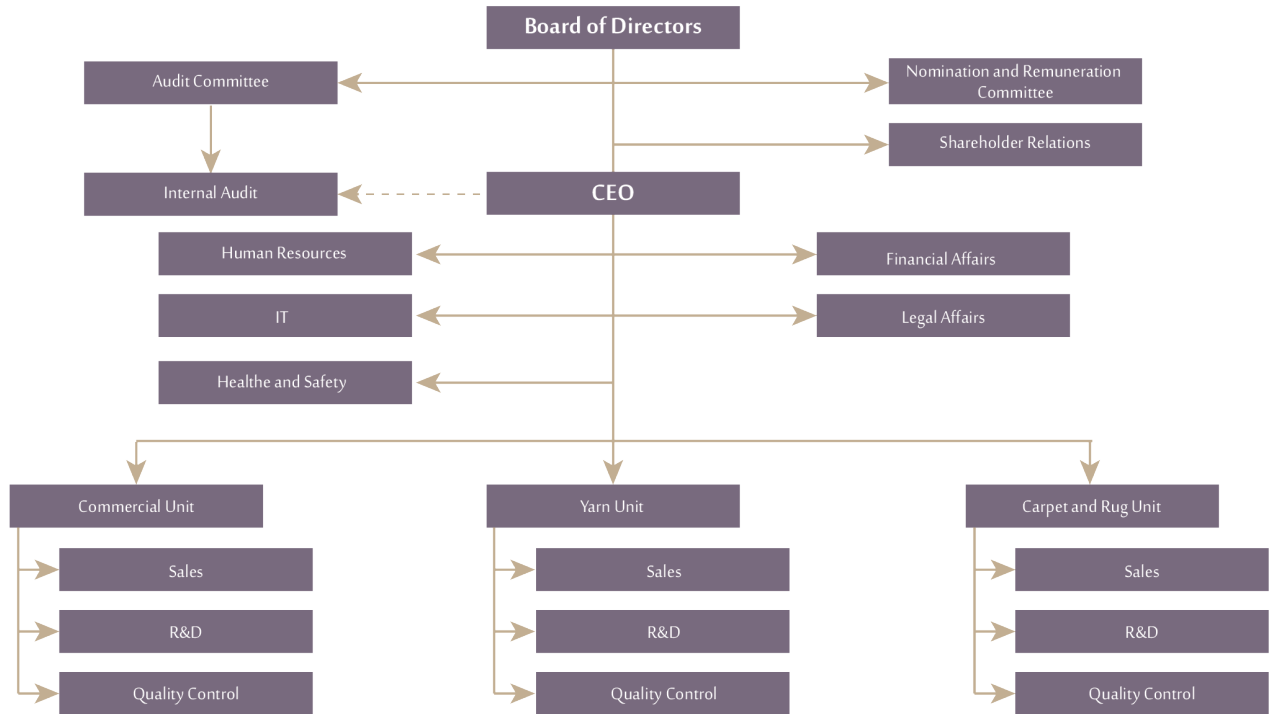
As of the date of this Prospectus, the Company does not have any employee shares programs or any other arrangements involving employees in the Company's capital.



4- Company Organizational Structure

4-1 Organizational Structure

Figure (1): Organizational Structure of the Company, as adopted by the Board on 26/02/2023G



Source: The Company



4-2 Board of Directors (BOD)

In its meeting held on 06/05/2021G, the Ordinary General Assembly agreed to appoint (7) seven members to the Board of Directors, to be effective as on 16/07/2021G for a period of three (3) years ending on 15/07/2024G. The following table shows the members of the Company's Board of Directors as of the date of this Prospectus:

Table No. (12): Members of the Board

| Name* | Position | Nationality | Age | Capacity | Owned Shares | | | | Appointment Date |
|---|---------------|-------------|-----|----------------------------|--------------|------------|--------------|---|------------------|
| | | | | | Direct | | Indirect**** | | |
| | | | | | No. | % | No. | % | |
| Mr. Wael Saad Abdul Aziz El Rashed | Chairman | Saudi | 54 | Non-Executive-Independent | 200 | 0.0018353% | 0 | 0 | 16/07/2021G |
| Mr. Ahmad Seraj Abdulrahman Khogeer | Vice-Chairman | Saudi | 55 | Non-Executive-Independent | 88 | 0.0008075% | 0 | 0 | 16/07/2021G |
| Nasser Saleh Al Sorayai | Board Member | Saudi | 37 | Non-Executive-Independent | 0 | 0 | 0 | 0 | 16/07/2021G |
| Mr. Abdulrahman Ibrahim Hamad Alhadlq** | Board Member | Saudi | 34 | Non-Executive-Independent | 0 | 0 | 0 | 0 | 02/12/2021G |
| Mr. Rasheed Sulaiman Alrasheed | Board Member | Saudi | 49 | Non-Executive-Independent | 5 | 0.0000459% | 0 | 0 | 16/07/2021G |
| Mr. Abdullah Yahia Fitaihi | Board Member | Saudi | 48 | Executive -Non-independent | 0 | 0 | 0 | 0 | 16/07/2021G |
| Vacant*** | - | - | - | - | 0 | 0 | 0 | 0 | - |
| Omar Fadel Mohammed Taha**** | Secretary | Sudanese | 53 | Executive -Non-independent | 0 | 0 | 0 | 0 | 01/12/2022G |

Source: The Company

* The company's Ordinary General Assembly, in its meeting held on 24/09/1442H (corresponding to 06/05/2021G), approved the election of the following members of the Board of Directors: Dr. Wael Saad El Rashed, Mr. Nasser Saleh Al Sorayai, Eng. Mansour Saleh Al Kharboush, Eng. Abdullah Ali Aldubaikhi, Dr. Ahmed Siraj Khogeer, Mr. Rasheed Sulaiman Alrasheed, and Eng. Abdullah Yahia Fitaihi, to be effective on 16/07/2021G for a period of three years.

** On 30/11/2021G, the Board of Directors approved the resignation of the Board Member Eng. Abdullah Ali Aldubaikhi. The Board of Directors decided on 27/04/1444H (corresponding to 02/12/2021G) to appoint Mr. Abdulrahman Ibrahim Hamad Alhadlq as an independent Board Member to replace the resigned member, starting from 27/04/1443G (corresponding to 02/12/2021G). This appointment was approved by the Ordinary General Assembly held on 10/10/1443H (corresponding to 11/05/2022G).

***On 26/04/1443G (corresponding to 01/12/2021G), the Board of Directors approved the resignation of the Board Member Eng. Mansour Al Kharboush, and this position is vacant.

**** On 28/06/1443H (corresponding to 31/01/2022G), the Board of Directors decided to relieve Mr. Maram Abdul Rahim Khotani from his position as Secretary of the Board of Directors, starting from 29/06/1443H (corresponding to 01/02/2022G) and appoint Mr. Omar Fadel Muhammed Taha as Secretary of the Board of Directors, starting from the same date.

*****It means the Company's shares that are owned indirectly by the members of the Board of Directors through their ownership in companies that own shares in the Company.

4-3 Executive Management

Table No. (13): Executive Management

| Name | Position | Nationality | Appointment Date |
|-------------------------------|---|-------------|------------------|
| Monther Mohammed Al Sorayai | CEO | Saudi | 21/11/2021G |
| Ahmed Abdel Salam Al Khattabi | Financial Manager | Egyptian | 1/10/2022G |
| Wissam Mohamad Saramany | General Director of Sales and Marketing | Syrian | 12/09/2019G |



4-4 Board of Directors and Senior Executives Members' Compensations and Remunerations

The remuneration of all Board and Senior Executive Members shall be recommended by the Nomination and Remuneration Committee.

The following table shows the salaries, remunerations, and allowances that Board Members and Senior Executive Managers received during the last three years:

Table No. (14): Board of Directors and top 5 Senior Executives Managers Compensations and Remunerations

| (SAR'000) | 2020G | 2021G | 2022G |
|-------------------|-------|-------|-------|
| Board Members | 1,102 | 1,936 | 1,867 |
| Senior Executives | 4,458 | 4,500 | 3,757 |

Source: The Company.

4-5 Company Board Committees

The Board has formed a number of specialized committees, established whether according to the requirements of the Companies Law, the CMA Law, and its implementing regulations or in light of the need for work in the Company, to assist the Board in its tasks. The Committees are the following:

4-5-1 Audit Committee

The functions and duties of the Audit Committee are as follows:

- Examining the internal audit reports and following up on the implementation of corrective measures.
- Monitoring and supervising (within the scope of its tasks and powers) the effectiveness of the governance and control mechanisms that regulate the relationship between the Company and its subsidiaries, in a manner that does not conflict with the tasks and powers of any other committee that supervises the implementation of the company's governance mechanisms.
- Reviewing and re-evaluating the adequacy of the tasks, rules, and controls contained in these regulations from time to time and recommending any proposed changes thereto to the Board of Directors, which studies and recommends these changes to the General Assembly of Shareholders.
- Monitoring the Company's business and verifying the soundness and integrity of its reports, financial statements, and internal control systems.

The committee's tasks include, in particular, the following:

Internal audit

- Approving and supervising the annual internal audit management plans and their work and verifying their effectiveness in line with the regulations, laws, and professional norms in this regard.
- Reviewing the organizational structure of the Internal Audit Department proposed by the Company's Management and recommending it to the Board of Directors for its approval.
- Recommending to the Board of Directors regarding the nomination or dismissal of the Internal Audit Director, suggesting his fees and incentives.
- Reviewing the Company's internal control, financial, and risk management systems, and preparing a written report that includes its recommendations and opinion on the adequacy of these systems and the other work it has performed within its scope, as required by regulations, laws, and professional customs. The Board of Directors shall deposit sufficient copies of this report at the company's head office at least ten days before the General Assembly is held, to provide each of the shareholders who wish to have a copy of it. The report shall be read out during the Assembly Meeting in accordance with the provisions of Article (104) of the Companies Law.
- Monitoring and supervising the performance and activities of the Internal Audit Director and the Internal Audit Department in the Company, to verify the availability and effectiveness of the necessary resources in performing the assigned work and tasks.

Enterprise Risk Management

- Reviewing the risk management policy and framework in accordance with the Company's objectives and strategy and recommending it to the Board before approval.
- Advising the Board on the need to determine an acceptable level of risk (risk appetite) to which the Company may be exposed and to ensure that the Company does not exceed it.
- Verify the most important risks to which the Company's business units and activities are exposed and the extent of management's response to deal with them appropriately, and provide recommendations to the Board on key risk management issues.
- Evaluating the effectiveness of the Company's risk management system, including systems and mechanisms for identifying, measuring, and following up on the risks to which the Company may be exposed; in order to determine its deficiencies.

Financial Reports

- Studying the quarterly and annual financial statements of the Company before submitting them to the Board of Directors and expressing their opinions and recommendations thereon, in order to ensure their integrity, fairness, transparency, and any related professional requirements.
- Expressing a technical opinion –based on the request of the Board of Directors– on whether the annual report of the Board of Directors and the financial statements of the Company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the financial position, performance, business model and strategy of the Company.
- Examining any important or unusual matters included in the financial reports, and carefully reviewing any issues raised by the Company's Financial Director, whoever assumes his duties, or the auditor.
- Reviewing the estimated annual Balance Sheet and expressing any opinion thereon to the Board of Directors.
- Verifying the accounting estimates in material matters included in the financial reports.
- Examining the accounting policies followed by the Company and expressing opinions and recommendations to the Board of Directors in this regard.



Auditor

- Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees, evaluate their performance after verifying their independence, and review the scope of their work and the terms and conditions of contracting with them.
- Verifying the auditor's independence, objectivity, and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- Reviewing the plan and work of the Company's auditor, verifying that he has not submitted technical or administrative works that do not fall within the scope of the audit work, and expressing his views regarding that.
- Examining the management letter submitted by the auditor upon the annual audit and following up on the implementation of corrective measures with regard to the Management notes.

Compliance Assurance

- Reviewing the results of the reports of the Regulatory Authorities and verifying that the Company has taken the necessary measures in this regard.
- Verifying the Company's compliance with laws, regulations, policies, and guidelines related to the Company's scope of work.
- Reviewing the contracts and transactions proposed to be conducted by the Company with related parties, conflict of interest cases if any, and presenting its opinions on such matters to the Board of Directors.
- Reporting whatever issues which may be deemed necessary to take action in their regard to the Board of Directors, and making recommendations on the measures to be taken

Table No. (15): Members of the Audit Committee

| Name | Position | Membership Date |
|----------------------------------|----------|-----------------|
| Mr. Rasheed Sulaiman Alrasheed * | Chairman | 01/12/2021G |
| Khaled Abdel Aziz Al Houshan | Member | 16/07/2021G |
| Abdallah Salem Al Haiki ** | Member | 16/07/2021G |

Source: The Company.

*On 05/05/1443H (corresponding to 10/12/2021G), the Board of Directors approved the resignation of the Chairman of the Audit Committee, Eng. Mansour Saleh Ahmed Al-Kharboush, from his membership in the Audit Committee, and the Board Member (independent member), Mr. Rasheed Sulaiman Alrasheed, was appointed as Chairman to replace the resigned member starting from 26/04/1443H (corresponding to 01/12/2021G). The Ordinary General Assembly approved this appointment at its meeting held on 10/10/1443H (corresponding to 11/05/2022G).

** On 29/11/1444H (corresponding to 18/06/202G), Naseej's Board of Directors approved the resignation of the Audit Committee member, Mr. Abdullah Salem Abdullah Al-Haiki. The Board of Directors also approved the appointment of Dr. Ahmad Seraj Abdulrahman Khogeer (independent member) to be a member of the Audit Committee to replace the resigned member, starting from 18/06/2023G AD until the end of the current session of the Audit Committee, which ends on 15/07/2024G, provided that this appointment shall be submitted to the General Assembly at its first meeting for approval.

Table No. (16): Number of Audit Committee Meetings During the Last Three Years Until the date of this prospectus.

| Administrative Authority | 2019G | 2020G | 2021G | 2022G |
|--------------------------|-------|-------|-------|-------|
| Audit Committee | 4 | 5 | 5 | 6 |

4-5-2 Nomination and Remuneration Committee

The Remuneration and Nominations Committee is responsible for the following with regard to remuneration:

- Preparing a clear policy for remuneration for members of the Board of Directors, its committees, and the Executive Management, and submit it to the Board of Directors for consideration to be approved by the General Assembly, provided that these policies shall follow standards related to performance, disclosure, and verification of their implementation.
- Clarifying the relationship between the remunerations granted and the applicable remuneration policy, and indicating any material deviation from this policy.
- Reviewing periodically the remuneration policy, evaluating its effectiveness in achieving the desired goals, and recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees, and the Company's senior executives in accordance with the approved policy.
- Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees, and the Company's senior executives in accordance with the approved policy.

The Remuneration and Nominations Committee is responsible for the following with regard to nominations:

- Establishing clear compensation and remuneration policies for members of the Board of Directors and senior executives.
- Recommending to the Board of Directors to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate anyone who has previously been convicted of a crime involving breach of trust.
- preparing a description of the capabilities and qualifications required for membership of the Board of Directors and Executive Management positions.
- Setting the time needed for the member to allocate to the Board's businesses.
- Reviewing -on an annual basis- the required skills and competencies required for Board membership and Executive Management positions.
- Reviewing the structure of the Board of Directors and recommending to the Board regarding possible changes.
- Ensuring, on an annual basis, that the independent members are independent and that there is no interest conflict if the Board member is a member of the Board of Directors of another Company.
- Identifying job descriptions for executive members, non-executive members, independent members, and senior executives.
- Establishing special procedures in the event that the position of a member of the Board of Directors or a senior executive becomes vacant.
- Identifying the weaknesses and strengths of the Board of Directors, and proposing solutions to handle it in accordance with the Company's interest.
- Reviewing the Company's corporate governance regulations periodically and submitting recommendations and proposals to the Board of Directors regarding making amendments to them in accordance with applicable laws and regulations and in accordance with the purposes and nature of the company's activities.



Table No. (17): Members of the Nomination and Remuneration Committee

| Name | Position | Membership Date |
|---------------------------------|----------|-----------------|
| Abdulrahman Bin Ibrahim Alhadlq | Chairman | 01/01/2022G |
| Wael Saad Abdul Aziz El Rashed | Member | 01/01/2022G |
| Nidal Khozaa Klloub | Member | 01/01/2022G |

Source: The Company.

Table No. (18): Number of Audit Committee Meetings During the Last Three Years

| Administrative Authority | 2019G | 2020G | 2021G | 2022G |
|---------------------------------------|-------|-------|-------|-------|
| Nomination and Remuneration Committee | 2 | 3 | 5 | 4 |



5- Financial Information and Management Discussion and Analysis

Management Discussion, Analysis of the Financial Position, and Results of Operations

5-1 Introduction

The following discussion of management and analysis of the financial position and results of Naseej International Trading Company (“Naseej”, “the Company” or “Parent Company”) are based on the audited financial statements for the fiscal years ending on 31 December 2020G (“FY 2020G”), 31 December 2021G (“FY 2021G”), and 31 December 2022G (“FY 2022G”) (hereinafter collectively referred to as “Financial Statements”). This report shall be read in conjunction with the Financial Statements.

The financial information in this report is taken from the Company’s audited financial statements and extracted from the financial statements of the Parent Company and the subsidiaries for the years ending on 31 December 2020G, 31 December 2021G, and 31 December 2022G audited in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia, in addition to other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The financial statements audit was carried out an independent auditor – Professional Services for United Accountants (El Sayed El Ayouti Co.).

The Company applied the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia in addition to other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) to prepare the financial statements.

Neither El Sayed El Ayouti Co. or its subsidiaries or employees is an employee of or own any share or interest in the Company or its Subsidiaries.

The financial statements shall form an integral part of this section and shall be read in conjunction with the supplementary notes of the Company’s financial statements that are included in a section in this Prospectus.

Unless otherwise is specifically indicated, the numbers in this report have been rounded to the nearest million Saudi riyals. In all cases, the sum of these numbers may differ from those mentioned in the tables. Moreover, all percentages and annual margins are rounded to the nearest one decimal place.

On the date of this Prospectus, Al Bassam & Partners Co. and El Sayed El Ayouti Co., have given a written consent without retraction regarding the publication of their name in this Prospectus as auditors for the Company.

This section may contain forward-looking statements involving future estimates for the Company based on the Management’s plans, expected growth, operation results, and the financial condition that may involve risks and uncertainties.

The actual results of the Company may differ materially from those discussed in any of the forward-looking statements due to various factors, risks, and future incidents, including those discussed below and in other sections of this Prospectus, in particular the “Risk Factors” section.

5-2 Directors’ Declarations Regarding Financial Information

- All the substantial facts related to the Company and its subsidiaries and its financial performance have been disclosed in this Prospectus. Furthermore, there is no information, documents, and other facts, of which the omission of such facts would make any statement herein misleading.
- The financial information in this section is prepared on a unified basis for the fiscal years ending on 31 December 2020G, 2021G and 2022G.
- The financial information contained in this section has been extracted without substantial change from the consolidated audited financial statements of the Parent Company and the subsidiaries.
- The Company incurred losses during the years 2020G, 2021G, and 2022G. Except as disclosed in this Prospectus, the Directors acknowledge that there was no negative and significant change in the financial and commercial position of the Company during the three years immediately preceding the date of the application of registration and offering of the securities subject to this Prospectus, as well as the date of the auditor’s final report, until the issue of this Prospectus.
- Except as disclosed in this section and Section No. (6) “Use of Offering Proceeds and Future Projects” of this Prospectus, the Board of Directors confirm that the Company does not have any contingent liabilities, guarantees, or any significant fixed assets to be purchased or rented.
- The Company and its subsidiaries’ shares are not under option as of the date of this Prospectus.
- Except as disclosed in this section (“Term Loans and Credit Banks”), the Company and its subsidiaries do not have any mortgages, rights or charges on their properties as of the date of this Prospectus.
- The Board of Directors confirm that the Company does not hold any debt instruments, issued, existing, or approved but not issued, or term loans covered by a personal security or secured or not secured by a pledge, except as disclosed in this Prospectus.
- The Issuer or any of its subsidiaries did not give any commissions, discounts, intermediary fees or any non-monetary consideration to any of the Board members or nominated Board members, Senior Executives, officials responsible for offering or issuing securities, or experts during the three years immediately preceding the date of application for registration and offering of the securities subject to this Prospectus in relation to the issuing or offering of any securities.
- Neither the Company nor its subsidiaries keep any contractual securities, or other assets, which value may be vulnerable to fluctuations or difficult to verify their value, which in turn may significantly affect the assessment of the Company’s financial position.
- Except as disclosed in Section No. (2) “Risk Factors” of this Prospectus, the Board of Directors confirm that the Company and its subsidiaries do not have information about any government, economic, financial, cash, political, or other factors that have or may materially (directly or indirectly) affect the Company or the operations of its subsidiaries.
- Except as disclosed in Section No. (2) “Risk Factors” of this Prospectus, the Board of Directors confirm that the Company is not aware of any seasonal factors or economic cycles related to the activity that may have an impact on the business and the financial position of the Company.
- Except the information disclosed in this section “Loans and Facilities (Credit Banks)”, the Company does not have any loans or other debts, including bank account overdraft. In addition, there are no guarantee liabilities (including personal guarantee, not covered by personal guarantee, secured by mortgage or not secured by mortgage), liabilities under acceptance, acceptance credit or lease purchase liabilities.



5-3 Significant Accounting Policies

They are the significant accounting policies applied in the preparation of the below consolidated financial statements on a consolidated basis throughout the presented years, unless otherwise stated.

5-3-1 Preparation Basis

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia, in addition to other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

5-3-2 Measurement Basis

The financial statements have been prepared on the basis of historical cost, except for investments, derivative financial instruments, probable consideration, and the employees' defined benefit liabilities which are measured at fair value.

5-3-3 Consolidation Basis

These consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (hereinafter referred to as the "Company").

Table No. (19): financial statements include the financial statements of the Parent Company and the following subsidiaries

| Name | Main Activity | % of 2022G Capital Ownership |
|--|--|------------------------------|
| Home Styles Ltd | Retail trade of carpets, rugs, floorings, furniture, blankets, curtain fabrics and accessories | 100% |
| Al Sorayai Operation & Maintenance Company Ltd | Maintenance services for factories, companies, government and private organizations | 100% |
| Al Sorayai Projects Co. Ltd (ceased working) | Public projects services, in particular furniture, rugs and carpets | 100% |

Control is achieved when the Company has:

- Power over the investee;
- The Company has rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investment returns.

In the event facts and circumstances indicate changes in one or more of the abovementioned elements of control, the Company reassesses whether or not it controls any of the investee companies.

The Company has control over the investee when the voting rights of the Company, in any of the investee companies, are a) less than the majority of the remaining voting rights, and b) sufficient to give it the practical ability to separately manage the activities related to the investee. The Company takes into consideration all relevant facts and conditions when assessing whether it has voting rights to grant it control in the investee. These facts and circumstances include:

- The amount of the Company's voting rights compared to other right holders.
- Potential voting rights owned by the Company and other voting rights holders or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that may indicate that the Company has, or does not have, the current ability to make decisions related to relevant activities, including how to vote at previous shareholder meetings.

The consolidated accounting process of a subsidiary starts when the Company has control over such subsidiary, and stops when the Company loses the said control. The subsidiary's acquired or disposed income and expenses are included in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income, starting from the date of acquiring control over the subsidiary till its end.

The consolidated statement of profit or loss and other comprehensive income, as well as those of the subsidiary, are distributed to the shareholders of the Company.

Amendments will be made to the subsidiary's financial statements so that its accounting policies remain consistent with those adopted by the Company, if necessary.

All transactions and balances, including assets, liabilities, equity, revenues, expenses and cash flows arising from intracompany transactions are excluded upon consolidation.

Changes in the Company's Equity in Existing Subsidiaries

Changes in the Company's equity which do not cause losing control in subsidiaries are accounted for as equity transactions. The carrying values of the Company's equity and non-controlling interests are adjusted to reflect changes in the Company's ownership in the subsidiaries. Any difference between the value of the non-controlling interest adjustment and the fair value of the consideration paid or received is recognized directly in equity and is attributed to the shareholders of the Company.

When the Company loses control over the Subsidiary, any gain or loss is recognized in the consolidated statement of income and is calculated on the basis of the difference between:

1. Total fair value of the received consideration and the fair value of any held interest; and
2. The book value previously recorded for the assets (including goodwill, the liabilities of the subsidiary, and any non-controlling interests). All amounts previously recognized in other comprehensive income relating to that subsidiary are accounted for as if the Company had disposed of the assets or liabilities of the subsidiary directly (i.e., reclassification to profit or loss or transfer to another classification in equity as specified/ permitted in accordance with the IFRS).

The fair value of the retained earnings from the investment in the previous subsidiary at the date of loss of control is considered a fair value for the remaining investment upon initial recognition in subsequent periods. According to IFRS 9 and in the event the Company transforms into an associate or a joint venture, the fair value is considered as the cost of initial proof of investment in an associate or joint venture.



5-3-4 Functional and Offering Currency

The consolidated financial statements are presented in Saudi Riyals which is the functional and offering currency of the Group. All numbers have been rounded to the nearest thousand Saudi Riyals, unless otherwise indicated.

5-3-5 Goodwill and Business Combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Company. The purchase cost is measured according to the total transferred consideration at fair value on the acquisition date and the value of any non-controlling interests in the acquired company. For each business combination, the Company chooses to measure the noncontrolling interest in the acquired company either at fair value or in proportion to the share in its net asset value. Purchase-related costs are incurred expenses included in the administrative expenses.

The Company decides that it has acquired a business when the set of acquired activities and assets, include an input and a core process that have hugely contributed to the production of outputs. The acquired process is considered fundamental if it is necessary for the continuous production of outputs. The acquired inputs comprise an organized and skilled workforce that possesses the required expertise, knowledge or experience to perform that process or to continue producing outputs, which is considered to be a unique, rare, or irreplaceable without significant cost, effort or delay in the ability to keep on producing outputs.

When the Company acquires a business, it assesses the estimated financial assets and liabilities for the purpose of identification and appropriate classification in accordance with the contractual provisions and economic conditions and related terms as of the acquisition date. This includes separating the derivatives embedded in the original contracts by the acquired company.

Any contingent consideration transferred by the buyer will be measured at fair value at the acquisition date. The potential consideration classified as an asset or liability is considered a financial instrument within the scope of IFRS 9 "Financial Instruments" and is measured at fair value with changes in fair value included in the consolidated statement of profit or loss according to IFRS 9. In cases where the contingent consideration is not within the scope of IFRS 9, it is measured at fair value at the date of each report and fair value changes is included in the statement of profit or loss.

Goodwill is initially measured at cost (being the aggregate's excess of the transferred consideration and the registered amount of the non-controlling interest and any previously held interest over the expected acquired and identifiable net assets and liabilities). If the acquired net assets' fair value exceeds the total transferred consideration, the Company reassesses the identification's accuracy of all acquired assets and assessed liabilities, then reviews the procedures used to measure the amounts to be recorded at the acquisition date. If the results of the reassessment still indicate that the fair value of the acquired net assets exceeds the total transferred consideration, the gain will be included in the consolidated statement of profit or loss.

After the initial assessment, goodwill is calculated at cost subtracted from any accumulated impairment losses resulting from depreciation in order to test this depreciation. From the acquisition date, goodwill acquired in the business combination is allocated to each of the Company's cash-generating units that are expected to benefit from the business combination, regardless of the assignment of other assets or liabilities of the company acquiring those units.

When goodwill constitutes part of a cash-generating unit and its process, it is hence included in the value listed in the books' operation when determining the gain or loss resulting from its disposal. In this case, the goodwill disposed of is measured based on the relative value of the disposed operation and the retained portion of the cash-generating unit.

5-3-6 Classification of Assets and Liabilities into Current/Non-current

Assets and liabilities are presented in the statement of financial position based on their classification as current or non-current.

An asset is considered current when it is:

- Expected to be realized or intended to be sold or consumed in a normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the financial reporting period.
- In the form of cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting period.

The Company classifies all other assets as non-current.

A liability is considered current when:

- It is expected to be repaid in a normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due for payment within twelve months after the financial reporting period.
- There is no unconditional right to defer settlement of the obligation for at least 12 months after the financial reporting period.
- The terms of the obligation can, at the option of the counterparty, be settled by the issue of equity instruments that do not affect its classification

The Company classifies all other liabilities as non-current.

5-3-7 Fair value measurement

The Company measures certain financial instruments and non-financial assets at fair value at the date of the statement of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that a transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of the asset or liability shall be measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities, the fair value of which is measured or disclosed in the financial statements, are classified within the fair value hierarchy, as shown below, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for similar assets or liabilities;
- Level 2: Valuation techniques where the lowest level of input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques that do not have the lowest level of input that is significant to the observable fair value measurement.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels of the hierarchical system by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial reporting period.

The Company's Evaluation Committee sets policies and procedures for both recurring fair value measurements, such as investment properties and unquoted financial assets, and non-recurring measurements, such as assets held for sale in discontinued operations. The Evaluation Committee consists of the Head of the Investment Property Sector, the Heads of the Group's Internal (Mergers and Acquisitions) M&A Management Team, the Head of the Risk Management Department, Chief Financial Officers, and Property Managers.

External evaluators participate in the evaluation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. The participation of external evaluators is determined annually by the Evaluation Committee after discussion with and approval of the Company's Audit Committee. Selection criteria include knowledge of the market, reputation, independence, and whether professional standards are being maintained. Evaluators are usually rotated every three years. The Evaluation Committee decides, after discussions with the Group's external evaluators, which evaluation techniques and inputs to use for each case.

At each reporting date, the Evaluation Committee analyzes the movements in the values of assets and liabilities that are required to be re-measured or re-evaluated in accordance with the Group's accounting policies. For this analysis, the Evaluation Committee verifies the key inputs applied in the most recent evaluation by approving the information in the evaluation calculation for contracts and other relevant documents.

The Evaluation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable or not.

On an interim basis, the Evaluation Committee submits the evaluation findings to the Audit Committee and the Group's independent auditors. This includes a discussion of the key assumptions used in the assessments.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy, as described above

5-3-8 Revenue from Contracts with Customers

The Company is engaged in the manufacture, sale, and installation of services for carpets, rugs, yarn, colored PPE chips, blankets, bed sheets, and other similar products. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer in an amount that reflects the consideration to which the Company expects to get in exchange for those goods or services. The Company has generally concluded that it is the principal party to its revenue arrangements, except for the purchase services mentioned below because it typically controls the goods or services before being transferred to the customer.

Selling carpets, rugs, yarn, colored PPE chips, blankets, sheets, and other similar products.

Revenue from the sale of carpets, rugs, yarn, colored PPE chips, blankets, sheets, and other similar products is recognized when the asset's control is transferred to the customer, generally when goods are delivered to the customer's location or in most cases sold outright. The normal credit period is 30 to 90 days upon delivery.

If there are other promises in the contract, the Company considers them as separate performance obligations to which a portion of the transaction price shall be allocated (e.g., guarantees and customer loyalty points). In determining the transaction price for the sale of carpets, rugs, rough tiles, and other similar products, the Company takes into account the effects of variable consideration, the presence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Other Revenue

Other revenue is recognized on an accrual basis.

Contract Assets

Contract assets are initially recognized for revenue earned from the sale of carpets, rugs, yarn, colored PPE chips, blankets, bed sheets, and other similar products because the receipt of consideration is conditional on the successful completion of delivery. Upon delivery of the ordered product and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

Trade Receivables

A receivable is recognized if the amount of the unconditional consideration is due from the customer (for example, only the passage of time is required before payment of that consideration is due).

Contract Liabilities

A contract liability is recognized if payment is received or payment is due (whichever is earlier) from the customer before the Company has transferred the related goods or services. Contract liabilities are recognized as revenue when the Company operates under the contract (i.e., transferring control of the related goods or services to the customer).

5-3-9 Foreign Currencies

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the functional currency of the Parent Company. The Company determines the functional currency of each entity, and items included in the financial statements of each entity are measured using that functional currency. The Company uses the direct method to consolidate and dispose of foreign transactions. The gain or loss is reclassified to the profit or loss item that reverses the amount arising from the use of this method.

Transactions in foreign currencies are initially recorded by the Company's companies at the spot rates of their functional currency on the date the transaction qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates for the functional currency at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss with the exception of monetary items that are identified as part of the hedge of the Company's net investment in a foreign transaction. They are recognized in the statement of other comprehensive income until the net investment is disposed of, and while the cumulative amount is reclassified to profit or loss, tax charges and credit balances attributable to exchange differences on these monetary items are also recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured



at fair value in a foreign currency are translated using the exchange rates at the date that the fair value was determined. Gains or losses arising from the translation of non-monetary items measured at fair value are treated in line with the recognition of the gain or loss arising from a change in the fair value of the item (i.e., translation differences on items for which fair value gains or losses are recognized in other comprehensive income, or profit or loss, respectively).

When determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) and when derecognizing a non-monetary asset or non-monetary liability in respect of an advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company sets a transaction date for each payment or receipt of the advance consideration.

On consolidation, the assets and liabilities of foreign transactions are translated into Saudi Riyals at the exchange rate prevailing at the reporting date, and the profit or loss statements are translated at the exchange rates prevailing on the dates of the transactions. Exchange differences resulting from conversion to consolidation are recognized in the statement of other comprehensive income. On disposal of a foreign transaction, the element of the statement of other comprehensive income related to that particular foreign transaction is reclassified to the statement of profit or loss.

5-3-10 Segment Reports

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and evaluating the performance of operating segments, in the capacity of the strategic committee of the Company's Board of Directors.

5-3-11 Investment in Entities Invested in Using the Equity Method

Associate Companies

Investments in associates are those in which the Company has significant influence and are accounted for using the equity method. Significant influence is considered participation in the financial and operating policy decisions of the investee and is usually recognized when the Company owns between 20% and 50% of the voting rights of the Company.

Investments in associates are initially recognized at cost and the carrying amount increases or decreases to recognize the Company's share of the profits or losses of the associate after acquisition at the acquisition date. Any excess of the acquisition's cost over the Company's share of the associate's identifiable net assets' fair value is recognized as goodwill and included in the carrying amount of the associate. The carrying amount of these investments is reduced to reflect the impairment of the individual investments. If the Company's share of losses exceeds its interest in an associate, the carrying amount of that investment is reduced to nil, and the additional losses continue to be recognized unless the Company has an obligation to make additional financing contributions to that associate.

The Company's share of the associate's post-acquisition profit or loss is recognized in profit or loss, and the share of post-acquisition movement in other comprehensive income is recognized in other comprehensive income.

When the Company transacts with an associate, unrealized gains and losses are eliminated to the extent of the interest in the associate. The accounting policies of associates are changed as often as necessary to ensure consistency with the policies adopted by the Company.

Non-continuity of Equity

When the Company ceases to have significant influence or joint control as a result of a reduction or disposal of its interest, the interest held at its fair value is reassessed with the gain or loss recognized directly in profit or loss. The amount is the cost of the continuing investment and according to which the accounting is done. Amounts previously recognized as a share of other comprehensive income are reclassified to profit or loss or transferred to retained earnings, depending on the nature of the items.

If a change in interest occurs without loss of significant influence or joint control, items previously recognized as other comprehensive income are transferred or reclassified only to the extent of the interest excluded.

If the Company obtains control instead (as a result of an increase in its interest), the fair value of the previously held interest is recognized as part of the financial consideration of acquisition.

5-3-12 Property, Plant, and Equipment

Property, plant, and equipment excluding freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment, if any. Freehold land and capital work in progress are valued at cost.

Based on the decision of the Company's Board of Directors dated 19 Rabi' Al-Thani 1441H (corresponding to 16 December 2019G), the depreciation policy for some plant and equipment was changed from the straight-line method at depreciation rates determined for each type of property, plant, and equipment to the production units' method as of 1 January 2020G, provided that depreciation is as follows:

Table No. (20): Depreciation policy for some machinery and equipment

| Item | Useful Life (in years) | Depreciation Method |
|---|------------------------|---------------------------------|
| Buildings | 10 - 20 | Straight Line |
| Property, Plant, and Equipment | 4 - 12 | Straight Line, Production Units |
| Decorations and Improvements | 4 - 7 | Straight Line |
| Furniture, Fixtures, and Office Equipment | 3 - 4 | Straight Line |
| Vehicles | 4 | Straight Line |

The expected production units for each plant were estimated based on a study prepared by the production department and the factory's examination of some plants and equipment. Accordingly, a final study was prepared to determine the units expected to be produced by these plants and equipment that were approved by the Company's Board of Directors.

In respect of additions and disposals during this year, depreciation is charged from the day of acquisition or capitalization to the day before disposal respectively. The Company or its subsidiaries do not have any expected amendments to these policies.



Annual Check for Residual Values and Useful Lives

The residual value of an asset is the estimated current amount that the Group would be able to obtain from the disposal of an asset after deducting the estimated costs of disposal if the asset had already reached its expected life and condition at the end of its useful life.

The residual values and useful lives of the assets are checked and adjusted, if necessary, at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates.

Assets by Segment

Property, plant, and equipment often consist of different parts with different useful lives or depreciation patterns. These parts are replaced (independently) during the useful life of the asset. Accordingly:

Under the segment method, the Company does not recognize the day-to-day maintenance costs of an item in the carrying amount of an item of property, plant, and equipment. These costs are recognized in the consolidated statement of profit or loss when incurred. Different components of assets are identified and depreciated separately only for significant parts of property, plant, and equipment with different useful lives or depreciation patterns. However, the principles relating to the replacement of parts (which represent the subsequent costs of the replaced part) generally apply to all specified parts, regardless of whether they are significant or insignificant.

Capitalization of Costs within Property, Plant, and Equipment

The item cost of property, plant, and equipment consists of the following:

- The purchase price, including import duties and purchase taxes that are not refundable, after deducting trade discounts and rebates.
- Any costs directly related to the site asset and the condition necessary for its operation in the manner deemed appropriate by the Management.
- The initial estimate of the costs of dismantling and transporting the item and restoring the site on which it is located, and the liability incurred either as a result of purchasing the item or its use during a specified period for purposes other than producing inventory during that year.
- Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a component is derecognized as a separate asset when it is replaced.
- Borrowing costs related to qualifying assets are capitalized as part of the cost of qualifying assets until commercial production begins.
- All other repair and maintenance expenses are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred. Regular maintenance and repairs that do not extend the estimated useful life of the asset or production output are charged to the consolidated statement of profit or loss when incurred.
- Gains and losses on disposal of property, plant, and equipment are determined by comparing the proceeds with the net book value and included in other income.
- Management conducts impairment tests to assess the recoverability of the carrying value of property, plant, and equipment when an indication of impairment exists.
- Management reviewed the impairment of operating fixed assets as of the end of the year to assess whether there was any indication of any potential impairment. This review did not result in an impairment of the Company's assets.
- At the end of the year, management conducted an internal impairment review based on the latest available valuation report, key performance indicators, and projected cash flows. These methods involve various assumptions to determine the expected recoverability of assets

5-3-13 Lease Contracts

The Company leases various offices, equipment, and vehicles, and the contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices, unless it has chosen not to separate the lease and non-lease components and instead accounts for it as a single lease component. Leases are recognized as a right-of-use asset and a corresponding liability on the date that the leased asset is available for use by the Company.

Right of Use Assets

The Company recognizes right-of-use assets on the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The cost of right-of-use assets includes the amount of the lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the shortest lease term and the estimated useful lives of the assets.

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of the purchase option, then depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

Lease Contract Liabilities

On the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made in the future over the lease term. Lease payments include fixed payments (including immaterial fixed payments) minus any lease incentives accrued, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option that is reasonably certain to be exercised by the Company and the payment of lease termination penalties if the lease term reflects the Company's exercise of the option to terminate.

Lease payments made in the future under certain reasonably specific extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate included in the lease. If that rate is not readily determinable - and generally occurs for the Company's leases - the lessee's incremental borrowing rate is used which is the rate that a lessee would have to pay to borrow the money needed to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, conditions, and guarantees similar.

The Company is exposed to potential future increases in variable lease payments based on an index or rate that are not part of the lease liability until they become effective. When adjustments to lease payments based on an index or rate become effective, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease payments are distributed between the capital and the cost of finance. The finance cost is charged to profit or loss over the lease term to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Payments associated with short-term leases and impaired assets on a straight-line basis are recognized as an expense in profit or loss.



Amounts due from lessees under finance leases are recorded as receivables at the value of the Company's investment in the related leases. Income from finance leases is allocated for accounting periods to reflect a constant periodic rate of return on the Company's outstanding net investment relating to the related leases.

Rental revenues from operating leases when the Company is a lessor are recognized in income on a straight-line basis over the term of the lease. The initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the rental income. The related leased assets are included in the balance sheet on the basis of their nature

5-3-14 Inventory

Inventory, excluding damaged stock/goods, is valued at cost or net realizable value, whichever is lower. Any reduction in net realizable value is recognized as an expense during the period when the reduction occurs. Any reversal is recognized in the consolidated statement of profit or loss during the period when the reversal occurs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and marketing, and the selling and distribution costs to make the sale.

The cost is determined as follows:

- Raw Materials Weighted Average Cost
- Spare Parts Standard Costs
- Work in Progress Standard Costs
- Finished Goods Standard Costs

Damaged items are valued at net realizable value. Inventory is evaluated through the purchase cost or supplier invoice value in addition to the expenses necessary to complete the purchase process.

Such items are valued at average standard cost less provisions for obsolete and slow-moving items, if any. Items of goods in transit are valued at cost, including the invoice value and other incurred expenses.

Net Realizable Value and Inventory Valuation Provision

The net realizable value is the estimated selling price in the normal course of business of the Group, less the estimated costs of completion and selling expenses. The valuation of the net realizable value of inventory reduction is usually done on an individual basis. This will be when items relate to the same product line (which has a similar purpose and end use) as they are produced and marketed in the same geographical area.

A provision is made against slow-moving, obsolete, and damaged inventories. Damaged inventory is identified and recorded through the physical count. The provision for obsolete and slow-moving inventory is assessed by each category of inventory as part of the ongoing financial reporting. Aging is assessed on the basis of comparing the level of inventory holding with expected future sales.

5-3-15 Non-current Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be mainly recovered through a sale transaction rather than continuing use. Non-current assets and disposal groups classified as held for sale are measured at their book value or fair value, whichever is lower, less costs to sell. Selling costs are the incremental costs directly attributable to the disposal of the asset (the disposal group) excluding financing costs and Zakat expenses.

The criteria for classification of held-for-sale are considered met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale shall indicate that it will be unlikely to make major changes in the sale or that the decision to sell will be overturned. Management shall adhere to the plan to sell the asset and the sale is expected to be completed within one year from the date of classification.

- Property, plant, equipment and intangible assets are not depreciated or amortized once they are classified as held for sale. Assets and liabilities classified as held for sale are presented separately as items.
- Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
- A disposal group qualifies as a discontinued operation if it is a component of an entity that has either been disposed of or is classified as held for sale.
- Represents a separate major line of business or geographic area of operations.
- Part of a single coordinated plan to exclude a separate major line of business or geographic area of operations.
- It is a subsidiary acquired exclusively for the purpose of reselling it.
- Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after Zakat and tax from the discontinued operations in the statement of profit or loss.

5-3-16 Cash Dividends

The Company recognizes the obligation to pay dividends when a distribution is authorized and the distribution is no longer at the Company's discretion. In accordance with applicable laws, distribution is permitted when approved by shareholders. The corresponding amount is recognized directly in equity.

5-3-17 Intangible Assets

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally produced intangible assets - excluding capitalized development costs - are not capitalized and related expenditures are recognized in profit or loss in the period in which they are incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment when there is an indication that the intangible assets may be impaired. Both the amortization period and the amortization method for intangible assets with finite useful lives are examined at least at the end of each reporting period. Changes in the expected useful life or the expected manner of consumption of future economic benefits embodied in the asset are considered to adjust the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of intangible assets.



Intangible assets are derecognized upon disposal (i.e., the date the recipient obtains control) or when no future economic benefits are expected from its use or sale. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statement of profit or loss.

Table No. (21): Intangible Assets

| Type | Useful Life |
|----------|-------------|
| Programs | 4 Years |

5-3-18 Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position consist of cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, which can be readily converted into a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits - as defined above - net of overdrafts from existing banks as they are considered an integral part of the Group's cash management.

5-3-19 Financial Instruments

A financial instrument is any contract that results in a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Recognition and Derecognition of Financial Instruments

Financial instruments, other than derivative financial instruments, are recognized in the Group's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets that are bought or sold in the normal way are recognized using trade date accounting, i.e. when the Company commits to buy or sell.

Financial instruments that are not trade receivables are initially measured at fair value - that is generally the cost of purchase - which includes transaction costs for financial instruments that are not subsequently measured at fair value.

Financial assets are derecognized when:

- The contractual rights to the cash flows from the financial asset expire, or
- The asset is transferred so that the contractual rights to the cash flows of the asset and the risks and rewards of ownership are transferred.

On derecognition, the Company recognizes the differences between the carrying amount and the consideration.

To strengthen arrangements in respect of secured receivables, the transfer may not result in derecognition because the Company retains the exposure to risks and rewards to an extent. The Company evaluates its extended involvement and recognizes the liability, so that the net asset and liability represent the rights and liabilities retained and is measured based on the classification of the original asset.

Financial liabilities (or part of them) are derecognized when and only when the liability is distinct - that is, when the liability specified in the contract has been fulfilled, canceled or expired. The gain or loss between the carrying amount and the amount paid is recognized in profit or loss.

If the terms of the existing financial liability (loans and borrowings) are materially modified, this will be considered to meet the criteria for derecognition of the original liability and a new financial liability is recognized.

b. Classification and Subsequent Measurement of Financial Assets

The measurement of financial assets depends on the classification that is determined by the business model for holding the asset and its cash flow characteristics.

I. Amortized Cost

Assets are held for the purpose of obtaining contractual cash flows which are only interest and principal such as vanilla debt instruments, loans and receivables including contract assets. Interest is calculated using the effective interest method and included in financing income in profit or loss. The impairment is presented in a separate item in profit or loss.

II. Fair Value Through Other Comprehensive Income

In addition to the above, if the business model also includes the sale of assets, those assets will be measured at fair value with changes in fair value flowing through other comprehensive income. Interest income is calculated and presented as above. The impairment is recognized in profit or loss and decreases/increases the fair value gain/loss that was recognized in the other comprehensive income reserve.

On derecognition, gains and losses are recycled to profit or loss and included in other gains/losses.

III. Fair Value Through Profit or Loss

Assets that do not meet the above criteria are measured at fair value through profit or loss with changes in fair value presented in other profit/loss.

For equity investments that the Company considers to be long-term strategic investments, the Company has chosen IFRS 9 to present changes in fair value through other comprehensive income. Unlike above, however when the investments are sold, the cumulative Other Comprehensive Income (OCI) gain/loss will be transferred within equity and will not be recycled through profit or loss.

Dividends are recognized as other income when the right to receive the payment is established.

c. Classification and Measurement of Financial Liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial Liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or as other financial liabilities that are measured at amortized cost. A financial liability is classified at fair value through profit or loss if it is either held for trading or otherwise classified under this classification. Gains and losses of these financial liabilities are recognized in other profit or loss in the statement of comprehensive income.

A financial liability is classified as held for trading if:



- a) The liability is acquired primarily for the purposes of subsequent short-term repurchase;
- b) On initial recognition, it is part of a portfolio of identified financial instruments with a pattern of short-term profit taking; or
- c) It is a derivative financial instrument that is not designated and effective as a hedging instrument.

Otherwise, a financial liability may be designated at fair value through profit or loss on initial recognition if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- b) The financial liability forms part of a group of financial assets or financial liabilities or both that are managed and their performance is evaluated on a fair value basis as part of the group's documented risk management and investment strategies; and
- c) The financial liability forms a part of a contract that contains one or more embedded derivatives and the contract can be fully allocated in accordance with applicable financial reporting standards.

Other financial liabilities are measured initially at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method with interest expense recognized on an effective yield basis within finance costs in the statement of comprehensive income.

The Company derecognizes financial liabilities when the Company's liabilities are discharged, canceled or expire.

Latent Derivatives

Derivatives embedded in other financial instruments or non-derivative original contracts are treated as separate derivatives when their risks and characteristics are not closely related to the original contracts and the original contracts are not measured at fair value through profit or loss.

However, financial liabilities that contain multiple latent derivatives are not segregated and are treated at fair value through profit or loss.

Compound Financial Instruments

The compound financial instruments issued by the Company consist of convertible loan securities that can be converted into capital at the option of the owner and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not contain an equity transfer option. The equity component is initially recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable to the components of liabilities and equity are allocated in proportion to their initial carrying amounts.

After initial recognition, the liability component of the compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured after initial recognition until conversion or expiration.

The interest expense on the liability component is calculated by applying the effective interest rate method. This is obtained by calculating the present value of future cash flows at the market rate of a loan without the convertible component. The difference between the effective interest rate and the interest paid is added to the book value of the convertible loan bond.

Interest, dividends, losses and profits relating to a financial liability are recognized in profit or loss. Dividends to equity holders are recognized in equity after deduction of the applicable taxes.

5-3-20 Financial Instruments Clearing

Financial assets and liabilities are offset and the net amount recorded in the statement of financial position only when there is a legally enforceable right to set off the listed amounts and there is an intention to settle on a net basis or to simultaneously realize the assets and pay the liabilities.

Currently, the Company does not offset financial assets and liabilities. The only relevant arrangement to which the Company is subject is the master netting arrangement.

5-3-21 Derivative Financial Instruments and Hedging Activities

Derivative Financial Instruments

The Company uses derivative financial instruments to manage exposures to interest rate, commodity and foreign currency risks, including exposures arising from forecast transactions.

Derivative financial instruments are initially measured at fair value. Changes in fair value are subsequently recognized in profit or loss along with transaction costs. Trading derivatives are classified as a current asset or liability.

Hedging

If the derivative financial instrument is used as a hedging instrument, it is classified into one of the following:

- a) Fair Value Hedge - This instrument hedges the exposure to changes in the fair value of a firm asset or liability or recognized liability; or
- b) Cash Flow Hedge - This instrument hedges the exposure to changes in cash flows that are either attributable to a particular risk associated with a recognized asset, liability or a forecast transaction.
- c) Net Investment Hedges in a Foreign Operation (Net Investment Hedge)

To meet hedge accounting standards, Management defines and formally documents the hedging relationship and the Company's risk management strategy for hedging, the risks' nature, the hedging instrument and the hedged item. The effectiveness of the hedge is also evaluated against these requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not control the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as the quantity of the hedged item and the quantity of the hedge.

When the effectiveness is not subsequently achieved in terms of the hedge ratio, but the risk management objective remains the same, and the hedge ratio is adjusted accordingly.

Recognition and De-Recognition of Financial Instruments

The Company prospectively discontinues hedge accounting when the derivative instrument is determined to be either ineffective as a hedge after a ratio adjustment, the derivative expires, or is sold, terminated or exercised; or the risk management objective has changed and the instrument no longer meets the criteria.



Fair Value Hedges

For fair value hedges that meet the conditions of hedge accounting, any gain or loss on the hedging instrument is recognized in profit or loss, and the gain or loss on the hedged item attributable to the hedged risk is also recognized in profit or loss. The gain or loss of the effective portion of a fair value hedge is recognized in finance income or cost. The gain or loss of the ineffective portion of a fair value hedge is recognized in other profit or loss in profit or loss.

Cash Flow Hedges

For cash flow hedges that meet the terms of hedge accounting:

1. The cash flow reserve for a component of equity is adjusted to the lesser of the following:
 - a. Cumulative gain/loss on the hedging instrument from the inception of the hedge
 - b. Cumulative gain/loss on the fair value of the hedged item
2. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized through other comprehensive income.
3. The ineffective portion is recognized in profit or loss (equilibrium balance).

For cash flow hedges that affect future transactions, the gain or loss recognized as part of other comprehensive income is transferred to profit or loss in the same period in which the hedge transaction affects income. When the hedging transaction results in the recognition of an asset or liability, the associated gain or loss previously recognized in other comprehensive income is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If future cash flows are no longer expected, the amounts are immediately reclassified to profit or loss.

The Company uses futures contracts in cash flow hedges and designates only the change in the fair value of the spot component of the futures contract as a hedging instrument. The change in fair value ("forward points") is accounted for separately as hedging cost and is recognized in hedging reserve costs within equity.

When the Company uses options to hedge, only the change in intrinsic value is identified as a hedging instrument for transactions. Changes are calculated as above.

The full fair value of the hedging derivative is classified as a non-current asset or liability when the hedged item has a maturity of more than twelve months from the reporting date, and as a current asset or liability when the maturity of the hedged item is less than twelve months from the reporting date. Trading derivatives are classified as current assets or liabilities.

Net Investment Hedges

Net investment hedges in foreign operations are calculated similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized directly in profit or loss in other net profit/loss.

Gains and losses accumulated in equity are recognized in profit or loss when the foreign operation is disposed of or partially sold.

5-3-22 Term Loans and Credit Banks

Term loans and credit banks are initially recognized at fair value (being received proceeds) less eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowing is measured at amortized cost using the effective interest rate method. Any difference between the proceeds net of transaction costs and the redemption amount is recognized in profit or loss over the term of the borrowing using the effective interest rate method.

Borrowing is removed from the statement of financial position when the liability specified in the contract has been fulfilled, canceled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any transferred non-cash assets or liabilities assumed, is recognized in profit or loss as income or other finance costs. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

5-3-23 Employee Defined Benefit Liabilities

Short and Long-Term Benefits

Liabilities relating to wages and salaries, including non-cash benefits and accrued unused paid vacation that are expected to be fully settled within 12 months after the end of the period in which employees render the related service, are recognized in respect of employee services up to the end of the reporting period and are measured at amounts expected to be paid when settlement of liabilities. The Liabilities are presented as current employee benefit Liabilities in the accruals in the statement of financial position.

Employees' End of Service Benefits

It is the liability or asset recognized in the consolidated statement of financial position in respect of defined benefits. An employee's end of service benefit plan is the present value of the defined benefit liability at the end of the fiscal year. The defined benefit liability is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms that approximate those of the related liability.

Defined benefit costs are categorized as follows:

Service Cost

Service costs include current service cost and past service cost is recognized immediately in the consolidated statement of profit or loss. Changes in the present value of the defined benefit liability resulting from plan modifications or curtailments are recognized immediately in the consolidated statement of profit or loss as past service costs.

Interest Cost

The net interest cost is calculated by applying the discount rate to the net defined benefit liability balance. This cost is included in employee benefit expense in the consolidated statement of profit or loss.



Re-measurement's Gain or Loss

The re-measurement's gains or losses arising from experience adjustments and changes in actuarial assumptions in the year in which they occur are recognized directly in other comprehensive income.

5-3-24 Zakat and Tax

The Company is subject to Zakat in accordance with the regulations of the General Authority for Zakat and Tax ("the authority"). Foreign subsidiaries are subject to the relevant income tax regulations in their respective countries. The Company's Zakat and its share in the income tax of foreign subsidiaries are accrued and charged to the currently consolidated statement of profit or loss. Additional Zakat and foreign income tax liabilities, if any, related to previous years' assessments are calculated in the period in which the final assessments are completed.

5-3-25 Provisions

Provisions are recognized when the Company has a present legal or constructive liability as a result of past events, it is probable that an outflow of resources will be required to settle the liability and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present liability at the end of the reporting period, taking into account the risks and uncertainties surrounding the liability. When a provision is measured using the cash flows estimated to settle the present liability, its carrying amount is the present value of those cash flows. The provision shall be reviewed at the end of each reporting period if future outflows are not probable, and the provision shall be reversed. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset and not as a reduction of the required provision. Also, the amount to be recognized as an asset shall not exceed the amount of the provision if it is almost certain that the payment will be received and the amount receivable can be reliably measured.

Contingent assets and liabilities are potential rights and liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Company's control.

5-3-26 Expenditures

Cost of Sold Goods

The cost of sold goods is determined based on the cost of production or purchase adjusted for inventory change. All other expenditures, including those relating to advertising and promotions, are recognized when the Company has received the risks and rewards of ownership of the goods or when it has received the services.

Selling and Marketing Expenditures

Selling and marketing expenditures include all costs of selling and marketing the Company's products and include advertising expenses, marketing fees and other overheads related to sales. The apportionment between selling and marketing expenses and sales costs is made on a consistent basis, if required.

General and Administrative Expenditures

General and administrative expenditures include direct and indirect costs that are not specifically part of the cost of sales or the Group's selling and marketing activity. The allocation between cost of sales and general and administrative expenses is made on a consistent basis, if required.

5-3-27 Earnings per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the Group's common shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the private equity held. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of ordinary shares outstanding, adjusted for private equity held, for the effects of all potential dilutive common stock, including convertible bonds and stock options granted to employees, if any.

5-3-28 Related Party Transactions

Transactions with related parties are priced on a commercial basis. The prices of these transactions are determined on the basis of the uncontrolled comparable price method which sets the price by reference to goods and services sold in an economically comparable market to a buyer who is not related to the seller.

5-3-29 Events Following the Consolidated Statement of Financial Position's Date

The Company adjusts the financial statements if an event occurs after the reporting period that provides additional evidence of conditions that existed at the end of the reporting period, even if an event indicating the continuity assumption, in respect of all or part of the project, is not appropriate. These amendments are made up to the date of approval of the consolidated financial statements by the Board of Directors.

5-3-30 Borrowing Costs

Direct borrowing costs of acquiring, establishing or producing a qualifying asset is an asset that basically takes a long period of time, i.e., more than one year, to prepare or sell. The borrowing cost is added to the cost of that asset until assets are ready for use or sale. Furthermore, the advance cost during dismissal is not capitalized to the extent that variable rate loans are used to fund a qualifying asset and hedged by effective cash flow hedging is done to offset the risk of commission rate changes. The effective portion of the derivative instrument is recognized in the consolidated statement of other comprehensive income and transferred to the consolidated statement of profit or loss when the qualifying asset affects profit or loss to the extent that fixed rate loans are used to finance the qualifying asset and an actual fair value hedge of the commission rate risk is hedged. The capitalized advance costs reflect the hedge's interest rate. Investment income, earned on the temporary investment of specific loans and pending expenditures on qualifying assets, is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the consolidated statement of profit or loss when they are incurred.

5-4 Key Accounting Estimates and Judgments

Preparation of consolidated financial statements requires the Company's Management to conduct judgments, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets, liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the current circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects current



and future periods.

The following are the critical judgments and estimates that have the most significant effect on the amounts recognized in the consolidated financial statements:

Lease Term

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise the option of extending or terminating. The assessment is reviewed if a material event or significant change in circumstances that affects this assessment occurs. During the current fiscal year, there was no material financial impact of lease terms' revision that reflects the effect of exercising the extension or termination options.

Depreciation and Amortization of Non-Current Assets

Depreciation and amortization are recognized to write off the cost of assets minus their residual value over their useful lives using the appropriate method. The Company's Management estimates the useful lives, residual values and method of depreciation, then reviews them at the end of each reporting period. The effect of any changes in estimate is accounted for on a prospective basis.

Zakat and Income Tax

When the amount of Zakat, tax liability or assets is uncertain, the Company recognizes a provision that reflects Management's best estimate of the most likely outcome, based on facts known in the relevant authority. Any differences between Zakat, tax assessments and final tax assessments are charged to the consolidated statement of profit or loss, in the period they are incurred, unless expected.

Allowance for Doubtful Debts

Provisions for doubtful accounts receivable represent the Company's estimate of losses that could arise from the failure or inability of customers to make payments when due. These estimates are based on the aging of customer balances, specific credit conditions and the Group's historical experience with bad receivables.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company estimates the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Provision for Obsolete, Slow Moving and Damaged Inventory

Management makes provision for obsolete, slow moving and damaged inventory items. Estimates of the net realizable value of inventories are based on the most reliable evidence at the time the estimates were made. These estimates take into account price or cost fluctuations directly related to events that occurred after the balance sheet date to the extent that such events confirm conditions that exist at the end of the year.

Contingent Liabilities

By nature, contingent liabilities will only be resolved when one or more future events occur or do not occur. The assessment of such contingent liabilities inherently involves the exercise of significant judgment and estimates of the results of future events.

Employee Defined Benefit Liabilities

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash flows expected by the Group in respect of services provided by employees up to the reporting date.

The Group determines the appropriate discount rate at each reporting date. In determining the appropriate discount rate, Management considers the interest rate of corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturities close to the expected term of the related retirement liability.

5-5 Key Performance Indicators

The Company's financial information listed below are taken from the Financial Statements. Specific financial information and key performance indicators shall be read along with the information provided in the "Risk Factors" section, "Management's Discussion and Analysis of Financial Position and Results of Operations" section, and Financial Statements, which are included in the ("Consolidated Financial Statements and Auditor Reports") section and other Financial Statements contained in this Prospectus.

Table No. (22): Summary of the Company's Consolidated Income Statement for the Fiscal years ended 31 December 2020G, 2021G, and 2022G

| (SAR'000,000) | December 2020G | December 2021G | December 2022G | Change 2020G – 2021G | Change 2021G – 2022G |
|---|----------------|----------------|----------------|-------------------------|-------------------------|
| Revenue | 192.2 | 230.2 | 280.2 | 19.8% | 21.7% |
| Gross Profit | 22.5 | 27.6 | 49.9 | 22.7% | 80.8% |
| (Loss)/ Profit for operations | (59.8) | (73.5) | 11.0 | 23.0% | (114.9%) |
| (Loss)/ Profit for the year | (83.4) | (85.5) | (1.4) | 2.5% | (98.4%) |
| Financial Key Performance Indicators | | | | | |
| Gross Profit Margin | 11.7% | 12.0% | 17.8% | - | - |
| Operating Profit Margin | (31.1%) | (31.9%) | 3.9% | - | - |
| Net Profit Margin | (43.4%) | 37.1% | (0.5%) | - | - |



| Operational Key Performance Indicators | | | | | |
|--|-------|--------|--------|---|---|
| Production Capacity | | | | | |
| The Carpet Factory (million m ²) | 4.8 | 4 | 4 | - | - |
| The Rugs Factory (million m ²) | 26.2 | 22 | 22 | - | - |
| Yarn (million Kg) | 16.9 | 15 | 15 | - | - |
| Produced quantity | | | | | |
| The Carpet Factory (million m ²) | 1.5 | 2.8 | 3.1 | - | - |
| The Rugs Factory (million m ²) | 8.9 | 8.8 | 12.2 | - | - |
| Yarn (million Kg) | 8.4 | 8.3 | 9.8 | - | - |
| Utilized capacity (%) | | | | | |
| The Carpet Factory | 32.1% | 70.44% | 78.2% | - | - |
| The Rugs Factory | 34% | 39.9% | 55.62% | - | - |
| Yarn | 49.7% | 55.53% | 66% | - | - |

Table No. (23): Summary of the Company's Consolidated Financial Position Statement for the Fiscal years ended 31 December 2020G, 2021G, and 2022G

| Consolidated Financial Position Statement | | | |
|---|----------------|----------------|----------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Non-current assets | 215.6 | 200.7 | 179.8 |
| Current assets | 295.9 | 258.3 | 232.2 |
| Non-current Liabilities | 250.6 | 201.8 | 177.7 |
| Current Liabilities | 205.5 | 148.2 | 128.9 |
| Net Assets | 55.4 | 109.0 | 105.4 |
| Represented by | | | |
| Capital | 61.6 | 211.6 | 109.0 |
| Accumulated losses | (6.2) | (102.7) | (3.6) |
| Shareholders' Equity | 55.4 | 109.0 | 105.4 |
| Key Performance Indicators | | | |
| Current ratio (Times) | 1.4 | 1.7 | 1.8 |
| Asset Turnover Ratio (Times) | 0.4 | 0.5 | 0.6 |
| Return on assets (%) | (16.3%) | (18.6%) | (0.3%) |
| Return on equity (%) | (150.5%) | (78.5%) | (1.3%) |
| Debt to equity (Times) | 8.2 | 3.2 | 2.9 |



5-6 Statement of Profit or Loss and Comprehensive Income

Table No. (24): Statement of Profit or Loss and Comprehensive Income for the Fiscal years ended 31 December 2020G, 2021G, and 2022G

| Statement of Profit or Loss and Comprehensive Income | | | | | |
|---|----------------|----------------|----------------|-------------------------|-------------------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G | Change 2020G – 2021G | Change 2021G – 2022G |
| Revenue | 192.2 | 230.2 | 280.2 | 19.8% | 21.7% |
| Revenue cost | (169.7) | (202.5) | (230.3) | 19.3% | 13.7% |
| Gross Profit | 22.5 | 27.6 | 49.9 | 23.0% | 80.5% |
| Sales and distribution expenses | (34.0) | (28.6) | (29.4) | (15.9%) | 2.8% |
| General and administrative expenses | (22.1) | (20.5) | (16.7) | (7.0%) | (18.7%) |
| A decrease in the value of current assets - Net | (46.1) | (52.6) | (1.7) | 14.0% | (96.7%) |
| Other Revenue – Net | 19.9 | 0.5 | 8.9 | (97.3%) | 1536.4% |
| (Losses)/ Profit from operations | (59.8) | (73.5) | 11.0 | 23.0% | (114.9%) |
| (Loss)/ Profits from changes in the fair value of derivative financial instruments | (0.1) | 1.6 | 1.3 | (2510.3%) | (23.1%) |
| The Company's share in (loss) / profits of associates and joint ventures | (0.4) | 0.7 | 0.7 | -270.4% | 2.1% |
| Financial burdens | (2.7) | (120) | (7.4) | (42.0%) | (38.2%) |
| (Loss) / profit before Zakat | (81.0) | (83.2) | 5.5 | 2.7% | (106.6%) |
| Zakat | (2.4) | (2.3) | (6.9) | (4.4%) | 194.6% |
| (loss)/ profit for the year | (83.4) | (85.5) | (1.4) | 2.5% | (98.4%) |
| (Loss)/ Other Comprehensive Income | | | | | |
| Items that are not reclassified to profit or loss later | | | | | |
| Loss from revaluation of employees' defined benefit liabilities | 0.5 | (3.4) | (2.2) | (804.1%) | (35.7%) |
| Gross (Loss)/ Other Comprehensive Income | (82.9) | (89.0) | (3.6) | 7.3% | (96.0%) |

5-6-1 Revenue

Table No. (25): Breakdown of Revenue for the Fiscal years ended 31 December 2020G, 2021G, and 2022G

| Revenue | | | | | |
|----------------|----------------|----------------|----------------|-------------------------|-------------------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G | Change 2020G – 2021G | Change 2021G – 2022G |
| Local Revenue | 163.3 | 195.7 | 236.4 | 19.9% | 20.8% |
| Export Revenue | 28.9 | 34.5 | 43.8 | 19.2% | 27.1% |
| Total | 192.2 | 230.2 | 280.2 | 19.8% | 21.7% |

The Company lists its sales through two main activities: domestic revenue and export revenue. Domestic revenue are the wholesale and retail sales and projects, which mainly include carpet, rugs, and fabrics. Naseej International Trading Company exported its products to more than 21 countries, including Yemen, Jordan, and Sudan, which contributed mainly to revenue (9.0% of Gross Sales of FY 2022G). As a result of the easing of (Covid-19) pandemic restrictions, the Company's total sales increased from SAR 192.2 million in FY 2020G to SAR 230.2 million in FY 2021G (increased by 19.8% during the year). Revenue continued to increase during FY 2022G to SAR 280.2 million (increased by 21.7% during the year).



Sales by Business Units

Table No. (26): Sales by Business Units for the fiscal years ended 31 December 2020G, 2021G, and 2022G

| Sales by Business Units | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------------|----------------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G | Change 2020G – 2021G | Change 2021G – 2022G |
| Rug products | 92.8 | 102.8 | 140.2 | 10.8% | 36.4% |
| Carpet products | 48.5 | 84.8 | 89.0 | 74.8% | 5.0% |
| Yarn products | 16.2 | 22.4 | 26.8 | 38.5% | 19.7% |
| Imported products | 24.3 | 8.8 | 16.1 | (63.7%) | 82.2% |
| Other | 10.4 | 11.4 | 8.1 | 9.6% | (29.0%) |
| | 192.2 | 230.2 | 280.2 | 19.8% | 21.7% |
| Percentage of the total % | | | | | |
| Rug products | 48.3% | 44.6% | 50.0% | | |
| Carpet products | 25.2% | 36.9% | 31.8% | | |
| Yarn products | 8.4% | 9.7% | 9.6% | | |
| Imported products | 12.7% | 3.8% | 5.7% | | |
| Other | 5.4% | 4.9% | 2.9% | | |

According to the financial statements, the textile products, which mainly include Rug flooring have increased by 10.8% during FY 2021G and by 36.4% during FY 2022G. This increase is attributed to positive variation in quantity, resulting in an increase in the sold quantities due to the restrictions of the Covid-19 in FY 2020G.

As for the textile category, which includes carpets and rugs flooring have increased from SAR 48.5 million in FY 2020G to SAR 84.8 million in FY 2021G (increased (by 74.8% during the year). This increase in sales was mainly due to the increase in sold quantities, compared to sales growth caused by the impacts of rates. Average rates of textile products were reduced in FY 2020G to dispose of the significant old inventory. In 2021G, the Management decided to restore the normal rates after the demand for textile products was improved due to the easing of (Covid-19) pandemic restrictions. Average rates remained stable in FY 2022G, and the general revenue stabilized at SAR 89.0 million (increased by 4.9% compared to FY 2021G) in the same year.

Revenue from yarn and related products increased from SAR 16.2 million in FY 2020G to SAR 22.4 million in FY 2021G (increased by 38.5% during the year). This increase was driven by rate reduction in FY 2020G to dispose of the significant old inventory. Revenue continued to increase in FY 2022G to SAR 26.8 million (increased during the year by 19.7%) due to the improvement of the demand for the isolated polymer strands. However, rates remained stable in FY 2022G and were not reduced.

The imported products mainly include blankets, carpets, and vinyl. The revenue from imported products decreased from SAR 24.3 million in FY 2020G to SAR 8.8 million in FY 2021G (by 63.7% during the year). This decrease is due to the Company's failure to continue its contract with «Mora», one of the Spain's main suppliers. Moreover, import restrictions were imposed on the Turkish carpets, resulting in a decrease in imported carpets revenue by 67.1% in FY 2022G. The Company changed its strategy and began to focus on vinyl products. Due to the amended strategy, the revenue from the imported products increased from SAR 8.8 million in FY 2021G to SAR 16.1 million in FY 2022G (increased by 82.2% during the year).

Other products mainly include the revenue from installations services, provision of flooring accessories, local vinyl, and scrap sales. In general, other revenue stabilized between SAR 8.1 million and SAR 11.4 million during the previous period.

Sales by Customer Category

Table No. (27): Sales by Customer Category for the Fiscal years ended 31 December 2020G, 2021G, and 2022G

| Sales by Customer Category | | | | | |
|------------------------------|----------------|----------------|----------------|----------------------|----------------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G | Change 2020G – 2021G | Change 2021G – 2022G |
| Wholesale clients | 98.0 | 109.8 | 155.5 | 12.0% | 41.6% |
| Major clients | 26.6 | 54.0 | 48.7 | 102.9% | (9.8%) |
| International sales | 28.0 | 15.5 | 35.2 | (44.6%) | 127.3% |
| Contracts and projects sales | 26.4 | 18.7 | 18.5 | (29.0%) | (1.3%) |
| Retail sales | 9.0 | 9.2 | 9.6 | 2.2% | 4.2% |
| Other | 4.2 | 22.9 | 12.6 | 451.6% | (44.9%) |
| | 192.2 | 230.2 | 280.2 | 19.8% | 21.7% |

The Company had 15 wholesale branches in FY 2020G. These branches were decreased to 14 in FY 2021G then to 11 in FY 2022G. The Management decided to close certain wholesale branches due to the decrease in sales and operational loss. The positive variation in revenue in the previous period is mainly attributed to the increase in the revenue generated from the As-Sulay and Abha



branches, the closure of branches that led to a decrease in sales, in addition to focusing on opening new markets and attracting new customers.

Revenues from major customers are mainly related to customers who act as intermediaries as they sell products to the end user. Compared to FY 2020G, the key account revenue increased by 102.9% in FY 2021G after Covid-19 restrictions' easing in FY 2021G. during FY 2022G revenue decreased by 9.8% due to the Company facing competitive pressures.

Naseej exported its products to more than 21 countries, since Yemen, Jordan, and Sudan contributed mainly to revenue, where their percentage represented 9.0% of gross revenue. Import sales revenue increased by 127.3% in FY 2022G upon the resumption of international trade after Covid-19 restrictions' easing.

The Company entered into contract direct sales and installation services with major universities and hotels. Contracts and project revenue decreased from SAR 26.3 million in FY 2020G to SAR 18.7 million in FY 2021G, i.e., decreased by 29.0% during the year. This decrease is due to the Company witnessing higher activity in FY 2020G, as the hospitality industry changed its strategy to refurbish facilities during the Covid-19 pandemic when there was a decline in demand. During FY 2022G, contracts and projects revenue stabilized at a level approximately similar to FY 2021G.

Retail outlets revenue were SAR 9.0 million to SAR 9.6 million, with no noticeable differences in the previous period.

5-6-2 Revenue Cost

Table No. (28): Breakdown of the Company's Sales Cost for the fiscal years ended 31 December 2020G, 2021G, and 2022G

| (SAR'000,000) | Revenue Cost | | | | |
|---|----------------|----------------|----------------|----------------------|----------------------|
| | December 2020G | December 2021G | December 2022G | Change 2020G – 2021G | Change 2021G – 2022G |
| Raw Material Consumption | 86.0 | 135.6 | 145.1 | 57.6% | 7.0% |
| Employee salaries and benefits | 23.5 | 28.1 | 25.8 | 19.6% | (8.2%) |
| Consumption | 14.1 | 14.1 | 14.9 | 0.2% | 5.5% |
| Fuel and power | 10.1 | 12.7 | 11.7 | 26.0 | (8.4%) |
| Spare parts and consumables | 6.8 | 8.0 | 7.7 | 18.2% | (4.4%) |
| Other | 6.2 | 4.5 | 5.9 | (27.0%) | 29.9% |
| Total expenses | 146.7 | 203.1 | 211.0 | 38.4% | 3.9% |
| Change in complete and in-progress production | 23.0 | (0.6) | 19.2 | (102.6%) | (3375.0%) |
| Cost | 169.7 | 202.5 | 230.3 | 19.3% | 13.7% |

Despite the increase in raw materials from SAR 86.0 million in FY 2020G to SAR 135.6 million in FY 2021G (increased by 57.6% during the year), then to SAR 145.1 million in FY 2022G (increased by 7.0% during the year), the cost of raw materials as a percentage of gross sales remained within the range of 55.1% to 58.7%.

Employee salaries and benefits increased from SAR 23.5 million in FY 2020G to SAR 28.1 million in FY 2021G (increased by 19.6% during the year). This is primarily due to the increase in employee average salaries. Employee salaries and benefits decreased to SAR 25.8 million in FY 2022G (decreased by 8.2% during the year) due to the decrease in the number of workers in factories division from an average of 405 workers in FY 2021G to 368 workers in FY 2022G, despite the average salary of each worker is in the same range.

Depreciation is related to the Company's fixed assets owned by the Company which includes properties and equipment. Depreciation expenses ranged between SAR 14.1 million and SAR 14.9 million during the previous period.

Fuel and energy costs relate to the fuel required for forklifts and factory electricity. Fuel and electricity costs remained between 4.2% and 5.5% of total revenue.

Spare parts and consumables are associated with parts used in factories. The costs of spare parts and consumables increased from SAR 6.8 million in FY 2020G to SAR 8.0 million in FY 2021G (increased by 18.2%). However, expenses as a percentage of revenue remained at 3.5%. The cost decreased to SAR 7.7 million (decreased by 4.4%), and to 2.7% of total revenue due to the increase in regular maintenance of machines and similar consumption of spare parts and consumables compared to FY 2021G.

"Other" costs mainly include insurance premiums and factory service costs. "Other" item decreased from SAR 6.2 million in FY 2020G to SAR 4.5 million in FY 2021G (decreased by 27.0%). This decrease was driven by the decrease in maintenance costs in during the Covid-19 pandemic. Between FY 2020G and FY 2021G, "Other" remained at 2.1% of total revenue.

Change in inventory balance is related to the products sold from inventory carried over from previous years, plus change in production-in-progress. This balance decreased from SAR 22.9 million in FY 2020G to SAR (0.5) million in FY 2021G (decreased by 102.6%). This decrease is due to the Covid-19 pandemic restrictions' easing, leading to increase in inventory turnover. This balance increased to SAR 19.2 million in FY 2022G (increased by 3,375.0%) due to the increase in demand and the Covid-19 pandemic restrictions' easing.

5-6-3 Sale and Distribution Expenses

Table No. (29): Sale and Distribution Expenses for the Fiscal years Ended 31 December 2020G, 2021G, 2022G

| (SAR'000,000) | Sale and Distribution Expenses | | | | |
|---------------------------|--------------------------------|----------------|----------------|--------------------|-------------------|
| | December 2020G | December 2021G | December 2022G | Change 2020G-2021G | Change 2021-2022G |
| Employee cost | 15.9 | 15.3 | 16.1 | 15.00% | 18.9% |
| Rentals | 4.1 | 3.4 | 3.0 | 16.10% | (1203%) |
| Travel and transportation | 3.1 | 3.2 | 4.7 | 1.5% | 46.2% |
| Depreciation | 2.0 | 1.3 | 1.1 | (35.1%) | (13.2%) |



| | | | | | |
|-----------------------------|------|------|------|---------|---------|
| Publicity and Advertisement | 0.2 | 0.1 | 0.1 | (38.5%) | (22.9%) |
| Sales commission | 1.1 | 1.0 | 1.0 | (12.4%) | 3.9% |
| Insurance | 0.7 | 0.2 | 0.1 | (77.1%) | (34.9%) |
| Utilities | 0.4 | 0.7 | 0.6 | 61.5% | (13.4%) |
| Repair and maintenance | 0.4 | 0.5 | 0.4 | 18.8% | (19.3%) |
| Government expenses | 0.3 | 0.2 | 0.2 | (52.7%) | 21.0% |
| Other | 5.7 | 4.6 | 2.2 | (19.9%) | (53.1%) |
| Gross total | 34.0 | 28.6 | 29.4 | (15.9%) | (2.8%) |

Employee costs decreased from SAR 15.9 million during FY 2020G to SAR 13.5 million during FY 2021G (decreased by 15.0% during the year). This decrease is mainly due to a decrease in the number of employees to 187 employees during FY 2021G with increase in the employee base to an average of 193 employee during FY 2022G. Total employee costs increased to SAR16.0 million (increased by 18.9% during the year) where average monthly salary for one employee was between SAR 4,700.0 and 5,600.0 during the previous period.

Depreciation of the assets related to the right of using the property has been included as a rental expense where the expenses have decreased from SAR 4.1 million during FY 2020G to SAR 3.4 million during FY 2021G (decreased by 16.1% during the year) as a result of the decrease in rental value due to the consequences of the Corona pandemic. The expenses decreased to SAR 2.9 million (decreased by 12.3 % during the year) due to closing 3 more wholesale branches.

Although travel and transportation expenses increased from SAR 3.2 million during FY 2021G to SAR 4.6 million during FY 2022G, total expenses as a percentage of revenues remained in the range of 1.4% to 1.6%.

Depreciation expense relates to improvements to the properties leased to showrooms and warehouses. Depreciation expenses decreased by 35.1% from SAR 1.9 million in FY 2020G to SAR 1.3 million in 2021G, which decreased by 13.2 % to reach SAR 1.1 million during FY 2022G. This decrease was mainly due to assets depreciation by a percentage of 99%.

In 2021G, the Company implemented a new sales commission policy, where commission rates ranged between 0.2% and 1.2% of sales. Total commissions as a percentage of revenue remained in the range of 0.4% to 0.6% over the previous period.

Insurance expenses include property insurance premiums for showrooms and warehouses. Insurance expenses decreased from SAR 0.7 million during FY 2020G to SAR 0.2 million during FY 2021G (decreased by 77.1% during the year) due to the decrease in the value of property in general in 2021G.

Utility expenses consist mainly of electricity, water and communications costs. Utilities expenses remained in the range of 0.2% to 0.3% of total revenues during the previous period.

5-6-4 General and Administrative Expenses

Table No. (30): Details of General and Administrative Expenses for the fiscal years ended 31 December 2020G, 2021G, and 2022G

| General and Administrative Expenses | | | | | |
|-------------------------------------|----------------|----------------|----------------|--------------------|-------------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G | Change 2020G-2021G | Change 2021-2022G |
| Employee cost | 14.8 | 14.7 | 11.0 | (1.1%) | (25.1%) |
| Depreciation | 0.6 | 0.5 | 0.5 | (7.6%) | 5.6% |
| Amortization | 0.9 | 0.7 | - | (14.6%) | (100%) |
| Professional fees | 2.3 | 1.0 | 0.9 | (55.8%) | (6.1%) |
| Board and committees' fees | 1.1 | 1.5 | 1.6 | 32.7% | 11.9% |
| Other | 2.4 | 2.1 | 2.6 | (12.7%) | 20.4% |
| Gross total | 22.1 | 20.5 | 16.7 | (7.0%) | (18.7%) |

Employee costs decreased from SAR 14.7 million during FY 2021G to SAR 11.0 million during FY 2022G (decreased by 25.1% during the year) due to decrease in the overall number of employees from 78 employees during FY 2021G to 68 employees during FY 2022G. However, average monthly salary for one employee continued to range between SAR 10,400.0 and SAR 13,100.0 during the same period.

Depreciation expense relates to fixed assets at the head office, and depreciation expense of information systems software. Depreciation expenses did not witness any major fluctuations between FY 2020G and FY 2022G.

Professional fees relate to expenses paid by the Company to audit consultants and value added (value added tax) consultants. Professional fees expenses decreased from SAR 2.3 million during FY 2020G to SAR 1.0 million during FY2021G (decreased by 55.8% during the year). This decrease is mainly due to the Company incurring professional expenses and consultancy fees in FY 2020G.



5-6-5 Other Revenue / (Expenses)

Table No. (31): Other Revenue / (Expenses)

| (SAR'000,000) | Other Income / (Expenses) | | | | |
|--|---------------------------|----------------|----------------|--------------------|--------------------|
| | December 2020G | December 2021G | December 2022G | Change 2020G-2021G | Change 2020G-2021G |
| Write-off excess interest due on loans | - | - | 5.9 | - | - |
| Revenues from sale of fixed assets and equipment | 3 | 0.5 | 0.5 | (81.8%) | (3.3%) |
| Written-off start-up costs | 1.1 | - | - | (100%) | - |
| Residual sales | 0.7 | - | - | (100%) | - |
| Other | 17.4 | (0.0) | 2.5 | (100%) | (123450.0%) |
| Gross total | 19.9 | 0.5 | 8.9 | (97.3%) | 1536.3% |

In 2022G, the Company restructured its loan with Riyad Bank, which resulted in a deferral of capital repayment and a reduction in interest accrual on that loan by SAR 5.9 million.

In 2020G, the Company disposed of old textile machines and recorded a profit of SAR 3.0 million. As for FY 2021G and 2022G, profit relates to the sale of scrap materials. Other items decreased from SAR 17.4 million in 2020G to SAR 2.5 million in 2022G.

5-6-6 Profit/ (Loss)

Due to change in the fair value of financial derivatives, the Company's financial derivatives primarily consist of currency exchange contracts and interest exchange contracts. These contracts are part of a loan restructuring agreement with one of the creditor banks. Financial derivatives are mainly used to manage exposure to interest rate risk.

5-6-7 Financing Cost

The financing cost mainly relates to the fees and costs of loans due on the Company. These costs decreased by 42.0% from SAR 20.7 million during FY 2020G to SAR 12.0 million during FY 2021G due to the restructuring of current loans. The declining trend continued in 2022G.

Table No. (32): Details of current loans and terms of payment as of 31 December 2020G, 2021G, and 2022 G, also shown in appendix 1.

| Term Loans and Credit Banks | | | | | | |
|-----------------------------------|------------------------------|------------------------|--|--|---------------------------------|------------------|
| Bank | Loan Type | Commission Rate | Guarantees | Balance as in December 2022G (SAR'000,000) | Rescheduled Loan Repayment date | Terms of payment |
| Al Rajhi Bank | Working capital | SIBOR + 2.0% | Promissory note | 27.0 | February 2023G | |
| Saudi National Bank | Working capital | SIBOR + 2.5% | Promissory note | 25.9 | February 2023G | |
| Riyad Bank | Working capital | SIBOR + 2.0% | Promissory note | 106.7 | February 2023G | |
| SABB | Working capital | SIBOR +0% | Promissory note | 9.2 | February 2023G | |
| Ministry of Finance | Working capital | Administrative fees 3% | Promissory note | 20.2 | February 2023G | |
| Saudi industrial Development Fund | Financing term for expansion | Administrative fees 1% | Mortgage on all equipment and property of yarn factory in Jeddah | 20.9 | February 2023G | |
| Total | | | | 210.0 | | |



Debt constitutes a large percentage of the Company's financing structure. The ratio of debt to the total financing structure reached 121.7%, 178.5%, and 200.7%, as in 2020G, 2021G, and 2022G. The following table shows the details of the Company's financing structure:

Table No. (33): the details of the Company's financing structure

| Financing structure | | | |
|--|---------|---------|---------|
| Years | 2020 | 2021 | 2022 |
| Debt | 311.1 | 247.9 | 210.0 |
| Cash and cash equivalent | 38.5 | 63.3 | 6.4 |
| Capital | 61.6 | 211.6 | 109.0 |
| Retained earnings | (6.2) | (102.7) | (3.6) |
| Total equity | 55.4 | 109.0 | 105.4 |
| Financing structure (total debt+ equity) | (255.7) | (138.9) | (104.6) |
| Borrowing rate%= (total debt+ financing structure) | 121.7% | 178.5% | 200.7% |

5-6-8 Zakat

Zakat decreased by 4.4% from SAR 2.4 million during FY 2020G to SAR 2.3 million during FY 2021G. However, zakat increased by 194.6% to SAR 6.9 million during FY 2022G. These actions have been taken place due to the fluctuations and calculation of zakat rule.

5-7 Statement of Financial Position

Table No. (34): Statement of Financial Position as of 31 December 2020G, 2021G, and 2022G

| Statement of Financial Position | | | |
|---|----------------|----------------|----------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Assets | | | |
| Non-current Assets | | | |
| Property, Machines and Equipment – Net | 175.5 | 166.0 | 150.6 |
| Intangible Assets – Net | 1.1 | 0.4 | 0.2 |
| Investment in associates and joint ventures | 14.7 | 15.0 | 15.7 |
| Right-of-use Assets | 24.2 | 19.2 | 13.1 |
| Derivative Financial Instruments | - | - | 0.2 |
| Totals Non-current Assets | 215.6 | 200.7 | 179.8 |
| Current Assets | | | |
| Inventory – Net | 150.3 | 104.4 | 108.4 |
| Trade Receivables – Net | 87.2 | 75.6 | 100.1 |
| Pre-paid payment and other Receivables | 20.0 | 15.1 | 17.2 |
| Cash and Cash Equivalent | 38.5 | 63.3 | 6.4 |
| Total Current Assets | 295.9 | 258.3 | 232.2 |
| Total Assets | 511.5 | 459.0 | 412.0 |
| Equity and Liabilities | | | |
| Property Rights - Equity | | | |
| Capital | 61.6 | 211.6 | 109.0 |
| Accumulated Loss | (6.2) | (102.7) | (3.6) |
| Total Equity | 55.4 | 109.0 | 105.4 |



| Liabilities | | | |
|--------------------------------------|--------------|--------------|--------------|
| Non-current Liabilities | | | |
| Term loans/ Creditor Banks | 208.1 | 165.0 | 148.3 |
| Right-of-use liabilities | 19.7 | 14.8 | 6.7 |
| Employee benefits liabilities | 20.0 | 21.0 | 22.7 |
| Derivative Financial Instruments | 2.7 | 1.1 | - |
| Total Non-current Liabilities | 250.6 | 201.8 | 177.7 |
| Current Liabilities | | | |
| Term loans/ Creditor Banks | 103.0 | 82.9 | 61.7 |
| Right-of-use liabilities | 3.9 | 2.4 | 3.7 |
| Trade Receivables | 39.6 | 27.0 | 29.9 |
| Due to related parties | 21.4 | 4.4 | 6.3 |
| Other Receivables | 33.1 | 28.5 | 20.5 |
| Zakat provision | 4.4 | 3.0 | 6.8 |
| Total Current Liabilities | 205.5 | 148.2 | 128.9 |
| Total Liabilities | 456.1 | 350.0 | 306.6 |
| Total Equity and Liabilities | 511.5 | 459.0 | 412.0 |

5-7-1 Property, Machines and Equipment

Table No. (35): Net Property, Machines and Equipment as of 31 December 2020G, 2021G, and 2022G

| Property, Machines and Equipment | | | |
|--|-----------------------|-----------------------|-----------------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Cost | | | |
| Opening Balance | | | |
| Machines, equipment, and plant | 545.4 | 535.2 | 498.4 |
| Buildings | 175.8 | 175.8 | 175.8 |
| Decoration, furniture, Fixtures and Office Equipment | 108.0 | 83.7 | 83.7 |
| Cars | 20.9 | 20.1 | 18.9 |
| Capital work in progress | - | - | 4.6 |
| Owned lands | 0.1 | 0.1 | 0.1 |
| Total | 850.2 | 814.8 | 781.6 |
| Net additions and exceptions during the year | | | |
| Machines and plant | (10.2) | (36.8) | 2.9 |
| Buildings | (0.0) | - | 0.2 |
| Decoration, furniture, Fixtures and Office Equipment | (24.3) | 0.2 | (0.6) |
| Cars | (0.9) | (1.2) | 0.0 |
| Capital work in progress | - | 4.6 | (4.6) |
| Lands | - | - | - |
| Total | (35.4) | (33.2) | (2.1) |
| Closing Balance | | | |



| | | | |
|--|---------------|---------------|--------------|
| Machines, equipment, and plant | 535.2 | 498.4 | 501.3 |
| Buildings | 175.8 | 175.8 | 175.9 |
| Decoration, furniture, Fixtures and Office Equipment | 83.7 | 83.8 | 83.2 |
| Cars | 20.1 | 18.9 | 18.9 |
| Capital work in progress | - | 4.6 | - |
| Lands | 0.1 | 0.1 | 0.1 |
| Total | 814.8 | 781.6 | 779.5 |
| Accumulated Depreciation | | | |
| Opening Balance | | | |
| Machines, equipment, and plant | 414.9 | 414.1 | 385.4 |
| Buildings | 121.6 | 126.1 | 130.6 |
| Decoration, furniture, Fixtures and Office Equipment | 102.2 | 80.6 | 81.4 |
| Cars | 18.4 | 18.5 | 18.2 |
| Capital work in progress | - | - | - |
| Lands | - | - | - |
| Total | 657.1 | 639.3 | 615.6 |
| Net additions and exceptions during the year | | | |
| Machines, equipment, and plant | (0.8) | (28.7) | 8.5 |
| Buildings | 4.5 | 4.5 | 4.5 |
| Decoration, furniture, Fixtures and Office Equipment | (21.5) | 0.7 | (0.3) |
| Cars | 0.1 | (0.2) | 0.6 |
| Capital work in progress | - | - | - |
| Lands | - | - | - |
| Total | (17.8) | (23.7) | 13.3 |
| Closing Balance | | | |
| Machines, equipment, and plant | 414.1 | 385.4 | 393.9 |
| Buildings | 126.1 | 130.6 | 135.1 |
| Decoration, furniture, Fixtures and Office Equipment | 80.6 | 81.4 | 81.0 |
| Cars | 18.5 | 18.2 | 18.9 |
| Capital work in progress | - | - | - |
| Lands | - | - | - |
| Total | 639.3 | 615.6 | 628.9 |
| Net Book Value during the year | | | |
| Machines and plant | 121.1 | 113.0 | 107.4 |
| Buildings | 49.6 | 45.1 | 40.8 |
| Decoration, furniture, Fixtures and Office Equipment | 3.0 | 2.5 | 2.2 |
| Cars | 1.6 | 0.7 | 0.1 |
| Capital work in progress | - | 1.6 | - |
| Lands | 0.1 | 0.1 | 0.1 |
| Total | 175.5 | 166.0 | 150.6 |



Machines, equipment, and plant mainly are the machinery for the production of carpets and rugs used in the production of carpets, rugs, and yarn. (Oerlikon Neumag machines form a significant part of machinery) by 37.5% of the balance written down value until December 2022G. These machines were acquired in 2016 and are currently used in yarn production. No significant capital expenditures were made during the previous period, and the changes in cost were mainly due to the disposal of equipment and machines entirely used.

Buildings are the cost of constructing properties and the leasehold improvements for headquarters and showrooms for wholesale and retail. No significant changes in cost were observed during the previous period. The building was depreciated throughout its productive life from 10 to 20 years.

Vehicles represented mainly forklifts, cars of sales staff, and vehicles transporting goods to customers. No significant capital expenditures were observed during the previous period. The movement of cost was essentially recorded to exclude machines and equipment entirely used.

The Company owns plot with an area of 800 square meters in Hail city that is currently used as a warehouse and recorded in financial statements of SAR 146,000 according to the previous fixed asset cost principle.

The Company incurred capital works in progress in connection with improvements and additions to machinery, in addition to the costs of opening a new retail branch.

5-7-2 Investment in Associates and Joint Ventures

Table No. (36): Investment in Associates and Joint Ventures as of 31 December 2020G, 2021G, 2022G

| Investment in associates and joint ventures | | | |
|--|----------------|----------------|----------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Opening balance | | | |
| Arabian Company Calcium Carbonate Production | 21.9 | 14.7 | 15.0 |
| Al Salam Educational National Int'l Co. | 0.3 | - | - |
| Total | 22.1 | 14.7 | 15.0 |
| Movement | | | |
| Arabian Company Calcium Carbonate Production | (7.1) | 0.3 | 0.7 |
| Al Salam Educational National Int'l Co. | (0.3) | - | - |
| Total | (7.4) | 0.3 | 0.7 |
| Closing balance | | | |
| Arabian Company Calcium Carbonate Production | 14.7 | 15.0 | 15.7 |
| Al Salam Educational National Int'l Co. | - | - | - |
| Total | 14.7 | 15.0 | 15.7 |

In 2012G, the Company acquired a 52.0% share in Arabian Company in 2017, and the Company's rights share dropped to 25.0% due to the joining of a new partner (Al Salam Educational National Int'l Co.).

In 2014G, Naseej acquired a 25% share in Al Salam Educational National Int'l Co. ("ASENI")

In 2021G, investment in Al Salam Educational National Int'l Co. was completely written off due to ongoing losses. The movement during 2021G and 2022G was mainly due to the Company's share of the business results in Arabian Company (ACCPC).

5-7-3 Right-of-Use Assets

Right of use assets are the retail showrooms, warehouses, and factories leased and recognized according to International Financial Reporting Standards «IFRS 16». The book value of right of use assets decreased from SAR 24.2 million as of 31 December 2020G to SAR 31.1 million as of 31 December 2022G due to the closure of some showrooms during the previous period. These assets were depreciated throughout the lease period.



5-7-4 Intangible Assets

As for intangible real estate assets, the Company uses «Infor» program, which is an intangible asset. The program is depreciated throughout a useful life period of four years. No additions were made during the previous period.

5-7-5 Inventory

Table No. (37): Inventory as of 31 December 2020G, 2021G, 2022G

| (SAR'000,000) | Inventory | | |
|---|----------------|----------------|----------------|
| | December 2020G | December 2021G | December 2022G |
| Opening balance | | | |
| Finished goods | 80.8 | 78.7 | 57.9 |
| Raw materials | 61.1 | 65.0 | 63.0 |
| Spare parts | 22.5 | 23.2 | 28.2 |
| Goods in process | 4.8 | 7.4 | 9.1 |
| Provision of Slow-moving and obsolete Inventory | (19.0) | (69.9) | (49.7) |
| Total | 150.3 | 104.4 | 108.4 |

Finished goods in December 2020G represent 189 days of the inventory time cycle. In FY 2021G, inventory continued at a similar level compared to FY 2020G, although the inventory time cycle declined due to increased sales resulting from market activity. This trend continued during FY 2022G, with the inventory time cycle dropping to 98 days in December 2022G.

Raw material remained within the range from SAR 61.1 million to SAR 63.0 million. However, the inventory time cycle dropped from 143 days in December 2020G to 107 days in December 2022G due to the increase in business and sales cost.

Spare parts represented the consumables used for machines. The spare parts inventory increased from SAR 23.1 million in December 2021G to SAR 28.2 million in December 2022G, which was mainly formed in preparation for increasing the volume of production in 2023G. This is mainly due to high production rates, which in turn led to higher periodic maintenance rates requiring an inventory of spare parts.

Goods in process were represented in products under production. The balance of goods in process increased from SAR 4.8 million in December 2020G to SAR 7.4 million in December 2021G due to high demand after the Corona pandemic. This increase continued to SAR 9.0 million in FY 2022G due to high demand for products.

Table No. (38): Slow-moving Inventory Provision Movement as of 31 December 2020G, 2021G, 2022G

| (SAR'000,000) | Inventory | | |
|------------------------------------|----------------|----------------|----------------|
| | December 2020G | December 2021G | December 2022G |
| Opening | | | |
| Finished goods | 80.8 | 78.7 | 57.9 |
| Raw materials | 61.1 | 65.0 | 63.0 |
| Spare parts | 22.5 | 23.2 | 28.2 |
| Goods in process | 4.8 | 7.4 | 9.1 |
| Provision of Slow-moving Inventory | (19.0) | (69.9) | (49.7) |
| Total | 150.3 | 104.4 | 108.4 |

The policy of forming provision for slow-moving and obsolescence was varied, and the percentages were as follows:

| | |
|-------------------|-------|
| One to two years | 10.0% |
| Up to three years | 20.2% |
| Over three years | 30.3% |

The provisions increased from SAR 19.0 million in December 2020G to SAR 69.9 million in December 2021G. This increase was driven by the creation of additional provisions for obsolete inventory of finished goods and raw materials. Then the reserves decreased to SAR 49.7 million in December 2022G due to the recovery of a portion of provisions of SAR 16.6 million.



5-7-6 Trade Receivables

Table No. (39): Trade Receivables as of 31 December 2020G, 2021G, 2022G

| Trade Receivables | | | |
|------------------------------|----------------|----------------|----------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Main clients | 17.4 | 12.9 | 23.7 |
| External clients | 18.0 | 28.7 | 28.3 |
| Commercial clients | 50.1 | 85.8 | 98.5 |
| Other | 70.4 | 14.6 | 15.1 |
| Provision for doubtful debts | (68.8) | (66.5) | (65.5) |
| Total | 87.2 | 75.6 | 100.1 |

Although the increase in trade receivables from SAR 87.2 million in December 2020G to SAR 100.1 million in December 2022G, the Company succeeded in reducing the turnover ratio of trade receivables from an average of 180 days in FY 2020G to 131 days in FY 2022G, indicating a better collection of receivables and a lower burden on the Company's overall working capital cycle. The receivables from main clients decreased from SAR 17.3 million as of December 2020G to SAR 12.9 million in December 2021G due to the Company's best collection after the Covid-19 pandemic restrictions. Receivables from the main clients increased to SAR 23.7 in December 2022G due to the increase in sales of SAR 9.0 million to one of the Company's customers: Al Sorayai Company. Foreign receivables represented international clients from Gulf countries, Yemen, Syria and some African countries. Foreign receivables increased from SAR 18.0 million in December 2020G to SAR 28.6 million in December 2021G due to increasing sales to foreign clients. This increased the balance of trade receivables. Until December 2022G, foreign receivables remained in the same range as in December 2021G.

Trade receivables represent mainly receivables from wholesale customers. Wholesale business claims increased from SAR 50.1 million in December 2020G to SAR 98.5 million in December 2022G due to the increasing sales to local clients, increasing the balance of its related business claims.

Other trade receivables were mainly contract and string customers. Other trade receivables decreased from SAR 70.4 million in December 2020G to SAR 14.6 million in December 2021G due to lower sales of contract customers, resulting in a reduction in the balance of its related business claims. These balances did not witness significant escalations until 31 December 2022G.

The Company applies International Standard 9 and calculates the provision according to the expected credit loss model. No substantial difference was noted in the provision for doubtful debts during the previous period.

5-7-7 Pre-paid Expenses and Other Debit Balances

Table No. (40): Pre-paid Expenses and Other Receivables as of 31 December 2020G, 2021G, 2022G

| Pre-paid Expenses and Other Debit Balances | | | |
|--|----------------|----------------|----------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Down payments to suppliers | 13.5 | 9.9 | 12.9 |
| Prepaid expenses | 2.6 | 3.5 | 3.2 |
| Guarantee letters' monetary cap | 3.1 | 0.5 | 0.6 |
| Staff advances | 0.8 | 0.3 | 0.4 |
| Other | 0.0 | 1.2 | 0.1 |
| Total | 20.00 | 15.1 | 17.2 |

The Company made down payments to domestic and foreign raw material suppliers, spare parts suppliers and other services. Changes in the closing balance during the previous period ranged mainly based on the volume of procurement of raw materials, spare parts and other services along with the volume of repayment and relations with suppliers such as advances granted to Nabat and Smart Roofs, Ama Plastic East, and Aucardis companies.

Down payments essentially include the unused portion of medical or property insurance amounts paid in advance by the Company. No significant changes were noted during the previous period.

The guarantee letters' monetary cap is cash paid to banks for issuing letters of guarantee, which are issued by banks to enable the Company to enter into tenders and acquire projects. In normal circumstances and in the normal course of business, the Company provides an advance housing allowance to its employees for six months. These advances are deducted from employees' monthly salary.



5-7-8 Shareholders' Equity

Table No. (41): Shareholders' Equity as of 31 December 2020G, 2021G, 2022G

| (SAR'000,000) | Changes in Shareholders' Equity | | |
|---|---------------------------------|--------------------|--------|
| | Capital | Accumulated Losses | Total |
| Opening balance in January 2020G | 65.5 | (32.4) | 33.1 |
| Increase in capital | 112.7 | - | 112.7 |
| Cost of increase in capital | - | (7.4) | (7.4) |
| Net loss for the year | - | (83.4) | (83.4) |
| Loss of revaluation of employees' benefit liabilities | - | 0.5 | 0.5 |
| Decrease in capital | (116.5) | 116.5 | - |
| 31 December 2020G | 61.6 | (6.2) | 55.4 |
| Increase in capital | 150.0 | - | 150.0 |
| Cost of increase in capital | - | (7.5) | (7.5) |
| Net loss for the year | - | (85.5) | (85.5) |
| Profit of revaluation of employees' benefit liabilities | - | (3.4) | (3.4) |
| 31 December 2021G | 211.6 | (102.7) | 109.0 |
| Decrease in capital | (102.7) | 102.7 | - |
| Net profit/ loss for the year | - | (1.4) | (1.4) |
| Loss of revaluation of employees' benefit liabilities | - | (2.2) | (2.2) |
| 31 December 2022G | 109.0 | (7.0) | 102.0 |

Capital

On 27/05/1441H (corresponding to 22/01/2020G), the Company increased its capital from sixty-five million five hundred thousand (SAR 65,500,000) to one hundred seventy-eight million one hundred sixty thousand (SAR 178,160,000). The number of shares has been increased from six million five hundred fifty thousand (6,550,000) to seventeen million eight hundred sixteen thousand (17,816,000) shares, by offering and listing Right Issues for one hundred twelve million six hundred sixty thousand (SAR 112,660,000) and eleven million two hundred sixty-six thousand (11,266,000) ordinary shares and by issuing (1.72) rights for each (1) share. On 05/05/1442H (corresponding to 20/12/2020G), the Company reduced its capital from one hundred seventy-eight million one hundred sixty thousand (SAR 178,160,000) to sixty-one million six hundred thirty-two thousand ten (SAR 61,632,010), accordingly, the number of shares has been reduced from seventeen million eight hundred sixteen thousand (17,816,000) to six million one hundred sixty-three thousand two hundred one (6,163,201) share by cancelling eleven million six hundred fifty-two thousand seven hundred ninety-nine (11,652,799) ordinary shares at a reduction of (65.4%) of the Company's capital, and (1) share for each (1,529) share. On 29/03/1443H (corresponding to 04/11/2021G), the Company increased its capital from sixty-one million six hundred thirty-two thousand ten (SAR 61,632,010) to two hundred eleven million six hundred thirty-two thousand ten (SAR 211,632,010), accordingly, the number of shares has been increased from six million one hundred sixty-three thousand two hundred one (6,163,201) to twenty-one million one hundred sixty-three thousand two hundred one (21,163,201) ordinary shares by offering Rights Issues for one hundred fifty million (SAR 150,000,000) for fifteen million (15,000,000) ordinary shares and (2,434) rights for each (1) share. On 19/12/1443H (corresponding to 18/07/2022G), the Company reduced its capital from two hundred eleven million six hundred thirty-two thousand ten (SAR 211,632,010) to one hundred eight million nine hundred seventy-three thousand ten (SAR 108,973,010), accordingly, the number of shares has been reduced from twenty-one million one hundred sixty-three thousand two hundred one (21,163,201) shares to ten million eight hundred ninety-seven thousand three hundred one (10,897,301) shares, by cancelling ten million two hundred sixty-five thousand nine hundred (10,265,900) shares, at a reduction of (48.51%) of the Company's capital, and reduction rate of (1) share for each (2.06) share after obtaining all the legally required approvals and the extraordinary General Assembly

There were no changes in affiliate capital for the fiscal years ended 31 December 2020G, 2021G, and 2022G.

Accumulated Losses

Accumulated losses during the period were mainly represented in calculating the year's business results and amortizing losses through capital reduction.



5-7-9 Term Loans and Credit Banks

Table No. (42): Term loans and Credit Banks as of 31 December 2020G, 2021G, and 2022G

| Term Loans and Credit Banks | | | |
|-----------------------------|----------------|----------------|----------------|
| (SAR'000,000) | December 2020G | December 2021G | December 2022G |
| Saudi National Bank | 39.9 | 27.8 | 25.9 |
| Al Rajhi Bank | 53.9 | 53.0 | 27.0 |
| Saudi Arab British Bank | 21.8 | 11.2 | 9.2 |
| Riyad Bank | 130.8 | 110.8 | 106.7 |
| Industrial Development Fund | 28.4 | 22.4 | 20.9 |
| Ministry of Finance | 36.4 | 22.7 | 20.2 |
| Total | 311.1 | 247.9 | 210.0 |

Table No. (43): Breakdown of Existing Loans and Repayment Terms as of 31 December 2020G, 2021G, and 2022G

| Term loans and Credit Banks | | | | | |
|--------------------------------|----------------------------------|------------------------|--|--|----------------------------|
| Bank | Loan Type | Guarantees | Balance as of December 2022G (SAR'000,000) | Due date for repayment of rescheduled loans | Provisions of Repayment |
| Al Rajhi Bank | Work Capital | SAIBOR + 2.0% | Promissory Note | 27.0 | February 2023G |
| Saudi National Bank | Work Capital | SAIBOR + 2.5% | Promissory Note | 25.9 | February 2023G |
| Riyad Bank | Work Capital | SAIBOR + 2.0% | Promissory Note | 106.7 | February 2023G |
| SABB | Work Capital | SAIBOR + 0% | Promissory Note | 9.2 | February 2023G |
| Ministry of Finance | Work Capital | 3% administrative fees | Promissory Note | 20.2 | February 2023G |
| Industrial Development Fund | Financing terms for expansion | 1% administrative fees | Mortgage on all property and equipment of Jeddah Yarn Factory | 20.9 | February 2023G |
| Total | | | | 210.0 | |

The Company has entered into several financing agreements with banks, government bodies, and ministries. The Company has credit facilities from banks as letter of guarantee, letters of credit, and Islamic Murabaha to finance documentary credits, foreign exchange contracts, tawarruq facilities and deferred Murabaha. These facilities are secured by order bonds in favor of the banks. Facilitation agreements include specific conditions that require, among other articles, to maintain certain rates, shareholder rights, and balances related to related parties within certain restrictions, with limits on dividends. Furthermore, SIDF's loan agreement is secured by mortgage of all the Company's fixed assets and equipment in the yarn factory.

By 31 December 2022, the Company had to repay loans of SAR 210.0 million over the next 2-3 years. As for Riyad Bank facilities of SAR 106.7 million will be repaid over eight years.

Use Limit in December 2022G



As of 31 December 2022G, total financing facilities were SAR 250.6 million. SAR 207.5 million were actually used (representing 82.8% of total funding).

Table No. (44): Compliance with Loans Agreements as of 31 December 2020G, 2021G, and 2022G

| Term Loans and Credit Banks – Compliance | | | | |
|--|------|----------------|----------------|----------------|
| | Unit | December 2020G | December 2021G | December 2022G |
| Saudi National Bank | | | | |
| The current ratio shall not be less than 1:1 | % | - | 1.7 | 1.8 |
| The leverage ratio shall not be less than 1:2.5 | % | - | 4.2 | 3.9 |
| Inventory turnover shall not exceed 270 days | Days | - | 247 | 189 |
| Ministry of Finance | | | | |
| The scales shall not be less than the green range | None | - | - | Green low |
| SABB | | | | |
| External indebtedness ratio shall not exceed 1:1.6 | % | 0.9 | 1.7 | 1.8 |
| Total indebtedness ratio shall not exceed 1:2.5 | % | 0.9 | 1.7 | 1.8 |
| Saudi Industrial Development Fund | | | | |
| Current minimum ratio 1:1 | % | 1.4 | 1.7 | 1.8 |
| Total liabilities/ Ratio of net tangible wealth shall not exceed 1:3 | % | 8.4 | 3.2 | 2.9 |

SABB

It shall be noted that any violation of the agreement will result in an increase in the commission rate on future facilitations. The bank has the right to cancel the facilitations and demand payment of the full amounts due on the facilitations.

Saudi Industrial Development Fund

There are no consequences mentioned in the agreement of non-compliance with the agreement during the previous period. The company was not subject to any fines or arrangements to terminate the contract by the banks as a result of violating the terms of obligations during the previous period, as these matters were discussed and resolved verbally with the banks due to the long-term business relationship between the company and the banks.

5-7-10 Lease Liabilities

The Company has finance leases related to warehouses, exhibitions and factories, which are recognized by virtue of IFRS No. 16. The movement was mainly on account of lease payments made and lease agreements that were cancelled by the Company.



5-7-11 Employees' Benefit Liabilities

Employee allocations liabilities represent, specifically, the statutory provision relating to end of service benefits based on the actuarial valuation performed by an independent third-party actuary. These bonuses are payable to employees upon resignation or termination of the employment contract with the company in accordance with the Saudi Labor Law and the Labor Law

Employee benefits liabilities increased by 4.8% from SAR 20.0 million as of 31 December 2020G to SAR 21.0 million as of 31 December 2021G. The balance also increased by 8.1% to SAR 22.7 million on 31 December 2022G. This gradual increase in the balance is mainly due to additional charges for the year and a change in actuarial assumptions (the salary increase percentage increased from 1.0% in FY2020 and FY2021 to 3.2% during FY2022G).

5-7-12 Derivative Financial Instruments

The Company had various derivative financial instruments that were designated as hedging instruments to cover cash flow fluctuations resulting from commission rates and foreign exchange rates that are subject to market price fluctuations. In accordance with the Company's policy, derivative instruments shall not be used for trading or speculation purposes. The balance of derivative financial instruments increased by 2.6% from SAR 2.6 million in December 2020G to SAR 2.7 million in December 2021G. The balance decreased by 60.3% to SAR 1.1 million in December 2022G. The fluctuations in the balance of derivative financial instruments are due to gains and transfer of liabilities balance into assets in 2022G.

5-7-13 Payables

Table No. (45):Trade Payables as of 31 December 2020G, 2021G, and 2022G

| (SAR'000,000) | Trade payables | | |
|-------------------|----------------|----------------|----------------|
| | December 2020G | December 2021G | December 2022G |
| Local Creditors | 32.2 | 20.8 | 18.1 |
| Outside Creditors | 7.4 | 6.1 | 11.8 |
| Total | 39.6 | 27.0 | 29.9 |

The balance of domestic suppliers mainly represents suppliers of raw materials, spare parts, packaging materials, and other operating services. Trade payables to local suppliers decreased by 35.3% from SAR 32.2 million as of 31 December 2020G to SAR 20.8 million as of 31 December 2021G due to reduced market activity during Covid-19 restrictions. Trade payables to local suppliers continued to decline by 13.3% reaching SAR 18.0 million as of 31 December 2022G whereas the Company changed its strategy of importing raw materials from international suppliers in addition to payment of suppliers' dues. The balance of external suppliers mainly represents imported raw materials, spare parts and imported finished goods. Trade Payables to external suppliers decreased by 16.7% from SAR 7.4 million as of 31 December 2020G to SAR 6.1 million as of 31 December 2021G. This decrease was mainly due to lower imports due to higher freight charges following the Covid-19 pandemic. However, freight rates stabilized during FY 2022G due to new shipping lines, whereas the Company changed its strategy to import raw materials from international suppliers. As a result, the balance of outstanding payments increased to SAR 11.8 million.

5-7-14 Accrued Expenses and Payables

Table No. (46):Accrued Expenses and other payables as of 31 December 2020G, 2021G, and 2022G

| (SAR'000,000) | Accrued Expenses and other payables | | |
|-------------------------------|-------------------------------------|----------------|----------------|
| | December 2020G | December 2021G | December 2022G |
| Due Expenses | 14.0 | 11.9 | 8.9 |
| Advance payments from clients | 10.1 | 9.2 | 8.1 |
| Other | 9.0 | 7.4 | 3.5 |
| Total | 33.1 | 28.5 | 20.5 |

Accrued expenses mainly relate to due tickets to employees, employee leave balances, sales commission and electricity. Accrued expenses decreased by 15.3% from SAR 14.0 million as of 31 December 2020G to SAR 11.9 million as of 31 December 2021G due to the repayment of dues, lower ticket and leave balances, electricity payment, loading and unloading dues, and a decrease in accumulated insurance fees. This balance also decreased by 24.9% reaching SAR 8.9 million as of 31 December 2022G due to payment of accumulated electricity fees.

Advance payments from clients decreased due to the decrease in sales of the Contracts and Projects Department and the implementation of a new credit policy that contributed to enhancing payment, whereas most customers tended to pay in cash.

Other payables mainly relate to value added tax payable and finance charges payable. Other payables decreased by 17.3% from SAR 9.0 million on 31 December 2020G to SAR 3.5 million as of 31 December 2022G due to a decrease in the value-added tax payable.

5-7-15 Related Parties Liabilities

The amount due to related parties decreased from SAR 21.4 million as of 31 December 2020G to SAR 4.4 million as of 31 December 2021G, then the amount increased to SAR 6.3 million as of 31 December 2022G, whereas related party balances were used to finance the Company's working capital requirements.

5-7-16 Zakat Due

Zakat payable increased by 32.1% from SAR 4.4 million as of 31 December 2020G to SAR 3.0 million as of 31 December 2021G, and later it increased by 125.3% reaching SAR 6.8 million from 31 December 2022G. That is mainly due to fluctuations in Zakat base during the said period.



5-8 Statement of Cash Flows

Table No. (47): Consolidated Cash Flows Statement of the Fiscal Years ended 31 December 2020G, 2021G, and 2022G

| Cash Flows Statement | | | | | |
|--|----------|---------|---------|------------------------|------------------------|
| (SAR'000,000) | FY 2020G | FY2021G | FY2022G | Variation FY2020-2021G | Variation FY2021-2022G |
| Net cash generated from operating activities | (63.1) | (41.8) | (14.6) | (33.8%) | (65.2%) |
| Net cash generated from investing activities | 2.8 | (6.6) | (0.4) | (334.4%) | (94.3%) |
| Net cash generated from financing activities | 94.3 | 73.1 | (41.9) | (22.4%) | (157.3%) |
| Change in cash balances and cash equivalents | 34.0 | 24.8 | (56.8) | (27.1%) | (329.4%) |
| Cash and cash equivalents at the beginning of the year | 4.5 | 38.5 | 63.3 | 749.5% | 64.3% |
| Cash and cash equivalents at the end of the year | 38.5 | 63.3 | 6.4 | 64.3% | (89.8%) |

5-8-1 Cash flows from Operating Activities

Table No. (48): Cash flows from Operating Activities as of 31 December 2020G, 2021G, and 2022G

| Consolidated Cash Flow Statement | | | | | |
|---|----------|----------|----------|------------------------|------------------------|
| (SAR'000,000) | FY 2020G | FY 2021G | FY 2022G | Variation FY2020-2021G | Variation FY2021-2022G |
| Cash flows from Operating Activities | | | | | |
| (Profit)/ Loss before Zakat | (81.0) | (83.2) | 5.5 | 2.7% | (106.6%) |
| Adjustments on | | | | | |
| Depreciation of Assets and Equipment | 16.6 | 15.9 | 16.3 | (4.2%) | 2.5% |
| Amortization of Intangible Assets | 0.9 | 0.7 | 0.2 | (14.6%) | (67.4%) |
| Employee Benefits Liabilities | 2.8 | 2.8 | 2.5 | (1.2%) | (8.4%) |
| Interest Expenses of Lease Obligation | - | 1.4 | 0.4 | | (70.3%) |
| Financial Burdens | 20.7 | - | | (100%) | - |
| A decrease in the value of Current Assets | 45.7 | 48.6 | (17.6) | 6.5% | (136.2%) |
| Right-of-use assets Amortization | 2.9 | 4.8 | 3.7 | 64.1% | (22.7%) |
| Profits/(losses) of sale of property and equipment | (1.9) | (0.5) | (0.5) | (70.9%) | (3.3%) |
| Profit of amending and Finishing Lease Obligation | - | (0.5) | (0.8) | - | 46.3% |
| Reversal of the excess zakat provision | (10.7) | 2.5 | - | (123.0%) | (100.0%) |
| A share in the profits of an associate and joint venture | 0.4 | (0.7) | (0.7) | (270.4%) | 2.2% |
| Losses/ (Profits) of change in fair value of derivative financial instruments | 0.1 | (1.6) | (1.3) | (2510.3%) | (23.1%) |
| Operation/ Income Losses before change of working capital | (3.4) | (9.9) | 7.9 | 187.3% | (179.8%) |
| Changes in working capital | | | | | |
| (Increase)/ Decrease in Inventory | (14.9) | (5.1) | 12.6 | (66.0%) | (348.2%) |
| (Increase)/ Decrease in Trade payables | (14.9) | 18.8 | (25.7) | (226.1%) | (236.5%) |
| (Increase)/ Decrease in Liabilities from Related Parties | 4.2 | - | - | (100.0%) | - |
| (Increase)/ Decrease in Payables and other Payables | 6.6 | (17.2) | (5.0) | (361.2%) | (70.7%) |
| Loss of investment in associates | (0.5) | - | - | (100.0%) | - |
| Right to Use liabilities | (2.5) | | | (100.0%) | - |



| | | | | | |
|--|--------|--------|--------|----------|----------|
| (Increase)/ Decrease in Liabilities to Related Parties | (6.9) | (17.0) | 1.9 | 76.0% | (110.9%) |
| Net Cash generated from operating activities | (35.0) | (30.4) | (8.4) | (13.3%) | (72.4%) |
| Paid financial charges | (20.7) | - | - | (100.0%) | - |
| zakat paid | (3.6) | (6.2) | (3.1) | 72.0% | (49.9%) |
| Paid employee benefits | (3.8) | (5.3) | (3.1) | 38.5% | (42.0%) |
| Net cash generated from operating activities | (63.1) | (41.8) | (14.6) | (33.8%) | (65.2%) |

Net cash flows of operating activities decreased from SAR 63.1 million (negative) during FY 2020G to SAR 41.8 million (negative) during FY 2021G and decreased to SAR 14.5 million (negative) during FY 2022G. These declines are mainly due to working capital investments made by the Company.

5-8-2 Cash flows from Investing Activities

Table No. (49): Cash flows from investing Activities as of 31 December 2020G, 2021G, and 2022G

| Cash flows from Investing Activities | | | | | |
|--|----------|----------|----------|------------------------|------------------------|
| (SAR'000,000) | FY 2020G | FY 2021G | FY 2022G | Variation FY2020-2021G | Variation FY2021-2022G |
| Cash flows from Investing Activities | | | | | |
| Payments for property, plant, and equipment | (0.2) | (6.5) | (0.9) | 3032.7% | (86.2%) |
| Proceeds from exclusion of property, plant and equipment | 3.0 | 0.6 | 0.5 | (79.0%) | (16.6%) |
| Proceeds from long-term payments – investments | - | 0.4 | - | - | (100.0%) |
| Initial payment of the right of assets | - | (1.1) | - | - | (100.0%) |
| Net Cash from Investing activities | 2.8 | (6.6) | (0.4) | (334.4%) | (94.3%) |

Net cash generated from investing activities decreased by 334.4% from SAR 2.8 million during FY 2020G to SAR 6.6 million (negative) during FY 2021G. The decrease in net cash used in investing activities was mainly due to the purchase of property, plant and equipment whereas no significant cash was generated from investment activities during FY 2022G.

5-8-3 Cash Flows from Financing Activities

Table No. (50): Cash flows from Financing Activities as of 31 December 2020G, 2021G, and 2022G

| Cash flows from Financing Activities | | | | | |
|--------------------------------------|----------|----------|----------|------------------------|------------------------|
| (SAR'000,000) | FY 2020G | FY 2021G | FY 2022G | Variation FY2020-2021G | Variation FY2021-2022G |
| Term loans and creditor banks | (11.0) | (63.3) | (37.9) | 477.1% | (40.1%) |
| Lease obligation Payments | - | (6.1) | (4.0) | - | (34.1%) |
| Capital increase | 112.7 | 150.0 | - | 33.1% | (100.0%) |
| Capital increase Cost | (7.4) | (7.5) | - | 1.5% | (100.0%) |
| Net Cash of Financing activities | 94.3 | 73.3 | (41.9) | (22.4%) | (157.3%) |

It was noted that the movement in net cash from financing activities during the said period was mainly concentrated in the additional capital account, term loans, and creditor banks.



6- Using Offering Proceeds and Future Projects

6-1 Net Offering Proceeds

The total offering proceeds from issuing Rights are estimated at one hundred and sixty-three million, four hundred and fifty-nine thousand, five hundred and ten Saudi riyals (SAR 163,459,510), of which approximately twelve million five hundred and fifty thousand Saudi riyals (SAR 12,550,000) will be paid to cover the offering costs, including the fees of the Financial Advisor, Lead Manager, Legal Advisor, and Underwriter, in addition to offering-related marketing, printing, distribution, advertising expenses, and other underwriting-related expenses.

Net offering proceeds will reach approximately one hundred and fifty million, nine hundred and nine thousand, five hundred and ten Saudi riyals (SAR 150,909,510). This increase is mainly aimed at raising its financial solvency, strategic expansion, improving financial performance, borrowing rates, and costs incurred therefrom. Shareholders will not receive any of the proceeds arising from the offering.

The Company will also disclose to the public on the Saudi Stock Exchange website (Tadawul) when there is a difference of 5% or more between the actual usages of the offering proceeds versus what was disclosed in this Prospectus as soon as it becomes aware of such difference.

6-2 Using Offering Proceeds

The Company will only use the net offering proceeds to fund the following projects, and will not use any other funding sources in its plan for using the offering proceeds. The Company has also conducted a feasibility study for the projects for which the offering proceeds are to be used. The Company's Management estimates that the projects shown below are expansion projects for the Company's business and will greatly contribute to meeting the demand for the Company's products during the current and future periods, along with reducing the financial burdens incurred by the Company.

Working capital to purchase raw materials and finished products: Purchasing raw materials in the amount of SAR 60,909,510, shown as follows:

- Purchasing raw materials to be used in manufacturing yarns, such as (polypropylene granules, monochrome pigment colors, Masterbatch, and yarn processing oils).
- Purchasing raw materials to be used in manufacturing rugs and carpets products, such as (primary polypropylene flooring, non-woven polyester secondary flooring, jute yarns, natural rubber latex, wool yarns, nylon yarns, natural wool yarns, viscose yarns).
- Purchasing finished products, such as (vinyl, artificial grass, and imported carpets) to meet all tastes and market demand.

The following table shows details of working capital for purchasing raw materials and finished products:

Table No. (51): details of working capital for purchasing raw materials and finished products

| Description | Investment amount in SAR | Percentage of Total Proceeds |
|--|--------------------------|------------------------------|
| Purchasing raw materials to be used in manufacturing yarns | 12,000,000 | 7.34% |
| Purchasing raw materials to be used in manufacturing rugs and carpets | 18,909,510 | 11.57% |
| Purchasing finished products such as vinyl, artificial grass, and imported carpets in order to meet all tastes and market demand | 30,000,000 | 18.35% |
| Total | 60,909,510 | 37.26% |

Settlement of term loans with commercial banks and government entities:

Part of the proceeds will be directed to repay part of the long-term loans obtained by the Company from Riyad Bank (please see Table No. (93) "Loans and Credit Facilities" contained in Section 9 "Legal Information") to reduce the amount of annual financial burdens incurred by the Company, which will improve the levels of the Company's profitability and financial performance. The following table shows details of the financing body's liabilities:

Table No. (52): details of the financing body's liabilities

| Financing Body | Claimed Amount | Repayment | Percentage of Total Proceeds |
|----------------|----------------|--|------------------------------|
| Riyad Bank | SAR 33,000,000 | Repayment will be made at one time during Q1 2024G | 20.19% |

New production lines for Yarn Factory:

The new production lines include yarn extruders, which are the first stage of production, where polypropylene granules are converted into synthetic fibers to be used in the production of yarns utilized in the manufacture of soft floor products. The polypropylene line could be trichromatic/ monochrome.

The market is currently heading towards soft yarn. Given this, the Company will purchase two "New Mag or Slucher" soft yarn extruders, valued at SAR 13,880,160, in addition to a dry air compressor. The new machines will contribute to increasing the production capacity of soft yarn from 85 to 119 tons per month, with a growth rate of 40%, to increase internal production capacity so that the Company can supply rug and carpet manufacturers. The life span of the new machines is estimated at between 15-20 years.

The Company will also add improvements to the Factory worth SAR 2,836,000, which will help the machines work efficiently, increase the chances of exporting this type of yarn needed globally, and enable it to obtain a larger market share.

The value of the new production lines and improvements to the Yarn Factory after mounting and installation is expected to amount to SAR 16,846,510. During Q3 & Q4 2024G, the project will be implemented and commissioned, provided that the commercial operation takes place during Q2 2025G.



Table No. (53): details in the Yarn Factory, including new production lines and other costs

| Description | Investment amount in SAR | Percentage of Total Proceeds |
|---------------------------------------|--------------------------|------------------------------|
| Yarn extruders | 13,219,200 | 8.09% |
| Dry air compressor | 660,960 | 0.40% |
| Upgrading yarn heat treatment machine | 1,836,000 | 1.12% |
| Air Conditioner (AC) | 1,000,000 | 0.61% |
| Installation and mounting costs | 130,350 | 0.08% |
| Total | 16,846,510 | 10.31% |

New production lines and upgrading rug and carpet rolls assembly station

Based on the expansion in the production of soft yarn referred to in the above clause, there is a need to develop and purchase machines that produce soft carpets and rugs, as soft yarns require a special technology for winding rolls as this yarn has low elasticity, which requires advanced technology to ensure that the rolls are equally and correctly tightened to avoid any deterioration in their operational process.

1- Carpet Factory:

During the past ten years, the Company has not purchased loom weaving machines. Currently, the Company is facing difficulty in obtaining spare parts due to their obsolescence and is planning to purchase three new, more efficient machines, namely (Vandewiele machines or Schönherr machines), valued at SAR 15,752,880, in addition to a dry air compressor. The new machines will contribute to increasing the carpet production capacity from 325 to 400 thousand square meters per month with a growth rate of 23.08%. The expected lifespan of new machines is between 15-20 years.

In line with the increase in the expected carpet production capacity, the Company will improve and increase the finishing and packing lines for both the automatic double-side gluing machine and the carpet packing and compressing machine at a total cost estimated at SAR 485,520. The Company will also add improvements worth SAR 2,200,000 to the Factory to help these machines work efficiently. It is expected that the value of the new production lines and upgrading the carpet roll assembly station after installing and mounting will amount to SAR 18,593,745.

It is expected that contracts will be concluded with suppliers to supply machinery and equipment during Q4 2024G, that this equipment and machinery will be received during Q2 2025G, and that the project will be implemented and commissioned during Q2 and Q3 2025G, provided that commercial operation takes place during Q4 2025G.

The following table shows details of the investment in the Carpet Factory, including new production lines and other costs:

Table No. (54): the details of the investment in the Carpet Factory, including new production lines and other costs

| Description | Investment amount in SAR | Percentage of Total Proceeds |
|---|--------------------------|------------------------------|
| Loom weaving machines | 15,422,400 | 9.43% |
| Dry air compressor | 330,480 | 0.20% |
| Automatic double-sided gluing machine | 265,200 | 0.16% |
| Carpet packing and compressing machine | 220,320 | 0.13% |
| Repair and maintenance of the roof of Factory No. 3 | 1,200,000 | 0.73% |
| Air Conditioner (AC) | 1,000,000 | 0.61% |
| Installation and mounting costs | 155,345 | 0.095% |
| Total | 18,593,745 | 11.37% |

2- Rug Factory:

The Company has two production lines for the final processing of fully worn rug products, as their actual age exceeds 30 years, while their virtual age ranges between 15-20 years. Given that the rug production process depends mainly on these two lines, the Company will replace one of them, and the replacement value is estimated at SAR 14,035,200, and there will be no increase in future production capacity. The aim of this replacement is to keep the Company's business continuing without a sudden interruption. The Company also owns machines for manufacturing completely worn-out rugs, as their actual age exceeds 23 years, while their expected life ranges between 15-20 years. Therefore, the Company will replace three old machines and purchase three new machines with a total value estimated at SAR 5,569,200, in addition to the dry air compressor. The new machines will contribute to increasing the rug production capacity from 1,834,000 to 1,842,000 square meters per month, with a growth rate of 0.43%. The expected lifespan of the new machines is estimated to be between 15-20 years, and there will be no significant increase in the production capacity of the new machines. Rather, this replacement is to keep the Company's business going without a sudden interruption. The Company will also add improvements worth SAR 1,800,000 to the Factory that will help these machines work efficiently. It is expected that the value of the new production lines and the upgrade of the carpet roll assembly station after installation and amounting will amount to SAR 21,559,745.



It is expected that suppliers will be contracted with to supply machinery and equipment during Q4 of 2024G, that such equipment to be received during Q2 of 2025G, and that the project will be completed and the commissioning will happen during Q2 and Q3 of 2025G and commercial operation will be during Q4 of 2025G.

The following table shows the details of investment in the Rug Factory, including new production lines and other costs:

Table No. (55):the details of the investment in the Rug Factory, including new production lines and other costs

| Description | Investment amount in SAR | Percentage of Total Proceeds |
|--|--------------------------|------------------------------|
| Final processing line for rug products | 14,035,200 | 8.59% |
| Rug weaving machine | 5,385,600 | 3.29% |
| Dry air compressor | 183,600 | 0.11% |
| Repair and maintenance of factory roof and finished goods warehouses | 1,800,000 | 1.10% |
| Installation and mounting costs | 155,345 | 0.095% |
| Total | 21,559,745 | 13.18% |

Below is the expected schedule for using the offering proceeds:

Table No. (56): The expected schedule for using the offering proceeds

| Expenditure item in SAR | 2023G | | 2024G | | | | Total (SAR) | Percentage of Total Offering Proceeds |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|---------------------------------------|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | |
| Working capital (raw materials for yarn products, rugs, carpets, purchase of finished products for the commercial sector) | 15,000,000 | 15,000,000 | 15,000,000 | 7,000,000 | 8,909,510 | - | 60,909,510 | 37.26% |
| Term loan settlement with commercial banks | | 33,000,000 | | | | | 33,000,000 | 20.19% |
| New production lines and capital projects | | | | 12,000,000 | 23,000,000 | 22,000,000 | 57,000,000 | 34.87% |
| Offering costs | | 12,550,000 | | | | | 12,550,000 | 7.68% |
| Total | 15,000,000 | 60,550,000 | 15,000,000 | 19,000,000 | 31,909,510 | 22,000,000 | 163,459,510 | 100% |

Source: The Company

It shall be noted that the above-mentioned items will be funded from the offering proceeds.



7- Statements by Experts

Written consent was obtained from the Company's Financial Advisor, Legal Advisor, Underwriters, and Lead Manager, whose names appear on pages (E) to include their names, logos, and statements in the form contained in this Prospectus. In addition, written consent was obtained from the Company's chartered accountant to include his name and logo in the form contained in this Prospectus. These consents have not been withdrawn as of the date of this Prospectus, and none of the above-mentioned or any of their relatives have any shares or any interest whatsoever in the Company or its subsidiaries.



8- Board Members' Declarations

Up to the date of this Prospectus, the Board members declare the following:

- There was no interruption in the business of the Issuer or any of its subsidiaries that could have affected, or had significantly affected, the financial situation during the last (12) months.
- No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Issuer or any of its subsidiaries during the three years immediately preceding the date of submitting the registration application and offering securities in connection with the issuance or offering of any securities.
- Contrary to what was stated in Section (5) "Financial Information and Management's Discussion and Analysis" regarding the reduction of its capital, there has been no material negative change in the financial and commercial position of the Issuer or any of its subsidiaries during the three years immediately preceding the date of submitting the registration application and offering of securities subject to this Prospectus, in addition to the period covered by the certified public accountant's report until the approval of the Prospectus.
- Contrary to what is stated on page (C), neither the Board members nor any of their relatives have any shares or interest whatsoever in the Issuer or any of its subsidiaries.
- The Company did not hold treasury shares, and the Company's Extraordinary General Assembly did not approve the purchase of the Company's shares



9- Legal Information

9-1 Introduction to the Company and its Most Prominent Changes

Naseej International Trading is a Saudi public shareholding Company registered under CR No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G), expiring on 04/03/1445H (corresponding to 19/09/2023G).

The Company was registered at the commercial register of joint-stock companies in Jeddah under the trade name Naseej International Trading, which is the company's current trade name; and there was no amendment to the name until the date of this Prospectus.

9-1-1 Company Incorporation and Stages of Development of its Capital

- Naseej International Trading Company was initially incorporated as a limited liability company, and was registered at the commercial register in Jeddah under CR No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G), under the trade name "Al Sorayai Carpet Factory Company".
- On 11/11/1427H (corresponding to 02/12/2006G), the partners of Al-Sorayai Carpet Factory Company decided to approve the merging of "Abdullah and Nasser Abdul Aziz Al Sorayai Joint Company" and "Jeddah Industrial Yarn Factory Company Ltd." into the Company. The merger resulted in the amendment of the Company name to "Al Sorayai Trading and Industrial Group Ltd.", according to the partners' resolution confirmed by the Notary on 17/01/1428H (corresponding to 05/02/2007G).
- On 19/10/1428H (corresponding to 31/10/2007G), the partners decided to convert the Company from a limited liability company to a closed joint stock company while preserving the same trade name without "LTD" to be "Al-Sorayai Trading and Industrial Group Company" and with the same number and date of the commercial register, after getting the approval of the Minister of Commerce to convert the Company pursuant to the Ministerial Resolution No. (276/S) dated 01/11/1428H (corresponding to 11/11/2007G) and the Ministerial Resolution No. (325/S) dated 21/11/1428H (corresponding to 31/12/2007G) announcing the Company's incorporation.
- On 08/03/1431H (corresponding to 22/02/2010G), the Company converted from a closed joint stock to a public joint stock after the lock-up period that was imposed on the founding shareholders to trade their shares expired, when nine million (9,000,000) shares representing (30%) were offered from the Company shares for public offering and after listing its shares on the Saudi Stock Exchange (Main Market).

9-1-2 Company's Objectives:

In accordance with Article (3) of the Articles of Association, the Company's objectives are defined as follows:

1. Wholesale and retail trade in carpets, rugs, ceramics, floors, furniture, antiques, wooden and metal blinds, office furniture, kitchens, blankets, bedspreads, curtain fabrics, and accessories.
2. Production and manufacturing of carpets and rugs under the license of the Ministry of Industry and Electricity No. (1566/R) on 20/12/1420H (corresponding to 26/03/2000G).
3. The manufacture of bobbin proline yarns, nylon yarns, processed polypropylene yarns, and processed nylon yarns (polyamide), according to Ministerial Decree issued by the Ministry of Commerce No. (1699/R) on 27/12/1424H (corresponding to 19/02/2004G).
4. Commercial services: (a) Marketing; (b) commercial agents and distribution agents; (c) import and export; (d) brokerage in other than exchange and real estate; and (e) commercial undertakings.
5. Real estate investment: (a) Buying and selling land, owning real estate, buildings construction, and investing in this field for the interest of the Company; (b) Establishing and developing residential, commercial, and service complexes and investing in this field by selling, leasing or operations management for the benefit of the Company; (c) Establishing commercial and industrial exhibitions and warehouses and investing in this field by selling, renting, or operations management for the benefit of the Company; and (d) General contracting for buildings (construction, repair, demolition and restoration).
6. Services (transportation, freight, warehousing, and customs clearance).
7. Manufacturing Calcium carbonate and chemicals.
8. Establishing, owning, maintaining, cleaning, and establishing institutes, colleges and universities.
9. Establishing, owning, and managing factories and the metal drawing trade.
10. Establishing, owning, maintaining, cleaning, and establishing health centers.
11. Wholesale and retail trade in building materials.
12. Establishing, and managing the operation of standards and metrology laboratories.
13. Security and safety activities.

The Company may practice any objectives complementary or supplementary to the objectives licensed above, and any other objectives after obtaining the necessary licenses from the competent authorities.

- According to the commercial registration certificate, the Company may carry out the following activities: "rug manufacturing, carpet manufacturing, including (prayer and travel rugs), carpet manufacturing, spinning and preparing synthetic threads such as nylon and dylon, weaving textiles from synthetic threads such as nylon, weaving textiles from natural threads, including (linen and jute).
- According to the industrial license, the Company may carry out the activity (Rugs and Carpets Industry/1392).
- The Company carries out its activities through its Head Office and its branches which the Company has established in the Kingdom in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities. The Company has obtained the necessary licenses from the competent authorities to conduct its activity (for more information, please refer to subsection (9-4) "Main Licenses, permits and approvals" of this section).



9-1-3 Major Shareholder

As of the date of this Prospectus, there is no major shareholder who owns 5% or more of the Company shares.

9-1-4 Name of the Company

- Naseej International Trading Company is a Saudi public joint-stock Company that was initially established as a limited liability under Commercial Registry No. (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G), under the trade name "Al Sorayai Carpet Factory Company".
- On 11/11/1427H (corresponding to 02/12/2006G), the partners of Al-Sorayai Carpet Factory Company decided to approve the merging of Abdullah and Nasser Abdul Aziz Al-Sorayai, Joint Stock Company and Jeddah Industrial Yarn Factory Company Ltd. into the Company. The merger resulted in the amendment of the Company name to become "Al Sorayai Trading and Industrial Group Ltd.".
- On 19/10/1428H (corresponding to 31/10/2007G), the partners decided to transfer the Company from a limited liability company to a closed joint stock Company while preserving the same trade name without the phrase "Limited" to become "Al Sorayai Trading and Industrial Group".
- On 03/09/1441H (corresponding to 26/04/2020G), the Extraordinary General Assembly approved amending the Company's trade name from "Al Sorayai Trading and Industrial Group" to "Naseej International Trading Company," a listed Saudi joint stock company, which is the current trade name and there has been no change in the name until the date of this Prospectus.

9-1-5 Headquarters

- The headquarters of the Company is located in Jeddah, Industrial City, Second Phase, 7318, Postal Code 22429, Tel: +9666369900.
- According to Article 5 of the Articles of Association, the Company may establish branches, offices, or agencies inside or outside KSA by a decision of the Board of Directors. As of the date of this Prospectus, the Company has twelve (12) branches (for more information, please refer to subparagraph (9-4-2) "Licenses, certificates and approvals related to the company's branches" of this section).

9-1-6 Duration of the Company

According to Article (6) of the Articles of Association, the duration of the Company shall be (99) Gregorian years, starting from the date of registering at the commercial register. The term of the Company may always be extended by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

The Commercial Registration Certificate shows that the duration of the Company will expire on 05/01/1543H (corresponding to 28/05/2119G).

9-1-7 Articles of Association

- The current version of the Company Articles of Association was issued based on the decision of the Extraordinary General Assembly held on 19/12/1443H (corresponding to 18/07/2022G) and was approved by the Ministry of Commerce (Operations Department) on 06/01/1444H (corresponding to 04/08/2022G).
- The Articles of Association were amended several times in accordance with the following:
 - The Company's capital upon conversion to a joint stock company amounted to two hundred and twenty million (SAR 220,000,000) divided into twenty-two million (22,000,000) ordinary shares with a nominal value of SAR (10) per share. The founders have subscribed all the shares of the Company (22,000,000).
 - In 2008G, the Extraordinary General Assembly approved the increase of the Company capital from two hundred twenty million (SAR 220,000,000) to three hundred (SAR 300,000,000); and the number of shares has been increased from twenty-two million (22,000,000) to thirty (30,000,000) shares.
 - On 20/05/1434H (corresponding to 01/04/2013G), the (Extraordinary) General Assembly agreed to increase the Company capital from three million (SAR 300,000,000) to three hundred seventy-five (SAR 375,000,000), as well as the number of shares from thirty million (30,000,000) to thirty-seven million five hundred thousand (37,500,000) shares by granting one free share for every four shares owned by the shareholders registered in the Company records at the end of the trading on the day of the Extraordinary General Assembly meeting. This increase was covered with a capitalization of seventy-five million (SAR 75,000,000) from the retained earnings as of 30/09/2012G, in order to support internal and external expansion strategic plans.
 - On 07/06/1435H (corresponding to 07/04/2014G), the (Extraordinary) General Assembly accepted the amendment of Article 2 of the Articles of Association related to the objectives of the Company, where the following activities were added: establishing, owning, maintaining, and cleaning institutes, colleges and universities; establishing, owning and managing factories and metal drawing trade; establishing, owning, maintaining, cleaning and establishing health centers, wholesale and retail trade in building materials; establishing and managing the operation of laboratories for specifications and standards.
 - On 18/04/1438H (corresponding to 16/01/2017G), the (Extraordinary) General Assembly accepted the amendment and updated the Articles of Association of the Company in line with the amendments made to the Companies Law.
 - On 10/04/1439H (corresponding to 28/12/2017G), the (Extraordinary) General Assembly of Shareholders accepted to reduce the Company capital from SAR three hundred seventy-five million (SAR 375,000,000) to two hundred twenty-five million (SAR 225,000,000) by cancelling fifteen million (15,000,000) shares of the Company shares; the number of shares has been reduced from thirty-seven five hundred thousand (37,500,000) to twenty-two five hundred thousand (22,500,000) shares because of the amortization of accumulated losses.
 - On 27/12/1440H (corresponding to 28/08/2019G), the (Extraordinary) General Assembly of Shareholders accepted to reduce the Company capital from two hundred twenty-five (SAR 225,000,000) to SAR sixty-five and five hundred thousand (SAR 65,500,000) by cancelling fifteen million nine hundred fifty thousand (15,950,000) shares of the Company shares. Accordingly, the number of shares has been reduced to six million five hundred fifty thousand (6,550,000) shares, because of the amortization of accumulated losses.
 - On 03/09/1441H (corresponding to 26/04/2020G), the (Extraordinary) General Assembly of Shareholders accepted the amendment of the Company's name from Al Sorayai Trading and Industrial Group to Naseej International Trading Company, a listed Saudi joint stock company, which is the current trade name and there has been no change in the name until the date of this Prospectus.
 - On 27/05/1441H (corresponding to 22/01/2020G), the Extraordinary General Assembly of Shareholders accepted to increase the Company capital from sixty-five million five hundred thousand (SAR 65,500,000) to one hundred seventy-eight million one hundred sixty thousand (SAR 178,160,000) through offering and listing Rights of eleven million two hundred sixty-six thousand (11,266,000) ordinary shares. Accordingly, the number of shares has been increased from six million five hundred fifty thousand (6,550,000) to seventeen million eight hundred sixteen thousand (17,816,000) shares. All these shares are cash shares.
 - On 30/06/2020G, the accumulated losses of the Company amounted to seventy-seven million four hundred and five thousand (SAR 77,405,000) representing (43.4% of the Company capital). Accordingly, the Board of Directors recommended in its decision dated 11/02/1442H (corresponding to 28/09/2020G) to reduce the Company capital from one hundred seventy-



- eight million one hundred sixty thousand (SAR 178,160,000) to one hundred million seven hundred fifty-five thousand (SAR 100,755,000), at a reduction rate of (43.4%) of the capital. Since the Company losses as of 30/09/2020G amounted to one hundred sixteen million five hundred twenty-eight thousand (SAR 116,528,000), representing (65.4%) of the Company capital, the Board of Directors decided in its pass-through decision dated 24/03/1442H (corresponding to 10/11/2020G) to amend its previous recommendation issued on 11/02/1442H (corresponding to 28/09/2020G), and made a recommendation to the Extraordinary General Assembly of Shareholders to reduce the Company capital from one hundred seventy-eight million one hundred sixty thousand (SAR 178,160,000) to sixty-one million six hundred thirty-two thousand and ten (SAR 61,632,010). It shall be noted that this recommendation was conditional on obtaining the approvals of competent authorities (CMA (the "Authority"), the Saudi Stock Exchange Company ("Tadawul"), and the Ministry of Commerce), and the (Extraordinary) General Assembly of Shareholders. The Company obtained the approval of the Authority on 11/04/1442H (corresponding to 26/11/2020G).
- On 05/05/1442H (corresponding to 20/12/2020G), the (Extraordinary) General Assembly of Shareholders approved the capital reduction from one hundred seventy-eight million one hundred sixty thousand (SAR 178,160,000) to sixty-one million six hundred thirty-two thousand and ten (SAR 61,632,010), at a reduction rate of (65.4%) of the Company's paid-up capital, by cancelling eleven million six hundred fifty-two thousand seven hundred ninety-nine (11,652,799) shares from the Company shares. Accordingly, the number of shares has been reduced from seventeen million eight hundred sixteen thousand (17,816,000) to six million one hundred sixty-three thousand two hundred and one (6,163,201) shares, in order to amortize the accumulated losses amounting to one hundred sixteen million five hundred twenty-seven thousand nine hundred ninety (SAR 116,527,990).
 - On 11/02/1442H (corresponding to 28/09/2020G), the Board of Directors recommended the (Extraordinary) General Assembly of Shareholders to increase the Company capital to two hundred eleven million six hundred thirty-two thousand and ten Saudi riyals (SAR 211,632,010) by offering Rights of fifteen million (15,000,000) ordinary shares, provided that the Company obtains the approvals of competent authorities (CMA (the "Authority"), the Saudi Stock Exchange ("Tadawul"), the Ministry of Commerce, and the (Extraordinary) General Assembly of Shareholders). The (Extraordinary) General Assembly of Shareholders approval was obtained on 29/03/1443H (corresponding to 04/11/2021G), Article (7) of the Company's Articles of Association related to the capital was amended, and Article (8) of the Articles of Association related to the subscription to shares was amended.
 - On 19/12/1443H (corresponding to 18/07/2022G), the (Extraordinary) General Assembly of Shareholders approved the reduction of the Company's capital from two hundred eleven million six hundred thirty-two thousand and ten Saudi riyals (SAR 211,632,010) to one hundred eight million nine hundred seventy-three thousand and ten Saudi riyals (SAR 108,973,010), at a reduction rate of (48.51%) of the Company's capital, by cancelling ten million two hundred sixty-five thousand nine hundred (10,265,900) shares of the Company's shares. Accordingly, shares were reduced from twenty-one million one hundred sixty-three thousand two hundred and one (21,163,201) shares to ten million eight hundred ninety-seven thousand three hundred and one (10,897,301) shares, in order to amortize the accumulated losses amounting to one hundred two million six hundred fifty-nine thousand Saudi riyals (SAR 102,659,000), according to the recommendation of the Board of Directors in its meeting dated 26/08/1443H (corresponding to 30/03/2022G).
 - On 15/05/1444H (corresponding to 12/09/2022G), the Company's Board of Directors recommended the (Extraordinary) General Assembly of Shareholders to increase the Company's capital to become two hundred seventeen million nine hundred forty-six thousand and twenty Saudi riyals (SAR 217,946,020) by offering Rights of one hundred eight million nine hundred seventy-three thousand and ten Saudi riyals (SAR 108,973,010) and ten million eight hundred seventy-three thousand and ten (10,873,010) ordinary shares, provided that the Company obtains the approvals of competent authorities (CMA (the "Authority"), the Saudi Stock Exchange ("Tadawul"), the Ministry of Commerce, and the (Extraordinary) General Assembly of Shareholders).
 - On 09/06/1444H (corresponding to 28/03/2023G), the Board of Directors decided to amend the recommendation to increase the capital issued on 15/05/1444H (corresponding to 12/09/2022G) so that, the Board of Directors' recommendation to the (Extraordinary) General Assembly of Shareholders after the amendment stipulates that the company's capital will be increased by offering Rights of one hundred sixty-three million four hundred fifty-nine thousand five hundred and ten Saudi riyals (SAR 163,459,510) by issuing Rights shares of sixteen million three hundred forty-five thousand nine hundred fifty-one (16,345,951) shares at a rate of (1,499999954) shares for every (1) share so that the Company's capital after the increase becomes two hundred seventy-two million four hundred thirty-two thousand five hundred twenty Saudi riyals (SAR 272,432,520). The approval of the (Extraordinary) General Assembly of Shareholders shall be obtained within (6) six months from the date of the Authority's approval. If the Company failed to obtain the approval of the (Extraordinary) General Assembly of Shareholders during that period, the Authority's approval shall be deemed void and the Company shall resubmit the application if the Company wishes to increase its capital.
- The Company complied with the requirements of the Capital Market Authority (CMA) and the Saudi Stock Exchange (Tadawul) in terms of uploading a copy of the Articles of Association on the Tadawul website on the Company's page, and the last amended version of the Company's Articles of Association was approved by the Ministry of Commerce (Shared Services Department) on 06/01/1444H (corresponding to 04/08/2022G).

9-2 Board of Directors, Committees, and Executive Management

- In accordance with Article (16) of the Articles of Association, the Company is managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly of Shareholders for a period not exceeding three (3) years.

9-2-1 Board of Directors

9-2-1-1 Formation of the Board of Directors

- On 24/09/1442H (corresponding to 06/05/2021G), the Ordinary General Assembly of Shareholders elected members of the Board of Directors for a new session starting on 06/12/1442H (corresponding to 16/07/2021G) and for a period of three (3) years ending on 09/01/1446H (corresponding to 15/07/2024G).



The table below shows the current Board of Directors session:

Table No. (57): Board of Directors Positions

| # | Name | Position | Nationality | Age | Capacity | | Membership Date | Owned Shares | | | |
|-------------------------------------|--------------------------------|--------------------------------|-------------|-----|---------------|-----------------|---|--------------|----------|-------|------------|
| | | | | | | | | Direct | Indirect | Total | Total % |
| 1 | Wael Saad Abdul Aziz El Rashed | Chairman of Board of Directors | Saudi | 54 | Non-Executive | Independent | 06/12/1442H (corresponding to 16/07/2021G) | 200 | 0 | 200 | 0.0018353% |
| 2 | Ahmad Seraj Khogeer | Vice Chairman | Saudi | 55 | Non-Executive | Independent | 06/12/1442H (corresponding to 16/07/2021G) | 88 | 0 | 88 | 0.0008075% |
| 3 | Abdulrahman Ibrahim Alhadlq* | Board Member | Saudi | 34 | Non-Executive | Independent | 27/04/1444H (Corresponding to 02/12/2021G) | 0 | 0 | 0 | 0 |
| 4 | Nasser Saleh Al Sorayai | Board Member | Saudi | 37 | Non-Executive | Independent | 06/12/1442H (corresponding to 16/07/2021G) | 0 | 0 | 0 | 0 |
| 5 | Rasheed Sulaiman Alrasheed | Board Member | Saudi | 49 | Non-Executive | Independent | 06/12/1442H (corresponding to 16/07/2021G) | 5 | 0 | 5 | 0.0000459% |
| 6 | Abdullah Yahia Fitaihi | Board Member | Saudi | 48 | Executive | Non-independent | 06/12/1442H (corresponding to 16/07/2021G) | 0 | 0 | 0 | 0 |
| 7 | Vacant** | Board Member | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Secretary of the Board of Directors | | | | | | | | | | | |
| | Omar Fadel Mohammed Taha*** | Board Secretary | Sudanese | 53 | Executive | Independent | 29/06/1443H (Corresponding to 01/02/2022G) | -- | -- | -- | -- |

Source: The Company

*On 30/11/2021G, Mr. Abdullah Aldubaikhi submitted his resignation from the Board of Directors, and on 27/04/1444H (corresponding to 02/12/2021G), the Company's Board of Directors decided to appoint Mr. Abdulrahman bin Ibrahim Alhadlq as an independent member of the Board of Directors. As a replacement for the resigned member, Eng. Abdullah Al-Dubaikhi, to be effective from 27/04/1443H (corresponding to 02/12/2021G). This appointment was approved by the Ordinary General Assembly held on 10/10/1443H (11/05/2022G).

**On 26/04/1443H (corresponding to 01/12/2021G), Mr. Mansour bin Saleh Al Kharboush submitted his resignation from the Board of Directors, and on 26/04/1443H (corresponding to 01/12/2021G), the Company's Board of Directors decided to accept the resignation. As of the date of publication of this Prospectus, this position is still vacant.

***On 28/06/1443H (corresponding to 31/01/2022G), the Company's Board of Directors decided to relieve Ms. Maram Abdul Rahim Khotani from the duties of Secretary of the Board of Directors, starting from 29/06/1443H (corresponding to 01/02/2022G) and appoint Mr. Omar Fadel Muhammad Taha as Secretary of the Board of Directors as of the same date.

- The Company is committed to the Companies Law in terms of the number of members of the Board of Directors, which shall not be less than three (3) members. The Company is also committed to Article (16) of the Corporate Governance Regulations, which requires listed companies to have a majority of the board members being non-executive members and that the number of its independent members shall not be less than two members or a third of the board members (whichever is more), based on the total number of the board members. Five (5) non-executive members and one (1) executive member have been appointed which are five (5) independent members and one (1) non-independent member (for more information on the extent of the company's commitment to the Governance Regulations, please review subparagraph (9-5-5)) "Continuing Obligations as per the Requirements of the Capital Market Authority" of this section).



9-2-1-2 Appointment in Mandatory Positions (Chairman, Vice-Chairman, CEO, and Secretary)

- According to Article (21) of the Company's Articles of Association, the Board of Directors appoints from among its members a Chairman and a Vice-Chairman; the Board may appoint a managing director. It is not permissible to combine the position of the chairman of the Board of Directors with any executive position in the Company; the Board of Directors shall appoint a secretary of the board from among its members or otherwise.
- The Company is committed to the Articles of Association and the Corporate Governance Regulations in terms of mandatory appointment to these positions:

Table No. (58): Mandatory Positions

| Position | Date of Appointment Decision | Appointee Name |
|---|--|-------------------------------------|
| Chairman of the Board of Directors | Minutes of the Board of Directors meeting dated 07/12/1442H (corresponding to 17/07/2021G) | Dr. Wael Saad Abdul Aziz El Rashed |
| Vice-Chairman of the Board of Directors | Minutes of the Board of Directors meeting dated 07/12/1442H (corresponding to 17/07/2021G) | Dr. Ahmad Seraj Abdulrahman Khogeer |
| Chief Executive Officer (CEO)* | Board of Directors resolution by passing dated 13/04/1443H (corresponding to 18/11/2021G) | Mr. Monther bin Mohammed Al Sorayai |
| Board of Directors Secretary** | Minutes of the Board of Directors meeting dated 28/06/1443H (corresponding to 31/01/2022G) | Mr. Omar Fadel Mohammed Taha |

Source: The Company

*On 18/08/1442H (corresponding to 31/03/2021G) the Board of Directors appointed Mr. Yasser Osama El Sebai as CEO of the Company as of 16/08/1442H (corresponding to 01/04/2021G), after Mr. Marc Henry Verlaine submitted his resignation from his position as the CEO, which was accepted by the Board of Directors on 18/08/1442H (corresponding to 31/03/2021G). The Board of Directors also decided to appoint Mr. Mark Henry Verlaine as an advisor to the CEO during the remainder of his contract and as a member of the Executive Committee until the end of the current Board session dated 05/12/1442H (corresponding to 15/07/2021G).

On 13/04/1443H (corresponding to 18/11/2021G), the Company's Board of Directors decided not to renew the contract of the CEO, Mr. Yasser Osama El Sebai, considering 13/04/1443H (corresponding to 18/11/2021G) the last business day, provided that Mr. Yasser shall continue his contract, which expires on 20/06/1443H (corresponding to 23/01/2022G) as an advisor to the Company, and Mr. Monther Mohammed Al Sorayai was appointed as the CEO of the Company starting from 16/04/1443H AH (corresponding to 21/11/2021G).

** On 28/06/1443H (corresponding to 31/01/2022G), the Board of Directors decided to relieve Mr. Maram Abdul Rahim Khotani from his position as Secretary of the Board of Directors, starting from 29/06/1443H (corresponding to 01/02/2022G) and appoint Mr. Omar Fadel Muhammed Taha as Secretary of the Board of Directors, starting from the same date.

The Chairman of the Board has the power to call the Board to a meeting and to chair the meetings of the Board and the Ordinary and Extraordinary General Assembly of Shareholders, in addition to the powers stipulated in Article (21) of the Articles of Association.

9-2-1-3 Rights and Obligations of the Board Members

- Article (20) and paragraph (5) of Article (46) of the Company's Articles of Association provide for how to reward members of the Board of Directors, provided that the remuneration of the members of the Board of Directors shall be as stipulated in the Companies Law and its regulations and the regulations and decisions issued in this regard. The Board of Directors' report to the Ordinary General Assembly shall include a comprehensive statement of all the amounts received by the members of the Board of Directors during the fiscal year of salaries, expenses allowances, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of technical, administrative, or advisory services. It shall also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last General Assembly meeting.
- Members of the Board of Directors have received remunerations during the past three years. the remunerations distributed to the members of the Board of Directors for the fiscal year ending on 31 December 2019G amounted to ninety-two thousand five hundred Saudi riyals (SAR 92,500), which is an attendance allowance, as the Board members waived their remunerations for FY 2019G. The remuneration received by the members of the Board of Directors for FY 2020G amounted to one million one hundred and two thousand five hundred Saudi riyals (SAR 1,102,500) while amounted to one million nine hundred thirty-six thousand seven hundred fifty-five Saudi riyals (SAR 1,936,755) for FY 2021G, compared to one million eight hundred sixty-seven thousand nine hundred forty-eight Saudi riyals (SAR 1,867,948) for FY 2022G.
- The table below shows the remuneration received by the members of the Board of Directors according to the Company:

Table No. (59): Remunerations of the Members of the Board of Directors

| Description | 2019G | 2020G | 2021G | 2022G |
|--------------------|--------|-----------|-----------|-----------|
| Board of Directors | 92,500 | 1,102,500 | 1,936,755 | 1,867,948 |

Source: The Company.

9-2-1-4 Board of Directors Meetings

- According to Article (22) of the Articles of Association, the Board of Directors shall be held at least four (4) times a year upon the invitation of its Chairman, Vice-Chairman, or Secretary. The invitation to the meeting shall be made by a letter with the meeting agenda attached by mail, fax, or any other electronic means. The Chairman of the Board shall call the Board to a meeting whenever two members request that. The Board of Directors may also issue its decisions in case of urgency by a single vote of the members (by passing), unless two members request, in writing, to hold a Board meeting to deliberate.
- The Company shall adhere to the minimum number of Board meetings, and it has been found that the number of board meetings reached six (6) meetings during 2019G, nine (9) meetings during 2020G, five (5) meetings during 2021G, and four (4) meetings during 2022G.



9-2-2 Board of Directors Committees

As of the date of this Prospectus, the Company has two (2) committees working under the Board of Directors as follows:

9-2-2-1 Audit Committee

- in accordance with Article (38) of the Company's Articles of Association, an audit committee shall be formed by decision of the Ordinary General Assembly, the members of which shall not be less than three (3) and not more than five (5) members who are not members of the Executive Board of Directors, whether shareholders or others. The decision shall stipulate the tasks of the committee, its work controls, and the remuneration of its members.
- The number of current members of the Audit Committee is three (3) members. It was formed and its members were appointed by the (Ordinary) General Assembly of Shareholders held on 24/09/1442H (corresponding to 06/05/2021G) for a period of three (3) years starting from the date of the beginning of the Board session on 06/12/1442H (corresponding to 16/07/2021G) and ending at the end of the current Board session on 09/01/1446H (corresponding to 15/07/2024G). The committee consists of the following members:

Table No. (60): Audit Committee Members

| Name | Position | Other positions currently held by the member |
|--|--------------------|--|
| Rasheed Sulaiman Alrasheed * | Committee Chairman | Board Member (independent - non-executive) |
| Khaled Abdel Aziz Al Houshan | Member | NOT APPLICABLE |
| Dr. Ahmad Seraj Abdulrahman Khogeer ** | Member | Vice-Chairman (independent - non-executive) |

Source: The Company

*On 05/05/1443H (corresponding to 10/12/2021G), the Board of Directors approved the resignation of the Chairman of the Audit Committee, Eng. Mansour Saleh Ahmed Al Kharboush, from his membership in the Audit Committee, and the Board member, Mr. Rasheed Sulaiman Alrasheed (independent member), was appointed as Chairman of the Committee as a replacement to the resigned member, starting on 26/04/1443H (corresponding to 01/12/2021G). The (Ordinary) General Assembly approved this appointment at its meeting held on 10/10/1443H (corresponding to 11/05/2022G).

** On 29/11/1444H (corresponding to 18/06/2023G), the Board of Directors decided (by passing) to accept the resignation of Mr. Abdallah Salem Abdallah Al Haiki (member of the Audit Committee - member from outside the Board) from his membership in the Audit Committee submitted on 18 June 2023G (for personal conditions), effective as of 18 June 2023G. Based on the recommendation of the Remuneration and Nominations Committee, the Board of Directors approved the appointment of Dr. Ahmad Seraj Abdulrahman Khogeer (independent member) as a member of the Audit Committee as a replacement for the resigned member, effective from 18 June 2023G until the end of the current session of the Board of Directors and the Audit Committee. The Board's approval is not considered final, provided that the appointment is submitted to the first meeting of the Company's General Assembly for approval.

- It shall be noted that, as of the date of this Prospectus, the two members, Mr. Khaled Abdel Aziz Al Houshan and Mr. Abdallah bin Salem Al Haiki, do not hold any other positions in the Company, while the Chairman of the Committee, Mr. Rasheed Sulaiman Alrasheed, holds membership in the Board of Directors.
- The amended work regulations of the Audit Committee were approved by the Ordinary General Assembly of Shareholders at its meeting held on 10/10/1443H (corresponding to 11/05/2022G) based on the recommendation of the Board of Directors on 26/08/1443H (corresponding to 30/03/2022G).
- On 07/12/1442H (corresponding to 17/07/2021G), the Board of Directors appointed Mr. Saad Addin Othman Ahmed as Secretary of the Committee.
- According to Article (2) of the Audit Committee's work regulations, the committee shall hold at least four (4) periodic meetings per year.
- The table below shows the number of Audit Committee meetings during the years 2020G, 2021G, and 2022G:

Table No. (61): Audit Committee Meetings

| Year | 2020G | 2021G | 2022G |
|------------------------------------|-------|-------|-------|
| Number of Audit Committee Meetings | 4 | 5 | 6 |

Source: The Company

9-2-2-2 Nomination and Remuneration Committee

The Remuneration and Nominations Committee consists of three (3) members. It was formed and its members were appointed by the Board of Directors at its meeting held on 07/12/1442H (corresponding to 17/07/2021G), for a period of three (3) years starting from the date of the beginning of the Board's session on 06/12/1442H (corresponding to 16/07/2021G) and ending at the end of the current Board session on 09/01/1446H (corresponding to 15/07/2024G) and 08/05/1443H (corresponding to 13/12/2021G):

- Rasheed Sulaiman Alrasheed (Committee Chairman)
- Nasser Saleh Al Sorayai (Member)
- Nidal Khozaa Klloub (Member)

- The Board of Directors decided to reconstitute the Nominations and Remuneration Committee as of 28/05/1443H (corresponding to 01/01/2022G) according to the following:

Table No. (62): Members of the Nominations and Remuneration Committee

| Name | Position | Other positions currently held by the member |
|-----------------------------------|--------------------|--|
| Abdulrahman Ibrahim Hamad Alhadlq | Committee Chairman | Board Member (independent - non-executive) |
| Wael bin Saad El Rashed | Member | Chairman of the Board of Directors (independent - non-executive) |
| Nidal Khozaa Klloub | Member | NOT APPLICABLE |

Source: The Company

- It shall be noted that, as of the date of this Prospectus, the Chairman of the Committee, Mr. Abdulrahman bin Ibrahim Alhadlq holds the position of a member of the Board of Directors (non-



executive - independent), and the member of the Committee, Mr. Wael bin Saad El Rashed holds the position of Chairman of the Board of Directors (non-independent).

- The Company has a special work regulation for the Nomination and Remuneration Committee that was approved and amended by the Ordinary General Assembly of Shareholders held on 10/10/1443H (corresponding to 11/05/2022G) in accordance with the recommendation of the Board of Directors at its meeting held on 26/08/1443H (corresponding to 30/03/2022G).

In accordance with the Nominations and Remuneration Committee's work regulations, the committee shall hold at least two (2) meetings per year, and the table below shows the number of Nominations and Remuneration Committee meetings for the years 2020G, 2021G, and 2022G:

Table No. (63): Nomination and Remuneration Committee Meetings

| Year | 2020G | 2021G | 2022G | 2023G* |
|--|-------|-------|-------|--------|
| Number of Nomination and Remuneration Committee Meetings | 3 | 5 | 4 | 1 |

Source: The Company

9-2-3 Executive Management

- In accordance with the company's policies and the relevant Board of Directors' decisions, the Company's Executive Management is entrusted to the CEO and the Financial Manager. The position of the CEO is currently held by Mr. Monther bin Mohammed Al Sorayai, as of 16/04/1443H (corresponding to 21/11/2021G) in accordance with the decision of the Board of Directors issued on 13/04/1443H (corresponding to 18/11/2021G).
- The table below shows the details of the Company's Executive Management:

Table No. (64): Executive Management Members

| Name | Position | Nationality | Age | Appointment Date | Owned Shares | | | |
|--------------------------------------|---|-------------|-----|------------------|--------------|---|----------|---|
| | | | | | Direct | | Indirect | |
| | | | | | No. | % | No. | % |
| Monther Mohammed Abdullah Al Sorayai | CEO | Saudi | 52 | 21/11/2021G | - | - | - | - |
| Ahmed Abdel Salam Al Khattabi | Financial Manager | Egyptian | 37 | 01/10/2022G | - | - | - | - |
| Wissam Mohamad Saramany | General Director of Sales and Marketing | Syrian | 42 | 12/09/2019G | - | - | - | - |

Source: The Company

- The Company has committed to disclosing the remuneration of senior executives in total in accordance with the requirements of the Corporate Governance Regulations, especially Paragraph (4) of Article (90). The total remuneration received by five senior executives, including the CEO and the Financial Manager for the year 2022 amounted to three million seven hundred fifty-seven thousand three hundred forty-one Saudi riyals (SAR 3,757,341).

9-3 Subsidiaries and Associates

- According to Article (4) of the Company's Articles of Association, the Company may establish limited liability or closed joint stock companies on its own, provided that the capital is not less than SAR 5 million. It may also acquire shares in other existing companies or merge with them and have the right to participate with others in establishing joint stock companies or limited liability companies after fulfilling the requirements of the regulations and instructions followed in this regard. The Company may also dispose of these shares, provided that this does not include brokerage in its trading.
- As of the date of this Prospectus, the Company has four (4) subsidiaries, three (3) of which are in KSA, and one company was established outside KSA.
- The Company has also investments in two associates, as the Company owns (25%) of Arabian Company for the Manufacture of Calcium Carbonate, and (25%) of Al Salam Educational National Int'l Co.



9-3-1 Subsidiaries inside KSA

- **Al-Sorayai Company for Operation and Maintenance Ltd.:** It is a Saudi limited liability Company established under the CR number (4030245783) dated 20/06/1434H (corresponding to 30/04/2013G). Naseej Company owns 100% of it. This subsidiary is engaged in the activity of wholesale and retail trade, repair of motor vehicles and motorcycles, retail sale of carpets, rugs, floor, and wall coverings in specialized stores, retail sale of household electrical appliances, furniture, lighting equipment, and other household items in specialized stores, as well as provides labor for Naseej.
- **Home Styles Company:** It is a limited liability Company that was established under the CR number (4030206178) dated 03/12/1431H (corresponding to 09/11/2010G). Naseej Company owns 90% of it. This subsidiary is engaged in the activity of wholesale and retail trade of carpets, rugs, and floors
- **Al Sorayai Projects Co. Ltd (ceased):** It is a Saudi limited liability company established under the CR number (4030249966) dated 06/08/1434H (corresponding to 15/06/2013G). Naseej Company owns 100% of it. Its activities are as follows: retail sale for carpets, rugs, and floor and wall coverings in specialized stores.

9-3-2 Subsidiaries Outside KSA

Millennium Weavers Group Holding: It was established in Delaware (US State) on 25/01/1432H (corresponding to 21/12/2010G). It is a commercial office for Naseej in the US. It is currently not working as of the date of this Prospectus.

It shall be noted that the Board of Directors decided to close it at its meeting held on 08/05/1443H (corresponding to 13/12/2021G).

9.4 Main Licenses, Certificates, and Approvals

9-4-1 Headquarters' Licenses, Certificates, and Approvals

- The Company has obtained several necessary regulatory and operational licenses and certificates from the competent authorities to carry out its activity in accordance with the Saudi applicable regulations. Such licenses shall be renewed periodically.
- The following table shows the current licenses and approvals obtained by the Company related to its main register.

Table No. (65): Headquarters' Licenses, Certificates, and Approvals

| Type of License | Purpose | License Holder | License Number | Date of Issue/ Renewal | Expiry Date | Issuing Authority |
|---|--|---|-----------------|---|--|--|
| Commercial Registration Certificate | To register the Company in the Commercial Companies Register (Public Joint Stock Company). | Naseej International Trading Company (Listed Saudi Joint Stock Company) | 4030133919 | 05/03/1422H Corresponding to 28/05/2001G | 04/03/1445H (corresponding to 18/10/2023G) | Ministry of Commerce - Commercial Register Office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1). | Naseej International Trading Company (Listed Saudi Joint Stock Company) | 79653 | 05/03/1442H (corresponding to 19/09/2023G) | 04/03/1445H (corresponding to 19/09/2023G) | Jeddah Chamber of Commerce and Industry |
| Zakat and Income Certificate | To state that the Company has submitted its annual declaration and has paid zakat | Al Sorayai Trading and Industrial Group Company | 1110798522 | 27/10//1442H (corresponding to 08/06/2021G) | 29/09/1443H (Corresponding to 30/04/2022G) | Zakat, Tax, and Customs Authority |
| VAT Registration Certificate | To state that the Company is registered for VAT | Naseej International Trading Company | 300227459800003 | 03/12/1438H (Corresponding to 25/08/2017G) | NOT APPLICABLE (One-time issue) | Zakat, Tax, and Customs Authority |
| GOSI Contribution Certificate* | In compliance with the Social Insurance Law | Naseej International Trading Company (Listed Saudi Joint Stock Company) | 55979129 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate** | In compliance with the Wages Protection System | Naseej International Trading Company (Listed Saudi Joint Stock Company) | 20092307004171 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Wages Protection System - Ministry of Human Resources and Social Development |
| Saudization Certificate*** | To state that the Company complies with the required Saudization rate according to Nitaqat Program | Naseej International Trading Company | 13727464-247276 | 26/10/1444H (corresponding to 16/05/2023G) | 27/01/1445H (corresponding to 14/08/2023G) | Ministry of Human Resources and Social Development |



| | | | | | | |
|---|---|---|------------------|--|--|---|
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the company entity according to Nitaqat Program, indicating that the Company is in the (low green) range. | Naseej International Trading Company (Listed Saudi Joint Stock Company) | 106399-9 | 26/10/1444H (corresponding to 16/05/2023G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| ISO Certificate | To state that the Company's Management is compatible with ISO 9001:2015 standards. | Naseej International Trading Company | 0093191 | 29/06/1444H (corresponding to 22/01/2023G) | 02/08/1447H (corresponding to 21/01/2026G) | INTEREK |
| ISO Certificate | To state that the Company's Management is compatible with ISO 14001:2015 standards. | Naseej International Trading Company | 0093192 | 29/06/1444H (corresponding to 22/01/2023G) | 02/08/1447H (corresponding to 21/01/2026G) | INTEREK |
| ISO Certificate | To state that the Company's Management is compatible with ISO 45001:2018 standards. | Naseej International Trading Company | 0093194 | 29/06/1444H (corresponding to 22/01/2023G) | 02/08/1447H (corresponding to 21/01/2026G) | INTEREK |
| Operating License | In compliance with the terms and regulations issued by "Modon." | Al Sorayai Carpet Factory Co. Ltd. | 5871444714030550 | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operating License | In compliance with the terms and regulations issued by "Modon." | Al Sorayai Carpet Factory Co. Ltd. | 5871444714030554 | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operational Environmental Permit | In compliance with the regulations of the National Center for Environmental Compliance (carpet production activity) | Naseej International Trading Company | 6983 | 18/03/1443H (corresponding to 25/10/2021G) | 14/03/1446H (corresponding to 18/09/2024G) | National Center for Environmental Compliance |

Source: The Company

*A Compliance Certificate valid for a maximum of one month and shall be electronically renewed upon request.

**A Compliance Certificate valid for a maximum of 60 days and shall be electronically renewed upon request.

*** A Compliance Certificate valid for a maximum of three months and shall be electronically renewed upon request.

9-4-2 Company Branches' Licenses, Certificates, and Approvals

- Article (5) of the Company's Articles of Association stipulates that the Company may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia by a resolution by the Board of Directors.
- As of the date of publishing this Prospectus, the Company has written off (44) previous branches and currently owns twelve (12) active branches within the Kingdom as follows:



9-4-2-1 Licenses, Certificates, and Approvals of the Company's Branch in Jeddah (Al-Sorayai Carpet Factory, Branch of Naseej International Trading Company)

- This branch was registered in the Commercial Register under Registration Certificate No. (4030131014) dated 08/05/1421H (corresponding to 08/08/2000G) in Jeddah (Address: Jeddah - Tel: 136369900 - Postal Code: 21497 - P.O. Box 31279), Unified Number: (7006372531), to practice the activity of manufacturing tapestries, rugs, and carpets, including (prayer and travel mats). This certificate is valid until 07/05/1445H (corresponding to 20/11/2023G). Below are the details of the licenses obtained by the branch:

Table No. (66): Licenses, Certificates, and Approvals of Al-Sorayai Carpet Factory, Branch of Naseej International Trading Company

| Type of License | Purpose | License Holder | License Number | Date of Issue/ Renewal | Expiry Date | Issuing Authority |
|---|---|---|------------------|--|--|---|
| Commercial Registration Certificate | To register the Company in the Commercial Companies' Register. | Al-Sorayai Carpet Factory (Branch of Naseej International Trading Company) | 4030131014 | 08/05/1421H (corresponding to 08/08/2000G) | 07/05/1445H (corresponding to 20/11/2023G) | Ministry of Commerce - Commercial Register Office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1). | Al-Sorayai Carpet Factory (Branch of Naseej International Trading Company) | 83804 | 08/05/1421H (corresponding to 08/08/2000G) | 07/05/1445H (corresponding to 21/11/2023G) | Jeddah Chamber of Commerce and Industry |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law. | Al-Sorayai Carpet Factory (Branch of Al Sorayai Trading and Industrial Group Company) | 55979192 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with depositing workers' wages through local banks. | Al-Sorayai Carpet Factory (Branch of Naseej International Trading Company) | 20092307004172 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Ministry of Human Resources and Social Development |
| Saudization Certificate | To state that the Company complies with the required Saudization rate according to Nitaqat Program | Al-Sorayai Carpet Factory (Branch of Naseej International Trading Company) | 33565286-437318 | 26/10/1444H (corresponding to 16/05/2023G) | 27/01/1445H (corresponding to 14/08/2023G) | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the company entity according to Nitaqat Program, indicating that the Company is in the (low green) range. | Al-Sorayai Carpet Factory (Branch of Naseej International Trading Company) | 106409-9 | 26/10/1444H (corresponding to 16/05/2023G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Industrial Facility License | In compliance with the regulations of the Ministry of Energy, Industry and Mineral Resources and licensing the Company to practice the activity of (manufacturing tapestries and carpets/1393)) | Al-Sorayai Carpet Factory | 441110127534 | 26/11/1444H (corresponding to 15/06/2023G) | 22/01/1450H (corresponding to 15/06/2028G) | Ministry of Energy, Industry and Mineral Resources |
| Operating License | In compliance with the terms and regulations issued by "MODON" | Al Sorayai Carpet Factory Co. Ltd. | 5871444714030548 | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operating License | In compliance with the terms and regulations issued by "MODON" | Al Sorayai Carpet Factory Co. Ltd. | 5871444714030552 | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operating License | In compliance with the terms and regulations issued by "MODON" | Al Sorayai Carpet Factory Co. Ltd. | 5871444714030558 | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |



| | | | | | | |
|----------------------------------|--|--|------------------|--|--|--|
| Operating License | In compliance with the terms and regulations issued by "MODON" | Al Sorayai Carpet Factory Co. Ltd. | 5871444714030556 | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operational Environmental Permit | In compliance with the regulations of the National Center for Environmental Compliance (Rug production activity) | Al-Sorayai Carpet Factory (Branch of Naseej International Trading Company) | 14539 | 20/06/1443H (corresponding to 24/01/2022G) | 02/06/1446H (corresponding to 04/12/2024G) | National Center for Environmental Compliance |

Source: The Company

9-4-2-2 Licenses, Certificates, and Approvals of the Company's Branch in Jeddah (Jeddah Industrial Yarn Factory, Branch of Naseej International Trading Company)

- This branch was registered in the Commercial Register under Certificate No. (4030115974) dated 03/07/1416H (corresponding to 26/11/1995G) in Jeddah (address: Tel: 136369061 - Postal Code: 21497 - P.O. Box: (31279), Unified Number: (7014741388) to practice the activity of weaving textiles from industrial yarn such as nylon, spinning and preparing industrial yarn such as Nylon and Dylon. This certificate is valid until 02/07/1445H (corresponding to 13/01/2024G). Below are the details of the licenses obtained by the subsidiary:

Table No. (67): Licenses, Certificates, and Approvals of Jeddah Industrial Yarn Factory, Branch of Naseej International Trading Company.

| Type of License | Purpose | License Holder | License Number | Date of Issue/ Renewal | Expiry Date | Issuing Authority |
|---|---|---|-----------------|--|--|---|
| Commercial Registration Certificate | To register the Company in the Commercial Companies' Register | Jeddah Industrial Yarn Factory (Branch of Naseej International Trading Company) | 4030115974 | 03/07/1416H (corresponding to 26/11/1995G) | 02/07/1445H (corresponding to 13/01/2024G) | Ministry of Commerce - Commercial Register Office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1). | Jeddah Industrial Yarn Factory (Branch of Naseej International Trading Company) | 59196 | 03/07/1416H (corresponding to 25/11/1995G) | 02/07/1445H (corresponding to 14/01/2024G) | Jeddah Chamber of Commerce and Industry |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law. | Jeddah Industrial Yarn Factory (Branch of Al Sorayai Commercial Industrial Group) | 55979182 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with depositing workers' wages through local banks. | Jeddah Industrial Yarn Factory (Branch of Naseej International Trading Company) | 20092307004173 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Wages Protection System - Ministry of Human Resources and Social Development |
| Saudization Certificate | To state that the Company complies with the required Saudization rate according to Nitaqat Program. | Jeddah Industrial Yarn Factory (Branch of Naseej International Trading Company) | 56295572-151723 | 26/10/1444H (corresponding to 16/05/2023G) | 27/01/1445 AH (corresponding to 14/08/2023G) | Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the company entity according to Nitaqat Program, indicating that the Company is in the (medium green) range. | Jeddah Industrial Yarn Factory | 106410-9 | 04/05/1444H (corresponding to 28/11/2022G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Industrial Facility License | In compliance with the regulations of the Ministry of Energy, Industry and Mineral Resources and licensing the Company to practice the activity of (preparing and spinning textile fibers). | Jeddah Industrial Yarn Factory | 441110127330 | 19/11/1444H (corresponding to 08/06/2023G) | 01/12/1445H (corresponding to 07/06/2024G) | Ministry of Industry and Mineral Resources |



| | | | | | | |
|----------------------------------|--|---|-------------------|--|--|--|
| Operating License | In compliance with the terms and regulations issued by "MODON" | Jeddah Industrial Yarn Factory Company | 5871444721030680 | 21/07/1444H corresponding to 12/02/2023G) | 02/08/1445H (corresponding to 12/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operating License | In compliance with the terms and regulations issued by "Modon." | Jeddah Industrial Yarn Factory Company | 5871444722030712 | 22/07/1444H corresponding to 03/02/2023G) | 03/08/1445H (corresponding to 13/02/2024G) | Saudi Authority for Industrial Cities and Technology Zones "MODON" |
| Operating License | In compliance with the terms and regulations issued by "Modon." | Jeddah Industrial Yarn Factory Company | 58714431228026900 | 28/12/1443H (corresponding to 28/07/2022G) | 09/01/1445H (corresponding to 27/07/2023G) | Ministry of Industry and Mineral Resources |
| Operational Environmental Permit | In compliance with the regulations of the National Center for Environmental Compliance | Jeddah Industrial Yarn Factory (Branch of Naseej International Trading Company) | 12223 | 16/05/1443H (corresponding to 21/12/2021G) | 02/05/1446H (corresponding to 04/11/2024G) | National Center for Environmental Compliance |

Source: The Company

9-4-2-3 Licenses, Certificates, and Approvals of the Company's Other Branches in Jeddah

- The Company has branches in several cities (Riyadh, Buraidah, Dammam, Sakaka, Tabuk, Jeddah, Makkah, Taif, Abha, and Jizan). The Company's subsidiaries shall obtain and maintain main licenses, approvals, and certificates to practice their activity, and they all practice the activity of (retail sale of blankets, sheets, linens, and bedspreads, retail sale of carpets and rugs, retail sale of ready-made curtains and mosquito nets).
- Below are details of the main licenses, approvals, and certificates obtained by the Company's branches:

Table No. (68): Table of Branches' Licenses, Certificates, and Approvals

| Type of License | Purpose | License Holder | License Number | Date of Issue/ Renewal | Expiry Date | Issuing Authority |
|---|---|---|-----------------|--|--|---|
| Riyadh Branch - Naseej International Trading Company No. (1010006131) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 1010006131 | 20/01/1392H (corresponding to 02/07/1972G) | 20/05/1445H (corresponding to 03/12/2023G) | Ministry of Commerce - Commercial Register Office in Riyadh |
| Chamber of Commerce and Industry Membership Certificate* | In compliance with the provisions of the Law of Commercial Register. | Naseej International Trading Company | 27527 | 02/05/1404H (corresponding to 04/02/1984G) | 20/05/1444H (corresponding to 04/12/2023G) | Riyadh Chamber of Commerce and Industry |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law. | Al Sorayai Trading and Industrial Group Company | 55979247 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with depositing workers' wages through local banks. | Naseej International Trading Company | 20012307015676 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Ministry of Human Resources and Social Development |
| Saudization Certificate | To state that the Company complies with the required Saudization rate according to Nitaqat Program. | Naseej International Trading Company | 12493277-496415 | 02/11/1444H (corresponding to 22/05/2023G) | 04/02/1445H (corresponding to 20/08/2023G) | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the company entity according to Nitaqat Program, indicating that the Company is in the (low green) range. | Naseej International Trading Company | 120786-1 | 26/10/1444H (corresponding to 16/05/2023G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |



| | | | | | | |
|--|---|--|----------------|--|--|---|
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Naseej International Trading Company | 44-001102055-1 | 01/11/1444H (corresponding to 21/05/2023G) | 01/11/1445H (corresponding to 09/05/2024G) | General Directorate of Civil Defense |
| Municipality License | Business License | Naseej International Trading Company | 440611394995 | - | 19/11/1446H (corresponding to 17/05/2025G) | Riyadh Municipality – As-Sulay Municipality |
| Buraidah Branch - Naseej International Trading Company No. (1131008569) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 1131008569 | 11/11/1410H (corresponding to 05/06/1990G) | 09/11/1445H (corresponding to 17/05/2024G) | Ministry of Commerce - Commercial Register Office in Buraidah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1) | Naseej International Trading Company | 601011128957 | 10/05/1444H (corresponding to 04/12/2022G) | 09/11/1445H (corresponding to 29/05/2024G) | Qassim Chamber of Commerce and Industry |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1) | Naseej International Trading Company | 7012350240 | 26/10/1444H (corresponding to 16/05/2023G) | 09/11/1445H (corresponding to 17/05/2024G) | Qassim Chamber of Commerce and Industry |
| Municipality License | Business License. | Al Sorayai Group | 3909351989 | - | 15/05/1445H (corresponding to 28/11/2023G) | Qassim Municipality - Deira Sub-Municipality |
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Al Sorayai Trading and Industrial Group Company | 44-001150147-1 | 28/09/1444H (corresponding to 19/04/2023G) | 28/09/1445H (corresponding to 07/04/2024G) | General Directorate of Civil Defense |
| Dammam Branch - Naseej International Trading Company No. (2050013058) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 2050013058 | 21/02/1403H (corresponding to 08/12/1982G) | 29/05/1445H (corresponding to 12/12/2023G) | Ministry of Commerce - Commercial Register Office in Dammam |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register. | Naseej International Trading Company | 3247 | 14/08/1444H (corresponding to 06/03/2023G) | 29/05/1445H (corresponding to 13/12/2023G) | Asharqia Chamber |
| Sakaka Branch - Naseej International Trading Company No. (3400010968) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 3400010968 | 29/03/1428H (corresponding to 17/04/2007G) | 28/03/1445H (corresponding to 13/10/2023G) | Ministry of Commerce - Commercial Register Office in Sakaka |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register. | Naseej International Trading Company | 404001028085 | 07/05/1444H (corresponding to 01/12/2022G) | 28/03/1445H (corresponding to 13/10/2023G) | Al Jouf Chamber of Commerce and Industry |
| Municipality License | Business License. | Al Sorayai Trading and Industrial Group Company's branch | 40062043024 | - | 02/06/1445H (corresponding to 15/12/2023G) | Al-Jouf Region Municipality - Sakaka Municipality |



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|---|---|---|-----------------|---|---|---|
| Salamah Certificate* | To state that the Company complies with Civil Defense field safety standards and conditions. | Naseej International Trading Company | 44-001167884-1 | 22/11/1444H (corresponding to 11/06/2023G) | 22/11/1445H (corresponding to 30/05/2024G) | General Directorate of Civil Defense |
| Tabuk Branch - Naseej International Trading Company No. (3550012274) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 3550012274 | 29/07/1414H (corresponding to 12/01/1994G) | 28/07/1445H (corresponding to 09/02/2024G) | Ministry of Commerce - Commercial Register Office in Tabuk |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1) | Branch of Naseej International Trading Company | 401001118938 | 12/09/1444H (corresponding to 03/04/2023G) | 28/07/1445H (corresponding to 09/02/2024G) | Tabuk Chamber of Commerce and Industry |
| Jeddah Branch - Naseej International Trading Company No. (4030195587) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register | Naseej International Trading Company | 4030195587 | 05/01/1431H (corresponding to 22/12/2009G) | 05/07/1445H (corresponding to 17/01/2024G) | Ministry of Commerce - Commercial Register Office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register. | Naseej International Trading Company | 361377 | 05/01/1431H (corresponding to 22/12/2009G) | 05/07/1445H (corresponding to 17/01/2024G) | Jeddah Chamber of Commerce and Industry |
| Municipality License | Business License. | Naseej International Trading Company | 43109831480 | - | 25/01/1445H (corresponding to 12/08/2023G) | Jeddah Municipality - Airport Municipality |
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Al Sorayai Trading Group Company | 43-000929956-1 | 17/01/1444H (corresponding to 15/08/2022G) | 17/01/1445H (corresponding to 04/08/2023G) | General Directorate of Civil Defense |
| Makkah Branch - Naseej International Trading Company No. (4031003965) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 4031003965 | 29/02/1388H (corresponding to 28/05/1968G) | 29/05/1445H (corresponding to 12/12/2023G) | Ministry of Commerce - Commercial Register Office in Makkah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register. | Naseej International Trading Company | 202001189718 | 07/05/1444H (corresponding to 01/12/2022G) | 29/05/1445H (corresponding to 13/12/2023G) | Makkah Chamber of Commerce and Industry |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law | Al Sorayai Trading and Industrial Group Company | 55979158 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with depositing workers' wages through local banks | Naseej International Trading Company | 20132307001169 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Ministry of Human Resources and Social Development |
| Saudization Certificate | To state that the Company complies with the required Saudization rate according to Nitaqat Program | Naseej International Trading Company | 83163617-648184 | 26/10/1444H (corresponding to 16/05/2023G) | 27/01/1445H (corresponding to 14/08/2023G) | Ministry of Human Resources and Social Development |



| | | | | | | |
|---|--|---|----------------|--|--|---|
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the company entity according to Nitaqat Program, indicating that the Company is in the (low green) range | Naseej International Trading Company | 1485-13 | 26/10/1444H (corresponding to 16/05/2023G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Municipality License | Business License. | Al-Sorayai Carpet Factory | 3909573940 | -- | 09/02/1445H (corresponding to 25/08/2023G) | (Holy Capital) Makkah Municipality |
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Al Sorayai Commercial Industrial (Company's Branch) | 44-001122493-1 | 20/09/1444H (corresponding to 11/04/2023G) | 20/09/1445H (corresponding to 30/03/2024G) | General Directorate of Civil Defense |
| Taif Branch - Naseej International Trading Company No. (4032000509) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 4032000509 | 01/08/1388H (corresponding to 24/10/1968G) | 29/05/1445H (corresponding to 12/12/2023G) | Ministry of Commerce - Commercial Register Office in Taif |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, is classified in grade (1). | Naseej International Trading Company | 204001186002 | 07/05/1444H (corresponding to 01/12/2022G) | 29/05/1445H (corresponding to 13/12/2023G) | Taif Chamber |
| Municipality License* | Business License. | Al-Sorayai Carpet Factory (Branch of Al Sorayai Trading and Industrial Group Company) | 39111018659 | -- | 25/03/1443H (corresponding to 31/10/2021G) | Makkah Municipality - Taif Municipality |
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Al Sorayai Commercial Industrial (Company's Branch) | 43-000927366-1 | 25/12/1443H (corresponding to 25/07/2022G) | 25/12/1444H (corresponding to 14/07/2023G) | General Directorate of Civil Defense |
| Abha Branch - Naseej International Trading Company No. (5850021602) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 5850021602 | 22/10/1422H (corresponding to 07/01/2002G) | 21/10/1445H (corresponding to 21/05/2024G) | Ministry of Commerce - Commercial Register Office in Abha |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1) | Naseej International Trading Company | 701001165489 | 07/05/1444H (corresponding to 01/12/2022G) | 21/10/1445H (corresponding to 11/05/2024G) | Abha Chamber of Commerce & Industry |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law | Al Sorayai Trading and Industrial Group Company | 55979212 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with depositing workers' wages through local banks | Naseej International Trading Company | 2011230700977 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Ministry of Human Resources and Social Development |



| | | | | | | |
|--|---|---|-----------------|--|--|---|
| Saudization Certificate | To state that the Company complies with the required Saudization rate according to Nitaqat Program | Naseej International Trading Company | 11909399-208784 | 26/10/1444H (corresponding to 16/05/2023G) | 17/01/1445H (corresponding to 14/08/2023G) | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the company entity according to Nitaqat Program, indicating that the Company is in the (low green) range. | Naseej International Trading Company | 15984-11 | 26/10/1444H (corresponding to 16/05/2023G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |
| Municipality License | Business License. | Naseej International Trading Company | 3909172538 | -- | 27/01/1446H (corresponding to 03/08/2024G) | Asir Municipality - Khamis Mushait Municipality |
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Al Sorayai Commercial Industrial (Company's Branch) | 43-000927347-1 | 20/12/1443H (corresponding to 20/07/2022G) | 20/12/1444H (corresponding to 09/07/2023G) | General Directorate of Civil Defense |
| Jizan Branch - Naseej International Trading Company No. (5900003118) | | | | | | |
| Commercial Registration Certificate | To register the Company's branch in the Commercial Companies' Register. | Naseej International Trading Company | 5900003118 | 02/06/1406H (corresponding to 12/02/1986G) | 29/05/1445H (corresponding to 12/12/2023G) | Ministry of Commerce - Commercial Register Office in Jazan |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (1) | Naseej International Trading Company | 702000114659 | 13/03/1444H (corresponding to 09/10/2022G) | 29/05/1445H (corresponding to 13/12/2023G) | Jazan Chamber |
| Municipality License | Business License. | Naseej International Trading Company | 440911997427 | -- | 10/10/1446H (corresponding to 08/04/2025G) | Jazan Municipality - Jazan Municipality |
| Salamah Certificate | To state that the Company complies with Civil Defense field safety standards and conditions. | Naseej International Trading Company | 44-001157465-1 | 06/10/1444H (corresponding to 26/04/2023G) | 06/10/1446H (corresponding to 04/04/2025G) | General Directorate of Civil Defense |

Source: The Company

- *Renewal is in process.



9-4-3 Subsidiaries' Licenses, Certificates, and Approvals

9-4-3-1 Home Styles Limited

- The Subsidiary, Home Styles Limited, obtained several regulatory and operational licenses and certificates from the competent authorities, to conduct its activity in accordance with the Saudi applicable regulations. Such licenses shall be renewed periodically.
- The following table shows the current licenses and approvals obtained by the Subsidiary:

Table No. (69): Licenses, certificates, and approvals of the Subsidiary, Home Styles Limited

| Type of License | Purpose | License Holder | License Number | Date of Issue/ Renewal | Expiry Date | Issuing Authority |
|---|--|-------------------------|-----------------|---|---|---|
| Commercial Registration Certificate | To register the Subsidiary in the Commercial Companies' Register. | The Home Styles Limited | 4030206178 | 03/12/1431H (corresponding to 10/11/2010G) | 03/12/1445H (corresponding to 09/06/2024G) | Ministry of Commerce - Commercial Register Office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (3) | The Home Styles Limited | 7001642276 | 18/12/1431H (corresponding to 24/11/2010G) | 03/12/1445H (corresponding to 09/06/2024G) | Jeddah Chamber of Commerce and Industry |
| VAT Registration Certificate | To state that the Subsidiary is registered for VAT | The Home Styles Limited | 30025855950003 | 02/12/1438H (corresponding to 25/08/2017G) | NOT APPLICABLE | Zakat, Tax, and Customs Authority |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law. | The Home Styles Limited | 55979258 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with the Wages Protection System. | The Home Styles Limited | 20092307004175 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Wages Protection System - Ministry of Human Resources and Social Development |
| Saudization Certificate | To state that the Subsidiary complies with the required Saudization rate according to Nitaqat Program. | The Home Styles Limited | 95725499-421000 | 26/10/1444H (corresponding to 16/05/2023G) | 27/01/1445H (corresponding to 14/08/2023G) | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the Subsidiary entity according to Nitaqat Program, indicating that the subsidiary is in the (high green) range. | The Home Styles Limited | 9-140601 | 26/10/1444H (corresponding to 16/05/2023G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |

Source: The Company



9-4-3-2 Al Sorayai Operation & Maintenance Company Ltd. (One-Person Company)

- The Subsidiary, Al Sorayai Operation & Maintenance Company Ltd., has obtained several necessary regulatory and operational licenses and certificates from the competent authorities to carry out its activity in accordance with the Saudi applicable regulations. Such licenses shall be renewed periodically.
- The following table shows the current licenses and approvals obtained by the subsidiary:

Table No. (70): Licenses, Certificates, and Approvals of the Subsidiary, Al Sorayai Operation & Maintenance Company Ltd.

| Type of License | Purpose | License Holder | License Number | Date of Issue/ Renewal | Expiry Date | Issuing Authority |
|---|---|--|-----------------|--|--|---|
| Commercial Registration Certificate | To register the subsidiary in the Commercial Companies' Register | Al Sorayai Operation & Maintenance Company Ltd. (One Person Company) | 4030245783 | 20/06/1434H (corresponding to 01/05/2013G) | 20/06/1445H (corresponding to 02/01/2024G) | Ministry of Commerce - Commercial Register Office in Jeddah |
| Chamber of Commerce and Industry Membership Certificate | In compliance with the provisions of the Law of Commercial Register, the Company is classified in grade (2) | Al Sorayai Operation & Maintenance Company Ltd. | 183771 | 20/06/1434H (corresponding to 30/04/2013G) | 20/06/1445H (corresponding to 02/01/2024G) | Jeddah Chamber of Commerce and Industry |
| VAT Registration Certificate | To state that the Subsidiary is registered for VAT. | Al Sorayai Operation & Maintenance Company Ltd. | 300809586800003 | 17/03/1440H (corresponding to 26/11/2018G) | -- | Zakat, Tax, and Customs Authority |
| GOSI Contribution Certificate | In compliance with the Social Insurance Law. | Al Sorayai Operation & Maintenance Company Ltd. | 55979232 | 30/12/1444H (corresponding to 18/07/2023G) | 29/01/1445H (corresponding to 16/08/2023G) | GOSI |
| Wages Protection System Compliance Certificate | In compliance with the Wages Protection System. | Al Sorayai Operation & Maintenance Company Ltd. (One Person Company) | 20092307004174 | 30/12/1444H (corresponding to 18/07/2023G) | 03/03/1445H (corresponding to 18/09/2023G) | Wages Protection System - Ministry of Human Resources and Social Development |
| Saudization Certificate | To state that the subsidiary complies with the required Saudization rate according to Nitaqat Program. | Al Sorayai Operation & Maintenance Company Ltd. (One Person Company) | 12394431-354102 | 26/10/1444H (corresponding to 16/05/2023G) | 27/01/1445H (corresponding to 14/08/2023G) | Ministry of Human Resources and Social Development |
| Company Entity Evaluation Certificate (Nitaqat) | To evaluate the Subsidiary entity according to Nitaqat Program, indicating that the subsidiary is in the (low green) range. | Al Sorayai Operation & Maintenance Company Ltd. (One Person Company) | 9-172021 | 04/05/1444H (corresponding to 28/11/2022G) | NOT APPLICABLE | Ministry of Human Resources and Social Development (Labor Office - Electronic Services) |

Source: The Company

9-5 Continuous Obligations imposed by Government Authorities on the Company in its Capacity (as a "Licensee")

The regulatory authorities below require the Licensee to comply with some substantial requirements as follows:

9-5-1 Continuous Obligations as per the Requirements of the Ministry of Commerce

Parent Company

- The Company is in compliance with the Commercial Register Act and has been registered with the Commercial Register at Jeddah, where the headquarters is located, under the certificate number (4030133919) dated 05/03/1422H (corresponding to 28/05/2001G), which will expire on 04/03/1445H (corresponding to 18/10/2023G). The Company also is in compliance with the Commercial Register Act in terms of obtaining the Chamber of Commerce and Industry membership certificate number (79653) dated 05/03/1442H (corresponding to 19/09/2023G), which will expire on 04/03/1445H (corresponding to 19/09/2023G).
- The Company is committed to complete the procedures in order to establish its branches and has obtained the branch registration certificates from the Commercial Register. It is in compliance with the Commercial Register Act and obtained the Chamber of Commerce and Industry membership certificate for each branch. (For further details about the licenses, certificates, and approvals for branches, please see sub-paragraph 9-4-2-3 "Licenses, certificates, and approvals for other Subsidiaries" of this Prospectus).
- The Company has not committed to amending its Articles of Association in line with the new amendments of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).



- It shall be noted that the current version of the Articles of Association was approved after obtaining the Ministry of Commerce prior approval for the Articles of Association draft and the shareholders' approval at the (Extraordinary) General Assembly on 08/10/1440H (corresponding to 11/06/2019G). This version is approved by the Corporate Governance Department (Ministry of Commerce) on 06/01/1444H (corresponding to 04/08/2022G). The Company is in compliance with the requirements of the Saudi Stock Exchange and CMA in terms of uploading a copy of its Articles of Association on Tadawul website on the Company page.
- The Company's branch (Jeddah Factory for Synthetic Threads, Branch of Al-Sorayai Trading and Industrial Group Company) has (5) trademarks registered with the Ministry of Commerce. The Company is allowed to place its name and logo on the external facade of its building or offices, as it has registered the trademark and granted it the necessary legal protection in accordance with the trademark regulations (For further information, please see paragraph 9-9 of this Section "Trademarks and Intellectual Property Rights").
- As of the date of publication of the Prospectus, the Company's trademark (Naseej) was filed with the Saudi Authority for Intellectual Property on 02/05/1442H (corresponding to 17/12/2020G) under category (23), which is one of the categories of trademarks that specializes in (yarn and threads used in fabrics). The application is still under process as of date of this Prospectus.
- The Company is also in compliance with the provisions of Article (150) of the old Companies Law, which obliges any responsible member of the Company or the auditor, as soon as he learns that the losses have reached half of the paid-up capital, to inform the Chairman of the Board of Directors, who shall inform the members and call the extraordinary General Assembly within (15) days of his knowledge in order to meet within (45) from the date of his knowledge of the losses so as to decide either to increase or decrease the capital to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the Company before term specified in the Articles of Association. The Extraordinary General Assembly, held on 05/05/1442H (corresponding to 20/12/2020G), decided to reduce the capital from SAR (178,160,000) to SAR (61,632,000). On December 13/05/1442H (corresponding to 28/12/2020G), the Company announced that the accumulated losses had decreased to (0%) of the capital, according to the Company's auditor's confirmation in the report issued on 12/05/1442H (corresponding to 27/12/2020G).
- The (Extraordinary) General Assembly, held on 19/12/1443H (corresponding to 18/07/2022G), also decided to reduce the capital from SAR (211,632,010) to SAR (108,973,010) to amortize the accumulated losses of SAR (102,659,000). On 03/01/1444H (corresponding to 01/08/2022G), the Company announced that the accumulated losses had decreased to (0%) of the capital, according to the Company's auditor's confirmation in the report issued on 03/01/1444H (corresponding to 01/08/2022G).
- The Company is committed to Article (88) of the Companies Law, which obliges the Shareholders' General Assembly to convene at least once during the six months following the end of the Company's fiscal year, as the assembly was held during the statutory period on 10/10/1443H (corresponding to 11/05/2022G). It shall be noted that the aforementioned Assembly has delegated the authority of the ordinary General Assembly with the authorization contained in paragraph (1) of Article (71) of the Companies Law, for a period of one year from the date of approval of the General Assembly, or until the end of the delegated Board of Directors session, whichever is earlier, and in accordance with the conditions set out in the regulatory restrictions and procedures issued in implementation of the Companies Law for Listed Joint Stock Companies (previously) which after the last amendment became the executive regulation of the Companies Law for Listed Joint Stock Companies.

Subsidiaries

- "The Home Styles Limited" subsidiary is in compliance with the Commercial Register Act and has been registered with the Commercial Register at Jeddah, where the headquarters is located, under the certificate number (4030206178) dated 03/12/1431H (corresponding to 10/11/2010G), which will expire on 03/12/1444H (corresponding to 22/06/2023G). The Company also is in compliance with the Commercial Register Act by obtaining the Chamber of Commerce and Industry membership certificate number (150686) dated 03/12/1431H (corresponding to 09/11/2010G), which will expire on 03/12/1444H (corresponding to 21/06/2023G).
- "Al-Sorayai Company for Operation and Maintenance Limited" subsidiary is in compliance with the Commercial Register Act and has been registered with the Commercial Register at Jeddah, where the headquarters is located, under the certificate number (4030245783) dated 20/06/1434H (corresponding to 01/05/2013G), which will expire on 20/06/1445H (corresponding to 02/01/2024G). The Company also is in compliance with the Commercial Register Act by obtaining the Chamber of Commerce and Industry membership certificate number (183771) dated 20/06/1434H (corresponding to 30/04/2013G), which will expire on 20/06/1445H (corresponding to 02/01/2024G).

9-5-2 Continuous Obligations as per the Requirements of General Authority of Zakat and Tax

Parent Company

- Like all other registered establishments and companies operating in KSA, the Company is required to submit its zakat and tax returns within (120) days of the end of the fiscal year for renewing the certificate issued by the General Authority for Zakat and Tax. The Company was registered as a taxpayer under the distinct tax number (3002274598). The Company submitted the zakat declaration for the fiscal year ended 31 December 2020G, and has obtained the zakat certificate No. (1110798522) dated 27/10/1442H (corresponding to 08/06/2021G) which is valid until 29/09/1443H (corresponding to 30/04/2022G). This certificate enables the Company to complete all its transactions, including the payment of its final dues for contracts.
- It shall be noted that as of the date of the Prospectus, the Company has not obtained the updated zakat certificate.
- It shall be noted that the zakat due and paid to the Zakat, Tax, and Custom Authority for the fiscal year ended 31 December 2020G amounted to (SAR 3,611,000) and the amount settled for the FY 2021G is (SAR 6,212,000).
- Pursuant to the requirements of the Zakat, Tax, and Custom Authority, the Company branches have been added in the various cities of KSA (Jeddah – Makkah - Riyadh - Jizan - Abha – Sakak - Buraidah - Dammam - Najran); they are (12) branches to Zakat certificate.
- It shall be noted that the Company and its subsidiaries submitted the unified zakat declaration.
- The Company is in compliance with the VAT Law and its executive regulations. Moreover, it is registered in the General Authority of Zakat, Tax and Customs under No. (300227459800003) under certificate dated 03/12/1438H (corresponding to 25/08/2017G), noting that the Company was registered since 03/12/1438H (corresponding to 25/08/2017G).

With regard to Zakat Assessments:

- According to the statements of 2022G, the Parent Company finalized its Zakat situation with the Zakat, Tax, and Customs Authority (Authority) until 2016G.
- As for FY 2017G and FY 2018G, the Company received assessment showing Zakat differences of SAR (18,160,000); the Company objected to these assessments and submitted an objection to the General Secretariat of Tax Committees and this matter is still under review.
- As for FY 2019G and FY 2020G, the Company received assessment showing Zakat differences of SAR (8,140,000); the Company objected to these assessments and this matter is still under review.
- The Company submitted a unified Zakat statement for FY 2021G before the Authority and paid the due Zakat under the submitted statement. The Company did not obtain a Zakat certificate because of the failure to pay the Zakat difference for previous years objected by the Company.
- The Company is a party to a number of disputes with the Zakat, Tax and Customs Authority before the Committee for Adjudication. The table below shows a summary of cases and disputes with the Zakat, Tax, and Customs Authority filed before the Committee for Adjudication as follows:



Table No. (71): Summary of Cases and Disputes with Zakat, Tax and Customs Authority

| No. | Case No. | Case Date | Case Classification | Case Subject | Case Type | Relevant Period | Status |
|-----|---------------|--|----------------------|---|----------------------|-----------------|---------------------|
| 1 | 35045-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | December 2018G | A ruling was issued |
| 2 | 35047-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | December 2019G | A ruling was issued |
| 3 | 35052-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | September 2019G | A ruling was issued |
| 4 | 35053-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | October 2019G | A ruling was issued |
| 5 | 35056-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | November 2019G | A ruling was issued |
| 6 | 35057-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | June 2018G | A ruling was issued |
| 7 | 35058-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | July 2018G | A ruling was issued |
| 8 | 35061-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | August 2018G | A ruling was issued |
| 9 | 35062-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | September 2018G | A ruling was issued |
| 10 | 35064-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | November 2018G | A ruling was issued |
| 11 | 35066-2021-V | 07/06/1442H (corresponding to 20/01/2021G) | Value-Added Tax | Objection to the authority final assessment and fines | Fine and declaration | October 2018G | A ruling was issued |
| 12 | 38533-2021-ZI | 10/07/1442H (corresponding to 22/02/2021G) | Zakat and Income Tax | Objection to Zakat assessment | Zakat assessment | 2017G | A ruling was issued |
| 13 | 38581-2021-Z | 10/07/1442H (corresponding to 22/02/2021G) | Zakat and Income Tax | Objection to Zakat assessment | Zakat assessment | 2018G | A ruling was issued |
| 14 | 133360-2022-Z | 01/11/1442H (corresponding to 11/06/2021G) | Zakat and Income Tax | Objection to Zakat assessment | Zakat assessment | 2019G | Under procedure |
| 15 | 133574-2022-Z | 01/11/1442H (corresponding to 11/06/2021G) | Zakat and Income Tax | Objection to Zakat assessment | Zakat assessment | 2019G | Under procedure |

Source: The Company



Subsidiaries:

The Home Styles

- The subsidiary is in compliance with the Value-Added Tax law and its executive regulations; it has been registered for the Zakat, Tax, and Customs Authority under the tax number (30028669600003) under certificate issued on 05/05/1444H (corresponding to 29/11/2022G), noting that the subsidiary was registered in the Value-Added Tax since 03/12/1438H (corresponding to 25/08/2017G).
- It finalized its Zakat situation with the Authority until 2011G.
- It received a Zakat assessment showing Zakat differences of SAR (245,008); the Company objected to this assessment and this matter is still under review.
- The Company submitted the zakat declaration from 2013G to 2017G, which still under consideration by the Authority.
- It received a Zakat assessment showing Zakat differences of SAR (119,637); the Company objected to this assessment and this matter is still under review.
- It submitted Zakat statements for 2019G, 2020G, and 2021G to the Authority without Zakat dues and did not obtain a Zakat certificate because of the failure to pay the Zakat difference.

Al Sorayai Company for Operation and Maintenance:

- The subsidiary is in compliance with the Value-Added Tax law and its executive regulations; it has been registered for the Zakat, Tax, and Customs Authority under the tax number (300809586800003) under certificate issued on 05/05/1442H (corresponding to 20/12/2022G), it was registered since 18/03/1440H (corresponding to 26/11/2018G).
- According to statements for 2022G, the subsidiary submitted its zakat declaration from the date of Commercial Register until 2019G. All these declarations are under consideration by the Authority.
- The Company submitted Zakat declaration for 2020G and 2021G to the Authority without Zakat dues and obtained a Zakat certificate valid until 30 April 2023.

9-5-3 Continuous Obligations as per the Requirements of Ministry of Human Resources and Social Development

9-5-3-1 Labor Office

Parent Company:

- A file was opened at the Ministry of Human Resources and Social Development (Labor Office) with the standard number (9-106399) according to the Saudization certificate. As of the date of publication of this Prospectus, the Company benefits from the electronic services of the Ministry. A Saudization certificate was issued indicating that the Company is in compliance with the required rate of nationalization (28.88%) according to Nitaqat program. The Company is classified in the low green - medium range (C).
- A file was opened for the subsidiaries as follows:
 - As for "Al-Sorayai Carpet Factory", a file was opened with number (106409-9). According to the Nitaqat certificate, the subsidiary is in compliance with the required rate of nationalization according to Nitaqat program and it is classified in the low green range - medium range (c). It shall be noted that the Labor Office classified the branch office under rug industrial activity.
 - As for "Jeddah Industrial Yarn Factory", a file was opened with number 106410-9). According to the Nitaqat certificate, the subsidiary is in compliance with the required rate of nationalization according to Nitaqat program and it is classified in the low green range - medium range (c). It shall be noted that the Labor Office classified the branch office under textiles weaving activity of industrial threads such as nylon.
- With respect to the subsidiaries which has employees under its sponsorship, the Company opened files at the Ministry of Human Resources and Social Development (Labor Office) branches in Riyadh, with the standard number (1-120786), in the city of Abha with the standard number (11-15984), and in the city of Makkah with the standard number (13-1485). According to Nitaqat certificate, these branches are in compliance with the required rate of Saudization according to Nitaqat program and were classified in the low green – medium range (A). Note that the Labor Office has classified the subsidiaries under the (retail of prefabricated curtains and mosquito nets) activities.
- Noting that in 2020G, 2021G, and 2022G fines were imposed on the Company for violating some provisions of the Labor Law and the instructions of the Labor Office as follows:
 - The employer empowering non-Saudi workers to work in a profession other than the one listed in his work permit.
 - Employment of non-Saudi workers in professions limited to the Saudis.
 - Joint registration without an actual working relationship.
 - Failure to comply with nationalization ratios for occupations and activities issued by ministerial decisions.
 - Failure to comply with the Ministry's regulations and decisions governing exceptional circumstances.
 - The employer's failure to comply with the rules, procedures and levels of protection, safety, and occupational health within the facility, and to take the necessary precautions to protect workers from hazards and illnesses resulting from work and used machinery by using its established means of prevention.
 - Failure to open a facility file in the Labor Office or to do update the facility data.

The total value of these violations was (SAR 150,000), from which (SAR 70,000) was paid, while the unpaid value was (SAR 50,000) as of the date of publication of the Prospectus. Payment invoices for (SAR 30,000) have also been cancelled.

- The Company and its two subsidiaries are not complied with the provisions of Article (13) of Labor Law, which obliges the employer to prepare work regulation in its facility in accordance with the model prepared by the Ministry and to announce it and any modification thereof in an apparent place in the facility. Note that the Company has an internal work regulation (HR - Policies and Procedures Manual); as of the date of this Prospectus, it has not been approved by the Ministry of Human Resources and Social Development (Labor Office).

Subsidiaries:

- With respect to the subsidiary (Al-Sorayai Operations and Maintenance Company):
 - A file was opened at the Ministry of Human Resources and Social Development (Labor Office) at Jeddah with number (9-172021). As of the date of this Prospectus, the Company benefits from the electronic services of the Ministry. A Saudization certificate was issued indicating that the Company is in compliance with the required rate of nationalization (18.60%). The Company is classified in the low green - range (medium range B). Note that the Labor Office has classified the Company under the operation and maintenance activity.
 - In 2022G, a fine for (SAR 3,000) was imposed on Al-Sorayai Operations and Maintenance Company Subsidiary for violating the appropriate climatic conditions for work without taking the necessary precautions, and was paid.



- With respect to the subsidiary The Home Styles Limited:
 - A file was opened at the Ministry of Human Resources and Social Development (Labor Office) at Jeddah with the standard number (9-140601). As of the date of publication of the Prospectus, the Company benefits from the electronic services of the Ministry. A Saudization certificate was issued indicating that the Company is in compliance with the required rate of nationalization (38.10%) and is classified in the high green - range (small facility B). The Labor Office classified the Company under a wholesale and retail activity.
 - In 2022G, a fine for (SAR 10,000) was imposed on The Home Styles Subsidiary due to the failure to open a file at the Labor Office or to update its data, and was paid as of the date of publication of the Prospectus.

9-5-3-2 Saudization and Wages Protection System

Parent Company:

- The Company is in compliance with the required rate of Saudization according to Nitaqat program and has obtained a Saudization certificate from the Ministry of Labor and Social Development with number (20092307004171) dated 30/12/1444H (corresponding to 18/07/2023G), which will expire on 27/01/1445H (corresponding to 14/08/2023G).
- The Company is in compliance with the Wages Protection Regulations and regular depositing the wages of its employees under commitment certificate number (2009304001932) dated 30/12/1444H (corresponding to 18/07/2023G). This certificate is valid for (60) days from the date of its issuance 03/11/1445H (corresponding to 18/09/2023G). The percentage of commitment to the wage protection regulations reached (98%) as of November 2022G.
- The Company is also committed to documenting its employees' contracts electronically and the percentage of commitment reached (99%) as of November 2022G according to a report issued by (Mudad) platform.

Subsidiaries:

- With respect to the subsidiary Al-Sorayai Operations and Maintenance Company:
 - It is in compliance with the required rate of Saudization according to Nitaqat program and has obtained a Saudization certificate from the Ministry of Labor and Social Development with number (12394431-354102) dated 26/10/1444H (corresponding to 16/05/2023G), which will expire on 27/10/1445H (corresponding to 14/08/2023G).
 - It is in compliance with the Wages Protection Regulations and regular depositing the wages of its employees under commitment certificate number (20092304001922) dated 14/09/1444H (corresponding to 05/04/2023G). This certificate is valid for (60) days from the date of its issuance 16/11/1444H (corresponding to 05/06/2023G). The percentage of commitment to the wage protection regulations reached (96%) as of November 2022G.
 - The subsidiary is also committed to documenting its employees' contracts electronically and the percentage of commitment reached (97%) as of November 2022G according to a report issued by (Mudad) platform.
- With respect to the subsidiary: The Home Styles Limited:
 - The subsidiary is in compliance with the required rate of Saudization according to Nitaqat program and has obtained a Saudization certificate from the Ministry of Labor and Social Development with number (95725499-412000) dated 26/10/1444H (corresponding to 16/05/2023G), which will expire on 27/01/1445H (corresponding to 14/08/2023G).
 - It is in compliance with the Wages Protection Regulations and regular depositing the wages of its employees under commitment certificate number (20092304001923) dated 14/09/1444H (corresponding to 05/04/2023G). This certificate is valid for (60) days from the date of its issuance 16/11/1444H (corresponding to 05/06/2023G). The percentage of commitment to the wage protection regulations reached (92%) as of November 2022G.
 - The subsidiary is also committed to documenting its employees' contracts electronically and the percentage of commitment reached (92%) as of November 2022G according to a report issued by (Mudad) platform.

Employees

The number of the employees of the company and its subsidiaries is distributed according to the data of various government authorities as follows



Parent company

Number of employees of the Company's Head Office, CR No. (4030133919), according to data from various government authorities:

Table No. (72): Number of Employees of the Company according to Data from Various Government Authorities

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|----------------------|------------------------|---------------------------|-------------------------------|-------|-------------------|
| GOSI | Insurance certificate | 74 | 92 | 166 | As in July 2023G |
| Labor Office | Nitaqat certificate | 70 | 84 | 154 | As in May 2023G |
| Passports - Resident | Extract from Residents | - | 328 | 328 | As in May 2023G |
| Payroll | - | - | - | 433 | As in April 2023G |

Source: The Company

*The report includes the Company's head office and all branches.

Number of employees at "Al Sorayai Carpet Factory Company, Naseej International Trading Company branch", CR No. (403-131-14) according to data from various government authorities:

Table No. (73): Number of Employees at "Al Sorayai Carpet Factory Company, Naseej International Trading Company branch"

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|--------------|-----------------------|---------------------------|-------------------------------|-------|------------------|
| GOSI | Insurance certificate | 22 | 129 | 151 | As in July 2023G |
| Labor Office | Nitaqat certificate | 22 | 129 | 151 | As in May 2023G |

Source: The Company

• The table below shows the numbers of employees at the Company's branch "Jeddah Industrial Yarn Factory Company Ltd, Naseej International Trading Company branch" according to data from various government authorities:

Table No. (74): Distribution of Employees at the Company's Branch: Jeddah Industrial Yarn Factory Company Ltd, Naseej International Trading Company branch

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|--------------|-----------------------|---------------------------|-------------------------------|-------|------------------|
| GOSI | Insurance certificate | 17 | 64 | 81 | As in July 2023G |
| Labor Office | Nitaqat certificate | 16 | 64 | 80 | As in May 2022G |

Source: The Company

• The table below shows the numbers of employees at Riyadh branch "Naseej International Trading Company", CR No. (1010006131) according to data from various government authorities:

Table No. (75): Distribution of Employees at Riyadh branch "Naseej International Trading Company"

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|--------------|-----------------------|---------------------------|-------------------------------|-------|------------------|
| GOSI | Insurance certificate | 11 | 29 | 40 | As in July 2023G |
| Labor Office | Nitaqat certificate | 9 | 29 | 38 | As in May 2022G |

Source: The Company

• The table below shows the numbers of employees at Makkah branch "Naseej International Trading Company", CR No. (4031003965) according to data from various government authorities:

Table No. (76): Distribution of Employees at Makkah branch "Naseej International Trading Company"

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|--------------|-----------------------|---------------------------|-------------------------------|-------|------------------|
| GOSI | Insurance certificate | 7 | 3 | 10 | As in July 2023G |
| Labor Office | Nitaqat certificate | 7 | 3 | 10 | As in May 2022G |

Source: The Company



- The table below shows the numbers of employees at Abha branch "Naseej International Trading Company", CR No. (5850021602) according to data from various government authorities:

Table No. (77): Distribution of Employees at Abha branch "Naseej International Trading Company"

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|--------------|-----------------------|---------------------------|-------------------------------|-------|------------------|
| GOSI | Insurance certificate | 7 | 18 | 25 | As in July 2023G |
| Labor Office | Nitaqat certificate | 7 | 19 | 26 | As in May 2023G |

Source: The Company

Subsidiaries

- The table below shows the numbers of employees at the Subsidiary company "The Home Styles Limited", CR No. (4030206178) according to data from various government authorities:

Table No. (78): Distribution of Employees at the Subsidiary: The Home Styles Limited

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|----------------------|------------------------|---------------------------|-------------------------------|-------|-------------------|
| GOSI | Insurance certificate | 6 | 13 | 18 | As in July 2023G |
| Labor Office | Nitaqat certificate | 5 | 13 | 18 | As in May 2023G |
| Passports - Resident | Extract from Residents | - | 11 | 13 | As in May 2023G |
| Payroll | - | - | - | 15 | As in April 2023G |

Source: The Company

- The table below shows the numbers of employees at the Subsidiary: "Al Sorayai Company for Operation and Maintenance Limited", CR No. (4030245783) according to data from various government authorities:

Table No. (79): Distribution of Employees at the Subsidiary: "Al Sorayai Company for Operation and Maintenance Limited"

| Authority | Reference | Number of Saudi employees | Number of non-Saudi employees | Total | Notes |
|----------------------|------------------------|---------------------------|-------------------------------|-------|-------------------|
| GOSI | Insurance certificate | 24 | 105 | 129 | As in July 2023G |
| Labor Office | Nitaqat certificate | 22 | 105 | 127 | As in May 2023G |
| Passports - Resident | Extract from Residents | - | 105 | 105 | As in May 2023G |
| Payroll | - | - | - | 114 | As in April 2023G |

Source: The Company

9-5-4 Continuous Obligations as per the Requirements of General Organization for Social Insurance (GOSI)

Parent Company:

- A file for the Company was opened at the General Organization for Social Insurance under Subscription No. (150013313) in the Remunerations and Occupational Risks sectors for Saudi subscribers and in the Occupational Risks sector for non-Saudis, according to the Social Insurance Certificate No. (55979129) dated 30/12/1444H (corresponding to 16/08/2023G). The value of contributions paid to the General Organization for Social Insurance for 2021G amounted to SAR (2,243,832.64) and for 2022G amounted to SAR (2,209,192.32).
- It shall be noted that a fine of SAR (10,000) was imposed on the Company during 2020G for committing a violation of specifying a reason for exclusion that does not correspond to the actual reason for exclusion, and the company committed to pay this fine. A fine of ten thousand SAR (10,000) was also imposed on the company during 2021G for committing a violation of joint registration without an actual work relation, and the company also paid that fine.

Subsidiaries

- As for the subsidiary: Al-Sorayai Company for Operation and Maintenance Limited, a file has been opened for the subsidiary company at the General Organization for Social Insurance under subscription no. (506430992) and it is subscribed in the Remunerations and Occupational Risks sectors for Saudi subscribers and in the Occupational Risks sector for non-Saudis according to the Social Insurance Certificate No. (5450957) dated 26/10/1444H (corresponding to 16/05/2023G). The value of contributions paid for 2021G amounted to SAR (373, 716. 14) and for 2022G amounted to SAR (348, 522. 76).
- As for the subsidiary: "The Home Styles Limited", a file has been opened for the company at the General Organization for Social Insurance under Subscription No. (503581450) in the Remunerations and Occupational Risks sectors for Saudi subscribers and in the Occupational Risks sector for non-Saudis according to the Social Insurance Certificate No. (53675216) dated 13/09/1444H (corresponding to 04/04/2023G). The value of contributions paid for 2021G amounted to (SAR 72, 535. 14) and for 2022G amounted to (SAR 81, 500.20).



9-5-5 Continuous Obligations as per the Requirements of the Capital Market Authority

- The Authority obliges the listed companies to adhere to the rules of offering securities, continuous obligations and special instructions issued by the Authority, especially the obligation concerning periodic disclosure of material and financial developments and the BOD report.
- The annual financial results announced on the Tadawul website shall be derived from the audited financial statements approved by the Company external auditor appointed by the association and approved by the BOD. The advertisement forms included in the instructions for companies' announcements of their financial results shall be adhered to. The Company shall also submit a statement of all the causes and effects of the change in the financial results of the current fiscal year with the comparison period, so that the reasons include all the items of the financial results announcement.
- The Authority also required companies listed in the Capital Market to disclose the stages of their compliance with the transition to international accounting standards (IFRS). On 02/05/1438H (corresponding to 30/01/2017G) the Company announced on the Tadawul website that it is committed to this. The financial statements of the company for the fiscal year ended 31/12/2021G was also prepared in accordance with the international standards approved in the Kingdom of Saudi Arabia.
- The Authority has also required the companies listed in the Capital Market to follow the list of instructions for announcements of joint-stock companies whose shares are listed in the financial market issued pursuant to the Authority's Board Decision No. (1-199-2006) dated 18/07/1427H (corresponding to 12/08/2006G), as amended according to Resolution No. (10-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).
- The Authority required companies listed in the Capital market to appoint representatives thereof at the CMA for all purposes related to the implementation of CMA law and its regulations. The Company is committed to this, as the BOD, in accordance with its decision dated 07/12/1442H (corresponding to 17/7/2021G), appointed Mr. Abdullah Yahia Fitaihi (Board Member) and Mr. Ahmed Abdel Salam Al Khattabi (Senior Executives).
- The Authority also requires companies listed, in application of the terms stipulated in the regulation of the Companies' Law for listed joint-stock companies issued by the Authority's Board pursuant to Resolution No. (8-127-2016) dated 16/01/1438H (corresponding to 17/10/2016G) in accordance with the companies' Law issued by Royal Decree No. (M/3) dated 28/01/1437H, and amended by Authority Council Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) by virtue of Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), to disclose in the report of Board of Directors of the details of policies related to remuneration, the mechanisms for determining them, and the amounts and financial and in-kind benefits paid to each member of the Board of Directors in exchange for any executive, technical, administrative, or advisory work or positions. The company has adhered to disclosing the remuneration received by members of the Board of Directors for the fiscal years 2019G, 2020G, and 2021G.
- On 23/01/1438H (corresponding to 24/10/2016G), the Commission's Board Decision No. (1-130-2016) was issued to amend the procedures and instructions for companies whose shares are listed in the market whose accumulated losses amounted to (50%) or more of their capital in light of the new Companies Law, whose name has been amended to read "Procedures and Instructions for Companies Listed in the Capital Market whose accumulated losses amounted to (20%) or more of their capital, as amended by Resolution of the CMA Board (1-77-2018) dated 05/11/1439H (corresponding to 18/07/2018G). The said procedures and instructions have been amended by the Resolution of the CMA Board No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G)

It shall be noted that on 23/03/1442H (corresponding to 09/11/2020G), the Company announced that its accumulated losses amounted to (65.4%) of the capital, on 05/05/1443H (corresponding to 09/12/2021G) the Company announced that its accumulated losses decreased to (19.4%) of the capital, and on 03/01/1444H (corresponding to 01/08/2022G) the Company announced that its accumulated losses decreased to (0%) of the capital.

- The Authority required the companies listed on the financial market that have already offered shares through rights issue to disclose to the public when there is a (5%) difference or more between the actual use of Rights proceeds against what is disclosed in the relevant Prospectus as soon as it is aware. The Company received the offering proceeds made in 2021G and were used in other items as indicated in the Prospectus issued on 05/03/1443H (corresponding to 12/09/2021G).
- The Company has not been subject to any Capital Market Authority penalty in previous years (2019G, 2020G, 2021G, and 2022G).
- With regard to Company governance, the table below includes a summary of the Company compliance with the corporate governance regulations issued by the Capital Market Authority:

Table No. (80): Summary of the Most Important Items of the Corporate Governance Regulations that the Company Committed to

| Article in Companies governance regulation | Detail | Responsible authority | Commentary |
|--|---|-------------------------------|--|
| 8/A | Provide a copy of the information about the candidate for membership of the Board of Directors on the Company's website. | Board of Directors | Compliant |
| 9/B | The Board of Directors shall set a clear policy regarding the distribution of dividends in the interests of the shareholder and the Company in accordance with the Company Articles of Association. | Board of Directors | Compliant - approved by the Board of Directors on 26/12/2017G |
| 12/5 | Review the Financial Statements for 2022G. | Shareholders General Assembly | Compliant – the financial statements of the fiscal year ended 31/12/2022G were reviewed and discussed by the Ordinary Shareholders General Assembly held on 13/10/1444H (corresponding to 04/04/2023G) |
| 12/6 | Review the annual report of the Board of Directors for 2022G. | Shareholders General Assembly | Compliant – the Board of Directors report of the Fiscal year ended 31/12/2022G was reviewed and discussed by the Ordinary Shareholders General Assembly held on 13/10/1444H (corresponding to 04/04/2023G) |
| 12/8 & 78 | Appointing Company auditors, determining their remuneration, reappointing them, changing them, and approving their reports. | Shareholders General Assembly | Compliant - The Ordinary General Assembly held on 13/10/1444H (corresponding to 04/04/2023G) voted to appoint an auditor (Mr. Al-Ayouti's office) as an auditor for the Company upon the recommendation of the Audit Committee, to examine, review, and audit the financial statements for Q2 and Q3 and annual statement of FY 2023G and Q1 of 2024G, and determine the fees. |



| | | | |
|----------------------------|---|-------------------------------|---|
| 13/D | Publication of the announcement of the date of the general assembly meeting, place and agenda twenty-one days before the date at least on the Company website. | Board of Directors | Compliant |
| 14/C | Make available to the shareholders through the Company website - when publishing the invitation to convene the general assembly- obtaining information related to the items of the general assembly agenda, especially the report of the Board of Directors, the auditor, the financial statements, and the report of the audit committee. | Board of Directors | Compliant - through Tadawul |
| 21/1 | Laying down the plans, policies, strategies, and main objectives of the Company. | | There is no independent written policy and the provisions of the Company corporate governance regulation and the Company Articles of Association are based on. |
| 21/2 | Establishing regulations and controls for internal control and general supervision, including: Establishing a written policy to address actual and potential "conflicts of interest" cases for both members of the Board of Directors, executive management and shareholders, including misuse of the Company assets and facilities, and misbehavior resulting from dealings with related persons. To ensure the integrity of the financial and accounting regulations, including those related to the preparation of financial reports. To ensure the application of appropriate control regulations to measure and manage risks, by developing a general perception of the risks that the Company may face, creating an environment familiar with the culture of risk management at the Company level and presenting it transparently with stakeholders and related parties to the Company. The annual review of the effectiveness of internal control procedures in the Company. | Board of Directors | Compliant - the bylaw was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G) |
| 21/3 | Establishing clear and specific policies, standards and procedures for membership in the Board of Directors, and putting them into effect after their approval by the General Assembly. | Shareholders General Assembly | Compliant - the bylaw was approved by the Extraordinary General Assembly held on 10/04/1439H (corresponding to 28/12/2017G). The Ordinary General Assembly held on 13/10/1444H (corresponding to 03/05/2023G) to amend the bylaw. |
| 21/4 | Establishing a written policy that organizes the relationship with stakeholders in accordance with the provisions of the Governance Regulations, and shall cover – in particular - the following: Mechanisms for compensation to stakeholders in the event of violation of their rights recognized by the regulations and protected by contracts. Mechanisms for settling complaints or disputes that may arise between the Company and stakeholders. Appropriate mechanisms to establish good relationships with customers and suppliers and to maintain the confidentiality of information related to them. | Board of Directors | Compliant - the bylaw was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G). |
| 21/5 | Establishing policies and procedures that ensure the Company compliance with laws and regulations and its commitment to disclosing essential information to shareholders and stakeholders, and verifying the executive management compliance with them | Board of Directors | Compliant - the bylaw was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G). |
| 21/3 & 47 & 57 & 57/A & 61 | Forming specialized committees emanating from it by decisions specifying the committee term, powers and responsibilities, and how the board will monitor them, provided that the formation decision includes naming members and specifying their duties, rights and duties, along with evaluating the performance and work of these committees and their members. | Board of Directors | Compliant - The Remuneration, Nomination Committee and Executive Committee were appointed by the Board of Directors on 07/12/1442H (corresponding to 17/07/2021G) |
| 22/1 | Approving and developing internal policies related to the Company work, including defining the tasks, specializations and responsibilities assigned to the various organizational levels. | Board of Directors | Compliant |
| 21/2 | Adopt a written and detailed policy specifying the powers delegated to the executive management and a table explaining those powers, the method of implementation and the duration of delegation, and the Board of Directors may request the executive management to submit periodic reports on its practices of the delegated powers. | Board of Directors | Compliant - The list of authority delegated to the executive management was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G) |
| 24 | Appoint the Chief Executive Officer. | Board of Directors | Compliant - Mr. Monther Mohammed Al Sorayai was appointed according to the Board of Directors Decision dated 18/11/2021G. |



| | | | |
|-------------|---|--|---|
| 25/5 | Suggest and submit the organizational and functional structures of the Company to the Board of Directors for consideration and approval. | Board of Directors | Compliant - the organizational structure was approved by the Board of Directors on 06/09/1444H (corresponding to 28/03/2023G). |
| 25/10 | Suggest a policy and the types of remuneration to be granted to workers, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares. | Board of Directors | Compliant - the policy was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G). |
| 41 | A written and clear policy for dealing with current or potential conflicts of interest situations that may affect the performance of members of the Board of Directors, executive management, or other Company employees when they deal with the Company or other stakeholders. | Board of Directors | Compliant - the policy was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G). |
| 51/E | The Shareholders General Assembly of the Company - based on a proposal from the Board of Directors - shall issue a work bylaw for the Audit Committee, provided that this bylaw includes the Committee controls, procedures, and work plan, its functions, the rules for selecting its members, how they are nominated, term of their membership, Compensation and temporarily appointment in case one of the seats of the committee. | Shareholders General Assembly | Compliant - the bylaw was approved by the Ordinary General Assembly held on 26/04/2018G and was amended by the Ordinary General Assembly held on 13/10/1444H (corresponding to 03/05/2023G). |
| 51 & 54 | Form the Audit Committee. | Board of Directors | Compliant – the members of the Audit Committee were appointed by the Ordinary General Assembly held on 06/05/2021G for a new session starting from 16/07/2021G for three years ending on 15/07/2024G. |
| 52/B/4 & 71 | Appoint a director of the internal audit unit or department or the internal auditor and propose his remuneration. | Board of Directors | Compliant - Mr. Mohamed Abdullah Shams El Din was appointed according to the Board of Directors Decision dated 06/03/1440H (05/11/2019G). |
| 57/B & 61/B | The general assembly of the Company - based on a proposal from the Board of Directors - shall issue a work bylaw for the Remuneration and Nomination Committee, provided that this bylaw includes the committee controls, procedures, and work plan, its functions, the rules for selecting its members, how they are nominated, term of their membership, Compensation and temporarily appointment in case one of the seats of the committee. | Shareholders General Assembly | Compliant - The remuneration and nomination committee regulations were approved by the Ordinary General Assembly held on 10/10/1443H (corresponding to 11/05/2022G). |
| 58/1 | The Remuneration and Nominations Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that the performance-related standards, disclosure and verification of its implementation are taken into account. | Shareholders General Assembly | Compliant - The policy was approved by the Extraordinary General Assembly held on 10/10/1443H (corresponding to 11/05/2022G). |
| 62/3 | Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and for occupying executive management positions. | Remuneration and Nominations Committee | Committed - approved by the Extraordinary General Assembly held on 10/04/1439H (corresponding to 28/12/2017G) |
| 65 | Publication of the announcement of candidacy for membership of the Board of Directors on the Company website. | Board of Directors | Compliant - The announcement was made on Tadawul on 04/02/2018G |
| 81 | Policies or procedures for stakeholders to file complaints or report violating practices. | Board of Directors | Compliant - The policy was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G) |
| 83 | A policy of professional conduct and ethical values. | Board of Directors | Compliant - The policy was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G) |
| 86 | Written disclosure policies, supervisory procedures and regulations thereof in accordance with the disclosure requirements contained in the Companies Law and the Financial Market Law. | Board of Directors | Compliant - The policy was approved by the Board of Directors on 08/04/1439H (corresponding to 26/12/2017G) |
| 88/b | Publication of the audit committee report on the Company website. | Board of Directors | Compliant - Published on the Company website |
| 91 | The Company corporate governance rules do not contradict the mandatory provisions of the governance rules issued by the Authority. | Board of Directors | Compliant - The Governance Regulations were approved by the Board of Directors on 06/09/1444H (corresponding to 28/03/2023G) |



9-5-6 Continuous Obligations as per the Requirements of Ministry of Municipal and Rural Affairs and Housing

- A municipal license shall be obtained for administrative offices, branches and points of sale owned by the Company, so that the Company can operate, by submitting copies of the following documents: a copy of the commercial register, Articles of Association, lease contract and building permit for the rented building, warehouse or shop, the commercial exhibition, store, or point of sale, and real estate license and a remote photograph of the building with the billboard (with a copy of the billboard bill and the property registration of the Company's trademark to be used on the facade) in addition to the civil defense license.
- The Company concluded (11) lease contracts with the Saudi Authority for Industrial Cities and Technology Zones, at Jeddah, Industrial City, which are factories, with the aim of operating in the (textile) industry. Accordingly, the Company is not subject to the requirements of the Ministry of Municipal and Rural Affairs and Housing and subject to the requirements of the Saudi Authority for Industrial Cities.
- The Company has (14) sites leased for the purpose of conducting its activity, including warehouses, shops, and housing for workers. (For further information, please refer to sub-paragraph "9-6-4" "Lease Contracts" of this section).
- The table below shows the branches/sites occupied by the Company for which municipality licenses have been obtained as of the date of publication of this Prospectus:

Table No. (81): Municipality Licenses

| SN. | Company Branch | Municipality License No. | License Expiry Date | Address as per the Municipality License | Safety permit (civil defense) |
|-----|---|--------------------------|--|---|--|
| 1 | Riyadh Branch - Naseej International Trading Company (1010006131) | 440611394995 | 19/11/1446H (corresponding to 17/05/2025G) | Riyadh Region Municipality - As-Sulay Municipality - As-Sulay District - Wadi Al Fara Street | Compliant, in accordance with Safety Certificate number (1-001102055-44) issued on 01/11/1444H (corresponding to 21/05/2023G) and valid until 01/11/1445H (corresponding to 09/05/2024G) |
| 2 | Buraidah Branch - Naseej International Trading Company (1131008569) | 3909351989 | 15/05/1445H (corresponding to 28/11/2023G) | Al-Qassim Region Municipality - Deira sub-municipality - Al-Marqab District - Main Street | Compliant, in accordance with Safety Certificate number (1-001150147-44) issued on 28/09/1444H (corresponding to 19/04/2023G) and valid until 28/09/1445H (corresponding to 07/04/2024G) |
| 3 | Sakaka Branch - Naseej International Trading Company (3400010968) | 40062043024 | 02/06/1445H (corresponding to 15/12/2023G) | Al-Jawf Region Municipality - Sakaka Municipality – Badr District - Main Street | Compliant, in accordance with Safety Certificate number (1-001167884-44) issued on 22/11/1444H (corresponding to 11/06/2023G) and valid until 22/11/1445H (corresponding to 30/05/2024G) |
| 4 | Jeddah Branch - Naseej International Trading Company (4030195587) | 43109831480 | 25/01/1445H (corresponding to 12/08/2023G) | Jeddah Region Municipality – Airport Municipality - Al-Faisaliah District - Irfan Al-Jamil Street | Compliant, in accordance with Safety Certificate number (43-000929956-1) issued on 17/01/1444H (corresponding to 15/08/2022G) and valid until 17/01/1445H (corresponding to 04/08/2023G) |
| 5 | Makkah Al-Mukarramah Branch - Naseej International Trading Company (4031003965) | 3909573940 | 09/02/1445H (corresponding to 25/08/2023G) | Holy Makkah Municipality - Al-Maabada Sub-Municipality - Cordoba district - Al-Hajj Street | Compliant, in accordance with Safety Certificate number (1-001122492-44) issued on 20/09/1444H (corresponding to 11/04/2023G) and valid until 20/09/1445H (corresponding to 30/03/2024G) |
| 6 | Taif Branch - Naseej International Trading Company (4032000509) | 39111018659 | 25/03/1443H (corresponding to 31/10/2021G) | Makkah Al-Mukarramah Municipality - Taif Municipality - Al-Suwaifa District – Street 7478 | Compliant, in accordance with Safety Certificate number (1-000927366-43) issued on 25/02/1443H (corresponding to 25/07/2022G) and valid until 25/12/1444H (corresponding to 17/07/2023G) |
| 7 | Abha branch - Naseej International Trading Company (5850021602) | 3909172538 | 27/01/1446H (corresponding to 03/08/2024G) | Asir Municipality - Khamis Mushait Municipality - Al-Khalasa District - Zinba' Bin Salamah Street | Compliant, in accordance with Safety Certificate number (1-000927347-43) issued on 20/12/1443H (corresponding to 20/07/2022G) and valid until 20/12/1444H (corresponding to 09/07/2023G) |
| 8 | Jazan Branch - Naseej International Trading Company (5900003118) | 440911997427 | 10/10/1446H (corresponding to 08/04/2025G) | Jazan Municipality - Al-Faisaliah District - King Faisal Bin Abdulaziz Street | Compliant, in accordance with Safety Certificate number (1-001157465-44) issued on 06/10/1444H (corresponding to 26/04/2023G) and valid until 06/10/1446H (corresponding to 04/04/2025G) |

Source: The Company.

- It shall be noted that there are applications under procedure for obtaining municipal licenses for the Company's branches in the city of Dammam, record No. (20550013058), and the city of Taif, record No. (4032000509), and civil defense licenses for the Company's branches in the city of Dammam, record No. (2050013058), the city of Taif, record No. (4032000509), and the city of Abha, record No. (5850021602) and work is underway to issue it.
- As for the Company's branch in the city of Tabuk record No. (3550012274) a civil defense license is not required for the branch location as it is a warehouse located outside the urban area.
- Subsidiaries failed to comply with the requirements and regulations of the Ministry of Municipal and Rural Affairs as Home Styles Company Limited and Al Sorayai Operation & Maintenance Company Limited have not obtained any municipal certificate or safety certificate.



9-5-7 Continuous Obligations as per the Requirements of the Saudi Authority for Industrial Cities and Technology Zones (MODON)

- The Company and its two branches have operating licenses issued by the Saudi Authority for Industrial Cities and Technology Zones. Regarding continuous obligations according to the requirements of (MODON), MODON requires the licensing parties to adhere to the following conditions in order to maintain the license:
- License means permission to operate the facility; it is licensed to operate it according to its legal entity, licenses and records; the operator has no right to assign the operation, the factory or any part of it to others.
- The licensee shall abide by the conditions and obligations mentioned in the license, as well as with all the rules, regulations, conditions and instructions issued by MODON. Except of what it was not mentioned in MODON, the Company shall refer to laws and regulations in force applied in KSA.
- The licensee is obligated to renew the license within a maximum of 15 days after its expiry.
- The licensee shall contract with an entity approved by the Civil Defense to carry out periodic maintenance work for firefighting/and safety systems.
- The licensee shall ensure the effectiveness of the firefighting/safety system and its connection to a main control panel.
- The licensee shall conform the fire-fighting system to the factory's approved plans.
- The licensee shall ensure that emergency exits are sufficient and conform to specifications.
- The licensee shall apply safety requirements during the storage and transportation of hazardous chemicals and gases.



Table No. (82): Operation Licenses

| No. | Branch | Commercial Register Number | License Number | Location | Date of Issue | Date of Expiry | Contract Number (MODON) |
|-----|--|----------------------------|-------------------|--------------|--|--|-------------------------|
| 1. | Al Soraya Carpet Factory Limited | 4030133919 | 5871444714030550 | Jeddah First | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | 806662 |
| 2. | Al Soraya Carpet Factory Limited | 4030133919 | 5871444714030554 | Jeddah First | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | 809582 |
| 3. | Al Soraya Carpet Factory Limited | 4030131014 | 5871444714030548 | Jeddah First | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | 30680 |
| 4. | Al Soraya Carpet Factory Limited | 4030131014 | 5871444714030552 | Jeddah First | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | 30955 |
| 5. | Al Soraya Carpet Factory Limited | 4030131014 | 5871444714030558 | Jeddah First | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | 31216 |
| 6. | Al Soraya Carpet Factory Limited | 4030131014 | 5871444714030556 | Jeddah First | 14/07/1444H (corresponding to 05/02/2023G) | 24/07/1445H (corresponding to 05/02/2024G) | 809374 |
| 7. | Jeddah Industrial Yarn Factory company | 4030115974 | 5871444721030680 | Jeddah First | 21/07/1444H (corresponding to 12/02/2023G) | 02/08/1445H (corresponding to 12/02/2024G) | 30994 |
| 8. | Jeddah Industrial Yarn Factory company | 4030115974 | 587144472203712 | Jeddah First | 22/07/1444H (corresponding to 03/02/2023G) | 03/08/1445H (corresponding to 13/02/2024G) | 30885 |
| 9. | Jeddah Industrial Yarn Factory company | 4030115974 | 58714431228026900 | Jeddah First | 28/12/1443H (corresponding to 28/07/2022G) | 09/01/1445H (corresponding to 27/07/2023G) | 811482 |

Source: The Company

9-5-8 Continuous Obligations as per the Requirements of the Ministry of Industry and Mineral Resources

- The Company and its branches have industrial licenses issued by the Ministry of Industry and Mineral Resources. Regarding continuous obligations according to the requirements of the Ministry of Industry and Mineral Resources, the Ministry requires the licensing parties to adhere to the following conditions in order to maintain the license:
 - Adhere to the articles of the Common Industrial Regulatory Law of the Cooperation Council for the Arab States of the Gulf (GCC Common Industrial Law) and its executive regulations.
 - No expansion or modification shall be made in the products prior to obtaining the Ministry's approval.
 - Update the factory data every six months through the Ministry website.
 - Conform the products to the approved specifications and standards or specifications adopted by the Saudi Standards, Metrology and Quality Organization (SASO).
 - Commit to the articles of the General Environmental Regulations and Rules for Implementation to preserve the environment from pollution.
 - Maintain rules, instructions, safety regulations, industrial security and public health.
 - The accounts of the industrial project shall be regular in accordance with the accounting principles and the applicable legal rules; providing the Ministry with a balance sheet, for each fiscal year, certified by a legal accountant.
 - The project benefits shall not be misused.
 - Provide the Ministry with complete and correct data it requests about the project.
 - Allow the Ministry's employees to enter the industrial project, review records, documents and accounts, and monitor production processes and other project activities.
 - Any industrial project may not be established, expanded, developed, altered it in terms of production, merged into another industrial project, split into more than one project, or change its location, dispose it totally or partially, mortgage, lease it, or assign it with any kind of assignment unless a license to this effect has been issued by the Ministry.



The following table shows the industrial licenses obtained by the Company and its branches:

Table No. (83): Industrial Licenses

| No. | License holder | Industrial license Number | Commercial Register Number | Industrial Activity | Date of Issue | Date of Expiry |
|-----|--------------------------------|---------------------------|----------------------------|---------------------------------|--|--|
| 1 | Al Soraya Carpet Factory | 441110127534 | 4030131014 | Manufacture rugs and carpets | 26/11/1444H (corresponding to 15/06/2023G) | 22/01/1450H (corresponding to 15/06/2028G) |
| 2 | Jeddah Industrial Yarn Factory | 44111012330 | 4030115974 | Prepare and spin textile fibers | 19/11/1444H (corresponding to 08/06/2023G) | 01/12/1445H (corresponding to 07/06/2024G) |

Source: The Company

Based on the aforementioned, the Company is committed to the requirements of the Ministry of Industry and Mineral Resources in terms of obtaining industrial licenses.

9-5-9 Continuous Obligations as per the Requirements of National Center for Environmental Compliance (Formerly the General Authority of Meteorology and Environmental Protection)

- The activities that the company is licensed to practice may have a negative impact on environment, so the company shall adhere to the following requirements and standards:
 - Adherence to standards, criteria and requirements issued by the National Center for Environmental Compliance Control.
 - Allowing the center's technicians and specialists to enter the facility at any time.
 - In case of any modification or change to the activity and tasks of the facility or to the quality of raw materials or production, or when making any expansion or addition to the project without prior notification to the center, this permit shall be deemed null and void.
 - The Center shall be notified in advance upon desiring to use or recover any industrial residues in the manufacturing process and inform the specialists about the technology and the method used in this regard.
 - To fully comply with the technical studies and reports submitted on the permit application related to the operation and maintenance of pollutant restraint systems and the methods used to dispose of non-recoverable residues by a service provider licensed by the competent authorities.
 - Obligation to submit an environmental audit study prepared by a licensed service provider from the Center upon application for renewal of the environmental permit.
 - Attach periodic reports every 6 months that are included in environmental records.
 - Obligation to include documented contracts and invoices detailing the types and quantities of hazardous solid and liquid waste generated from the facility for the period prior to renewal from the competent entities by the National Center for Environmental Compliance Control and including them in the environmental audit study.
 - Obligation to implement the environmental monitoring and management plan of the facility and the recommendations contained in the study and the annexes thereof.
 - Obligation to allocate warehouses stores for the preservation of raw materials and produced materials compatible with the nature, specifications and degree of danger of materials according to the safe circulation of materials.
 - The financial remuneration for this permit shall be paid starting from the date of its approval by the Center's Board of Directors.
 - As for "Naseej International Trading Company, a listed Saudi joint stock company", the Company is committed to the requirements of the National Center for Environmental Compliance Control, as the Company obtained an environmental permit for operation No. (6983) dated 18/03/1443H (corresponding to 25/10/2021G), which is valid until 14/03/1446H (corresponding to 18/09/2024G) for the company's factory, CR No. (4030133919) (head office).
 - As for the Company's branch "Al Soraya Carpet Factory, branch of Naseej International Trading Company," it is compliant to the requirements of the National Center for Environmental Compliance Control, as it obtained an environmental permit for operation No. (14539) dated 20/06/1443H (corresponding to 24/01/2022G), which is valid until 02/06/1446H (corresponding to 04/12/2024G) for Al Soraya Carpet Factory Limited, Registration No. (4030131014).
 - As for the Company's branch, "Jeddah Industrial Yarn Factory, branch of Naseej International Trading Company," it is committed to the requirements of the National Center for Environmental Compliance Control, as it obtained an environmental permit for operation No. (12223) dated 16/05/1443H (corresponding to 21/12/2021G), valid until 02/05/1446H (corresponding to 04/11/2024 G) for the Jeddah Industrial Yarn Factory, registration No. (403115974).
- * The General Authority for Meteorology and Environmental Protection was abolished and its functions were transferred to the National Center for Environmental Compliance Control in accordance with the Cabinet resolution dated 19/07/1440H (corresponding to 26/03/2019G).

Based on the above, the Company is compliant to the requirements of National Center for Environmental Compliance Control in terms of obtaining environmental permits for operation.



9-6 Summary of Substantive Contracts

9-6-1 Partners' Agreement

- As of the date of publication of this Prospectus, the Company has no side agreements between the shareholders, therefore the articles of the company's memorandum of association/ statute govern of the relationship between them.

9-6-2 Participation Agreements and Memorandums of Understanding

- As of the date of publication of this Prospectus, the Company has no participation agreements with any party other than the company's Memorandum of Association/ statute. There are also no memorandums of understanding regarding possible future participation with others other than stipulated in the memorandum of association.

9-6-3 Agreements and Transactions Concluded with Related Parties

As of the date of publishing this Prospectus, the Company has not concluded any contracts and transactions with related parties in which there is a direct or indirect interest for Board members or senior executives during the past three years, except for the transactions stipulated in the Company's consolidated financial statements for the fiscal year ending on 31 December 2022G. Naseej International Trading Company has transactions with related parties in the course of carrying out its activities, namely purchases, sales, dues to the Board of Directors, remunerations for Board members and committees, and rents, which are carried out in the context of the Company's transactions, in accordance with the principles of dealing with third parties and the usual commercial terms and conditions. Such transactions shall be approved by the Management.

- The tables below show the most important transactions with related parties during 2020G, 2021G, and 2022G:

Table No. (84): Transactions Concluded with Related Parties in 2020G

| Transactions Concluded with Related Parties for the Fiscal year Ending on December 31 December 2020G | | | | | | | | | |
|--|---|------------------------------------|--|--------------------------|---------------------------------------|------------|--|--|--------------------------------------|
| Related Party | Relationship Type | Type of Interest (Direct/Indirect) | Transactions Type | Transactions Value (SAR) | Balance as of 31 December 2020G (SAR) | | Percentage of the Total Value of Contracts and Transactions (%)* | Percentage of Total Revenue Value (%)* | Percentage of Total Asset Value (%)* |
| | | | | | DR | CR | | | |
| Al Sorayai Group for Industrial Investment Ltd. | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Supplying raw materials to factories | 3,085,185.00 | - | 1,077,000 | 18% | 2% | 1% |
| Saudi Carpet Accessories Manufacturing Company Ltd. (Matex) | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Supplying raw materials to factories | 11,454,199.00 | - | 4,939,000 | 69% | 6% | 2% |
| Al-Hikma Real Estate Development Company | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Lease contracts for showrooms, warehouses, and offices | 2,152,500.00 | - | 10,105,000 | 13% | 1% | 0% |
| Jadat Al Raqi Real Estate Development and Investment Company** | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Warehouses (rented at the prevailing market price) | 0 | - | 3,049,000 | 0 | 0 | 0 |
| SNASCO Investment Holding Group Company** | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Warehouses (rented at the prevailing market price) | 0 | - | 1,559,000 | 0 | 0 | 0 |
| Mohammed bin Nasser Al-Sorayai** | Brother of Mr. Saleh Nasser Al-Sorayai - BOD Chairman | Indirect | Selling carpets and rugs | 0 | - | 359,000 | 0 | 0 | 0 |
| Other** | Brother of Mr. Saleh Nasser Al-Sorayai - BOD Chairman | Indirect | Advertising, Education | 0 | - | 325,000 | 0 | 0 | 0 |
| Total | | | | 16,691,884.00 | - | 21,413,000 | 100% | 9% | 3% |

Source: The Company

*The percentages stated in the aforementioned table were calculated based on the total value and volume of transactions concluded with related parties.

**There are no transactions concluded with these parties during 2020G, but only outstanding balances that were disclosed in the financial statements.



Table No. (85): Transactions Concluded with Related Parties in 2021G

| Transactions Concluded with Related Parties for the Fiscal year Ending on December 31 December 2021G | | | | | | | | | |
|--|--|------------------------------------|--|--------------------------|---------------------------------------|------------------|---|---|---------------------------------------|
| Related Party | Relationship Type | Type of Interest (Direct/Indirect) | Transactions Type | Transactions Value (SAR) | Balance as of 31 December 2021G (SAR) | | Percentage of the Total Value of Contracts and Transactions (%) * | Percentage of Total Revenue Value (%) * | Percentage of Total Asset Value (%) * |
| | | | | | DR | CR | | | |
| Saudi Carpet Accessories Manufacturing Company Ltd. (Matex) | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Supplying raw materials to factories | 13,152,000.00 | - | 4,337,000 | 85% | 7% | 3% |
| | Nasser Saleh Al-Sorayai – Broad Member | Indirect | | | | | | | |
| Al-Hikma Real Estate Development Company | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Lease contracts for showrooms, warehouses, and offices | 1,332,000.00 | - | 102,000 | 8.5% | 1% | 0% |
| | Nasser Saleh Al-Sorayai – Broad Member | Indirect | | | | | | | |
| Al Sorayai Group for Industrial Investment Ltd. | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Supplying raw materials to factories | 1,028,000.00 | - | | 6.5% | 0% | 0% |
| | Nasser Saleh Al-Sorayai – Broad Member | Indirect | | | | | | | |
| Total | | | | 15,512,000.00 | - | 4,439,000 | 100% | 8% | 3% |

*The percentages stated in the aforementioned table were calculated based on the total value and volume of transactions concluded with related parties.

Source: The Company

Table No. (86): Transactions Concluded with Related Parties in 2022G

| Transactions Concluded with Related Parties for the Fiscal year Ending on December 31 December 2022G | | | | | | | | | | |
|--|--|------------------------------------|---|--|--------------------------|---------------------------------------|---------|---|---|---------------------------------------|
| Related Party | Relationship Type | Type of Interest (Direct/Indirect) | Transactions Type | Details of the Concluded Contract | Transactions Value (SAR) | Balance as of 31 December 2022G (SAR) | | Percentage of the Total Value of Contracts and Transactions (%) * | Percentage of Total Revenue Value (%) * | Percentage of Total Asset Value (%) * |
| | | | | | | DR | CR | | | |
| Al-Hikma Real Estate Development Company | Nasser Saleh Al-Sorayai – Broad Member | Indirect | Lease contracts for showrooms and warehouses | Lease contracts for showrooms, warehouses, and offices at the prevailing market price. | 402,500 | 0 | 201,000 | 2% | 0% | 0% |
| Al Sorayai Group for Industrial Investment Ltd. | Nasser Saleh Al-Sorayai – Broad Member | Direct | Supply of raw materials under approved purchase orders at the prevailing market price | Supplying raw materials to factories (glue - cardboard - chemicals - ready-made goods - furniture - foam - felt) according to approved purchase orders and at the prevailing market price. | 4,348,003 | 0 | 647,000 | 19% | 2% | 1% |
| | Monther Mohammed Alsorayai -CEO | Direct | | | | | | | | |



| | | | | | | | | | | |
|---|--|----------|---|---|-------------------|----------|------------------|-------------|-----------|-----------|
| Saudi Carpet Accessories Manufacturing Company Ltd. (Matex) | Nasser Saleh Al-Sorayai – Broad Member | Indirect | Supply of raw materials under approved purchase orders at the prevailing market price | Supply of raw materials (indoor and outdoor carpet padding) according to approved purchase orders and at the prevailing market price. | 17,729,497 | 0 | 4,701,000 | 79% | 6% | 4% |
| | Monther Mohammed Alsorayai -CEO | Direct | | | | | | | | |
| SNASCO Investment Holding Group Company (SNASCO)** | Saleh Nasser Al-Sorayai - BOD Chairman | Direct | Warehouse leasing | Leasing warehouses at the prevailing market price. | - | - | 746,000 | - | - | - |
| Total | | | | | 22,480,000 | 0 | 6,295,000 | 100% | 8% | 5% |

Source: The Company.

*The percentages stated in the aforementioned table were calculated based on the total value and volume of transactions concluded with related parties.

**There are no transactions concluded with these parties during 2022G, but only outstanding balances that were disclosed in the financial statements.

- The Company, Board members, and shareholders shall apply Articles (71) and (27) of the Companies Law. The following transactions were voted on in the Company's Ordinary General Assembly held on 10/10/1443H (corresponding to 11/05/2022G): the transactions concluded with related parties in 2021G, the transactions that will be concluded later between the Company and the Al Sorayai Group for Industrial Investment Ltd. (purchasing and supplying raw materials for the factory (the value of transactions in 2021G amounted to SAR 1,027,917), the transactions between the Company and Saudi Carpet Accessories Manufacturing Company Ltd. (Matex) (Purchasing and supplying raw materials for the factory (the value of transactions in 2021G amounted to SAR 13,151,716), and the transactions between the Company and Al-Hikma Real Estate Development Company, namely (lease contracts for showrooms, warehouses, and offices owned by the Company. The value of transactions in 2021G amounted to SAR 1,332,083).
- On 24/09/1442H (corresponding to 06/05/2021G), the Ordinary General Assembly approved the transactions concluded in 2020G.
- On 13/09/1441H (corresponding to 06/05/2020G), the Ordinary General Assembly approved the transactions concluded in 2019G.
- On 06/09/1444H (corresponding to 28/03/2023G), the Board approved the works and contracts in which Board Member, Nasser Saleh Al-Sorayai, has a (direct and indirect) interest and approved the same on the agenda of the next General Assembly.
- On 13/10/1444H (corresponding to 03/05/2023G), the Ordinary General Assembly approved the works and contracts in which Board Member, Nasser Saleh Al-Sorayai, has a (direct and indirect) interest.

9-6-4 Lease Contracts

9-6-4-1 Lease Contracts Concluded with the Government Authority

- The Company concluded (11) lease contracts as a Lessee with the Government Authority. Such contracts consist of workers' accommodation, lands, and factories to carry out its activities and build its factories. Most of these contracts are traditional lease contracts (i.e., stipulate a rental amount paid annually by the Company to the Lessor) and are subject to renewal. In the event of default by the Lessee, such contracts shall be deemed null and void. The Lessee shall not be entitled to sublet the Property without obtaining the Lessor 's written consent. It is also not permissible to change the method of using the Leased Property or the activity without obtaining the Lessor's consent. Below is a list and the most important details of the lease contracts of the Company's sites:



Table No. (87): List of Lease Contracts Concluded with the Saudi Authority for Industrial Cities and Technology Zones (MODON)

| # | Lessor Name | Lessee / Investor | Property Location | Property Type | Rental Value | Term | Starting Date | Expiry Date | Remarks |
|---|-----------------------|--|--|---|---|------------------------|--|--|--|
| 1 | Government Department | Al Sorayai Carpet Factory Company | Agricultural land, plot No. (0030M00086), area: (5,625 m2) | Vacant land in Jeddah First Industrial City to establish a factory | Annual rental value: (SAR 28,125) | Twenty-five (25) years | As of 26/01/1443H (corresponding to 04/09/2021G) | Until 25/01/1463H (corresponding to 28/01/2041G) | Electronically notarized contract No. (813078) |
| 2 | Government Authority | Jeddah Industrial Yarn Factory Company | Plot No. (0030M00087), area: (16,941 m2) | Vacant land in Jeddah First Industrial City to establish a factory | Annual rental value: (SAR 84,705) | Twenty-five (25) years | As of 23/10/1441H (corresponding to 15/06/2020G) | Until 22/10/1461H (corresponding to 09/11/2039G) | Electronically notarized contract No. (811482) |
| 3 | Government Authority | Al Sorayai Carpet Factory Company | Agricultural land, plot No. (0030M00085), area: (3,357 m2) | Vacant land in Jeddah Industrial City to establish the main factory | Annual rental value: (SAR 6,714) | Twenty-five (25) years | As of 06/02/1427H (corresponding to 06/03/2006G) | Until 05/02/1452H (corresponding to 07/06/2030G) | Electronically notarized contract No. (31216) |
| 4 | Government Authority | Al Sorayai Textile Factory Company | Plot No. (0030M00084), area: (11,507 m2) | Vacant land in Jeddah Industrial City to establish the main factory | Annual rental value: (SAR 57,535) | Twenty-five (25) years | As of 13/02/1444H (corresponding to 10/09/2022G) | Until 12/02/1464H (corresponding to 03/02/2042G) | Electronically notarized contract No. (814755) |
| 5 | Government Authority | Jeddah Industrial Yarn Factory Company | Plot No. 2 1 + ½ M5: in Phase 4, area: 1,125 m2 in Jeddah Industrial City. | Vacant land in Jeddah Industrial City to establish the factory licensed under Ministerial Resolution No. 1699/R | The annual rent is (SAR 5,625) as per the attached invoice and six hundred and eighty-eight riyals and eighty-two halalas (SAR 688.82) as per the Contract. | Twenty-five (25) years | As of 07/06/1427H (corresponding to 03/07/2006G) | Until 06/06/1452H (corresponding to 04/10/2030G) | Electronically notarized contract No. (30885) |
| 6 | Government Authority | Al Sorayai Carpet Factory Company Ltd. | Agricultural land, plot No. (0030C00067), area: (15,000 m2) | Vacant land in Jeddah Industrial City to establish a factory | Annual rental value: (SAR 75,000) | Twenty-five (25) years | As of 07/02/1431H (corresponding to 22/01/2010G) | 06/02/1451H (corresponding to 18/06/2029G) | Electronically notarized contract No. (30955) |
| 7 | Government Authority | Al Sorayai Carpet Factory Company Ltd. | Agricultural land, plot No. (0030C00069), area: (499 m2) | Vacant land in Jeddah Industrial City to establish a factory | The annual rental value is SAR 2,495.00 as per the attached invoice and forty riyals (SAR 40) as per the Contract. | Twenty (20) years | As of 14/08/1439H (corresponding to 30/04/2018G) | Until 13/08/1459H (corresponding to 23/09/2037G) | Electronically notarized contract No. (809374) |
| 8 | Government Authority | Al Sorayai Carpet Factory Company Ltd. | Plot No. (0030Y00044), area: 3,006 m2, located in Jeddah First Industrial City | Residential building (investment activity) | (SAR 120,240) annually | Two (2) years | As of 06/06/1443H (corresponding to 09/01/2022G) | Until 05/06/1445H (corresponding to 18/12/2023G) | Electronically notarized contract No. (23000690) |
| 9 | Government Authority | Al Sorayai Carpet Factory Company Ltd. | Industrial land No. 0030M00083, area: 33,528 m2) | Industrial land for practicing textile manufacturing activity licensed under Industrial License No. 319/R | (SAR 100,584) | Twenty (20) years | 28/11/1436H (corresponding to 12/09/2015G) | 27/11/1456H (corresponding to 06/02/2035G) | Electronically notarized contract No. (806662) |



| | | | | | | | | | |
|----|-----------------------|--|--|--|------------------------|---------------------|--|--|--|
| 10 | Government Department | Al Sorayai Carpet Factory Company Ltd. | Agricultural land, plot No. (0030C00068), area: (20,196 m ²) | Vacant land in Jeddah Industrial City to establish a factory | (SAR 40,392) annually | Twenty (20) years | 07/02/1431H (corresponding to 22/01/2010G) | 06/02/1451H (corresponding to 18/06/2029G) | Electronically notarized contract No. (30680) |
| 11 | Government Authority | Jeddah Industrial Yarn Factory Company | Agricultural land, plot No. (0030C0107), area: (38,422 m ²) | Jeddah First Industrial City | (SAR 192,110) annually | Eighteen (18) years | 10/06/1435H (corresponding to 10/04/2014G) | 09/06/1451H (corresponding to 17/10/2029G) | Electronically notarized contract No. (804944) |

Obligations:

- The Lessee shall notify the Lessor in writing of its intent to renew one year prior to the expiry of the Contract. Shall the Lessee not comply with the notice, the Lessor shall be entitled to withhold its consent to renew this Contract. Upon obtaining Lessor's consent, the renewal will be under a new contract and new terms and conditions.
- The Lessee shall issue a building permit and begin implementing construction works within the period specified herein. If the Contract suspends during or after construction, the "Lessor" shall be promptly notified. In this case, the Lessee gets a suspension period, provided that this period does not exceed the period specified herein.
- The Contract will be canceled if the Lessee does not comply with the following procedures:
 - Commencing construction implementation within nine (9) months from the Contract's effective date.
 - The plans will be handed over and approved by the Lessor within six (6) months from the Contract's effective date.
 - Commencing production within two (2) years from the Contract's effective date.
- The Company shall allow the Lessor's employees to enter the land at any time and provide the same with the required information and documents.
- The Lessee shall provide health protection for the factory's workers, and not to accommodate them inside the factory.
- The Lessee shall provide comprehensive insurance against fire and other risks for the premises, facilities, and equipment built on the leased land for their total value, as well as third-party insurance with one of the insurers licensed in the Kingdom. The Lessor shall be annually provided with a copy of the insurance policy and proof of its validity throughout the Contract period. The Lessor's prior written consent shall be obtained for the insurance policy under termination.
- In the event of suspension after the start of production, the Lessee shall notify the Lessor immediately, explaining the date and reasons for the suspension, and specifying an expected date for the resumption of production, provided that the period of suspension does not exceed the period specified for the actual suspension of production. If the Lessee needs more time, another request shall be submitted to the Government Authority, which shall be entitled to reject or approve, taking into account the reasons for extending the suspension period.
- Payment of financial liabilities.
- The Lessor shall not exploit the vacant spaces for purposes not approved in the plans.
- The Lessee shall keep the land and its facilities and assets free of any mortgage, lien, claim, guarantee, or any other type of similar claims. The Lessee shall not be entitled to assign this Contract or the interests resulting therefrom or transfer any of it that is acquired under this Contract without obtaining prior written consent from Modon. In the event that the land is withdrawn or the Contract is cancelled, the Lessor shall pay the mortgage or its equivalent to any party, whatever it may be.
- In the event of the expiration or cancellation of this Contract, the Lessee shall return and hand the land over to the Lessor free of any encumbrances within the period specified herein from the date of being notified of the eviction. In the event of non-compliance, the Lessor shall be entitled to confiscate and remove all assets at the Lessee's expense and shall be entitled to demand any compensation.

Source: The Company

9-6-4-2 Other Lease Contracts

- The Company has (13) valid lease contracts as of the date of this prospectus in its capacity as a lessee which are offices, showrooms, shops, and workers' accommodation, in order to practice its activity.
- These contracts stipulate an annual rental amount that the Company pays the lessor and they are considered invalid if the lessee is late in paying the rent, and the lessee is not entitled to change the method of using the leased property or the activity without the consent of the lessor. The following is a list of the Company sites lease contracts and their most important details:

Table No. (88): List of Valid and Renewed Lease Contracts for the Sites Occupied by the Company

| # | Lessor Name | Lessee/ Investor | Property Location | Property Type | Contract Term | Starting Date | Ending Date | Comments |
|---|-------------|---|--|---------------|---------------|--|--|--|
| 1 | Lessor 1 | Naseej International Trading Company (listed joint stock company) | King Faisal bin Abdul Aziz Road, 6051, 3346, 82773 | Warehouse | (1,825) days | 08/06/1444H (corresponding to 01/01/2023G) | 03/08/1449H (corresponding to 31/12/2027G) | The contract is not considered an executive deed due to the presence of additional terms or conditions. Electronically registered contract |
| 2 | Lessor 2 | Naseej International Trading Company | Al-hajj, 24224, Makkah Al-Mukarramah, 4413, 7332 | Shop | (364) days | 08/06/1444H (Corresponding to 01/01/2023G) | 18/06/1445H (corresponding to 31/12/2023G) | Electronically registered contract |



| | | | | | | | | |
|----|-------------------|---|--|--|---|---|---|--|
| 3 | Lessor 3 | Naseej International Trading Company | Almargab 7990, 2936, 52359,15 | Shop | (1825) days | 22/05/1444H (Corresponding to 16/12/2022G) | 17/07/1449H (corresponding to 15/12/2027G) | Electronically registered contract |
| 4 | Government Entity | Abdullah and Nasser Abdul Aziz Al Sorayai Joint Company | Plot No.7 of Plan No. 1332, Hail | Mall | 25 years | 09/03/1429H (corresponding to 17/03/2008G) | 08/03/1454H (corresponding to 16/06/2032G) | -- |
| 5 | Government Entity | Al Sorayai Trading and Industrial Group Co. | Skaka | Warehouse | (25) years | 13/09/1431H (corresponding to 23/08/2010G) | 12/09/1446H (corresponding to 12/03/2025G) | Contract unregistered electronically |
| 6 | Lessor 4 | Naseej International Trading Company | Industrial City, 52359, Buraidah, Al Qassim 2855, 7926 | Commercial shop | One thousand eight hundred twenty-five (1,825) days | 01/05/1442H (corresponding to 16/12/2020G) | 24/06/1447H (corresponding to 15/12/2025G) | Contract No. 300002638280/1 Electronically registered contract |
| 7 | Lessor 4 | Naseej International Trading Company | Industrial City, 52359, Buraidah, Al Qassim 2855, 7926 | Open-air mall (plaza) -residential building (first floor) | One thousand eight hundred twenty-five (1,825) days | 01/05/1442H (corresponding to 16/12/2020G) | 24/06/1447H (corresponding to 15/12/2025G) | Contract No. 300002638 302/2 Electronically registered contract |
| 8 | Lessor 4 | Naseej International Trading Company | Industrial City, 52359, Buraidah, Al Qassim 2855, 7926 | Open-air mall (plaza) -residential building (commercial shop) | One thousand eight hundred twenty-five (1,825) days | 01/05/1442H (corresponding to 16/12/2020G) | 24/06/1447H (corresponding to 15/12/2025G) | Contract No. 300002638 316/1 Electronically registered contract |
| 9 | Lessor 4 | Naseej International Trading Company | Industrial City, 52359, Buraidah, Al Qassim 2855, 7926 | Open-air mall (plaza) -residential building (commercial shop) | One thousand eight hundred twenty-five (1,825) days | 01/05/1442H (corresponding to 16/12/2020G) | 24/06/1447H (corresponding to 15/12/2025G) | Contract No. 300002638925/1 Electronically registered contract |
| 10 | Lessor 5 | Naseej International Trading Company | Industrial City, 52359, Buraidah, Al Qassim 2855, 7926 | Shop No. 1 | One thousand ninety-four (1,094) days | Starting on 10/04/1442H (corresponding to 25/11/2020G) | Ending on 10/05/1445H (corresponding to 24/11/2023G) | Contract No. 20515456153/4 Electronically registered contract |
| 11 | Lessor 6 | Naseej International Trading Company | Zuhayr bin Abi Sulma 32275, 8964, 3228 | Warehouse No. 4H and administrative office -warehouse No. 3H -warehouse No. 2H | (364) days | 08/06/1444H (corresponding to 01/01/2023G) | 18/06/1445H (corresponding to 31/12/2023G) | Contract No. 120931516213 Electronically registered contract |
| 12 | Lessor 7 | Naseej International Trading Company | Jeddah, Makkah Al-Mukarramah 23443, 3356, 7696 | Open-air mall, shop No. (7) | (1,825) days | 28/05/1443H (corresponding to 01/01/2022G) | 22/07/1448H (corresponding to 31/12/2026G) | Contract No. 20080523455/2 Electronically registered contract |



| | | | | | | | | |
|----|----------|--------------------------------------|-------------------|--------------------------------|------------|--|--|--|
| 13 | Lessor 8 | Naseej International Trading Company | 32245, 4102, 7689 | Residential apartment No. (4A) | (364) days | 19/06/1444H (corresponding to 12/01/2023G) | 29/06/1444H (corresponding to 11/01/2024G) | Contract No. 10281083030 Electronically registered contract. The contract was renewed. |
|----|----------|--------------------------------------|-------------------|--------------------------------|------------|--|--|--|

Source: The Company.

- Legal persons with whom the Company deals as a lessee do not have any direct or indirect relationship with the members of the Board of Directors. It shall be noted that the Council of Ministers Decision No. 292 dated 16/05/1438H (corresponding to 13/02/2017G) states that any lease contract unregistered in the electronic network is not considered a valid contract that produces its administrative and judicial effects. Since the electronic network of rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439H (corresponding to 03/02/2018G), a Ministry of Justice circular was issued approving its application to all contracts concluded after 05/05/1440H (corresponding to 11/01/2019G). As of the date of this Prospectus, the above lease (14) contracts were not registered in accordance with the requirements of the Minister of Justice circular.

9-6-5 Shipping and Transportation Agreements

- The Company has entered into a number of shipping and transportation agreements with other parties for the transfer and shipment of goods and parcels and the delivery of goods according to the following:

Table No. (89): Summary of Shipping and Transportation Agreements

| # | Agreement Date | First Party | Second Party | Agreement Subject | Agreement Term | Comments |
|---|--|---|---|---|--|---|
| 1 | 26/10/1441H (corresponding to 18/06/2020G) | Al Sorayai Trading and Industrial Group | Aramex - Saudi Tal Trading and Contracting | Agreement for the transport of non-postal documents and parcels | Unlimited term (open agreement on demand) | The agreement is still valid and transactions are carried out through the electronic service mechanism against the invoice from the company's account |
| 2 | 19/12/1441H (corresponding to 09/08/2020G) | Naseej International Trading Company | Snas Postal Establishment | Logistic services agreement (delivery of goods, domestic or international express transportation) | 2 years, subject to extension by agreement of the parties | The agreement is still valid and transactions are carried out through the electronic service mechanism against the invoice from the company's account |
| 3 | 27/01/1445H (corresponding to 14/08/2023G) | Naseej International Trading Company | Sherifa Abdou Mohammed Mqrbes (Owner of Morganet Alsahel) | The second party loads and transports the goods/products of the first party to the specified cities and locations with vehicles and trucks provided and equipped by the second party. | One (1) Gregorian year starting from 01/09/2023G and ending on 31/08/2024G | The contract may not be renewed for a similar period except by written agreement between the parties. |

Source: The Company.



9-6-6 Service Contracts

While exercising its activity, the Company entered into a number of contracts to provide maintenance services, installation of safety and security systems, maintenance of fire and pest control systems, and consulting services, the value of which was determined according to the concluded agreement, according to the following details:

Table No. (90): Summary of Services Contracts

| # | First Party | Second Party | Contract Purpose | Contract Date | Contract Term | Renewal |
|--------------------------------------|--|---|--|---|--|--|
| 1 | Naseej International Trading Company | Experience Mark for Safety & Security Tools | The second party performs the necessary periodic preventive maintenance for the (fire alarm and fire-fighting) systems of the company's sites in the industrial zone in Jeddah. | 09/08/1444H (Corresponding to 01/03/2023G) | One Gregorian year, maintenance period starting from 01/03/2023G and ending on 01/03/2024G | The contract shall be renewed automatically unless terminated. The contract is still valid |
| 2 | Technology Development Establishment for Safety & Security | Naseej International Trading Company | The first party provides maintenance services for fire systems with periodic visits and prepares technical reports showing the status of safety systems for the second party's warehouse located in Sakaka, Al-Jouf. | 01/11/1444H (corresponding to 21/05/2023G) | 30/10/1445H (corresponding to 09/05/2024G) | It may not be renewed except by written agreement between the parties. The Company is working on renewing it. |
| 3 | Naseej International Trading Company | Saudi T.K.T Air Conditioning Co. Ltd. | Provide maintenance services on the HVAC system in the party's properties. | 10/07/1444H (Corresponding to 01/02/2023G) | 19/07/1445H (corresponding to 31/01/2024G) | The contract is automatically renewed for similar periods till terminated by either party, by providing advance notice for one month. The contract was renewed automatically and is still valid |
| 4 | Naseej International Trading Company | AL-NAQIL AL-TAQNI For Information Technology | The second party loads and transports the goods/products of the first party to the specified cities and locations with vehicles and trucks provided and equipped by the second party. | 29/02/1444H (corresponding to 25/09/2022G) | The contract may not be renewed except by a written agreement between the parties | One (1) Gregorian year starting from 25/09/2022G and ending on 25/09/2023G |
| 5 | Naseej International Trading Company | ARCOMA | Preventive maintenance of the First Party's compressed air plant | January 2023G | December 2023G | |
| 6 | Nour Net | Naseej International Trading Company | Service management, data management, computing, communication, cybersecurity, collaboration | 03/08/1443H (Corresponding to 06/03/2022G) | - | The Contract is effective – according to Article (4.2) of the Contract, (upon the expiry of 12 months, service shall be automatically renewed unless the service provider provides a written notice of non-renewal 90 days before the expiration of the original or additional period). Therefore, the agreement was automatically renewed and shall end on 05/03/2024G |
| 7 | Safety Owners Company | Warehouse of Naseej International Trading Company | Maintenance of fire systems with periodic visits. Prepare technical reports showing the status of safety systems, approve (Salama) requests through the civil defense electronic portal, and submit the required periodic reports. | 08/11/1443H (corresponding to 07/06/2022G) | - | Renewed under a new contract for a period starting from 29/12/1444H (corresponding to 17/07/2023G), and ending on 11/01/1446H (corresponding to 17/07/2024G). |
| Consulting Services Contracts | | | | | | |
| 8 | El Sayed El Ayouty Office | Naseej International Trading Company | Auditor appointment contract to examine, review, and audit the financial statements for the Q2, Q3, Q4, and annual quarters of the FY 2021G and the Q1 of 2022G. | | Starting from 27/09/1442H (corresponding to 09/05/2021G) | It shall be noted that the first party was appointed as the Company's auditor based on the recommendation of the Audit Committee to examine, review, and audit the financial statements for the Q2, Q3, and annual statements of FY 2023G and the Q1 of FY 2024G according to the minutes of the General Assembly meeting held on 13/10/1444H (corresponding to 03/05/ 2023G). |



| | | | | | |
|----|---|--------------------------------------|---|--|---|
| 9 | Tahalof Engineering Consultants Company** | Naseej International Trading Company | The second party provides all engineering services to approve the general location and safety plans regarding the textile company's factory project, located in the First Industrial City, Jeddah, with a space of (44,178) m2. | Starting from 23/09/1443H (corresponding to 24/04/2022G) | Unlimited contract that ends upon the task completion |
| 10 | Tahalof Engineering Consultants Company** | Naseej International Trading Company | The second party provides all engineering services to approve the general location and safety plans regarding the textile company's factory project, located in the First Industrial City, Jeddah, with a space of (44,778) m2. | Starting from 23/09/1443H (corresponding to 24/04/2022G) | Unlimited contract that ends upon the task completion |
| 11 | Tahalof Engineering Consultants Company** | Naseej International Trading Company | The second party provides all engineering services to approve the general location and safety plans regarding the labor accommodation inspection project, the First Industrial City, Jeddah, built on an area of (2002) m2. | Starting from 23/09/1443H (corresponding to 24/04/2022G) | Unlimited contract that ends upon the task completion |
| 12 | Tahalof Engineering Consultants Company** | Naseej International Trading Company | The second party provides all engineering services to approve the general location and safety plans regarding the textile company's factory project, located in the First Industrial City, Jeddah, with a space of (38,422) m2. | Starting from 23/09/1443H (corresponding to 24/04/2022G) | Unlimited contract that ends upon the task completion |
| 13 | Tahalof Engineering Consultants Company** | Naseej International Trading Company | The second party provides all engineering services to approve the general location and safety plans regarding the textile company's factory project, located in the First Industrial City, Jeddah, with a space of (34,441) m2. | Starting from 23/09/1443H (corresponding to 24/04/2022G) | Unlimited contract that ends upon the task completion |

Source: The Company.

*Renewal under progress.

** Work is still in progress to study the sites in order to provide the Company with the required engineering plans

9-6-7 Supply Contracts and Secondment Agreements

The Company has entered into 3 agreements in order to benefit from the services of foreign workers who are not under its guarantee; the supplying Company bears all the expenses related to this labor, including housing, transportation, residence fees, and medical insurance, as follows:

Table No. (91): Summary of Supply Contracts and Secondment Agreements

| # | Agreement Date | Entity | Agreement Subject | Agreement Term | Comments |
|---|--|---|---|--|---|
| 1 | 20/01/1442H (corresponding to 08/09/2020G) | Safwan Business Corporation for General Contracting | Labor supply agreement | The contract term is unlimited, effective from 20/01/1442H (corresponding to 08/09/2020G) renewable. | The contract is still valid and an annex thereof was signed on 26/08/1443H (corresponding to 29/03/2022G) |
| 2 | 13/12/1441H (corresponding to 03/08/2020G) | Fahad Al Gharbia General Contracting Est. | Labor Insurance Services Contract | One year from the signing date on 13/12/1441H (corresponding to 03/08/2020G) and ending on 22/12/1442H (corresponding to 03/08/2021G). | Automatically renewable for the same period. The contract was not renewed. |
| 3 | 15/10/1443H (corresponding to 16/05/2022G) | Qiwa Al Mwarid for Operation and Maintenance | Qiwa Al-Mwarid Company supplies fifty (50) workers (machine operators) to Naseej International Trading Company factory. | Two (2) Gregorian years starting from the date of the worker's entry into the Kingdom. Considering that the workers were present within the Kingdom at the time of concluding the contract, the contract is valid till 08/11/1445H (corresponding to 16/05/2024G). | The contract may not be renewed except by a written agreement between the parties. If either party wishes to renew the contract, it shall notify the other party in writing of the desire to renew this contract no less than (30) days before its expiration date. If the second party wishes to extend this contract for a period exceeding the contracted period, the first party shall be notified of the required extension period in writing (30) days before the end of the contract. |

Source: The Company.



9-6-8 Sales Contract

- The Company has entered into a sales contract for the waste produced from its factories as per the following:

Table No. (92): Summary of the Sales Contract

| # | First Party | Second Party | Contract Purpose | Contract Date | Contract Term | Contract Value |
|---|--------------------------------------|------------------|--|---|--|--|
| 1 | Naseej International Trading Company | Contracted Party | The second party purchases the waste produced from the factories of the First Party on a weight basis. | 15/05/1444H (Corresponding to 19/12/2022G) | One Gregorian year starting from 25/05/1444H (corresponding to 19/12/2022G) and ending on 06/05/1445H (corresponding to 19/12/2023G) | The unit price per ton was determined for each type of industrial waste. |

Source: The Company.

9-6-9 Loans and Facilities

- The Company has a number of loan and credit facilities agreements to support its activities and projects, according to the following details:

Table No. (93): Summary of Loans and Credit Facilities

| Funder | Loan or Facility Expiry Date | Credit Limit (SAR) | Short Term Loans | Long Term Loans | Amounts Paid* (SAR) | Remaining Amounts* (SAR) |
|---|------------------------------|--------------------|-------------------|--------------------|---------------------|--------------------------|
| Loan Agreements | | | | | | |
| Saudi National Bank | 30/09/2023G | 27,388,134 | 12,000,000 | 15,388,134 | 2,111,102 | 25,934,068 |
| Riyad Bank | 31/12/2030G | 120,904,000 | 5,000,000 | 110,603,500 | 8,470,545 | 106,703,091 |
| SABB Bank** | 31/07/2023G | 12,555,296 | - | 12,555,296 | 3,340,000 | 9,215,296 |
| Industrial Development Fund | 14/07/2026G | 28,357,000 | - | 28,357,000 | 1,750,000 | 20,907,000 |
| Al Rajihi Bank | 31/10/2023G | 27,000,000 | - | 27,000,000 | 26,000,000 | 27,000,000 |
| Credit Facility Agreement in the form of a zero-interest loan | | | | | | |
| Ministry of Finance | 01/06/2022G | 34,442,418 | 15,000,000 | 19,442,418 | 2,206,814 | 20,235,604 |
| Total | | 250,646,848 | 32,000,000 | 213,346,348 | 41,671,647 | 209,995,059 |

Source: The company.

*As of 31 December 2022G,

**The Agreement shall expire as stated above on 31/07/2023G, and the Company seeks to repay the loan before 31/08/2023G.

The following are the highlights of these loans and agreements:



9-6-9-1 As for the Agreement with Saudi National Bank

- The First Party had previously provided credit facilities to the Second Party under the Trade Financing and Banking Services Agreement and annexes thereof signed on 14/02/1440H (corresponding to 23/10/2018G), which had expired on 31/08/2019G (the Basic Agreement).
- There is a renewal and/or amendment agreement for financing and banking services dated 24/03/1444H (corresponding to 20/10/2022G) with a total amount of facilities SAR (27,388,134.11), and the Agreement shall expire on 15/03/1445H (corresponding to 30/09/2023G).
- This agreement shall not be renewed or amended except by a written agreement between the Parties or by a decision of the Bank in the event that the Customer violates any of the terms and conditions of this Agreement.

There is a statement of the facilities shown in a table, and they are of 3 types:

1. Commercial facility with a limit of SAR (21,993,703.07) due on 31/12/2020G.
2. One-time commercial facility (confirmation of commitment) with a limit of SAR (7,378,092.97) due on 31/12/2020G.
3. One-time commercial facility with a limit of SAR 5,479,231.13 due on 31/05/2022G.

The Customer shall irrevocably authorize the Bank and without restriction to represent the Customer and act on its behalf as the following: (this authorization shall remain in effect for the entire financing period specified in the Agreement, the statement of facilities, and the Murabaha sale contract for the purpose of facilitation, and any subsequent renewal of any of the aforementioned.

- Sign the Murabaha sale contract(s) for the purpose of Tawarruq.
- Sign a sales agency for third parties.
- The Bank shall notify the Customer in writing or through the means of communication stated in the concluded purchase and sale transaction(s) and the installment payment schedule by registered mail, e-mail, fax, and/or sending a text message to the Customer's mobile phone. Upon sending the notice by the Bank to the Customer at the address shown in the correspondence clause, such sending shall deem as legal evidence that the Customer received the notice.
- The statement of facilities, the annexes and attachments of this agreement, any contracts and payment schedules thereto, and/or subsequent documents concluded by the Parties or their representatives, or agreed upon by all means of communication agreed upon between the Parties or their representatives, according to the requirements of implementing financing and/or banking services and as the Bank deems appropriate to implement this Agreement shall constitute an integral part of this agreement and collectively referred to as the "Agreement".
- The Bank's lack of communication to claim the overdue instalments owed by the Customer shall not constitute a grace to the Customer or waiver of any right, any precautionary proceeding, or attachment over the Customer's fixed and movable funds.
- The Customer shall provide the Bank with the financial statements at the end of each fiscal year and all information related to the Customer's financial position.
- The Bank has the right from time to time to change profit margins and fees for all its services such as credits, collection, and guarantees.
- The amounts paid in accordance with this Agreement, such as the profit margin or any charges or fees, do not include the amounts related to the value-added tax.
- The Customer acknowledges that all the accounts with the Bank, regardless of their type, shall be considered a single account and a guarantee for each other under whatever name. The Customer shall authorize the Bank to merge such accounts or unify all or some of them and to carry out clearing between its balances at any time as the Bank deems appropriate and without referring to the Customer. As such the Bank is authorized to deduct the debit balances of any of such accounts or freeze until fulfilment, clearing, or deducting the debit balance. The Bank is also authorized to seize and dispose by selling, in any way it deems appropriate, through any amounts, any financial or commercial securities, real estate assets, tradable instruments, any other money or property, and/or shares belonging to the Customer that are held by the Bank, any of its branches and/or SNB Capital.
- The Customer has no right to transfer any obligations or assign them to third parties without obtaining prior written approval from the Bank.
- In the event of delay or failure to fulfil any of the Customer's obligations, the Customer shall relieve the Bank from any responsibility for damages that occur to the Customer as a result of disclosing or exchanging any financial or credit information related to the Customer with third parties by the Bank or due to placing the Customer's name on the lists of the Saudi Credit Bureau (SIMAH) or other.
- The Customer undertakes to notify the Bank in writing, by registered letter, without delay, of any change to its address and legal, financial, or administrative status, within a period of no less than 30 business days before the change.
- According to the financial statements of 2022G, the Company restructured during the year the loan from AL Ahli Bank amounting to SAR (27,300,000) in order to finance its operations, which was fully used as of 31 December 2022G. This loan is subject to adding SIBOR rate plus (2.25) and (2.5), it is also guaranteed by promissory notes and contains some warrants that require - among others- maintaining certain financial ratios. The loan shall be payable on 30 September 2023G.

1. The liquidity ratio shall not be less than 1.1.
2. The maximum leverage ratio shall not exceed 1:2.5.
3. Profits shall not be distributed without the approval of Al Ahli Bank.
4. The days in inventory shall not exceed (270) days based on the audited financial statements.
5. The Company's sales referred to its account with the Bank shall be equal to the Bank's share.
6. The Bank shall be equal to other banks -lenders- in terms of conditions and guarantees.
7. The Bank shall be equal to other banks -lenders- in terms of conditions and guarantees during the restructuring period. In the event of a breach of the condition or acceleration of repayment to another lender, the total facilities shall be considered due and payable immediately.

Annexes and guarantees

1. There is a promissory note amounting to SAR (38,336,159.58) issued on 05/01/1442H (corresponding to 24/08/2020G).
2. A statement of existing liabilities as of 31/07/2020G.
3. There is a promissory note amounting to SAR (30,126,947.52) issued in the name of Naseej International Trading Company, a Saudi joint stock company listed on 24/03/1444H (corresponding to 20/10/2022G), and approved by the debtor's guarantors, Jeddah Industrial Yarn Factory (branch of Naseej International Trading Company), Al-Sorayai Operation and Maintenance Company Ltd. (One Person Company), Al-Sorayai Projects Co. (One Person Company), Home Styles Limited, and Al-Sorayai Carpet Factory, a branch of the Naseej International Trading Company.
4. Statements of existing liabilities issued by Al Ahli Bank
5. Representation and warrant by Wael Saad Abdul Aziz El Rashed of facilities amounting to SAR (27,388,134.11) to the Bank on 24/03/1444H (corresponding to 20/10/2022G).



9-6-9-2 As for the Agreement with Riyad Bank

- On 05/07/2020G, a Financing Agreement was entered between Riyad Bank (the First Party) and Naseej International Trading Company (the Second Party), due to the Second Party's desire to benefit from the services of the First Party by obtaining finance to be paid in deferred instalments.

- The First Party has set a maximum limit for financing the various transactions of the Second Party in an amount of SAR (181,843,000) in accordance with the limits set forth in the Agreement, provided that this Agreement shall be effective from the date of its issuance and expire on 05/07/2023G, as per the following details and conditions:

Significant Claim Rights:

- The Bank has the right to claim payment of the remaining balance of financing instrument instalments (unpaid) in the event that the Customer (the Second Party) amends the legal form, ownership, or management structure of the Customer, his guarantors, warrantors and/or one of the subsidiaries/associates or take any decisions that would affect their obligations with the Bank or that would affect the bank's guarantees without consulting and obtaining prior written approval from the Bank.

Significant Customer Responsibilities:

- Any change to the Customer's entity, whether in terms of the legal form, partners and the limits of their responsibilities, capital, obligations from third parties, activity, eligibility, capacity, and its legal representatives/limits of their powers, or otherwise, shall not affect in any way the validity of this Agreement. The Customer shall notify the Bank as soon as this change and the registration procedures are made, and submit the legal documents indicating this to the extent acceptable to the Bank, in addition to immediately signing documents and providing any other guarantees requested by the Bank.

It shall be noted that on 12/09/1444H (corresponding to 03/04/2023G), the Company notified Riyad Bank of the capital increase through offering Rights.

- The Customer shall provide the Bank with any other information related to its business and financial position as required from time to time.

- The Customer shall irrevocably warrant not to mortgage or sell any of his properties until all dues are paid to the Bank and after obtaining written approval from the Bank.

- The Customer shall pay all the salaries and entitlements of his employees without delay on a continuous basis.

- The Second Party undertakes to obtain a cooperative insurance policy on its mortgaged assets in favor of the First Party against all risks and to provide the First Party with a copy thereof. The Second Party also undertakes to waive in favor of the First Party an amount equivalent to the debt owed by the Second Party from the amount of the cooperative insurance compensation, and any amounts exceeding that shall be in favor of the Second Party. If the Second Party does not issue the aforementioned policy, the First Party shall do so on its behalf and deduct all costs incurred from the current account of the Second Party with the Bank.

- The Customer may not assign this Agreement or any rights arising therefrom to third parties, in whole or in part, except with the prior written approval of the Bank. The assignment shall be implemented within the limits of this approval -if any- and so that the Customer is still to be committed to the assignee, jointly, to implement this Agreement with all its obligations.

Significant Obligations of the First Party:

- The First Party (the Lessor) shall insure the leased properties with cooperative insurance at its own expense and in his favor in his capacity as the owner of the property, and the Second Party (the Lessee) shall adhere to all the terms and conditions of the insurance policy that the Lessor issued for this purpose. Accordingly, the Lessee shall be responsible for any losses or damages that occur to the Lessor if Insurance coverage was not provided due to violation or negligence of the Lessee.

On 05/0075/2020G, an Agreement to open letters of credit and issue letters of guarantee was signed between the Parties, due to the Second Party's desire to benefit from these banking services by obtaining products for issuing letters of guarantee of all kinds and/or opening letters of credit in all their forms to meet its obligations.

The Highlights of this Agreement:

- The Customer shall, at his own expense, obtain and submit to the Bank all licenses, approvals, papers, and documents that laws, regulations, or customs require to be issued by various government entities or otherwise, whether with regard to opening credit (such as import licenses, etc.), customs clearance, or any procedure necessary to complete the implementation of credit, whether required locally or globally, regardless the time of request, even after the effective date of the credit.

- The Customer shall not insure the goods subject to the credit under Takaful insurance. In this case, the Customer shall be fully responsible for any damage that occurs to the goods, so the Bank has the right to debit the value of the Letters to the Customer's account(s) at any of its branches, without objection from the Customer on dealing only with the letters of credit, without the goods, and without being obligated to complete the Takaful insurance procedures thereon.

On 05/07/2020G, an Islamic Hedging Agreement for foreign currencies was signed, by entering into a Tawarruq transaction with the First Party for a specific period and using the amount resulting from the Tawarruq transaction to pay the current purchase cost when purchasing the hedged currency then deposited it in the Islamic Return Account with the First Party, within the same period specified in the Tawarruq transaction (which is the hedged period). This Agreement shall be effective from the date of its issuance and expire on 05/07/2023G.

- According to the financial statements of 2022G, the Company restructured during the year the loan from Riyad Bank amounting to SAR (120,900,000) in order to finance its operations, which was fully used as of 31 December 2022G. This loan is subject to adding SIBOR rate plus (2,000,000) million and it is guaranteed by promissory notes. The loan shall be payable on 31 December 2030G.

The Highlights of this Agreement:

The Second Party may not assign this Agreement to third parties, or any rights arising therefrom, in whole or in part, except with the prior written approval of the First Party. The assignment shall be implemented within the limits of this approval -if any- and so that the Second Party is still to be committed to the assignee, jointly, to implement this Agreement and all its obligations.

The Contract Annexes include the following:

- A power of attorney to sell, receive the price, and deliver the sold item, in accordance with the Financing Agreement entered into between the Company and Riyad Bank on 05/07/2020G, and signed by the principal (authorized signatory) on behalf of Naseej International Trading Company, Mr. Saleh Nasser Abdulaziz Alsorayai.

- An acknowledgment of responsibility for obligations and an authorization for payment dated 13/07/2020G, requiring the principal (Mr. Saleh Nasser Abdulaziz Alsorayai) to bear any debts owed by Al Sorayai Trading and Industrial Group Co. Ltd, which became Naseej International Commercial Company, a listed joint stock company, with reference to the banking facilities granted from Riyad Bank to Al Sorayai Trading and Industrial Group Co. Ltd.

- An acknowledgment of the validity of the transactions and receivable balances signed by Mr. Saleh Nasser Abdulaziz Alsorayai on 13/07/2020G, which confirms the registration of credit facilities with Riyad Bank under the name of Naseej International Trading Company (a listed Saudi joint stock company) currently, formerly known as Al Sorayai Trading and Industrial Group Co. Ltd.

- An Islamic Hedging Application signed by an authorized signatory for commitment on behalf of Naseej International Trading Company on 05/07/2020G.



- An annex to the Islamic Financing Agreement authorizing Riyad Bank to sign contracts and documents for implementing commercial tawarruq transactions, issued on 05/07/2020G, signed by Mr. Saleh Nasser Abdulaziz Alsorayai and attested by the Corporate Services, Western Region.

- A promissory note created at Jeddah on 14/11/1441H (corresponding to 05/07/2020G) of SAR (181,843,000), issued by Naseej International Trading Company, listed Saudi joint stock company, represented by Mr. Saleh Nasser Abdulaziz Alsorayai in his capacity as an authorized signatory for commitment on behalf of the Company.

9-6-9-3 As for the agreement with SABB Bank

- This agreement cancels the previous facilities agreement, SABB (A A A – 181518) dated 01/11/2018G.
- The price is calculated on the basis of an additional margin on the total cost of purchasing metals/commodities at the rate of (SIBOR + 3% annually) and for extended Murabaha financings (SIBOR + 3.5% annually) upon selling to the customer by virtue of the Murabaha sales contract for each Murabaha sale.
- At least 10% of the value of the extended and refinanced Murabaha financings shall be paid.
- A promissory note of SAR (25,000,000) shall be paid according to the amount of the indebtedness.
- (10%) of sales shall be directed to the account in SABB Bank
- A penalty rate of (4%) in excess of the basic rate shall be applied in case of any overdue payments or in excess of the current account.
- The bank's current base rate for the Saudi riyal is (5.5%) annually, subject to fluctuations based on the bank's discretion.
- According to the statements of 2022G, this loan was restructured, which was fully used for the Company's operations.

9-6-9-4 As for the agreement with the Ministry of Finance

- This agreement shall replace the amended facility agreement.
- The Borrower shall pay all amounts due by virtue of the facility on the date of termination to the account as the Lender may nominate in writing.
- All amounts borrowed by the borrower shall be paid directly by the lender to the account of local and foreign suppliers that shown in the local suppliers' invoice.
- The borrower shall repay each loan at the latest seven months.
- If the borrower gives the lender at least (5) business days, he may send prior notice of cancellation of all or part of the payment (1,000,000 as a minimum).
- The Borrower may not repay or pay in advance all or any part of the Loans or cancel all or any part of the Available facilities except at the times and in the manner expressly stipulated herein.
- No amount of the cancelled facilities hereunder may not be refunded.
- The lender may disclose to any of the subsidiaries and any other person:
 1. To whomever the lender appoints or transfers its rights or duties thereto hereunder.
 2. Upon entering into any original or subsidiary participation related to the present agreement.
 3. To whom and to what extent the Agreement requires and permits disclosure of information by virtue of any applicable law or hereunder.
 - The borrower may not assign any of the rights thereof, amend any of the terms of the agreement, transfer any of the rights thereof, or transfer any of the rights or obligations thereof by virtue of the financing documents without the consent of the lender.
 - According to the statements of 2022G, during the year 2021G, the company obtained short-term credit facilities from the Ministry of Finance in the form of an interest-free loan of SAR (34,000,000), which may be used to pay the invoices of local and foreign suppliers.
 - Attachments and guarantees:
 1. Appendix titled Previous terms
 2. Application of use.
 3. A form of promissory note.
 4. Attachment No. 4, which is a table of the names of approved local and foreign suppliers.
 5. Attachment No. 5 titled the amended facilities agreement, but it is devoid of any provision or clauses.

9-6-9-5 As for the agreement with the Industrial Development Fund

Loan Contract No. 2347, Loan Contract No. 2339, and Loan Contract No. 1478, second consolidated:

Facilities terms:

- The borrower shall insure the project at its own expense in insurance companies approved by the Fund and in pursuant to what the Fund is satisfied with in terms of the value of the insurance, risks related to the project, restrictions and reservations.
- Whenever the borrower wishes to withdraw part of the loan amount by virtue of this contract, the borrower shall send to the Fund five business days prior to the proposed date of such withdrawal a written notice, mail, fax or telex effective upon receipt, indicating the proposed date and amount of the withdrawal.
- The Fund shall pay the value of each withdrawal in exchange for a promissory note issued and delivered by the borrower to the Fund in an amount equal to the withdrawn premium, which is due for payment on the withdrawal end date.
- Without the consent of the fund, the borrower may not:
 1. Merge or consolidate with any person or entity.
 2. Sell, lease, transfer, or otherwise dispose of all or a substantial part of the project or the financial assets thereof, whether currently owned or what will become his property in the future.
 3. To acquire or incur all or a substantial part of the assets and debts of any person or entity.



- The customer shall not assign or transfer to others any of the rights arising thereunder and the contracts for granting facilities except after obtaining written consent from the Fund.
- After starting the project's commercial operations, the borrower shall maintain a ratio of current assets to current liabilities to no less than the working capital percentage, which is set at one to one throughout the term of the loan.
- The ratio of total liabilities to net tangible value shall not exceed three to one throughout the term of the loan.
- There are no restrictions on the profits allocated for distribution provided that the borrower continues to oblige to the terms and conditions of the Fund's loan agreement.
- There are no restrictions on capital expenditures provided that the borrower continues to oblige to the terms and conditions of the Fund's loan agreement.
- Profits shall be distributed after deducting the accumulated losses, except that the borrower shall oblige not to declare to pay, disburse, or distribute any profits or funds of the same nature as profits in the following cases:
 1. If an event of default occurs and continues as set forth in Article 11, or a circumstance that, in conjunction with the provision of notice, over time, or under any other circumstances, creates a similar event of default.
 2. Prior to the first maturity of one of the final promissory notes pursuant to Article 4.
 3. If the total of such payments, profits and funds distributed for any fiscal year of the borrower (the relevant year) exceeds the total of (a) the maximum profits allowed to be distributed (b) an amount equal to any accelerated payment to the Fund in the relevant year by virtue of Article Five.
- The borrower shall notify the Fund immediately and in writing of any case of dispute, proceeding, or administrative procedure, and of the updates of such case.
- The borrower may not make any substantial changes to the project as stated in the project description without obtaining the Fund's written approval.
- No change may be made in the legal description of the borrower or the persons who constitute the borrower without prior written approval from the Fund.
- During the year 2022G, the Group obtained long-term loans of SAR (28,300,000) from the Saudi Industrial Development Fund. The first premium was due on 31 December 2022G, followed by monthly premiums. Such loan is secured by a mortgage on all the property and equipment of Jeddah Industrial Yarn Factory. The purpose of the said loan is to finance the expansion of Jeddah Industrial Yarn Factory and rug factories. The loan agreement includes some undertakings, including maintaining certain financial percentages and maintaining a minimum level of tangible solvency and a minimum of liquidity.
- Attachments and guarantees:
 - Appendix A, which is a description of Al Sorayai Carpet Factory project
 - Appendix (B), which is a form of promissory note
 - Appendix (C), which is a mortgage bond.

9-6-9-6 As for the agreement with Al Rajhi Investment Banking Company

- On 06/04/1444H (corresponding to 31/10/2022G), the company concluded a banking facilities agreement with Al Rajhi Investment Banking Company, whereas the total limits of the facilities granted amounted to SAR (27,000,000), including the undertakings of the Company, most notably of such undertakings:
 - Share issuance: The Company shall guarantee, and ask the obligors to guarantee, that no member of the Group shall issue any new shares or change any rights related to the issued shares thereof on its date, without obtaining prior written approval from the Bank.
 - Dividends: The Company shall guarantee, and ask the obligors to guarantee, that no member of the Group shall pay, distribute or announce dividends or any other distributions, without obtaining prior written approval from the bank.
 - No change in ownership any amendment to the capital of the Company or the guarantor shall not be made without prior written approval from the bank.
 - It shall be noted that on 10/04/2023G, the Company obtained a letter of non-objection from Al Rajhi Investment Banking Company requesting its non-objection to increase the capital by offering Rights.
 - Loans and Guarantees: The Company, on behalf of itself and the obligors, shall ensure that no member of the Group shall, without obtaining the prior written approval of the Bank, obtain any loans, grant any credit (except in the ordinary course of business) or provide any guarantee or indemnity (except as required hereunder) to the advantage of any person or voluntarily assume any liability, whether actual or conditional in respect of any liability of another person.
 - Notification of change in ownership: The Company shall immediately notify the Bank of any changes in the ownership of the issued capital of the obligor.
- A fine, payment, and commitment guarantee from Al Sorayai Carpet Factory, branch of the Naseej International Trading Company, Jeddah Industrial Yarn Factory, branch of the Naseej International Trading Company, Al Sorayai Operation and Maintenance Company Ltd. (One Person Company), Al Sorayai Projects Company (One-Person company), and Home Styles Company Ltd.
- According to the statements of 2022G, during the year the company restructured the loan from Al Rajhi Bank amounting to SAR (27,000,000) in order to finance its operation and it was fully used as of 31 December 2022G. The said loan is subject to adding the prevailing Saudi interbank interest rate (SIBOR) plus (1.75). It is secured by promissory notes that matures on October 31, 2023G.
- The first annex to the agreement included the main terms and conditions of banking facilities.
- The agreement includes:
 - A promissory note in the name of Naseej International Trading Company, a listed Saudi joint stock company, for an amount of SAR (30,124,738), dated 06/04/1444H (corresponding to 31/10/2022G), and approved as a fine and payment guarantee by the guarantors: (1) Al Sorayai Carpet Factory, branch of the Naseej International Trading Company, (2) Jeddah Industrial Yarn Factory, branch of the Naseej International Trading Company, (3) Al Sorayai Operation and Maintenance Company Ltd. (One Person Company), (4) Al Sorayai Projects Company (One-Person company), and (5). Home Styles Company Ltd.
- Forward sale agreement concluded on 06/04/1444H (corresponding to 31/10/2022G).



9-7 Company Properties

- The Company owns a property, namely a plot. The table below shows the property's deed:

Table No. (94): Details of the deed of the property owned by the Company

| Deed No. | Date | Location | Plot/ Plan/ No. | Area | Owner |
|--------------|--|-----------------------------|--|----------------------|---|
| 342112001855 | 13/11/1437H (corresponding to 17/08/2016G) | Al-Mada'in District in Hail | Plot No. (7990) of Plan No. (2020) located in the Al-Mada'in District in Hail. | (800) m ² | Al Sorayai Trading and Industrial Group Co. |

Source: The Company.

Except for the above-mentioned property, there are no properties registered in the Company's name.

9-8 Assets and Property

9-8-1 Fixed Assets

- According to the financial statements for the year ended 31/12/2021G, the book value of the Company's fixed assets amounted to (SAR 45,287,000), compared to (SAR 40,952,000) as of 31/12/2022G, which includes the value of freehold lands and buildings constructed on leased lands.
- The buildings include buildings with a net book value as of 31/12/2022G amounting to (SAR 20,349,000), constructed on a land leased from Jeddah Industrial City Administration at a nominal rent for 24 years beginning on 12 Ramadan 1409H for one plot and 28 Dhul-Q'adah 1411H for the other plot. Upon expiration, the leases may be renewed for similar periods at the Company's discretion. In addition, the Company has concluded lease agreements for additional lands to expand its carpet and textile factories for 25 years starting from 06/02/1427H (corresponding to 07/03/2006G).
- The buildings also include buildings with a net book value as of 31 December 2022G in the amount of (SAR 5,001,000), built on lands leased for periods ranging from 1 to 20 years in exchange for an annual rent of (SAR 70,000). Upon expiration, the lease contracts may be renewed for additional periods at the Company's discretion.

9-8-2 Movable Assets

According to the financial statements for the year ended 31/12/2021G, the book value of the Company's movable assets, namely machinery, equipment, tools, decor, furniture, fixtures, office equipment, and vehicles, amounted to (SAR 116,158,000), and (SAR 109,672,000) as of 31/12/2022G.

9-9 Trademarks and Intellectual Property Rights






- The Company has a logo (Naseej - نسيج)  registered with the Saudi Authority for Intellectual Property on 02/05/1442H (corresponding to 17/12/2020G) under the class (23), which is one of the trademark classes specializing in (yarns and threads used in textile). The application is still under process as of the date of publishing this Prospectus.
- It shall be noted that this trademark relates to the Company's main logo. If the Company's application is accepted and the trademark is registered, this will enable the Company to place its name and logo on the building facade or the offices and shops occupied by the Company, after registering the trademark and obtaining the necessary legal protection pursuant to the Law of Trademarks.
- The Company's branch, "Jeddah Industrial Yarn Factory", has (5) trademarks that have been registered with the Ministry of Commerce - Trademarks Department (the authority to register trademarks has been transferred to the Saudi Authority for Intellectual Property) under the class (23), which is one of the trademark classes specializing in (yarn and threads used in textile).
- The following table shows details of these trademarks:



Table No. (95): Trademarks of the Company's Branch

| # | Certificate No. | Registration Date | Company | Protection Start Date | Protection End Date | Class | Trademark |
|---|-----------------|--|-----------------------------------|--|--|-------|--|
| 1 | 1436006751 | 01/04/1436H (corresponding to 21/01/2015G) | Jeddah Industrial Yarn Factory | 24/03/1436H (corresponding to 15/01/2015G) | 30/03/1446H (corresponding to 03/10/2024G) | 23 |  |
| 2 | 1436006833 | 01/04/1436H (corresponding to 21/01/2015G) | Jeddah Industrial Yarn Factory | 27/03/1436H (corresponding to 18/01/2015G) | 30/03/1446H (corresponding to 03/10/2024G) | 23 |  |
| 3 | 1436006752 | 01/04/1436H (corresponding to 21/01/2015G) | Jeddah Industrial Yarn Factory | 24/03/1436H (corresponding to 15/01/2015G) | 30/03/1446H (corresponding to 03/10/2024G) | 23 |  |
| 4 | 1436006766 | 01/04/1436H (corresponding to 21/01/2015G) | Jeddah Industrial Yarn Factory | 24/03/1436H (corresponding to 15/01/2015G) | 30/03/1446H (corresponding to 03/10/2024G) | 23 |  |
| 5 | 1436006750 | 01/04/1436H (corresponding to 21/01/2015G) | Jeddah Industrial Yarn Factory | 24/03/1436H (corresponding to 15/01/2015G) | 30/03/1446H (corresponding to 03/10/2024G) | 23 |  |

Source: The Company.

*Applications have been submitted to transfer ownership of trademarks from (Jeddah Industrial Yarn Factory) to (Naseej International Trading Company)

- It shall be noted that the Company does not have any intangible assets except for its trademark as of the date of this Prospectus.
- The Company shall not be responsible for registering its website www.al-sorayai.com with the Communications, Space & Technology Commission. Accordingly, the Company has not secured its protection and prevented its violation and use by third parties, who may resort to adding only one phrase (.sa).

9-10 Insurance Policies

- The Company and its branches and subsidiaries have several insurance policies to prevent some risks and protect its assets and properties. The insurance policies include the following:

9-10-1 Health Insurance Policy

- Naseej International Trading Company has entered into a Health Insurance Agreement with Bupa Arabia for Cooperative Insurance Company, a company licensed to operate in the Kingdom. The policy extends for (12) months starting on 30/11/2022G, and ending on 29/11/2023G and includes (1,099) members.
- This policy covers health care through a network of providers appointed by the Company, provided that the condition shall be covered by insurance. Coverage includes current or new employees on the payroll and under client sponsorship - employees' wives or children legally residing in the Kingdom - newborns of current employees - unmarried and unemployed sons legally residing in the Kingdom up to the age of (25) years old - unmarried and unemployed daughters (including widows and divorced women) - orphans adopted by foster families - the husband of a Saudi female employee if the husband works in the government sector, provided that this institution shall be exempted from compulsory health insurance, the husband works in another sector that does not provide compulsory health insurance, or the husband is unemployed. Coverage includes unemployed and unmarried sons up to the age of (25) years old, and unmarried and unemployed daughters (including widows and divorcees) of Saudi females.
- The Council of Cooperative Health Insurance and the Committee, formed by a resolution passed by the Chairman of the Council of Health Insurance to look into violations of the provisions of the Cooperative Health Insurance Law, shall be competent to settle all disputes and conflicts arising or related to this document pursuant to Clause (14) of the aforementioned Law.

9-10-2 Property All Risks Insurance

- The Company concluded a Property All Risks Insurance Policy with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a company licensed to operate in the Kingdom, to insure buildings, industrial facilities, and the Company's equipment against fire, accidents, and hazards. The policy was signed on 18/05/2023, bearing No. (PAR-5830302-2023), and shall be valid as of 01/05/2023G until 01/05/2024G.
- The total value of the insurance amount is (SAR 219,784,077).



9-10-3 Boilers and Pressure Stations Insurance

- On 22/05/2023G, the Company concluded a Boilers and Pressure Stations Insurance Policy with the Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a company licensed to operate in the Kingdom, to provide insurance coverage against risks to which the Company's machinery and equipment may be exposed.
- The policy bears No. (BPS-5800677-2023), and coverage begins as of 01/05/2023G until 01/05/2024G. The total value of the insurance amount is (SAR 6,730,000). Note that the Company has taken the necessary measures to renew this policy.

9-10-4 Fidelity Guarantee Insurance Policy

- The Company concluded a Fidelity Guarantee Insurance Policy No. (FGI/23887) with Allianz Saudi Fransi Cooperative Insurance Company, a company licensed to operate in the Kingdom. Coverage begins on 01/04/2022 G and ends on 31/03/2023G. Note that the Company is working on renewing the policy.
- The total value of the insurance amount is (SAR 14,250,000).

9-10-5 Money Insurance Policy

- The Company concluded an insurance policy on the Company's money and facilities bearing No. (MNY/23895) with Allianz Saudi Fransi Cooperative Insurance Company, a company licensed to operate in the Kingdom. Coverage begins on 01/04/2023G and ends on 31/03/2024G.
- The total value of the insurance amount for monies withdrawn and carried during transit to and from the bank or from the post office to the Company is (SAR 30,000,000) as the total annual payloads, provided that the value of coverage for one payload shall not exceed (SAR 1,000,000).
- The total value of the insurance amount for monies kept in safe places (such as safes...) during and outside business hours shall be (SAR 404,000).

9-10-6 Public Liability Insurance Policy

- The Company concluded a Public Liability Insurance Policy for the Company and its facilities Bearing No. (PLI/26997) with Allianz Saudi Fransi Cooperative Insurance Company, a company licensed to operate in the Kingdom.
- Coverage begins on 01/04/2023G and ends on 31/03/2024G.

9-10-7 Motor Insurance Policy

- The Company concluded a Motor Insurance Policy holding No. (MFP/3871639) with Allianz Saudi Fransi Cooperative Insurance Company. Coverage begins on 17/04/2023G and ends on 16/04/2024G.
- The coverage extends to compensating the insured company against loss or damage to the insured vehicles and the spare parts installed therein. The Insurer's maximum liability for physical and material damages in one incident shall not exceed (SAR 10,000,000).
- It shall be noted that the Company and its subsidiary own (135) vehicles, according to a report issued by the Ministry of Interior (Tamm Platform) dated 16/07/2023G, according to a table showing the insured vehicles and including details about the vehicle's type, model, plate number, and the user's name and ID number. The report indicates that there are (77) vehicles that have valid insurance.

9-11 Judicial Disputes

- As of the date of publishing this Prospectus, the Company (and its subsidiaries) stated that it is not a party to any ongoing or potential cases, lawsuits, complaints, claims, arbitrations, administrative proceedings, or investigations that would, collectively or individually, have a material impact on the Company's business or financial condition. In addition, the Company's Management has not been aware of the existence of any currently pending or potential fundamental legal disputes or facts that could cause, collectively or individually, an imminent risk related to a fundamental dispute, except for the following:

9-11-1 Cases Filed by the Company as (Plaintiff)

Table No. (96): Summary of the number and value of the Company's ongoing cases as Plaintiff

| Department | Classification | No. of Cases | Amounts (SAR) |
|--|-----------------------|--------------|-------------------|
| The Company's Legal Department | Cases under execution | 39 | 10,426,884 |
| Abdulaziz Al-Amri Law Firm | Cases under execution | 195 | 29,847,505 |
| Bandar Al Salama Law Firm | Cases under execution | 59 | 5,377,473 |
| Cases filed by the Company outside the Kingdom | Pending Cases | 3 | 1,441,934 |
| Total | | 296 | 47,093,796 |

Source: The Company.



9-11-2 Cases Filed against the Company as (Defendant)

Table No. (97): Summary of the number and value of the Company's ongoing cases as Defendant

| Classification | No. of Cases | Amounts (SAR) |
|--------------------------------------|--------------|---------------|
| Pending Cases** | 1 | 40,000 |
| Labor Cases - Amicable Settlement ** | 2 | 16,749 |
| Total | 3 | 56,749 |

Source: The Company.

*On 01/08/1444H (corresponding to 21/02/2023G), a ruling was issued by the Sixteenth Commercial Circuit obligating the Company (Defendant) to pay an amount of (SAR 40,000) to the Plaintiff, after demanding payment of an amount of (SAR 127,500).

** One case was dropped due to failure to complete the proceedings, and the other ruled to pay SAR 16,749.

- The Company also has several cases and disputes with the Zakat, Tax, and Customs Authority mentioned in subparagraph (9-5-2) "Continuous obligations as per the requirements the requirements of Zakat, Tax and Customs Authority" of this section.

9-12 Key Information that has Materially Changed since CMA Approval of the Latest Rights Issue Prospectus.

The last Prospectus was issued on 05/02/1444H (corresponding to 12/09/2021G), as the Company offered fifteen million (15,000,000) ordinary shares at an offering price of ten (10) Saudi riyals per share by issuing Rights with a total value of one hundred and fifty million Saudi riyals (SAR 150,000,000) representing an increase of (243.4%) of the capital. Below are the most notable changes that have occurred since CMA Approval of the latest Rights Issue Prospectus:

- On 13/04/1443H (corresponding to 18/11/2021G), the Board decided by circulation to approve the resignation of Eng. Yasser bin Osama bin Ahmed Al Sebaei and approved the appointment of Mr. Monther bin Mohammed bin Abdullah Alsorayai as CEO.
- On 25/04/1443 H (corresponding to 30/11/2021G), the Board decided by circulation to approve the resignation of Eng. Abdullah Ali Abdullah Aldubaikhi from his membership in the Board. On 27/04/1443H (corresponding to 02/12/2021G), the Board decided by circulation to approve the appointment of Mr. Abdulrahman bin Ibrahim Alhadq (independent member) as a Board member in the vacant position as a replacement for the resigned member, Eng. Abdullah Ali Abdullah Aldubaikhi.
- On 26/04/1443H (corresponding to 01/12/2021G), the Board decided by circulation to approve the resignation of Eng. Mansour Saleh Al Kharboush from his membership in the Board. The resignation of Eng. Mansour Saleh Al Kharboush from the Audit Committee and the appointment of Board Member (independent member) Mr. Rasheed Sulaiman Alrasheed as Chairman of the Audit Committee as a replacement for the resigned member were also approved.
- On 27/08/1443H (corresponding to 30/03/2022G), the Board recommended to the Extraordinary General Assembly to reduce the Company's capital from (SAR 211,632,010) to (SAR 108,973,010), namely a reduction rate of (48.51%) to amortize the accumulated losses of (SAR 102,659,000), by canceling (10,265,900) of the Company's Shares. (0.485) shares will be reduced for each (1) share. A request for approval to reduce the capital was submitted to CMA on 11/09/1443H (corresponding to 12/04/2022G). The Board's recommendation was approved by the General Assembly on 19/12/1443H (corresponding to 18/07/2022G).
- On 10/10/1443H (corresponding to 11/05/2022G), the Ordinary General Assembly approved changing the use of the offering proceeds from what was disclosed in the Prospectus.
- On 03/01/1444H (corresponding to 01/08/2022G), the Company announced on Tadawul website that its accumulated losses had decreased (0%).
- On 16/02/1444H (corresponding to 12/09/2022G), the Board recommended increasing the Company's capital by (SAR 108,973,010) by offering Rights.

On 16/02/1444H (corresponding to 12/09/2022G), the Board of Naseej International Trading Company, a listed Saudi Joint Stock Company, recommended increasing the Company's capital by offering Rights with a total value of one hundred and eight million nine hundred and seventy-three thousand and ten Saudi riyals (SAR 108,973,010), so that the capital increase represents a percentage of (100%)and the capital becomes two hundred and seventeen thousand nine hundred and forty-six thousand and twenty Saudi riyals (SAR 217,946,020). On 06/09/1444H (corresponding to 28/03/2023G), the Board decided to amend its recommendation to the General Assembly so that the increase would be through offering Rights amounting to sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) shares, with a total value of one hundred and sixty-three million, four hundred and fifty-nine thousand, five hundred and ten Saudi riyals (SAR 163,459,510), representing (149.9999954%) of the capital



9-13 Directors' Declarations Pertaining to Legal Information

In addition to the other declarations referred to in this Prospectus, the members of the Board of Directors declare the following:

- a) The issuance does not constitute a breach of the relevant Saudi laws and regulations.
- b) The issuance does not constitute a breach of any contract or agreement entered into by the Company or its subsidiaries.
- c) All material legal issues concerning the Company have been disclosed in this Prospectus.
- d) Notwithstanding anything to the contrary contained in sub-section (9-11) "Judicial disputes" of this Section, the Issuer and its subsidiaries are not subject to any claims or legal proceedings that could individually or collectively have a material effect on the business of the Company or its subsidiaries or their financial position.
- e) The Directors are not subject to any claims or legal proceedings that could individually or collectively have a material effect on the business of the Company or its subsidiaries or their financial position.



10- Underwriting arrangement

The Company and the Underwriter ("Wasatah Capital") have entered into an undertaking agreement to cover the subscription of sixteen million three hundred forty-five thousand nine hundred fifty-one (16,345,951) ordinary shares, at a price of SAR (10)/share, with a total value of one hundred sixty-three million four hundred fifty-nine thousand five hundred ten SAR (163,459,510) representing 100% of the Rights being offered for subscription ("Underwriting Agreement").

10-1 Underwriter

Al Wasatah Al Maliah (Wasatah Capital)

Riyadh - Olaya General Street Building No. 7459
Extension No. 2207 Al Murooj District, Postal Code 12283
P.O Box 50315, Riyadh 11523
Kingdom of Saudi Arabia
Tel: +966 11 4944067
Fax: +966 11 4944205
Website: www.wasatah.com.sa
Email: info@wasatah.com.sa



10-2 Summary of Underwriting Agreement

The terms and conditions of the Underwriting Agreement:

- 1- The Company undertakes to the Underwriter that, at the date of allocations, it will issue and allocate to the Underwriter all remaining Rights issue shares covered under the Underwriting Agreement which have not been subscribed to by the Eligible Shareholders. Such shares shall be issued as additional shares at the offer price.
- 2- The Underwriter undertakes to the Company that on the date of allocation, he will purchase the underwritten shares which have not been subscribed to by the Eligible Shareholders, at the offer price.
- 3- The Underwriter shall receive financial consideration for providing such underwriting services, and these expenses will be deducted from the offering proceeds.
- 4- The Underwriter's obligation to purchase all remaining shares is subject to the provisions relating to the termination of the Agreement, such as the occurrence of any force majeure as defined in the Agreement, or the failure to meet a number of preconditions for subscription.



11- Exemptions

The Company has not received any exemptions from the Authority in relation to this Offering.



12- Shares Information & Offering Terms and Conditions

The Company has filed a request with the Capital Market Authority for registration and admission of the New Shares, and with the Saudi Stock Exchange (Tadawul) for listing the New Shares. All requirements have been fulfilled in accordance with the Rules on the Offer of Securities and Continuous Obligations and the Listing Rules.

All Eligible Shareholders, acquired rights holders, and bidding shall read the Offering terms and conditions carefully before online subscription or submission of the Subscription Application form through a broker or filling of the Rump Offering form. The submission of the Subscription Application form, or signing and delivery of the Rump offering form shall be deemed an approval and acceptance of the aforementioned offering's terms and conditions.

12-1 The Offering

In accordance with the Prospectus, sixteen million three hundred forty-five thousand nine hundred fifty-one (16,345,951) new ordinary shares will be offered through Rights with offering value of SAR (10) ten Saudi Riyals with nominal value of SAR (10) ten Saudi Riyals per share, at an total offer price of one hundred sixty-three million four hundred fifty-nine thousand five hundred ten SAR (163,459,510), representing 149,99995% of the Company share capital before increasing the share capital. This is to increase the Company share capital from one hundred eight million nine hundred seventy-three thousand ten SAR (108,973,010) to two hundred seventy-two million four hundred thirty-two thousand five hundred twenty SAR (272,432,520).

12-2 How to Apply for Subscription to the Rights (New Shares)

Eligible shareholders wishing to subscribe to the Rights shall submit the Subscription Application during the Subscription Period through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to subscribing through other channels available at the broker and shares Custodian in the Kingdom during the Subscription Period. The Eligible Person's details shall be up-to-date, and there shall be no changes to the data or information of the Eligible Person (by deleting or adding a member of his family) since his Subscription in a recent Offering unless such amendments have been received and approved by the brokers.

If there is a Rump offering period, Subscription Application Forms can also be submitted during such period by Investment Institutions for any Rump Shares only.

By presenting the Subscription Application form, the Subscriber declares that they will:

- Agree to subscribe for the Company Shares in the number of such Shares specified in the Subscription Application.
- Declare that he/she has read the Prospectus and understood its content.
- Accept the Company Articles of Association and the terms of the Prospectus.
- Not Apply to subscribe to the same shares for this offering through broker, and the Company has the right to reject all applications in the event of a repeat subscription request.
- Accept the number of Shares allocated thereto and all other subscription instructions and terms mentioned in the Subscription Application Form and in this Prospectus.
- Make sure not to cancel or amend the Subscription Application Form after submitting it to the Broker.

The Registered Shareholders may trade in deliberate Rights deposited in their portfolios through (Tadawul) system. Such Rights are deemed a right entitled to all Shareholders registered in the Company register as of the close on the second trading day following the Extraordinary General Assembly on the increase of the capital (Eligibility Date). Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited no more than two business days after the Extraordinary General Assembly on the increase of the capital. The rights will appear in the portfolios of Registered Shareholders under a new symbol that designates Rights and the registered Shareholders will then be notified of the deposit of the rights in their portfolios.

12-3 Subscription Application Form

Eligible Person wishing to exercise his full right and subscribe for all Rights to which he is entitled shall fill and submit a completed Subscription Application Form through the investment portfolio in the trading platforms used to insert purchase and sale orders in addition to other channels available at the broker and shares Custodian. The Eligible Person's details shall be up-to-date, and there shall be no changes to the data or information of the Eligible Person (by deleting or adding a member of his family) since his Subscription in a recent Offering unless such amendments have been received and approved by the brokers.

The number of Shares to which the Eligible Person is entitled to subscribe will be calculated based upon the number of Rights held by him. As for the subscription monies that the subscriber shall pay will be calculated by multiplying the number of Rights owned prior to closing of the Subscription Period by SAR (10).

12-4 Trading Period, Offering Period and Rump Offering Period

Eligible Shareholders wishing to subscribe to the Rights shall submit the Subscription Application during the Subscription Period, which begins three (3) business days after the Extraordinary General Assembly's approval of the capital increase on ****/**/****H (corresponding to **/**/****G)** and ends on ****/**/****H (corresponding to **/**/****G)**, from ten (10:00) am to two (2:00) pm.

Eligible Shareholders wishing to subscribe to the Rights shall submit the Subscription Application during the Subscription Period, which begins on ****/**/****H (corresponding to **/**/****G)** and ends on ****/**/****H (corresponding to **/**/****G)**, from ten (10:00) am to three (3:00) pm.

The Extraordinary General Assembly held on ****/**/****H (corresponding to **/**/****G)**, approved the recommendation of the Board of Directors to increase the Company share capital through Rights Issue.

Under this Prospectus, sixteen million three hundred forty-five thousand nine hundred fifty-one (16,345,951) ordinary shares representing (149,99995%) of the Capital before the offering period will be offered at an Offer Price SAR (10) ten Saudi Riyals per share, at a nominal value of SAR (10) ten Saudi Riyals per share, with a total value of one hundred sixty-three million four hundred fifty-nine thousand five hundred ten SAR (163,459,510). New shares will be issued with one share for every one Right. Rights Subscription is entitled to all Shareholders registered in the Company register as of the close on the second trading day following the Extraordinary General Assembly dated ****/**/****H (corresponding to **/**/****G)**, and to those Eligible Persons who purchased the offered Rights during the Trading Period in addition to the Registered Shareholders who purchased additional Rights alongside the Rights they already own.

In the event that the Eligible Persons do not exercise their right to subscribe to the Rights at the end of the Offering Period, the Rump Shares resulting from the non-exercise or sale of those rights by Eligible Persons will be offered to the Institutional Investors during the Rump Offering Period.

The Registered Shareholders may trade in Rights deposited in their portfolios through Saudi Capital Market (Tadawul). Such Rights are deemed a right entitled to all Shareholders registered in the Company register as of the close on the second trading day following the Extraordinary General Assembly on the increase of the capitals. Each Right grants its holder eligibility to subscribe to one New Share at the Offer Price. The Rights will be deposited after the Extraordinary General Assembly Meeting. The rights will appear in the portfolios of Registered Shareholders under a new symbol that designates Rights and the Registered Shareholders will then be notified of the deposit of the rights in their portfolios.



Rights will be offered according to the phases and dates set out below:

- 1- Eligibility Date: Close of trading on the day of the Extraordinary General Assembly Meeting dated ****/**/****H (corresponding to **/**/****G)**.
- 2- Trading Period and Offering Period: The Trading Period and Offering Period starts three (3) business days after the Extraordinary General Assembly's approval of the capital increase on ****/**/****H (corresponding to **/**/****G)** and will end on ****/**/****H (corresponding to **/**/****G)**, while the Offering Period will continue until the end of ****/**/****H (corresponding to **/**/****G)**. It shall be noted that Rights trading will start at ten (10:00) to three (3:00) pm, while Right subscription will start at ten (10:00) to two (2:00) pm.
- 3- Rump Offering Period: The period will start on ****/**/****H (corresponding to **/**/****G)** at 10:00 am until the following day at 5:00 pm on ****/**/****H (corresponding to **/**/****G)**. During this period, Rump Shares will be offered to several institutional investors (referred to as "Investment Institutions"). These investment institutions shall make offers to buy the Rump Shares. The Rump Shares will be allocated to the Investment Institutions with the highest, then the lowest and lowest offer (provided that it is not less than the Offering Price) subject to the shares will be allocated on a proportional bases among those investment institutions that tendered offers at the same price. As for Fractional Shares will be added to the Rump Shares and treated in the same manner. The subscription price in the unsubscribed New Share in this period will be the minimum offering price. In the event that the price of the unsubscribed shares is higher than the offer price, the difference (if any) shall be distributed as compensation to holders of Rights who did not subscribe for their rights and Fractional Shares holders in proportion to the rights they own.
- 4- Final Allocation of Shares: Shares will be allocated to each investor based on the number of Rights properly and fully exercised thereby. As for Shareholders entitled to fractional Shares, these shall be accumulated and offered to investment institutions during the Rump Offering. The total remaining Offering Price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (i.e., above the offering price) without any commissions or deductions shall be paid to the Eligible Persons, whichever is due no later than ****/**/****H (corresponding to **/**/****G)**.
- 5- Trading of New Shares on the Exchange: Trading in the New Shares will start on (Tadawul) upon the completion of all procedures relating to the registration and allocation of the New Shares. The time period between the end of subscription for Rights and the deposit of shares in shareholders' portfolios is 9 business days.

The Company has applied to the Capital Market Authority for registration and offering of the New Shares, and has also applied to Saudi Capital Market (Tadawul) for approval of listing the New Shares.

12-5 Eligible Persons non-Subscribers for New Shares

The Registered Shareholders who did not subscribe wholly or partially for shares will be subject to loss and low ownership in the Company in addition to the depreciation of the shares currently owned by them. The Registered Shareholders who did not exercise their right to subscribe will retain the same shares they owned before the capital was increased. The Eligible Persons do not exercise do not participate for New Shares will receive any benefits or interests against their Rights except a cash compensation from the sale proceeds of shares in the Rump Offering, whichever is due.

It shall be noted that in the event that the Investment Institutions apply to purchase the rump shares at the Offering Price only, these Institutions did not subscribe in the Rump Offering and underwriter purchased the rump shares at the Offering Price, the Eligible Persons do not participate in subscription will receive any compensation against Rights to New Shares which they don't practice. If Investment Institutions rump shares were sold at a price higher than the Offering Price, compensation amount for the Eligible Persons who did not subscribe wholly or partially for New Shares shall be determined as follows:

Compensation amount for each unsubscribed share = (total rump Offering Price - total proceeds of rump Offering) / (Number of unsubscribed shares)

12-6 Allocation and Refund

The Company and the Lead Manager will open an escrow account in which the proceeds of the Offering will be deposited. The Rights shall be allocated to Eligible Persons based on the number of Rights properly and fully exercised by it. As for the fractional Shares, these shall be accumulated and offered to Investment Institutions during the Rump Offering. The total remaining offering price will be paid to the Company, and the remaining proceeds from the sale of the Rump Shares and fractional shares (i.e., above the offering price) shall be paid to Eligible Persons, whichever is due by the date of ****/**/****H (corresponding to **/**/****G)**. Excess unsubscribed Shares shall be purchased by and allocated to the Underwriter at the offering price of ten (10) per share. Investors who did not subscribe or sale their rights, and Fractional Shares holders will not receive compensation during the Rump Offering Period.

Final notice for the number of Shares allocated to each Eligible Person is expected to take place by depositing the shares into the accounts of Subscribers without any charges or withholdings by the Lead Manager. Eligible Persons shall contact the Broker where they have submitted the Subscription Application Form to obtain any further information. The announcement regarding the allocation shall be made no later than ****/**/****H (corresponding to **/**/****G)**.

The Refund (the remaining proceeds of the offering process beyond the offering price) will be paid to the Eligible Persons who did not subscribe wholly or partially to the Rights (if any) without any commissions or deductions no later than ****/**/****H (corresponding to **/**/****G)**.

12-7 Supplementary Prospectus

In accordance with the requirements of the Rules on the Offer of Securities and Continuous Obligations, a supplementary Prospectus shall be submitted to the Authority if, at any time after the date of the publication of this Prospectus and before the completion of the offering, the Company becomes aware that:

- There has been a significant change in material matters contained in this Prospectus.
- Additional significant matters have become known which would have been required to be included in this Prospectus.

The investor who subscribed for the new shares prior to the publication of the supplementary Prospectus may cancel or amend his subscription for these shares before the end of the offering period.

12-8 Suspension or Cancellation of the Offering

The Capital Market Authority may at any time issue a decision to suspend the offering if it deems that the offering may result in a breach of the capital market law, its implementing regulations, or the market rules. In addition, the offer will be cancelled if the Extraordinary General Assembly does not approve any of the details of the offer.



12-9 Limitations of Rights Trading

There are no restrictions imposed on Rights trading, except for regulatory restrictions imposed on publicly listed shares.

Rights Q&A

What are rights' shares?

They are negotiable securities that give the holder the right to subscribe to the new shares offered upon the approval of the capital increase, which is an acquired right of all shareholders who own the shares on the day of the extraordinary general meeting on the capital increase and who are registered in the register of shareholders of the Company at the Depository Center by the end of the second trading day following the date of the extraordinary general meeting. Each right gives the holder the right to subscribe to one share, at the offering price.

To whom do you grant rights' shares?

For all shareholders registered in the Company's shareholders register by the end of the second trading day following the date of the extraordinary general meeting.

Who is the Registered Shareholder?

All shareholders registered in the register of shareholders of the Company at the end of the second trading day following the date of the extraordinary general meeting.

When are rights' shares deposited?

After the extraordinary general meeting and its approval to increase the capital through the offering of rights shares, rights shall be deposited as securities in the shareholders' portfolios in the Company's shareholders' register at the Depository Center at the end of the second trading day after the extraordinary general meeting, and the shares will appear in their portfolios under a new symbol for rights. Trading or subscribing to these rights will not be allowed except at the beginning of the trading and subscription periods.

How is the investor notified of the rights to deposit the rights in the portfolio?

The notification is made by announcing on the Tadawul website as well as by the service (Tadawulaty) provided by the Securities Depository Center Company and SMS messages sent by brokerage companies.

How many rights will the registered shareholder receive?

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

What is the eligibility ratio?

It is the ratio that enables the registered shareholders to know the number of rights due to them in exchange for the shares they own at the end of the second trading day after the extraordinary general meeting. This ratio is calculated by dividing the number of new shares by the number of existing shares of the Company. Accordingly, the eligibility ratio is (1.49999995) right of approximately one (1) share owned by the registered shareholder at the date of eligibility. Accordingly, if a registered shareholder owns one thousand (1,000) shares at the date of eligibility, he will be allocated (1499) rights in exchange for the shares he owns.

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

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

What is the value of the right at the beginning of its trading?

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

Can registered shareholders subscribe for additional shares?

Yes, registered shareholders can subscribe for additional shares by purchasing new rights via the market in the trading period.

Is it possible for a shareholder to lose his right to subscribe even if he has the right to attend an extraordinary general meeting and vote on a capital increase by offering rights shares?

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

How does the subscription process work?

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

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

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

If the Company's shares are held through more than one investment portfolio, in which portfolio are the rights deposited?

Rights will be deposited in the same portfolio in which the shares of the Company linked to the rights are deposited. For example, if a shareholder owns one thousand (1,000) shares in the Company as follows: eight hundred (800) shares in portfolio (A) and two hundred (200) shares in portfolio (B), the total rights that will be deposited one thousand four hundred and ninety-nine (1499) rights considering that each share has (1.49999995) rights approximately. Accordingly, one thousand two hundred (1200) rights will be deposited in the portfolio of (A) and two hundred and ninety-nine (299) rights in the portfolio of (B).



In the case of subscription through more than one portfolio, where are the new shares deposited after the allocation?

In the event of subscription through more than one portfolio, the deposit of the new shares after allocation shall be in the investment portfolio mentioned in the first subscription application.

Do holders of share certificates have the right to subscribe and trade?

Yes, holders of share certificates are entitled to subscribe, but they will only be able to trade after depositing the certificates in electronic portfolios through the receiving entities or the Securities Depository Center Company (the "Depository Center"), and bringing the necessary documents before the end of the subscription period.

Does the person who bought additional rights have the right to trade them again?

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

When can a shareholder subscribe to the rights purchased during the rights trading period?

After the settlement of the purchase of rights ends (which is two business days), provided that the rights are subscribed to during the subscription period.

Can the holder of the rights sell or waive the right after the expiry of the trading period?

No, it can't be. After the expiry of the trading period, the owner of the right only has the right to exercise the right to subscribe for the shares of the rights or not. In the event that the right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

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

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

What happens if you subscribe to new shares and sell the rights afterwards?

In the event that the registered shareholder subscribes and then sells the rights and does not buy a number of rights equivalents to the number of rights subscribed before the end of the trading period, the subscription application will be completely rejected if a part thereof is sold, taking into account that the rejected subscription amount will be reported and returned through the shareholder's broker.

Will any other fees be added for rights trades?

The same commissions will be applied to sell and buy operations as they are in shares, but without a minimum commission amount, provided that the maximum limit does not exceed fifteen and a half basis points (0.155%) of the total value of the transaction.

Who has the right to attend the Extraordinary General Assembly and vote to increase the Company's capital by offering rights shares?

The shareholder registered in the register of shareholders of the Company at the Depository Center after the end of the trading day of the Extraordinary General Meeting shall have the right to attend the Extraordinary General Meeting and vote on the increase of the capital of the Company by offering rights issue shares.

When is the share price adjusted as a result of an increase in the Company's capital by offering rights shares?

The share price shall be adjusted by the market before the start of trading on the day following the day of the extraordinary general meeting.

If an investor buys securities on the day of the meeting, is he entitled to the rights resulting from the increase in the capital of the issuer?

Yes, as the investor will be registered in the register of shareholders of the Company after two business days from the date of purchase of shares (that is, at the end of trading on the second trading day following the day of the extraordinary general meeting), knowing that rights will be granted to all shareholders registered in the register of shareholders of the Company at the end of trading on the second trading day following the date of the extraordinary general meeting. However, he shall not be entitled to attend or vote at the Extraordinary General Meeting of the Capital Increase.

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

The investor's share will be distributed to the portfolios owned by the investor, according to the percentage of ownership in each portfolio, and in the event of fractions, those fractions will be collected, and if they complete one or more correct numbers, the correct number will be added to the portfolio in which the investor owns the largest amount of rights.

What are the trading and subscription periods?

Trading and subscription of rights shall commence at the same time after (3) three business days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, until the end of trading on the sixth day, while the subscription shall continue until the ninth day, according to what is mentioned in this prospectus and the Company's announcements.

Can I subscribe over the weekend?

No, it can't be.



Can the general public of registered non-shareholder investors subscribe to rights shares?

Yes, after completing the purchase of rights during the trading period.

Additional assistance:

In case of any queries, please contact the Company at: info@sorayai.com.sa. For legal reasons, the Company will only be able to provide the information contained in this prospectus and will not be able to advise on the merits of the rights issue or even provide financial, tax, legal or investment advice.

For more information on the terms and conditions of subscription, please refer to Section (12) "Terms, Conditions and Instructions for Subscription" and the remaining information contained herein.

12-10 Resolutions and Approvals under Which Shares are offered

On 09/06/1444H (corresponding to 03/28/2023G), the BOD of the Company recommended to increase the Company's capital by offering Rights of one hundred and sixty-three million, four hundred and fifty-nine thousand, five hundred and ten SAR (163,459,510). This increase aims primarily to raise the Company's financial solvency, strategic expansion, and improving financial performance, borrowing rates and the costs incurred of which.

On **/**/****H (corresponding to **/**/****G), the EGA of the Company approved to increase the Company's capital through the issuance of Rights ("Subscription"). The subscription consists of offering sixteen million three hundred and forty-five thousand nine hundred and fifty-one (16,345,951) new ordinary shares at an offer price of SAR (10) ten /share, and at a nominal value of SAR (10) ten, with a total offering value of one hundred and sixty-three. One million four hundred and fifty-nine thousand five hundred and ten SAR (163,459,510), to increase the Company's capital from one hundred and eight million nine hundred and seventy-three thousand and ten SAR (108,973,010) to two hundred and seventy-two million four hundred and thirty-two thousand five hundred and twenty SAR (272,432,520).

Tadawul approved the Company demand to list the new shares on 24/10/1444H (corresponding to 14/05/2023G), as well as this Prospectus and all the supporting documents requested by the authority on the day of announcement on the CMA website on 27/03/1445H (Corresponding to 12/10/2023G).

12-11 Miscellaneous

The subscription application and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties of the subscription and respective successors thereof, permitted assignees, executors, administrators and heirs. Provided that, except as specifically stipulated herein, neither the application nor any of the Rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the consent of the other party.

These instructions, clauses, and the receipt of subscription application forms or related contracts shall be governed and construed in accordance with the laws of the Kingdom of Saudi Arabia. This Prospectus may be distributed in both Arabic and English, and in the event of a conflict between the Arabic text and the English text, the Arabic text of the Prospectus shall prevail.

12-12 Statement on any Existing Arrangements to Prevent the Disposal of Certain Shares

There are no arrangements in place to prevent the disposal of any share.



13- Change in the Share Price as a Result of the Capital Increase

The closing price of the Company share on the day of the EGA's approval of the increase of the capital is SAR (**); it is expected to reach SAR (**) in the opening session of the next day. The change represents a decrease of (**%). If any of the shareholders registered in the Company shareholders register does not subscribe to the Depository Center at the end of the second trading day following the date of the extraordinary general assembly's approval of the increase of the capital, their ownership percentage in the Company will decrease.

The method of calculating the Share Price as a result of the capital increase is:

First: Calculation of the market value of the Company at the close of trading on the day of the Extraordinary General Assembly:

Number of shares at the end of the day of the EGA × the closing price for the Company share on the day of the EGA = the market value of the Company at the close of trade on the day of the Extraordinary General Assembly.

Second: Calculation of the Share Price in the opening session on the day following the day of the Extraordinary General Assembly:

(The market value of the Company at the close of the day of the EGA + the value of the offered shares) / (the number of shares at the end of the day of the EGA + the number of New Shares offered in the Offering) = share price reset for the opening session on the day following the day of the Extraordinary General Assembly.



14- Undertakings of the Subscription

14-1 Brief on the Rights Issue Application and the Underwriting Undertakings

Subscription shall be empowered using trading platforms or through any other means provided by the broker to investors. The new shares shall be subscribed in one phase according to the following:

1. During this period, all registered shareholders and new investors will be able to subscribe to the new shares.
2. The registered shareholder will be allowed to subscribe directly with the number of his shares during the subscription period. If he buys new Rights, he will be able to subscribe for them after the end of the settlement period (two business days).
3. New investors will be able to subscribe to the new shares immediately after the Rights purchase is settled (two business days).
4. Subscription will be made available electronically through the investment portfolio in trading platforms and applications through which buy and sell orders are entered in addition to subscribing to the channels and other means available to the broker provided that only the subscription to a number of new shares by virtue of Rights in the investment portfolio will be approved.

Each of the rights gives its holder the right to subscribe to one new share, at the offering price. The subscriber to the new shares declares the following:

- His acceptance of all the terms and conditions of the subscription set forth in this Prospectus.
- That he has read this Prospectus and all its contents, carefully studied it, and understood its content.
- His acceptance of the Company's by-laws.
- An undertaking not to cancel or amend the subscription application after its implementation.

14-2 Allocation Processes

The Rights shall be allocated to Eligible Persons based on the number of Rights they have exercised in a complete and correct manner. As for the fractions of shares, such fractions will be summed and offered to investment institutions during the Rump Offering period. The total price of the Rump Shares will be paid to the Company. The rest of the proceeds from the sale of the Rump Shares and fractions of shares (exceeding the Offering Price) shall be distributed to the Eligible Persons not later than ****/**/****H (corresponding to **/**/****G)**. If any shares remain unsubscribed for, then the Undertakers will purchase the Rump Shares and they will be allocated to them, with any compensation to the investors who did not subscribe or sell their rights, as well as to the possessors of the fractions of shares during the Rump Offering period.

Eligible Persons shall contact the branch of the agent through which the application was submitted for additional information. The results of the allocation will be announced no later than ****/**/****H (corresponding to **/**/****G)**.

14-3 Saudi Stock Exchange (Tadawul)

Saudi Tadawul Group (Tadawul), which was previously the Saudi Stock Exchange Company, announced on 08/25/1442H (corresponding to 04/07/2021G) its transformation into a holding company under the name of Saudi Tadawul Group, with a new structure that supports the development of the future of the Saudi financial market and ensures the continuity of its development. As another step towards the Group's readiness for the initial public offering during the current year 2021, Saudi Tadawul Group will include four subsidiaries namely: Saudi Tadawul (as a securities market, Securities Clearing Center Company (Muqassa), Securities Depository Center Company (Edaa), and Wamid Company specialized in technical services and solutions based on innovation. The Group will benefit from the integration of the services of its subsidiaries and joint businesses, moreover, the independence of the companies will provide a work environment characterized by flexibility and innovation to keep pace with rapid developments in global markets.

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the KSA in 1990G. The trading process is carried out through an integrated electronic system from the execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between from 10 a.m. and 3:00 p.m., from Sunday to Thursday of each week, during which orders are executed. However, during other than those times, orders are permitted to be entered, amended, and cancelled from 9:30 a.m. until 10 a.m.

Transactions are conducted through an automatically matching of orders. Orders are received and prioritized according to the price. In general, market orders (orders made based on the best price) will be executed first, followed by the fixed price orders, and in case of multiple orders are entered for the same price, it shall be executed based on the time of entry.

The Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website on the Internet, which provides up-to-date market information for information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The Company shall disclose all decisions, and important information to investors through Tadawul, which is responsible for monitoring the market in order to ensure the fairness of exchange and the efficiency of market operations.

14-4 Trading of the Company Shares on the Saudi Stock Exchange

An application has been submitted to the CMA and Tadawul to register and list the Rights in the Saudi Stock Exchange. This Prospectus has been approved and all requirements have been met.

Registration and the commencement of trading in the Rights in the Saudi Stock Exchange are expected after the final allocation of the Rights is completed and will be announced on Tadawul website. The dates mentioned in this Prospectus are tentative, and may be changed with the approval of the CMA.

Although the existing shares are listed on the Saudi Stock Exchange and the Company Shares are listed on Tadawul, the new shares can only be traded after the final allotment of shares has been made and deposited in the subscribers' portfolios. Trading in the new shares is strictly prohibited before the allocation is approved.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them, and the Company shall not be liable in such a case.



15- Documents Available for Inspection

The following documents will be available for inspection at the Head Office of the Company in Jeddah, P.O. Box 7318 Jeddah 22429 kingdom of Saudi Arabia, during the official business days from Sunday to Thursday, during the official working hours between 8:00 a.m., and 5:30 p.m., as of the first business day after the date of the invitation to hold the EGA 14 days before the EGA. These documents will be available until the end of the Offering:

15-1 Constituent Documents relating to Company's incorporation and By-laws

- Company's CR
- Company's Memorandum of Incorporation
- Company's By-laws

15-2 Approvals relating to Increase of Capital Shares

- Recommendation of the BOD regarding capital increase.
- A copy of CMA's approval of the offering of Rights.
- Tadawul's approval of the Company's Rights Issue
- Resolution of the EGM approving the Capital increase.
- Any feasibility studies prepared for the projects that will be financed from the proceeds of the offering:
- Feasibility Study of Capital expenditure— new machinery.

15-3 Reports, letters and documents:

- Underwriting Agreement and Underwriting Management Agreement.
- Written consents by the Financial Advisor, the Lead Manager, the Underwriters, and the Legal Advisor to publish and use their names, logos and statements in the Prospectus
- Written consents by the Auditor to publish and use their names and logos in the Prospectus