

Rights Issue Prospectus Takween Advanced Industries Company



Takween Advanced Industries Company is a Saudi public joint-stock Company established by virtue of Ministerial Resolution No. (Q/391) dated 28/12/1431H corresponding to (04/12/2010G) and Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G) issued in Khobar.

Offering thirty million (30,000,000) ordinary shares at an offering price of 10 Saudi riyals per share by issuing rights shares with a total value of three hundred million (300,000,000) Saudi riyals, representing an increase in the capital of the Company by (64.57%) to become the capital of the Company seven hundred and sixty-four million six hundred and forty-six thousand and sixty (764,646,060) Saudi riyals divided into seventy-six million four hundred and sixty-four thousand six hundred and six (76,464,606) ordinary shares.



Trading
Period

Starting from Monday 09/08/1445H (corresponding to 19/02/2024G)
and ending on Tuesday 17/08/1445H (corresponding to 27/02/2024G)



Subscription
Period

Starting from Monday 09/08/1445H (corresponding to 19/02/2024G)
and ending on Sunday 22/08/1445H (corresponding to 03/03/2024G)

Takween Advanced Industries Company ("Takween" or the "Company") is a Saudi public joint-stock Company established by virtue of Ministerial Resolution No. (Q/391) dated 28/12/1431H corresponding to (04/12/2010 G) and Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G) issued in Khobar. Its head office is located in Khobar in the Kingdom of Saudi Arabia. The capital of the Company is four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals, divided into forty-six million four hundred and sixty-four thousand six hundred and six (46,464,606) ordinary shares with a nominal value of ten (10) riyals per share paid in full. As of the date of this Prospectus, the major shareholders of the Company (who own 5% or more of the shares of the Company) are AIOthman Holding Company, a closed shareholding Company (with a percentage of ownership of 46.378%), Abdullah Mohammed Abdullah AIOthman (with a percentage of ownership of 6.946%), Abdulmohsen Mohammed Abdullah AIOthman (with a percentage of ownership of 6.012%), and Abdul Rahman Saleh Al Rajhi & Partners Co. (with a percentage of ownership of 5.156%). The head office of the Company is located in Al-Khobar, King Saud bin Abdulaziz Road, Al-Othman Towers, 16th Floor.

On 03/08/1445H (corresponding to 13/02/2024G), the Extraordinary General Assembly of the Company approved the increase of the capital of the Company through the issuance of rights shares ("Subscription"), consisting of the offering of thirty million (30,000,000) new ordinary shares (hereinafter referred to as "Rights Shares" or "New Shares") at an offering price of ten (10) Saudi riyals per share (hereinafter referred to as the "Offering Price"), with a nominal value of ten (10) Saudi riyals, in order to increase the capital of the Company from four hundred sixty-four million six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals divided into forty-six million four hundred and sixty-four thousand six hundred and six (46,464,606) ordinary shares, an increase of 64.57%, after obtaining all the necessary approvals and approval of the Extraordinary General Assembly.

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, 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, including approval of the capital increase on 03/08/1445H (corresponding to 13/02/2024G) (collectively referred to as "Registered Shareholders" and individually as "Registered Shareholder"), provided that these rights are deposited in the portfolios of registered shareholders after the Extraordinary General Assembly, taking into account the settlement procedures of approximately (1) rights for each (1.55) shares of the Company. 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 Rights 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 Monday 09/08/1445H (corresponding to 19/02/2024G) provided that the Trading Period shall end on Tuesday 17/08/1445H (corresponding to 27/02/2024G) (the "Trading Period"), while the Subscription Period shall continue until the end of the Sunday 22/08/1445H (corresponding to 03/03/2024G) (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. 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 will buy new rights, he will be able to subscribe to them after the end of their settlement period (2 business days).
3. New investors will be able to subscribe for new shares immediately after the settlement of the rights purchase (2 business days).
4. Subscription will be available electronically through the investment portfolio in trading platforms and applications through which buy and sell orders are entered, in addition to subscribing to other channels and means available with the broker.

In the event that there remain shares that have not been subscribed for after the end of the subscription period (the "Rump 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 "Rump Offering"). These institutional investors shall submit their offers to purchase the remaining shares, and such offers will be received starting at 10:00 AM on Wednesday 25/08/1445H (corresponding to 06/03/2024G) and until 5:00 PM on Thursday 26/08/1445H (corresponding to 07/03/2024G) (the "Rump 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 respect 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 rump 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 it is entitled to, no later than Monday 06/10/1445H (corresponding to 15/04/2024G).

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) "Information Relating to the Shares and Offering Terms and Conditions"). The final Allocation will be announced no later than Tuesday 02/09/1445H (corresponding to 12/03/2024G ("Allocation Date") (please refer to Section (12) "Information Relating to the Shares and Offering Terms and Conditions"). After the completion of the subscription process, the capital of the Company will be seven hundred and sixty-four million six hundred and forty-six thousand and sixty (764,646,060) Saudi riyals divided into seventy-six million four hundred and sixty-four thousand six hundred and six (76,464,606) ordinary shares. The net proceeds of the offering will be used to purchase new assets to develop existing production lines, purchase new assets to produce new products, repay loans with high Murabaha rates, finance working capital, and for more information, (please refer to Section (6) "Use of Offer Proceeds and Future Projects").

Financial Advisor
& Underwriter

wasatah capital
وساطة كابتال



Lead
Manager



مجموعة النفيعي للإستثمار
AL-NEFAIE INVESTMENT GROUP

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 that 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.

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 28/06/1445H (corresponding to 10/01/2024G).

The offering of rights shares under this Prospectus depends on the approval of the shareholders to increase the capital in accordance with the recommendation of the Board of Directors and the Company's obtaining regulatory approvals. A call to hold an extraordinary general assembly of the Company to approve the issuance of rights shares was published on 10/07/1445H (corresponding to 22/01/2024G). Shareholders shall note that if shareholder approval is not obtained for the offering of rights shares, the issuance of rights shares will automatically cease, and at that time this Prospectus will be deemed null and void and shareholders will be notified accordingly.

All shares of the Company are of one class, and no share shall give 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 started its industrial activity on 05/05/1414H (corresponding to 21/10/1993G) through AIOthman Plastic Products Factory, which was a branch of the establishment owned by Mr. Mohammed Abdullah Zaid AIOthman. The factory's capital reached one million (1,000,000) Saudi riyals. On 06/02/1422H (corresponding to 30/04/2001G), the branch of AIOthman Plastic Products Factory was converted to a limited liability Company with a capital of Thirty-two million (32,000,000) Saudi riyals. The name of the factory was also amended in conjunction with the transformation process to become AIOthman Plastic Products Company - Limited Liability. On 16/05/1425H (04/07/2004G), the shareholders decided to reduce the Company's capital from thirty-two million (32,000,000) Saudi riyals divided into three hundred and twenty thousand (320,000) shares to twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand and five hundred (209,500) shares, the value of each share is one hundred (100) Saudi riyals, and on 11/01/1431H (corresponding to 28/12/2009G), the shareholders decided to amend the name of the partner/Mohammed Abdullah AIOthman and Sons Company Limited to the name of AIOthman Holding Company, and the shareholders decided to increase the Company's capital from twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand five hundred (209,500) shares to thirty-three million six hundred and seventy-five thousand (33,675,000) Saudi riyals divided into three hundred and thirty-six thousand seven hundred and fifty (336,750) shares by transferring an amount of twelve million seven hundred and twenty-five thousand (12,725,000) Saudi riyals. The Company also increased the value of its shares in the Company from one hundred (100) riyals to one thousand (1000) riyals, so that the number of new shares became thirty-three thousand six hundred and seventy-five (33,675) shares. On 25/10/1431H (corresponding to 04/10/2010G), it was decided by the partner Mohammed bin Abdullah bin Zaid AIOthman to assign three thousand three hundred and thirty (3,330) shares of his share to five new shareholders, and the partner AIOthman Holding Company decided to assign sixteen thousand nine hundred and seventy-five (16,975) shares of its share to a new partner. In this context, the shareholders wished to convert the legal entity of the Company from a limited liability Company to a closed joint-stock Company with its rights and obligations, and to increase the Company's capital from thirty-three million six hundred and seventy-five thousand (33,675,000) Saudi riyals divided into thirty-three thousand six hundred and seventy-five (33,675) shares to ninety-seven million five hundred and thirty-nine thousand (97,539,000) Saudi riyals divided into nine million seven hundred and fifty-three thousand nine hundred (9,753,900) ordinary shares through the Company's purchase of shares of some shareholders in Ultrapak Manufacturing Co. Ltd. with a value of (24,750,000) Saudi riyals to become the percentage of ownership in the Company (99%) of the capital and the purchase of shares of some shareholders in Advanced Fabrics Factory Co. (SAAF) with an amount of (39,114,000) Saudi riyals to become the ownership of the Company at a rate of (53%). The shareholders decided to amend the name of the Company to become "Takween Advanced Industries Company", and on 28/12/1431H (corresponding to 04/12/2010G) a decision was issued by the Minister of Commerce No. (S/391) and announced the transformation of the Company from a limited liability Company to a closed joint-stock Company in the name of Takween Advanced Industries Company in accordance with Commercial Register No. (2051044381) on 09/01/1432H (corresponding to 15/12/2010G) issued in Khobar. The Company's capital at that time was ninety-seven million, five hundred and thirty-nine thousand (97,539,000) Saudi riyals. On 01/02/1432H (corresponding to 05/01/2011G), the Extraordinary General Assembly approved the increase of the Company's capital from ninety-seven million five hundred and thirty-nine thousand (97,539,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) shares. The value of the increase was covered by the capitalization of two hundred and two million four hundred and sixty-one thousand (202,461,000) Saudi riyals from the shareholders' contribution account, statutory reserve, and retained profits as of 21/10/1431H (corresponding to 30/09/2009G). On 15/03/1433H (corresponding to 07/02/2012G), the Company's shares were listed on the Saudi market with a capital amounting to 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, and 30% of the shares were offered for public subscription by the public. On 27/05/1434H (corresponding to 08/04/2013G), the extraordinary general assembly of the Company's shareholders approved an increase in capital from three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares to three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares. The value of the increase was covered by the capitalization of fifty million (50,000,000) Saudi riyals from the retained profits account as of 18/02/1434H (corresponding to 31/12/2012G). On 20/12/1437H (corresponding to 21/09/2016G), the extraordinary general assembly of the Company's shareholders approved increasing the capital from three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares to nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares. The value of the increase was covered by offering rights' shares amounting to six hundred million (600,000,000) Saudi riyals. On 08/01/1445H (corresponding to 26/07/2023G), the Company's extraordinary general assembly approved reducing the Company's capital from nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares to four hundred and sixty-four million, six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals divided into forty-six million, four hundred and sixty-four thousand, six hundred and six (46,464,606) ordinary shares, by canceling forty-eight million, five hundred and thirty-five thousand, and three hundred and ninety-four (48,535,394) shares of the Company's issued shares. For more information (please see subparagraph (9.1.1) "Establishment of the Company and Stages of Development of its Capital." from Section No. (9) "Legal Information").

The Company's outstanding shares are currently traded on the Saudi Stock Exchange ("Tadawul" or the "Market"). The Company submitted a request to the Capital Market Authority of KSA ("CMA") to register and offer new shares. Additionally, the Company submitted a request to Tadawul to accept its listing. All required documents were submitted, all requirements of the relevant authorities were met, and this Prospectus was approved. It is expected that trading of the new shares will begin in the market within a short period after the completion of the process of allocating the new shares and refunding (please see page no. (xii) "Key Dates and Subscription Procedures"). After being registered and accepted for listing, trading in the new shares will be available to citizens of KSA, those legally residing therein, citizens of member states of the Gulf Cooperation Council, Saudi and Gulf companies, and investment funds, in addition to 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 obtain the economic benefits related to the new shares by concluding swap agreements with persons licensed by CMA ("the Authorized Person"), noting that the licensed person will in this case be the registered legal owner of the shares.

You shall read this Prospectus in full and consider the "Important Notice" section on page (i) and the "Risk Factors" section (2) contained herein before making an investment decision regarding the Rights or New Shares.



تكوين
Takween

تكوين المتطورة للصناعات
Takween Advanced Industries

قيادة الإبداع
Leading Innovation



Important Notice

This Prospectus (the “Prospectus”) contains full details of Takween Advanced Industries 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.takweenai.com), the financial advisor (www.wasatah.com.sa), the lead manager (www.nefaie.com) 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 canceled.

The Company has appointed Al Wasatah Al Maliah (“**Wasatah Capital**”) as the Financial Advisor (hereinafter referred to as “**Financial Advisor**”) and Al-Nefaie Investment Group Company (“**Al-Nefaie 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-issued shares to increase the capital of the Company under this Prospectus.

This Prospectus contains information submitted within the application for registration and offering of securities in accordance with the requirements of the rules on the offering of securities and continuing obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (referred to as the “**CMA**”) and the application for acceptance of the listing of securities in accordance with the requirements of the listing rules of the Saudi Stock Exchange. The members of the Board of Directors whose names appear in this Prospectus, jointly and individually, bear full responsibility for the accuracy of the information contained herein. They also confirm, to the best of their knowledge and belief, after conducting all possible studies and to the extent reasonable, that there are no other facts whose failure to include in the Prospectus may 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 (v) (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 may be 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 was prepared without taking into account individual investment objectives, financial position, 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 Monday 09/08/1445H (corresponding to 19/02/2024G), provided that the Trading Period shall end on Tuesday 17/08/1445H (corresponding to 27/02/2024G (the “**Trading Period**”), while the Subscription Period shall continue until the end of Sunday 22/08/1445H (corresponding to 03/03/2024G (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 are remaining shares that have not been subscribed for after the end of the subscription period (the “**Rump 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 “**Rump Offering**”). These investment institutions submit their offers to buy the remaining shares, and these offers will be received from 10:00 am on Wednesday 25/08/1445H (corresponding to 06/03/2024G) until 5:00 pm on the following day Thursday 26/08/1445H (corresponding to 07/03/2024G) (the “**Rump 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 rump 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 Monday 06/10/1445H (corresponding to 15/04/2024G). 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 rump 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) “**Information Relating to the Shares and Offering Terms and Conditions**”). The final Allocation will be announced no later than Tuesday 02/09/1445H (corresponding to 12/03/2024G) (the “**Allocation Date**”) (please refer to the “**Information Relating to the Shares and Offering Terms and Conditions**” section).

Sector and Market Information

The information and data related to the Saudi economy, the plastic packaging industry sector, and the market data contained herein were obtained from the Company’s management, which relied on various public sources. Although there is no reason to believe that this information lacks accuracy in substance, the members of the Board of Directors, the Company’s management, and the advisors have not independently verified the accuracy of this information and data, and therefore no clear statement or assurance can be given regarding the accuracy and completeness of this information.

Financial Information

The Company’s audited consolidated financial statements for the financial years ended 31 December 2020G, 31 December 2021G and 31 December 2022G 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 year ended 31 December 2020G have been audited by -Ibrahim Ahmed Al-Bassam Co, and the financial statements for the years 31 December 2021G and 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G have been audited by Al-Kharashi Co. Taking into account that the Company issues its financial statement 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 by 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 they 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 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	Percentage	Indirect**	Percentage	Total	Percentage	
Abdul Mohsen Mohammed Al-Othman	Chairman	Saudi	49	Non-executive	Non-independent	2,793,479	6.0120579%	3,016,910	6.49292%	5,586,958	12.5049779%	21-01-2023G
Saleh bin Hassan Al-Afaliq	Vice Chairman	Saudi	57	Non-executive	Independent	-	-	-	-	-	-	21-01-2023G
George El Khoury Abraham	Member	Australian	64	Non-executive	Non-independent	570	0.0012267%	-	-	570	0.0012267%	21-01-2023G
Khaled Nasser Al Muammar	Member	Saudi	54	Non-executive	Independent	489	0.001052414%	-	-	489	0.001052414%	21-01-2023G
Hasan ibn Asim Qabbānī	Member	Saudi	57	Non-executive	Independent	-	-	-	-	-	-	21-01-2023G
Ammar Zahid Mohamed****	Member	British	61	Non-executive	Independent	-	-	-	-	-	-	24-07-2023G
Vacant***	Member	-	-	-	-	-	-	-	-	-	-	-
Mohammad Faik Mustafa**	Secretary	Jordanian	41	Executive	Non-independent	-	-	-	-	-	-	27-09-2023G

Source: The Company

* Shares owned by the members of the Board of Directors directly or indirectly in the Company through their ownership in companies that own shares in the Company or shares owned by relatives of the members of the Board of Directors, whether directly or through their ownership in companies that own shares in the Company.

** Abdulmohsen Al Othman's indirect ownership is represented by his ownership of 14% of Al Othman Holding Company.

*** The General Assembly (Ordinary) agreed at its meeting held on 11/06/1444H (corresponding to 04/01/2023G) to elect the members of the Board of Directors from among the candidates for the next session starting from 21/01/2023G for a period of 3 years ending on 20/01/2026G.

**** On 25/12/1444H corresponding to 13/07/2023G, the resignation of Engineer/ Ibrahim bin Yousef Al-Mubarak (non-executive member) from the membership of the Board of Directors as well as his resignation from the membership of the Audit Committee was accepted, knowing that the resignation was received on 25/12/1444H corresponding to 13/07/2023G and is considered valid from the date of its receipt. The resignation comes due to his personal circumstances. On 24-07-2023G, the Board approved the appointment of Mr. Ammar Zahid Mohammed as a member of the Board of Directors (an independent member) in the vacant position in the Board and the completion of the current session of the Board, which ends on 20-01-2026G. The appointment of the Board member appointed by the Board will be presented at the first meeting of the next General Assembly.

***** On 16/03/1445H (corresponding to 01/10/2023G), the Board of Directors of the Company decided to accept the resignation of Mr. Jameel Abdullah Al-Molhem from the membership of the Board of Directors as of 28/09/2023G.

***** On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors of the Company decided to exempt the Secretary of the Board, Mr. Ahmed Ali Al-Zayyat, from the Secretariat of the Board and to appoint Mr. Mohammad Faik Mustafa as the new Secretary of the Board starting from 27/09/2023G and for the remaining period in the current session of the Board.

- The Company is committed to the minimum number of board meetings. It was found that the number of board meetings reached four (4) meetings during the year 2020G, four (4) meetings during the year 2021G, four (4) meetings during the year 2022G and two (2) meetings until July 2023G.

Company Address

Takween Advanced Industries Company

Floor 16, Al Othman Towers, King Saud bin Abdulaziz Road,
P.O. Box 2500 Al Khobar 31952
Kingdom of Saudi Arabia
Tel: +966 (13) 8534355
Fax: +966 (13) 8534343
Website: www.takweenai.com
Email: info@takweenai.com



Company's First Authorized Representative

Khalid bin Nasser Al-Muammar
Member of the Board of Directors
P.O. Box 9316, Riyadh 11413
Tel: +966 (11) 2541594
Fax: None
Website: www.takweenai.com
Email: K.al-muammar@hotmail.com

Company's Second Authorized Representative

Mohammad Faik Mustafa
Internal Audit Manager/ Acting Director of investor relations, governance
and sustainability- Governance advisor
P.O Box 2500 Al Khobar 31952
Tel: +966 (13) 8534335
Fax: +966 (13) 8534343
Website: www.takweenai.com
Email: mohammad.mustafa@takweenai.com

Saudi Exchange (Tadawul)

King Fahd Road – Olaya 6897
Unit No.: 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966920001919
Fax: +966112189133
Website: www.saudiexchange.com.sa
Email: csc@saudiexchange.sa



Advisors

Financial Advisor and 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

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, Alshafafa District
P.O. Box 6118 Riyadh 11321, Kingdom of Saudi Arabia
Tel: +966 11 2118000
Fax: +966 11 2118001
Website: www.glaco.com
Email: capitalmarkets@glaco.com



The Company's chartered accountant for the financial year ending on December 31, 2020G

Ibrahim Ahmed Al-Bassam and Partners Company, Certified Public Accountants

Al-Bassam and Partners - PKF
Prince Abdul Aziz bin Mused Road - Sulaymaniyah District
To pour. 69658 - Riyadh 11557, Kingdom of Saudi Arabia
Tel: +966 11 2065333
Fax: +966 11 2065444
Website: www.pkfalbassam.com
Email: info.sa@pkf.com



شركة إبراهيم أحمد البسام وشركاؤه
محاسبون قانونيون - البسام وشركاؤه
(عضو بي كاي اف العالمية)

The Company's chartered accountant for the financial years ending in 2021G and 2022G and the financial period ending on March 31, 2023G.

Sulaiman Abdullah Al-Kharashi and Partners Company (Certified Accountants and Auditors)

Riyadh - Al-Takhasosi Street
P.O. Box 8306, Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 920028229
Fax: +966 11 4774924
Website: www.alkharashicaa.com
Email: general@alkharashicaa.com

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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, 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, since the summary of the offering is insufficient to make an investment decision. Additionally, 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>Takween Advanced Industries Company (“Takween” or the “Company”) is a Saudi public joint-stock Company established by virtue of Ministerial Resolution No. (Q/391) dated 28/12/1431H corresponding to (04/12/2010G) and Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G) issued in Al-Khobar. The headquarters are located in Al-Khobar in the Kingdom of Saudi Arabia.</p> <p>On 15/03/1433H (corresponding to 07/02/2012G), the Company’s shares were listed on the Saudi market 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, where 30% of the shares were offered for public subscription by the public. The current capital of the Company is four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,600) Saudi riyals, divided into forty-six million four hundred and sixty-four thousand six hundred and six (46,464,606) ordinary shares with a nominal value of ten (10) riyals per share paid in full.</p>																									
<p>Issuer’s Activities</p>	<p>The Company carries out its activities under the Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G). The Company’s activities, as stated in its commercial register, are represented in professional, scientific, and technical activities (head office activities).</p> <p>The activities of the Company as defined in its bylaws are to carry out and perform the following purposes:</p> <ol style="list-style-type: none"> 1. Manufacturing Industries <ul style="list-style-type: none"> - To own factories with their various products, packaging factories, plastic bottles, polypropylene rolls, polystyrene, polyethylene terephthalates, and non-woven fabric factories, and to manage, operate, and maintain factories alone or in partnership with other companies, bodies, or individuals, and to merge with any of those facilities. - To provide management, operation, qualification, and maintenance services for all industrial centers owned by companies, bodies, or individuals, and for residential and commercial cities, public and private facilities, and entities. - To own, manage, and operate industrial appliances and equipment maintenance institutions. 2. Administrative and support services – management of gas stations - management of maintenance and operation in its their buildings and facilities. 3. Real estate activities – managing, and leasing owned or leased real estate (residential) – managing, and leasing owned or leased real estate (non-residential) - owning land for the establishment and development of factories, warehouses, and residential projects, and selling, buying, and exploiting land and real estate, and investing them by selling, and renting for the benefit of the Company. 4. Wholesale, and retail trade and repair of motor vehicles, and motorcycles: <ul style="list-style-type: none"> - Import, export, wholesale, and retail trade in plastic products of all kinds, plastic containers and caps of all sizes, non-woven fabrics of all kinds, cup caps, various vials, bottles, various plastic cups, polypropylene wraps, polystyrene wraps and polyethylene terephthalate wraps. Non-woven fabric made of polypropylene, pet bottle miniatures, plastic cardboard and corrugated cardboard. Plastic containers, drums with lids, and assorted sodium silicate. - Commercial Agencies 5. Accommodation, and food services activities – hotels – owning, investing, managing, operating and maintaining hotels, educational, recreational, and tourist facilities. 6. Transportation and storage: The establishment, management, operation, and maintenance of dry and refrigerated stores, transport fleets, maintenance, repair workshops, and gas stations. 7. Education: Higher training institutes - training centers – electronic training - establishing industrial institutes, and providing and coordinating training courses related to the development of plastic products of all kinds, and the establishment and qualification of national cadres in the field of the Company’s industries. <p>The Company shall carry out its activities in accordance with the regulations, and after obtaining the necessary licenses from the competent authorities.</p>																									
<p>Substantial Shareholders</p>	<p>They are the substantial shareholders of the Company who own 5% or more of the shares of the Company as of the date of this Prospectus.</p> <table border="1" data-bbox="430 1646 1380 1848"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Nationality</th> <th>Direct Ownership Percentage</th> <th>Number of Shares</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Al Othman Holding Company</td> <td>Saudi</td> <td>46.378%</td> <td>21,549,358</td> </tr> <tr> <td>2</td> <td>Abdullah Mohammed Abdullah Al-Othman</td> <td>Saudi</td> <td>6.946%</td> <td>3,227,297</td> </tr> <tr> <td>3</td> <td>Abdul Mohsen Mohammed Abdullah Al-Othman</td> <td>Saudi</td> <td>6.012%</td> <td>2,793,479</td> </tr> <tr> <td>4</td> <td>Abdulrahman Saleh Al Rajhi & Co. Ltd.</td> <td>Saudi</td> <td>5.156%</td> <td>2,395,635</td> </tr> </tbody> </table>	No.	Name	Nationality	Direct Ownership Percentage	Number of Shares	1	Al Othman Holding Company	Saudi	46.378%	21,549,358	2	Abdullah Mohammed Abdullah Al-Othman	Saudi	6.946%	3,227,297	3	Abdul Mohsen Mohammed Abdullah Al-Othman	Saudi	6.012%	2,793,479	4	Abdulrahman Saleh Al Rajhi & Co. Ltd.	Saudi	5.156%	2,395,635
No.	Name	Nationality	Direct Ownership Percentage	Number of Shares																						
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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	The Company aims to increase its capital by offering right shares to purchase new assets to develop existing production lines, purchase new assets to produce new products, repay loans with high Murabaha ratios, and finance working capital for more information (please refer to Section (6) "Use of Offer Proceeds and Future Projects").
Total number of issuer shares before offering	Forty-six million four hundred and sixty-four thousand six hundred and six (46,464,606) ordinary shares are fully paid.
Nominal value of the share	Ten (10) Saudi riyals per share.
Issued capital before offering	Four Hundred Sixty-Four Million Six Hundred Forty-Six Thousand Sixty (SAR 464,646,060)
Total number of new shares offered	Thirty million (30,000,000) ordinary shares are fully paid.
Offering price	Ten (10) Saudi riyals per share.
Total value of the offering	Three hundred million (300,000,000) Saudi riyals.
Adjusted price	The share price of the Company in the financial market has been adjusted to (16.12) Saudi riyals per share before the trading day following the day of the extraordinary general meeting for the capital increase. This represents a decrease in the share price by (19.72) 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 on 03/08/1445H (corresponding to 13/02/2024G).
New Investors	General individual and institutional investors– non-registered shareholders- who purchased rights during the trading period.
Investor Targeted Categories	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	Thirty million (30,000,000) ordinary shares, which will be issued as a result of the capital increase.
Eligibility Ratio	Each registered shareholder is granted approximately (0.6456) rights for each (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	Thirty million (30,000,000) rights.
Number of shares offered to be underwritten	Thirty million (30,000,000) ordinary shares.
Total value of the offering pledged to be covered	Three hundred million (300,000,000) Saudi riyals.
Number of shares issued after capital increase	Seventy-Six Million Four Hundred Sixty-Four Thousand Six Hundred Six (76,464,606) Ordinary Shares.
Issued capital after capital increase	Seven Hundred Sixty-Four Million Six Hundred Forty-Six Thousand Sixty (764,646,060) Saudi Riyals.
Percentage of shares offered from the issued capital	(64.57%)

Total proceeds expected to be obtained and an analysis and description of their proposed use	<p>The total proceeds of the subscription to the rights share of three hundred million (300,000,000) Saudi riyals. It is expected that the net proceeds of the offering will amount to about two hundred and seventy-four million eight hundred thousand (274,800,000) Saudi riyals after deducting the costs of the offering, which amount to twenty-five million two hundred thousand (25,200,000) Saudi riyals. The Company intends to use the net proceeds of the offering to purchase new assets to develop existing production lines, purchase new assets to produce new products, repay loans with high Murabaha rates, and finance working capital. For more information, please refer to Section (6) “Use of Offer Proceeds and Future Projects”.</p> <p>The following table shows the expected use of offer proceeds and future projects:</p> <table border="1" data-bbox="427 488 1396 741"> <thead> <tr> <th>Item</th> <th>Proposed Use Value (SAR)</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Purchase of new assets to develop existing production lines</td> <td>90,000,000</td> <td>30.00%</td> </tr> <tr> <td>Purchase of new assets to produce new products</td> <td>60,000,000</td> <td>20.00%</td> </tr> <tr> <td>Repayment of loans</td> <td>75,000,000</td> <td>25.00%</td> </tr> <tr> <td>Funding the working capital</td> <td>49,800,000</td> <td>16.60%</td> </tr> <tr> <td>Offering Costs</td> <td>25,200,000</td> <td>8.4%</td> </tr> <tr> <td>Total receipts of the offering</td> <td>300,000,000</td> <td>100%</td> </tr> </tbody> </table> <p>For more information, (please refer to Section (6) “Use of Offer Proceeds and Future Projects”).</p>	Item	Proposed Use Value (SAR)	Percentage	Purchase of new assets to develop existing production lines	90,000,000	30.00%	Purchase of new assets to produce new products	60,000,000	20.00%	Repayment of loans	75,000,000	25.00%	Funding the working capital	49,800,000	16.60%	Offering Costs	25,200,000	8.4%	Total receipts of the offering	300,000,000	100%
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Offering Costs	25,200,000	8.4%																				
Total receipts of the offering	300,000,000	100%																				
Offering Costs	<p>The value of the costs of the offering is twenty-five million two hundred thousand (25,200,000) Saudi riyals, which includes the fees of the financial advisor, the lead manager, the legal advisor and the underwriter, in addition to marketing, printing, distribution, and other expenses related to the subscription. Note that this amount is an estimate (please refer to Section (6) “Use of Offer Proceeds and Future Projects”).</p>																					
Net proceeds of the offering after deducting the costs of the offering	<p>It is expected that the net proceeds of the offering will amount to about two hundred and seventy-four million eight hundred thousand (274,800,000) Saudi riyals, after deducting all the costs of the offering, amounting to twenty-five million two hundred thousand (25,200,000) Saudi riyals, (For more details, please refer to Section (6) “Use of Offer Proceeds and Future Projects”).</p>																					
Use of Offering Proceeds	<p>The Company will use the net proceeds of the Offering to purchase new assets to develop existing product lines, purchase new assets to produce new products, repay loans with high Murabaha ratios, and finance working capital. And for more information, (please refer to Section (6) “Use of Offer Proceeds and Future Projects”).</p>																					
Eligibility Date	<p>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 03/08/1445H (corresponding to 13/02/2024G).</p>																					
Offering Period	<p>The trading period shall commence three (3) working days after the approval of the Extraordinary General Assembly, including the approval of the capital increase, on Monday 09/08/1445H (corresponding to 19/02/2024G) and shall continue until the end of Tuesday 17/08/1445H (corresponding to 27/02/2024G). During this period, all rights holders - whether they are registered investors or new investors - may trade rights.</p> <p>The subscription period begins after (3) three working days from the approval of the Extraordinary General Assembly, including the approval of the capital increase on Monday 09/08/1445H (corresponding to 19/02/2024G) and continues until the end of Sunday 22/08/1445H (corresponding to 03/03/2024G). During this period, all holders of the 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	<p>The remaining shares that have not been subscribed for during the subscription period.</p>																					
Rump Offering	<p>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 Wednesday 25/08/1445H (corresponding to 06/03/2024G) until 5:00 pm on Thursday 26/08/1445H (corresponding to 07/03/2024G) (the rump 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.</p>																					
Payment of Compensation Amounts (if any)	<p>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 Monday 06/10/1445H (corresponding to 15/04/2024G) 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.</p>																					
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>																					

Rights Subscription Exercise	<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"> 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. 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 related to those rights will be offered in the rump offering period.</p>
Indicative Right Value	<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 Tuesday 02/09/1445H (corresponding to 12/03/2024G)</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, added to the remaining shares, and then offered to the investment institutions during the rump 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 rump 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 right and the holders of fractions of shares may not receive any consideration if the sale is made in the rump offering Price period (please refer to Section (12) "Information Relating to the Shares and Offering Terms and Conditions"). The Subscription refund (if any) will be refunded to the Subscribers without commissions or deductions from the Lead Manager no later than Monday 06/10/1445H (corresponding to 15/04/2024G).</p>
Trade 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 Profits	<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 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 underwriting process resulting from the capital increase.</p>
Restrictions on Rights Trading	<p>There are no restrictions on trading rights.</p>
Shares previously listed by the Issuer	<p>On 15/03/1433H (corresponding to 07/02/2012G), the Company's shares were listed on the Saudi market 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, where 30% of the shares were offered for public subscription by the public. On 27/05/1434H (corresponding to 08/04/2013G), the Extraordinary General Assembly of the shareholders of the Company approved the increase of the capital to three hundred and fifty million (350,000,000) Saudi riyals. The value of the increase was covered by the capitalization of fifty million (50,000,000) Saudi riyals from the retained earnings account as on 18/02/1434H (corresponding to 31/12/2012G). On 20/12/1437H (corresponding to 21/09/2016G), the Extraordinary General Assembly of the shareholders of the Company agreed to raise the capital to nine hundred and fifty million (950,000,000) Saudi riyals. The value of the increase was covered by the offering of rights shares worth six hundred million (600,000,000) Saudi riyals. On 08/01/1445H (corresponding to 26/07/2023G), the Extraordinary General Assembly of the Company agreed to reduce the capital of the Company from nine hundred and fifty million (950,000,000) Saudi riyals to four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals by canceling forty-eight million five hundred and thirty-five thousand three hundred and ninety-four (48,535,394) shares of the issued shares of the Company.</p>
Risk Factors	<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. 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>
Conditions for subscription to rights shares	<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) "Information Relating to the Shares and Offering Terms and Conditions".</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 issuance of rights shares amounted to six hundred million (600,000,000) Saudi riyals, after obtaining the approval of the Extraordinary General Assembly on 19/12/1437H (corresponding to 21/09/2016G). As indicated in the previous Prospectus, the Company intends to use the net proceeds of the offering to repay all or part of the combined Murabaha loan.</p> <p>The following table shows the details of the use of the previous offering proceeds:</p>																													
	<table border="1"> <thead> <tr> <th>Items</th> <th>Planned use</th> <th>Percentage of total receipts</th> <th>Actual use</th> <th>Percentage of total receipts</th> <th>Percentage change</th> </tr> </thead> <tbody> <tr> <td>Bulk Murabaha Loan Repayment*</td> <td>583,000,000</td> <td>97.17%</td> <td>490,000,000</td> <td>81.67%</td> <td>(15.95%)</td> </tr> <tr> <td>Repayment of commercial loans**</td> <td>-</td> <td>-</td> <td>94,620,000</td> <td>15.77%</td> <td>-</td> </tr> <tr> <td>Offering Costs**</td> <td>17,000,000</td> <td>2.83%</td> <td>15,380,000</td> <td>2.56%</td> <td>(9.53%)</td> </tr> <tr> <td>Total</td> <td>600,000,000</td> <td>100.00%</td> <td>600,000,000</td> <td>100.00%</td> <td>-</td> </tr> </tbody> </table> <p>* The amount allocated for the repayment of the combined Murabaha loan, as part of the proceeds was directed to the new item for repaying commercial loans.</p> <p>** After the Extraordinary General Assembly approved the previous capital increase referred to at the top of the table, the Company directed an amount of 93 million Saudi riyals from the total amount allocated to repay the combined Murabaha loan towards the new item "Repayment of Commercial Loans". It is worth noting that the amount was redirected to repay existing loans from the Company, and there is no impact on the total balance of outstanding loans as a result.</p> <p>In addition, the Company directed the amount saved from the offering costs, amounting to 1.62 million Saudi riyals, towards the new item repaying commercial loans. Thus, the total amount allocated to the new item becomes 94.62 million Saudi riyals</p> <p>*** The expected offering costs were lower than the actual costs, and therefore the saved amount was directed to the new item of repaying commercial loans.</p>	Items	Planned use	Percentage of total receipts	Actual use	Percentage of total receipts	Percentage change	Bulk Murabaha Loan Repayment*	583,000,000	97.17%	490,000,000	81.67%	(15.95%)	Repayment of commercial loans**	-	-	94,620,000	15.77%	-	Offering Costs**	17,000,000	2.83%	15,380,000	2.56%	(9.53%)	Total	600,000,000	100.00%	600,000,000	100.00%
Items	Planned use	Percentage of total receipts	Actual use	Percentage of total receipts	Percentage change																									
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Total	600,000,000	100.00%	600,000,000	100.00%	-																									
Substantial Amendments to the Information Disclosed in the Latest Prospectus	<p>CMA has approved the publication of the Company's latest Prospectus on 23/12/1437H (corresponding to 25/09/2016G), and the most prominent changes that have occurred since the CMA's approval of the latest stock Prospectus are:</p> <ul style="list-style-type: none"> - Increasing the capital through the offering of rights' shares by (171.42%) of the capital, i.e. from (350,000,000) Saudi riyals to (950,000,000) Saudi riyals through the offering of rights' shares worth (600,000,000) Saudi riyals. The Company aims to raise the capital to fortify the structure of the Company's capital and reduce the outstanding debts, based on the approval of the Extraordinary General Assembly on 20/12/1437H (corresponding to 21/09/2016G). - Moving the headquarters of the General Management of the Company to the new location located in Al-Othman Business Tower, 16th Floor, King Saud Road, Al-Khobar City on 03/06/1438H (corresponding to 02/03/2017G). - Amending some of the articles of the Company's bylaws, updating the Company's corporate governance charter, which includes the Audit Committee Regulations, the Nomination and Remuneration Committee Regulations, and the remuneration policies of the members of the Board of Directors and the members of the committees emanating therefrom, in addition to the criteria and procedures for membership of the Board of Directors by a decision of the Extraordinary General Assembly on 10/04/1439H (corresponding to 28/12/2017G). - Using the statutory reserve of the Company to cover losses during the financial year 2018G. By a decision of the Ordinary General Assembly of Shareholders on 01/08/1439H (corresponding to 17/04/2018G). - The resignation of the CEO Mr. Azhar Muhyiddin Kenji on 15/04/2018G, and the appointment of Mr. Jameel Abdullah Al-Molhem as the CEO of the Company starting from 17/04/2018G. - On 25/09/2018G, the Board of Directors decided to appoint Mr. Khalid bin Abdulrahman Al-Rajhi as Chairman of the Board of Directors of the Company as of 25/09/2018G until the end of the Board's session, which ends on 21/11/2019G. - The value of the accumulated losses of the Company amounted to (216,535,000) Saudi riyals, or (22.8%) of the Company's capital as on 24/04/1440H (corresponding to 31/12/2018G). The main reasons for these accumulated losses are the decrease in the volume of sales and the increase in the prices of raw materials. - The election of the members of the Board of Directors for the session that began on January 21, 2020G for a period of three Gregorian years in addition to the formation of the Audit Committee for a period of three Gregorian years, ending at the end of the Board's session. It was also approved to update the remuneration policy of the Board of Directors, committees, and executive management. - On 22/01/2020G, the Board of Directors approved the appointment of Engineer/ Ali bin Hassan Al-Jameel as CEO of the Company as of 02/02/2020G, based on the end of the period of assigning Mr./ Jameel Abdullah Al-Molhem as CEO and devoting him to carry out the duties of the Managing Director. - On 27/05/1441H (corresponding to 22/01/2020G), the Board of Directors decided to appoint a Chairman, a Vice-Chairman and a Managing Director of the Company. A Nomination and Remuneration Committee was also formed, in addition to an Executive Committee and an Audit Committee, in addition to appointing a Secretary to the Board of Directors. Representatives of the Company were also appointed to the Capital Market Authority (CMA), the Saudi Capital Market Company (Tadawul) and the Securities Depository Center (the Depository Center). - Increase the number of seats of the Audit Committee from (3) to (4) seats to bring the number of members of the Audit Committee to (4) members by appointing an independent member (member of the Audit Committee starting from the date of approval by the Assembly until the end of the current period of work of the Committee on 20/01/2023G). 																													

- The Company divested (70%) of its shares in the Advanced Fabrics Factory Co. (SAAF) in favor of Jofo Non-Woven Fabric Company (a Chinese Company), so that the current ownership of Takween becomes (30%) of the Company's capital. The Advanced Fabrics Factory Co. (SAAF) was classified as an associate Company.
- The resignation of the CEO Eng. Ali bin Hassan Al-Jameel, from the position of CEO and its acceptance by the Board of Directors on 12/05/1443H (corresponding to 16/12/2021G). The Board of Directors also approved, based on the recommendation of the Nomination and Remuneration Committee, the position of Managing Director, Mr. Jameel Abdullah Al-Molhem, to carry out all executive work at Takween Company as of 02/02/2022G.
- Election of the members of the Board of Directors for the current session, which began on 21 January 2023G and for a period of three Gregorian years ending on 20 January 2026G, based on the approval of the Ordinary General Assembly on 11/06/1444H (corresponding to 04/01/2023G).
- Appointing the Chairman of the Board of Directors and the Vice-Chairman and forming committees for the new three-year term starting on 21 January 2023G and ending on 20 January 2026G, and forming the Executive Committee, the Nomination and Remuneration Committee, and the Audit Committee.
- Appointment of Mr. Majed Mazen Nofal as CEO of the Company as of 09/01/2023G by virtue of the decision of the Board of Directors on 15/06/1444H (corresponding to 08/01/2023G).
- On 21/08/1444H (corresponding to 13/03/2023G), the Board of Directors decided to recommend to the Extraordinary General Assembly to reduce the Company's capital and then increase it by canceling (45,959,700) shares of the Company's shares, provided that the percentage of reduction is (48.38%), provided that the capital becomes (490,403,000) after the reduction, after it was (950,000,000) Saudi riyals.
- Submitting the file of the request to approve the capital reduction to the Capital Market Authority on 28/10/1444H (corresponding to 18/05/2023G).
- On 28/10/1444H (corresponding to 18/05/2023G), the Board of Directors decided to amend the Board's recommendation to the Extraordinary General Assembly related to reducing the Company's capital and then increasing the Company's capital by issuing rights shares. The Board's previous recommendation announced on 21/10/1444 H (corresponding to 11/05/2023G) was to reduce the Company's capital from nine hundred and fifty million (950,000,000) Saudi riyals to four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals, so that the Board's recommendation after the amendment to reduce the Company's capital from nine hundred and fifty million (950,000,000) Saudi riyals to four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals while remaining on the previous recommendation related to increasing the Company's capital by offering rights shares worth three hundred million (300,000) Saudi riyals unchanged.
- Amending the Company's bylaws to comply with the new Companies Law, and rearranging the articles of the Law and numbering them to comply with the proposed amendments, in accordance with the resolutions of the Extraordinary General Assembly held on 08/01/1445H (corresponding to 26/07/2023G).
- Reducing the capital of the Company by (51.09%), i.e. from (950,000,000) Saudi riyals to (464,646,060) Saudi riyals, by canceling forty-eight million five hundred and thirty-five thousand three hundred and ninety-four (48,535,394) shares of the issued shares of the Company, i.e. a cancellation rate of (1) shares for each (1.957) shares. This is to amortize (99.99%) of the total accumulated losses and then increase the Company's capital, and to approve the amendment of Article 7 and Article 8 of the Company's bylaws related to capital and subscription to shares. The resignation of Mr. Jameel Abdullah Al-Molhem as of 18/05/2023G from the position of Managing Director of the Company.
- The accumulated losses decreased to (8.48%) of the capital on 13/01/1445H (corresponding to 31/07/2023G).
- On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors decided to exempt the current Secretary of the Board of Directors, Mr. Ahmed Ali Al-Zayyat, from the Secretariat of the Board and to appoint Mr. Mohammed Faik Mustafa as the new Secretary of the Board starting from 27/09/2023G.
- On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors decided to appoint Mr. Khalid bin Nasser Al-Maamar (Member of the Board of Directors) and Mr. Mohammad Faik Mustafa (Senior Executive) as representatives of the Company with the Capital Market Authority (CMA) and the Saudi Capital Market Company (Tadawul).
- On 16/03/1445H (corresponding to 01/10/2023G), the Board of Directors decided to accept the resignation of the member of the Board of Directors, Mr. Jameel Abdullah Al-Molhem as of 28/09/2023G.

Disclaimer: The "Important Notice" section on page (i) 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
Convening 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.	(03/08/1445H (Corresponding to 13/02/2024G)
Trading Period	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 (Monday 09/08/1445H (Corresponding to 19/02/2024G) and shall continue until the end of (Tuesday 17/08/1445H (Corresponding to 27/02/2024G). 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 (Monday 09/08/1445H (Corresponding to 19/02/2024G) and continues until the end of (Sunday 22/08/1445H (Corresponding to 03/03/2024G). 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.
Subscription Period End Date	The subscription period ends and the receipt of subscription applications ends by the end of (Sunday 22/08/1445H (Corresponding to 03/03/2024G)
Rump offering Period	Starting at 10:00 am on (Wednesday 25/08/1445H (Corresponding to 06/03/2024G) and continuing until 5:00 pm on (Thursday 26/08/1445H (Corresponding to 07/03/2024G)
Notice of Final Allocation	(Tuesday 02/09/1445H (Corresponding to 12/03/2024G)
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	(Monday 06/10/1445H (corresponding to 15/04/2024G)
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	(Monday 10/07/1445H (Corresponding to 22/01/2024G))
Announcement of the results of the Extraordinary General Assembly Meeting on Capital Increase	Company	(Wednesday 04/08/1445H (Corresponding to 14/02/2024G))
Announcement of the amendment to the Company's share price, the deposit of rights, and the indicative value of the right	Tadawul	(Wednesday 04/08/1445H (Corresponding to 14/02/2024G))
Announcement of the Determination of the Trading Period of Rights, and the Subscription Period for New Shares	Company	(Thursday 05/08/1445H (Corresponding to 15/02/2024G))
Announcement of the Addition of Rights of the Company	Edaa	(Sunday 08/08/1445H (Corresponding to 18/02/2024G))
Announcement of the commencement of the trading period of rights, and the subscription period for new shares	Tadawul	(Sunday 08/08/1445H (Corresponding to 18/02/2024G))
Reminder Announcement of Commencement of Rights, Trading Period and Subscription Period for New Shares	Company	(Monday 09/08/1445H (Corresponding to 19/02/2024G))
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	(Monday 16/08/1445H (Corresponding to 26/02/2024G))
Announcement of: - Subscription Results - Details of the sale of the unsubscribed shares (if any), and the commencement of the rump offering period	Company	(Monday 23/08/1445H (Corresponding to 04/03/2024G))
Announcement of the results of the rump offering, and the notification of the final allocation	Company	(Tuesday 02/09/1445H (Corresponding to 12/03/2024G))
Announcement of Deposit of New Shares in Investors' Portfolios	Edaa	(Thursday 04/09/1445H (Corresponding to 14/03/2024G))
Announcement of the distribution of compensation amounts (if any)	Company	(Monday 06/10/1445H (Corresponding to 15/04/2024G))

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. Issuer Name and Commercial Registration Number
2. Securities, their value, type, and category covered by the application for registration and offering of securities
3. Titles 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 offer 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 rump 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 relating to the shares and Offering terms and conditions**”).

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 it 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 approximately (0.6456) rights for every (1) share owned by the registered shareholder on the eligibility date. Accordingly, if a registered shareholder owns one thousand (1,000) shares on the eligibility date, (645) rights will be allocated to him 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 on 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), then the total rights that will be deposited are (645) rights considering the eligibility ratio is approximately (0.6456) rights for every (1) share owned by the registered shareholder on the date of eligibility. Accordingly, (516) rights will be deposited in Portfolio (A) and (129) rights in Portfolio (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 rump 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 to 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 Help:

In case of any queries, please contact the Company at: info@takweenai.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) "**Information Relating to the Shares and offering Terms and Conditions**" and the remaining information contained herein.

Summary of Important Information

This summary provides a brief overview of the overview 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.

Company Profile

Takween Advanced Industries Company (“Takween” or the “Company”) is a Saudi public joint-stock Company established by virtue of Ministerial Resolution No. (Q/391) dated 28/12/1431H corresponding to (04/12/2010 G) and Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G) issued in Khobar. Its head office is located in Khobar, in the Kingdom of Saudi Arabia. On 03/15/1433H (corresponding to 02/07/2012G), the Company’s shares were listed on the Saudi market with a capital amounting to 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, and 30% of the shares were offered for public offering by the public. The capital of the Company is four hundred and sixty-four million six hundred and forty-six thousand six hundred and sixty (464,646,060) Saudi riyals, divided into forty-six million four hundred and sixty-four thousand six hundred and six (46,464,606) ordinary shares with a nominal value of ten (10) riyals per share paid in full. As of the date of this Prospectus, the major shareholders of the Company (who own 5% or more of the shares of the Company) are AIOthman Holding Company, a closed shareholding Company (with a percentage of ownership of 46.378%), Abdullah Mohammed Abdullah AIOthman (with a percentage of ownership of 6.946%), Abdulmohsen Mohammed Abdullah AIOthman (with a percentage of ownership of 6.012%), and Abdul Rahman Saleh Al Rajhi & Partners Co. (with a percentage of ownership of 5.156%).

Summary of the Company Activities

The Company carries out its activities under the Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G). The Company’s activities, as stated in its commercial register, are represented in professional, scientific, and technical activities (head office activities).

The activities of the Company, as defined in its bylaws, are to carry out and perform the following purposes:

1. Manufacturing Industries
 - To own factories with their various products, packaging factories, plastic bottles, polypropylene rolls, polystyrene, polyethylene terephthalates, and non-woven fabric factories, and to manage, operate, and maintain factories alone or in partnership with other companies, bodies, or individuals, and to merge with any of those facilities.
 - To provide management, operation, qualification, and maintenance services for all industrial centers owned by companies, bodies or individuals, and for residential and commercial cities, public and private facilities, and entities.
 - To own, manage, and operate industrial appliances and equipment maintenance institutions.
2. Administrative and support services – management of gas stations - management of maintenance and operation in their buildings and facilities.
3. Real estate activities - managing and leasing owned or leased real estate (residential) - managing and leasing owned or leased real estate (non-residential) - owning land for the establishment and development of factories, warehouses, and residential projects and selling, buying, and exploiting land and real estate and investing them by selling and renting for the benefit of the Company.
4. Wholesale, and retail trade and repair of motor vehicles and motorcycles:
 - Import, export, wholesale and retail trade in plastic products of all kinds, plastic containers and caps of all sizes, non-woven fabrics of all kinds, cup caps, various vials, bottles, various plastic cups, polypropylene wraps, polystyrene wraps, and polyethylene terephthalate wraps. Non-woven fabric made of polypropylene, pet bottle miniatures, plastic cardboard, and corrugated cardboard. Plastic containers and drums with lids, and assorted sodium silicate.
 - Commercial Agencies
5. Accommodation and food services activities – hotels – owning, investing, managing, operating, and maintaining hotels, educational, recreational, and tourist facilities.
6. Transportation and storage: The establishment, management, operation, and maintenance of dry and refrigerated stores, transport fleets, maintenance and repair workshops, and gas stations.
7. Education: Higher training institutes - training centers – electronic training - establishing industrial institutes and providing and coordinating training courses related to the development of plastic products of all kinds, and the establishment and qualification of national cadres in the field of the Company’s industries.

The Company shall carry out its activities in accordance with the regulations and after obtaining the necessary licenses from the competent authorities.

The Company's main current activities are as follows:

Manufacturing plastic containers through its subsidiaries (Plastico, Al-Sharq, New Marina Plast), and manufacturing non-woven fabrics through Advanced Fabrics Factory Co. (SAAF).

For more information, please see Subsection (3.3) “**Summary of the Company Activities**” of Section (3) “**Overview of the Company and the Nature of its Business**” of this Prospectus.

Capital Structure of the Company

The Company started its industrial activity on 05/05/1414H (corresponding to 21/10/1993G) through AIOthman Plastic Products Factory, which was a branch of the establishment owned by Mr. Mohammed Abdullah Zaid AIOthman. The factory's capital reached one million (1,000,000) Saudi riyals. On 06/02/1422H (corresponding to 30/04/2001G), the branch of AIOthman Plastic Products Factory was converted to a limited liability Company with a capital of thirty-two (32,000,000) million Saudi riyals. The name of the factory was also amended in conjunction with the transformation process to become AIOthman Plastic Products Company – Limited Liability. On 16/05/1425H (04/07/2004G), the shareholders decided to reduce the Company's capital from thirty-two million (32,000,000) Saudi riyals divided into three hundred and twenty thousand (320,000) shares to twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand and five hundred (209,500) shares, the value of each share is one hundred (100) Saudi riyals, and on 11/01/1431H (corresponding to 28/12/2009G), the shareholders decided to amend the name of the partner/Mohammed Abdullah AIOthman and Sons Company Limited to the name of AIOthman Holding Company, and the shareholders decided to increase the Company's capital from twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand five hundred (209,500) shares to thirty-three million six hundred and seventy-five thousand (33,675,000) Saudi riyals divided into three hundred and thirty-six thousand seven hundred and fifty (336,750) shares by transferring an amount of twelve million seven hundred and twenty-five thousand (12,725,000) Saudi riyals. The Company also increased the value of its shares from one hundred (100) riyals to one thousand (1,000) riyals, so that the number of new shares became thirty-three thousand six hundred and seventy-five (33,675) shares. On 25/10/1431H (corresponding to 04/10/2010G), it was decided by the Partner Mohammed bin Abdullah bin Zaid AIOthman to assign three thousand three hundred and thirty (3,330) shares of his share to five newshareholders, and the partner AIOthman Holding Company decided to assign sixteen thousand nine hundred and seventy-five (16,975) shares of its share to a new partner. In this context, the shareholders wished to convert the legal entity of the Company from a limited liability Company to a closed joint stock Company with its rights and obligations, and to increase the Company's capital from thirty-three million six hundred and seventy-five thousand (33,675,000) Saudi riyals divided into thirty-three thousand six hundred and seventy-five (33,675) shares to ninety-seven million five hundred and thirty-nine thousand (97,539,000) Saudi riyals divided into nine million seven hundred and fifty-three thousand nine hundred (9,753,900) ordinary shares through the Company's purchase of shares of some shareholders in Ultrapak Manufacturing Co. Ltd. with a value of (24,750,000) Saudi riyals to become the percentage of ownership in the Company (99%) of the capital and the purchase of shares of some shareholders in Advanced Fabrics Factory Co. (SAAF) with an amount of (39,114,000) Saudi riyals to become the ownership of the Company at a rate of (53%). The shareholders decided to amend the name of the Company to become “Takween Advanced Industries Company”, and on 28/12/1431H (corresponding to 04/12/2010G) a decision was issued by the Minister of Commerce No. (S/391) announcing the transformation of the Company from a limited liability Company to a closed joint stock Company in the name of Takween Advanced Industries Company in accordance with Commercial Register No. (2051044381) on 09/01/1432H (corresponding to 15/12/2010G) issued in Khobar. The Company's capital at that time was ninety-seven million, five hundred and thirty-nine thousand (97,539,000) Saudi riyals. On 01/02/1432H (corresponding to 05/01/2011G), the Extraordinary General Assembly approved the increase of the Company's capital from ninety-seven million five hundred and thirty-nine thousand (97,539,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) shares. The value of the increase was covered by the capitalization of two hundred and two million four hundred and sixty-one thousand (202,461,000) Saudi riyals from the shareholders' contribution account, statutory reserve, and retained profits as of 21/10/1431H (corresponding to 30/09/2009G). On 15/03/1433H (corresponding to 07/02/2012G), the Company's shares were listed on the Saudi market with a capital amounting to 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, and 30% of the shares were offered for public subscription by the public. On 27/05/1434H (corresponding to 08/04/2013G), the extraordinary general assembly of the Company's shareholders approved an increase in capital from three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares to three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares. The value of the increase was covered by the capitalization of fifty million (50,000,000) Saudi riyals from the retained profits account as of 18/02/1434H (corresponding to 31/12/2012G). On 20/12/1437H (corresponding to 21/09/2016G), the extraordinary general assembly of the Company's shareholders approved increasing the capital from three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares to nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares. The value of the increase was covered by offering rights' shares amounting to six hundred million (600,000,000) Saudi riyals. On 08/01/1445H (corresponding to 26/07/2023G), the Company's extraordinary general assembly approved reducing the Company's capital from nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares to four hundred and sixty-four million, six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals are divided into forty-six million, four hundred and sixty-four thousand, six hundred and six (46,464,606) ordinary shares, by canceling forty-eight million, five hundred and thirty-five thousand and three hundred and ninety-four (48,535,394) shares of the Company's issued shares. For more information, (please see subparagraph (9.1.1) “**Establishment of the Company and Stages of Development of its Capital**” from Section No. (9) “**Legal Information**”).

On 21/08/1444H (corresponding to 13/03/2023G), the Board of Directors of the Company recommended an increase in the capital of the Company through the offering of rights shares of three hundred million (300,000,000) Saudi riyals to become the capital after the increase of seven hundred and sixty-four million, six hundred and forty-six thousand (764,646,060) Saudi riyals in order to purchase new assets to develop existing production lines, purchase new assets to produce new products, repay loans with high Murabaha ratios, and finance working capital.

The Company has obtained the approval of the Extraordinary General Assembly to increase the capital of the Company by issuing rights shares on Tuesday 03/08/1445H (corresponding to 13/02/2024G). This approval has been announced on the Saudi Stock Exchange (Tadawul) website.

Company Vision

Takween seeks to occupy a leading position in manufacturing of packaging polymer products used in fast-moving consumer goods and the manufacture of consumer products in the markets of the Middle East and the world. The Company also seeks to become a leader and distinguished in achieving profitable investments, developing and improving its activities, enhancing its relationships with its shareholders and customers, and gaining their satisfaction and loyalty.

Company Mission

Takween specializes in owning, developing, and employing the latest polymer technology in order to produce high-quality packaging for products as well as non-woven fabrics that are used for fast-moving consumer goods in the Middle East and around the world. The Company focuses mainly on becoming the partner of choice for substantial international companies for advanced textiles. The Company also works to achieve its mission by understanding the needs of its customers and motivating its staff to meet the needs of the market and customers through the use of the latest technologies and equipment to develop production methods and quality. The Company also seeks to focus on long-term partnerships with its customers in the global and local markets and positively affect its stakeholders by working professionally through the optimal use of its manufacturing facilities and continuous supervision of its production lines in the Kingdom of Saudi Arabia and abroad.

Corporate Strategy

- Takween seeks to develop the Company's current strategy aimed at focusing on and expanding the plastics sector, whether inside or outside the Kingdom of Saudi Arabia, in the countries in which the Company operates.
- Takween seeks to significantly benefit from its leading position in various market sectors, locally and globally, and its prestigious reputation with substantial customers in the field of plastic industries to implement further expansions by opening new marketing outlets outside the Kingdom in the regions with the greatest demand for the Company's products, represented in East Asian countries and in African countries. Takween is moving towards developing value-added products in implementation of this strategy and in line with the requirements of substantial customers and global markets.
- Takween has a high level of experience that enables it to achieve operational efficiency and develop its capabilities permanently and continuously in the plastics industry. The Company also aims to increase its share in local and global markets and enhance its financial results for the benefit of its shareholders and the national economy.
- To achieve the objectives of its strategy, Takween continuously focuses on research and development activities, which that are the cornerstone of all innovations that have enhanced its reputation in the market.
- Takween also seeks to develop its projects and factories to keep pace with the latest developments in the field of its industry and thus find new job opportunities and achieve the largest percentage of job localization. The Company also always develops safe businesses, and focuses on risk management, and benefit from international expertise in its field of business to become one of the most advanced companies in its field. Takween works to develop its projects in the Kingdom and abroad as a strategic option for its long-term growth to achieve the targeted growth.
- Takween's policies in dealing with its employees, customers, and suppliers are the first factor for in its success, and these dealings are based on the principles of transparency, honesty, mutual interest, teamwork, professional conduct, and other basic pillars on which the Company's strategic goals and plans and future expectations are based.
- Takween Company develops its internal management systems and technology programs and develops governance systems to raise the internal control level, achieve transparency, ensure conflict of interests, preserve rights, raise the efficiency of the Company's work, ensure sustainability and continuity, and enhance trust between the Board of Directors, stakeholders, shareholders, and investors.

Values

Integrity and Respect

The Company is keen to work with integrity and transparency and to promote relationships based on trust and mutual respect with customers and shareholders.

Quality and Excellence

Raising the productive efficiency of the Company in accordance with the best quality standards to enhance its financial results and returns, and provide the best services to customers in the Kingdom, and abroad, and enhance their level of satisfaction.

Solidarity Team

Attracting highly qualified employees, securing a sound and supportive work environment, providing amenities for its employees, training them to complete their job tasks optimally, developing its human resources, and focusing on training its employees to achieve sound management principles that combine the growth of the Company with the well-being of shareholders.

Effectiveness and efficiency

Harnessing resources in the most effective and efficient way possible to avoid waste and achieve the best results.

Social Responsibility

Follow all laws and provisions in accordance with social responsibility standards, and support social activities.

Responsibility towards the work environment

Commitment to environmental standards in all its work and activities.

Strengths and Competitive Advantages of the Company

The Company has the following strengths and competitive advantages:

- Strong opportunities to keep pace with economic growth.
- Long-Term Attractions.
- Experienced management team.
- Diversity of business.
- Strong and stable relationships with key suppliers inside and outside the Kingdom.
- Mutual benefit and interdependence between companies.
- Using the latest equipment and devices, which enhances the quality of products and operating efficiency.
- Leading market share in plastic packaging products in the Kingdom and in a number of international markets.
- Government support for industrial development.
- Providing government funding through the Saudi Industrial Development Fund.
- The Company excels in the governance index and is selected among the top ten listed companies in the market.

Market Overview

As part of Saudi Arabia's Vision 2030G, national transportation programs, industry development, PIF, and the advertising health sector are expected to further enable the growth and development of the plastic packaging industry sector. The plastic packaging industry is affected by the growth of some other sectors, including but not limited to food and beverages, medicines, and health care, as well as personal and home care. The increase in demand for these products increases the demand for plastic packaging.

The size of the global plastic packaging market reached US \$0.5 trillion in 2022G, divided into non-flexible products (hard) and flexible products (easy to form). Non-flexible products accounted for US \$293 billion, constituting 54% of the size of the plastic packaging market. Flexible products accounted for the remaining 46% at US \$249 billion.

The size of the Saudi market reached US \$3.3 billion in 2022G, and the non-flexible products represented US \$2.209 billion, representing 67% of the size of the plastic packaging market in the Kingdom of Saudi Arabia, and the flexible products represented 33% of the size of the Saudi market at US \$1.08 billion. By 2027G, the market size in Saudi Arabia is expected to reach US \$4.44 billion with a CAGR of 6.4%. Takween's market share is expected to be 6% of the market size of US \$264 million.

Takween's sales of inflexible products amounted to \$161 million, representing 82% of the Company's sales, while its sales of flexible products amounted to \$36 million, representing 18% of the Company's sales as of 2022G. It shall be noted that the highest share of sales of inflexible products was for food and beverage packaging, accounting for 92% of sales of inflexible products. Industrial packaging sales also accounted for 91% of sales of flexible products.

It is worth mentioning that the market size of water bottles in the Kingdom of Saudi Arabia reached US \$429 million during 2022G and is expected to grow to US \$602 million by 2027G, at a compound annual growth rate of 7%, and Takween's market share reached 15.4% with an amount of US \$66.3 in 2022G and is expected to grow to 16% with an amount of US \$93 million by 2027G.

The size of the plastic soft drink can market in the Kingdom of Saudi Arabia reached US \$92 million in 2022G and is expected to grow to US \$112 million by 2027G, at a compound annual growth rate of 4%. The market share of Takween was 19.4% at US \$17.9 million in 2022G and is expected to decrease to 19% at US \$22 million.

The size of the juice and dairy cans market in the Kingdom of Saudi Arabia reached US \$356 million during in 2022G and is expected to grow to US \$476 million by 2027G, with a compound annual growth rate of 6%. The market share of Takween reached 18.5% with an amount of US \$65.8 in 2022G and is expected to decrease to 18% with an amount of US \$88 million.

The size of the food packaging market in the Kingdom of Saudi Arabia reached US \$1,192 million during in 2022G and is expected to grow to US \$1,672 million by 2027G, at a compound annual growth rate of 7%. The market share of Takween was 0.1% at US \$1.4 million in 2022G and is expected to remain 0.1% at US \$2 million.

The size of the industrial packaging market in Saudi Arabia reached US \$1,072 million during in 2022G and it is expected to grow to reach US \$1,369 million by 2027G, with a compound annual growth rate of 5%, the market share reached 4.1%, amounting to US \$43.6 in 2022G, and is expected to decrease to 4%, amounting to US \$56 million.

The size of the packaging market for personal and household care products in the Kingdom of Saudi Arabia reached US \$155 million during 2022G and is expected to grow to US \$205 million by 2027G, at a compound annual growth rate of 6%, and Takween's market share reached 1.5% at US \$2.4 million in 2022G and is expected to grow to 2% at US \$3 million.

This expected growth is due to several reasons, including the increase in the population, and according to what Crown Prince Mohammed bin Salman bin Abdulaziz pointed out during his conversation with a number of journalists. By 2030G, we aspire to reach the population of the Kingdom of 50 to 60 million people. The Crown Prince explained that the maximum limit for Riyadh is 25 million. According to the statistics of 2021G, the population of Riyadh was about 10.5 million people. This means that the population of Riyadh has grown by more than double, which will increase the demand for food and beverages, medicines, and health care, as well as increasing people's awareness of health and increasing demand for hygiene products, especially after the Coronavirus (COVID-19) pandemic, which will increase the demand for personal and household care products.

Source: The Company

Risk Factors Summary

There are a number of risks related to the issuance of rights shares, which are explained in detail in Section (2) “**Risk Factors**” of this Prospectus, which shall be carefully studied before making an investment decision in the rights shares under issue. Such risks are summarized as follows:

- **Risks related to the Issuer**
 - Risks related to revenue concentration
 - Export-Related Risks
 - Reputational risk of the Company
 - Risks related to relying on key customers
 - Risks related to transportation
 - Risks related to negative cash flows
 - Liquidity risk
 - Risks related to the availability and price changes of substantial raw materials
 - Risks related to relying on substantial suppliers
 - Risks related to operational business continuity
 - Risks related to expansion and growth strategy
 - Risks related to accumulated losses
 - Risks of funding sources
 - Risks of dealing with related parties
 - 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 the Company’s reliance on senior management and key personnel
 - Risks of relying on non-Saudi employees
 - Risks related to employee errors or misconduct
 - Risks related to operating systems and information technology
 - Risks related to disclosures
 - Risks related to the existence of prior rights issues
 - Risks related to the competitive environment
 - Risks related to potential Zakat entitlements and additional claims
 - Risks related to the adequacy of insurance coverage
 - Risks related to lawsuits
 - Risks related to customs exemptions
 - Risks related to the non-extraction or non-renewal of licenses, permits, and certificates
 - Risks related to the violation of the Labor Law
- **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 new Companies Law and the amended governance regulation
 - Risks related to the imposition of new fees or taxes
 - Risks related to currency exchange rate fluctuations
 - Risks related to interest rate fluctuations
 - Environment, Occupational Safety, and Health
 - Risks related to 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 low demand for rights and shares of the Company
 - Risks of low ownership ratios
 - Risks of not exercising rights in a timely manner
 - Dividend risk
 - 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 audited financial statements of the Company for the financial years ended 31 December 2020G, 2021G, 2022G and the financial period ended 31 March 2023G and the accompanying notes.

The audited financial statements of the Company ending on 31 December 2020G, 2021G, 2022G and the financial period ending on 31 March 2023G have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and the standards and issuances adopted by the Saudi Organization for Auditors and Accountants (SOCPA).

The Company's financial statements for the financial year ended 31 December 2020G have been audited by Ibrahim Ahmed Al-Bassam & Partners, Chartered Accountants – Al-Bassam & Partners. The Company's financial statements for the financial years ended 31 December 2021G and 31 December 2022G and the preliminary audited financial statements for the period ended 31/03/2023G have been audited by Sulaiman Abdullah Al-Kharashi & Partners (Chartered Accountants and Auditors). The Company issues its financial statements in Saudi Riyals.

Statement of Financial Position

Statement of Financial Position (Thousands of Saudi Riyals)	Financial year ended 31/12/2020G (Audited)	Financial year ended 31/12/2021G (Audited)	Financial year ended 31/12/2022G (Audited)	Financial period ended 31/03/2023G
Total Current Assets	945,104	662,102	710,360	627,756
Total non-current assets	955,096	1,025,512	941,296	934,524
Total Assets	1,900,200	1,687,614	1,651,656	1,562,280
Total current liabilities	967,318	920,457	1,103,848	1,075,197
Total non-current liabilities	344,649	160,189	113,182	85,543
Total Liabilities	1,311,967	1,080,646	1,217,030	1,160,740
Total Equity	588,233	606,968	434,626	401,540
Total Liabilities and Equity	1,900,200	1,687,614	1,651,656	1,562,280

Source: The Company's Financial Statements

Income Statement

Income Statement (Thousands of Saudi Riyals)	Financial year ended 31/12/2020G (Audited)	Financial year ended 31/12/2021G (Audited)	Financial year ended 31/12/2022G (Audited)	Financial period ended 31/03/2023G
Total Revenue	754,176	838,556	1,045,399	232,616
Cost of Revenue	696,768	786,641	1,012,849	217,462
Gross Profit (Loss)	57,408	51,915	32,550	15,154
Loss from operations	(31,866)	(60,273)	(117,063)	(8,008)
Net profit (loss) before Zakat	(65,792)	(33,389)	(158,849)	(25,757)
Net profit (loss) from continuing operations	(66,342)	(34,089)	(158,916)	(25,757)
Net profit (loss) from discontinued operations	60,329	53,115	-	-
Net profit (loss) for the year	(6,013)	19,026	(158,916)	(25,757)

Source: The Company's Financial Statements

Statement of Cash Flows

Statement of Cash Flows (Thousands of Saudi Riyals)	Financial year ended 31/12/2020G (Audited)	Financial year ended 31/12/2021G (Audited)	Financial year ended 31/12/2022G (Audited)	Financial period ended 31/03/2023G
Cash and cash equivalents at the beginning of the year	40,274	40,040	28,825	36,866
Net cash and cash equivalents from operating activities	143,248	30,142	71,496	(35,452)
Net cash and cash equivalents from investment activities	(46,951)	182,783	(20,631)	(8,202)
Net cash and cash equivalents from financing activities	(94,592)	(224,225)	(29,462)	25,299
Net change in cash and cash equivalents for the year	1,705	(11,300)	21,403	(18,355)
Cash and cash equivalents at the end of the year	40,040	28,825	36,866	12,020

Source: The Company's Financial Statements

Key Performance Indicators

Key Performance Indicators	Financial period ended 31/12/2020G (Audited)	Financial year ended 31/12/2021G (Audited)	Financial year ended 31/12/2022G (Audited)	Financial period ended 31/03/2023G
Gross Profit Margin	7.61%	6.19%	3.11%	6.51%
Net Profit Margin	(0.80%)	2.27%	(15.20%)	(11.07%)
Return on Total Assets	(0.32%)	1.13%	(9.62%)	(1.65%)
Return on Total Shareholders' Equity	(1.02%)	3.13%	(36.56%)	(6.41%)
Total Liabilities /Total Equity	2.2X	1.8X	2.8X	2.9X
Percentage of circulation (times)	1.0X	0.7X	0.6X	0.6X
Total Assets/Total Liabilities	1.4X	1.6X	1.4X	1.3X

Source: The Company

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1. Definitions and Terminology

Term	Definition																											
“Company”, “Takween” or “Issuer”	Takween Advanced Industries Company is a Saudi public joint-stock Company established by virtue of Ministerial Resolution No. (Q/391) dated 28/12/1431H corresponding to (04/12/2010G) and Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G) issued in Al-Khobar																											
Advisors	Advisors and consultants of the Company whose names are shown on page (v).																											
Management	Executive management team or senior executives in Takween Advanced Industries.																											
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 bodies for it.																											
Board or Board of Directors	The Board of Directors of the Company, whose names appear on page (iii).																											
Substantial Shareholders	<p>The substantial shareholders of the Company who own 5% or more of the shares of the Company as of the date of this Prospectus:</p> <p>Table No. (1): Substantial Shareholders</p> <table border="1"> <thead> <tr> <th rowspan="2">No.</th> <th rowspan="2">Name</th> <th rowspan="2">Nationality</th> <th colspan="2">Before offering</th> </tr> <tr> <th>Ownership Percentage</th> <th>Number of Shares</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Al Othman Holding Company</td> <td>Saudi</td> <td>46.378%</td> <td>21,549,358</td> </tr> <tr> <td>2</td> <td>Abdullah Mohammed Abdullah Al-Othman</td> <td>Saudi</td> <td>6.946%</td> <td>3,227,297</td> </tr> <tr> <td>3</td> <td>Abdulmohsen Mohammed Abdullah Al-Othman</td> <td>Saudi</td> <td>6.012%</td> <td>2,793,479</td> </tr> <tr> <td>4</td> <td>Abdulrahman Saleh Al Rajhi & Co. Ltd.</td> <td>Saudi</td> <td>5.156%</td> <td>2,395,635</td> </tr> </tbody> </table>	No.	Name	Nationality	Before offering		Ownership Percentage	Number of Shares	1	Al Othman Holding Company	Saudi	46.378%	21,549,358	2	Abdullah Mohammed Abdullah Al-Othman	Saudi	6.946%	3,227,297	3	Abdulmohsen Mohammed Abdullah Al-Othman	Saudi	6.012%	2,793,479	4	Abdulrahman Saleh Al Rajhi & Co. Ltd.	Saudi	5.156%	2,395,635
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4	Abdulrahman Saleh Al Rajhi & Co. Ltd.	Saudi	5.156%	2,395,635																								
Related party	<p>It means:</p> <ol style="list-style-type: none"> Affiliates of the Issuer; Substantial shareholders of the issuer; Directors and senior executives of the issuer; Directors of the affiliates of the issuer; Directors and senior executives of substantial shareholders of the issuer; Any relatives of persons described at (1), (2), (3) or (5) above; Any Company controlled by any person described at (1), (2), (3), (5) or (6) above. Persons acting jointly and jointly holding (5%) or more of the class of shares to be listed. 																											
Bylaws	Bylaws of the Company.																											
Commercial Registration Law	The Commercial Registration Law issued by Royal Decree No. (M/ 1) dated 21/02/1416H (corresponding to 19/07/1995G) and its executive regulations issued by Ministerial Resolution No. (1003) dated 21/09/1416H (corresponding to 11/02/1996G).																											
Capital Market Authority or CMA	The Capital Market Authority in the Kingdom of Saudi Arabia.																											
Companies Law	Companies Law in the Kingdom of Saudi Arabia issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), which entered into force on 25/07/1437H (corresponding to 02/05/2016G) and amended on 26/06/1444H (corresponding to 19/01/2023G).																											
Securities Depository Center Company	It is a closed joint-stock Company wholly owned by the Saudi Stock Exchange Company (Tadawul) established in 2016 under the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G)																											
Stock Market	Saudi Stock Exchange (Tadawul).																											
Tadawul	Tadawul, Saudi Arabia																											
Group	The Company and its subsidiaries, in which the Company has the right of control.																											

Term	Definition
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 bylaws of the Company.
Extraordinary General Assembly	Extraordinary General Meeting of the Shareholders of the Company held in accordance with the bylaws of the Company.
Government	Government of the Kingdom of Saudi Arabia.
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 16/05/1438 H (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 25/06/1444 H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 H (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 was issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G).
Securities Offering Rules 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 23/03/1444H (corresponding to 91/10/2022G).
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 receipts 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	30,000,000 Ordinary Shares.
Indicative Right Value	The difference between the market value of the Company's stock during the trading period and the offering price.
Offering Period	The period starting after (3) three working days from the approval of the Extraordinary General Assembly, including the approval of the capital increase, from Monday 09/08/1445H (corresponding to 19/02/2024G) to Tuesday 17/08/1445H (corresponding to 27/02/2024G).
Rump Offering	Offering any remaining shares not subscribed to by the persons entitled to the investment institutions by offering them in the rump offering period.
Rump 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 " Rump offering "). These investment institutions submit their offers to buy the remaining shares, and these offers will be received from 10:00 am on Wednesday 25/08/1445H (corresponding to 06/03/2024G) until 5:00 pm on Thursday 26/08/1445H (corresponding to 07/03/2024G) (the " Rump 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.
Trading Price of the Right	It is the price at which the right is traded, knowing that it is determined through the supply and demand mechanism. Therefore, it may differ from the indicative value of the right.
Eligibility Ratio	The result of dividing the number of new shares by the number of existing shares of the Company.
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.

Term	Definition
Prospectus	This document is prepared by the Company in connection with the subscription of Rights Shares.
Gulf Cooperation Council (GCC)	Cooperation Council for the Arab States of the Gulf.
GDP	Gross Domestic Product of the Kingdom of Saudi Arabia.
Financial Year (s)	It is the period of time for the presentation of the result of the activity of the establishment, the beginning and end of which are specified in the articles of association or bylaws of the Company concerned. Note that the Company's financial year ends on December 31 of each calendar year.
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.
Egyptian Pound	The current official currency of the Arab Republic of Egypt.
Shareholder	The holder of the Shares as of any specified time.
Total Shares Offered	The ordinary shares of the Company amount to forty-six million, four hundred and sixty-four thousand, six hundred and six (46,464,606) shares with a nominal value of ten (10) riyals per share.
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 as an agent and pledge to cover, manage, arrange, advise, and preserve in securities.
Al Nefaie Investment Group Company	Al-Nefaie 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 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"> 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 center. 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. Persons licensed to deal in securities in an original capacity while complying with the requirements of financial sufficiency. Clients of a person licensed to conduct management business, provided that such a 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. Any other legal person 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. Gulf investors with legal personality, which includes companies and funds established in the GCC countries. Qualified foreign investors. 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.
The Public	<p>In the Rules for the Offering of Securities and Continuing Obligations, the following persons shall mean:</p> <ol style="list-style-type: none"> Affiliates of the Issuer; Substantial shareholders of the issuer; Directors and senior executives of the issuer; Directors of the affiliates of the issuer; Directors and senior executives of substantial shareholders of the issuer; Any relatives of persons described at (1), (2), (3) or (5) above; Any Company controlled by any person described at (1), (2), (3), (5) or (6) above. Persons acting jointly and jointly holding (5%) or more of the class of shares to be listed.
Eligible Persons	The rights holders, whether they are registered shareholders, general institutional investors, or individuals who purchased the rights of the entitled persons during the trading period.
Saudi Organization for Auditors and 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.

Term	Definition
The Saudi Authority for Industrial Cities and Technology Zones ("MODON")	The Saudi Authority for Industrial Cities and Technology Zones ("MODON"), which is a government body with an independent legal personality, was established based on Council of Ministers Resolution No. (235) dated 08/27/1422H and is directly linked to His Excellency the Minister of Industry and Mineral Resources.
Ministry of Commerce	Ministry of Commerce of the Kingdom of Saudi Arabia (formerly "Ministry of Commerce and Investment")
Subscriber	Any person who subscribes to 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 2018G, 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 in July 2020G, 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	An Agreement was concluded between the Company and the Underwriter.
Capital	The balance is 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.
Rules Governing the Investment of Qualified Foreign Financial Institutions in Listed Securities	These are rules for regulating investment in securities by non-Saudis residing outside the Kingdom. They are issued by the Board of the Capital Market Authority pursuant to Resolution No. (1-42-2015) dated 15/07/1436H (corresponding to 04/05/2015G) and amended by the Board of the Capital Market Authority Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/6/2019G).
H	Hijri Calendar.
G	Gregorian calendar.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/ 51 dated 23/08/1426H corresponding to 27/09/2005G and its amendments.
Business Day	Any working day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banking institutions stop working in accordance with the regulations in force and other government procedures.
Localization / Saudization	Replacement of expatriate workers in private sector jobs by Saudi nationals.
Nitaqat/ Saudization Program	The Saudization Program (Nitaqat) was approved by the decision of the Minister of Labor No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G) based on the decision of the Council of Ministers No. 50 dated 12/05/1415H (corresponding to 27/10/1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the (Nitaqat) program to provide incentives for institutions to employ Saudi citizens. This program evaluates the performance of any institution on the basis of specific ranges, which are platinum, green, and red.

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, there may be additional risks that are not known to the Company at the present time, 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 decisions 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 plastic containers, PET preforms, containers, and pallets. The Company's revenues are largely focused on the sales of bottle preforms, which accounted for (36.66%), (38.53%), (42.51%) and (45.74%) of the Company's total sales for the financial years ended December 31, 2020G, 2021G and 2022G, and the three-month period ended March 31, 2023G, respectively. In addition to the sales of polyethylene containers, which accounted for (20.84%), (17.40%), (14.72%) and (15.05%) of the Company's total sales for the financial years ended December 31, 2020G, 2021G and 2022G and the financial period ended March 31, 2023G, respectively. In addition to the sales of rubber membranes, which accounted for (10.34%), (14.68%), (12.39%) and (10.66%) of the Company's total sales for the financial years ended December 31, 2020G, 2021G and 2022G and the financial period ended March 31, 2023G, respectively. In addition to the plate sales, which accounted for (4.02%), (3.90%), (5.49%) and (4.00%) of the Company's total sales for the financial years ended December 31, 2020G, 2021G and 2022G and the financial period ended March 31, 2023G, respectively. While the sales of the film accounted for (5.33%), (5.41%), (4.94%) and (4.86%) of the Company's total sales for the financial years ended December 31, 2020G, 2021G, 2022G and the financial period ended March 31, 2023G, respectively. Other sales such as (packages, lids, cups) accounted for (22.81%), (20.07%), (19.95%) and (19.78%) of the Company's total sales for the financial years ended December 31, 2020G, 2021G and 2022G and the financial period ended March 31, 2023G, respectively. For more information on revenues from the main products, please see subparagraph (5.6.1.2) "**Revenue by main products**" of subparagraph (5.6.1) "**Revenue**" of paragraph (5.6) "**Statement of Profit, Loss and Other Comprehensive Income**" of section (5) "**Management Discussion & Analysis**". Thus, if the Company's sales in general and the sales of bottle thumbnails and polyethylene containers in particular decrease, this will negatively and materially affect the Company's business, financial position, results of its operations, and future prospects.

2.1.2 Export-Related Risks

The Company exports its products to Sudan, Yemen, the Netherlands, Jordan, Kuwait, Poland, Bahrain, the United Arab Emirates, Oman, Iraq, Lebanon, the Congo, and Slovakia. The export sales amounted to (176,278) thousand Saudi riyals, (255,019) thousand Saudi riyals, (263,487) thousand Saudi riyals, and (42,467) thousand Saudi riyals as of 31 December 2020G, 2021G, 2022G and the three-month period ending on 31 March 2023G, respectively. It amounted to (23.37%), (30.41%), (25.20%) and (18.26%) of the total sales as of 31 December 2020G, 2021G, 2022G and the financial period ending on 31 March 2023G, 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 Company's and its subsidiary's ability to export its products to its customers in those countries and will result in a decrease in the Company's sales, which in turn will negatively and materially affect the Company's and its subsidiary's business, financial results, and future prospects.

2.1.3 Risks related to the reputation of the Company

The Company's reputation is critical to attracting new customers, and to maintaining its customers, 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 legal or regulatory procedures against the Company or the behavior of one of its employees that may cause the Company to breach the applicable regulatory requirements. The damage to the Company's reputation will adversely affect its business, financial position, results of its operations, profitability of its shares, and future prospects.

2.1.4 Risks related to relying on key customers

The Company's revenues are largely concentrated on twenty customers from an average customer base of more than 800 customers, representing 43.3%, 46% and 54.2% of the Company's total revenues for the financial years ended 31 December 2020G, 2021G and 2022G, respectively, although the Company has long-term strategic relationships with key customers in the dairy, juice, water, and soft drinks sectors. However, it is possible to lose a large part of its revenues in the event of a dispute with these customers or in the event that a better price is offered by competitors. It shall be noted that in the event that the Company loses one or more of these main customers or in the event of a decline in the volume of business with them, the Company will lose a large share of its revenues without the ability to compensate other customers. This will negatively and materially affect the Company's business, financial position, results of its operations, and future prospects.

2.1.5 Risks related to transportation

The Company delivers its products to its customers inside and outside the Kingdom of Saudi Arabia through third parties (transport service providers). Transportation and shipping expenses are charged according to the agreement concluded with the customer. 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 transfer of the Company's products, or a substantial increase in the costs related to transport such as gasoline costs, maintenance, spare parts, and labor costs, will limit the Company's ability to supply its products to its customers, which in turn will negatively affect the Company's business, results of its operations, financial position, and future prospects.

2.1.6 Risks related to negative cash flows

During the previous years, the Company's revenues increased at a compound annual growth rate of 17.7%, rising from SAR 754.2 million as of 31 December 2020G to SAR 1,045.4 million as of 31 December 2022G. However, the Company was unable to maintain a stable profit margin before interest, tax, depreciation, and amortization, as it decreased from 5% in the financial year ended 31 December 2020G to negative 0.6% in the financial year ended 31 December 2022G, and it also decreased to negative 3.4% in the financial period ended 31 March 2023G. Although the Company achieved positive cash flows for the financial years ending in 2020G to 2022G, it turned into negative cash flows in the first quarter of 2023G. In view of the high leverage and the remaining facility balance of SAR 72.3 million resulting from the current loan facilities and the historical restructuring of the various financing facilities, it is worth mentioning that the cash balance of the total assets amounted to 0.7% with a total value of SAR 12.0 million as of 31 March 2023G. If the Company's cash flows continue to be negative and it is unable to reschedule its loans and facilities in the future, it may face risks related to its inability to pay its obligations, which in turn will negatively affect the Company's business, results of its operations, financial position, and future prospects.

2.1.7 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 ratio of the Company amounted to (0.58), (0.72), (0.64) and (0.58), as on 31 December 2020G, 2021G and 2022G, respectively, and 31 March 2023G. Although the Company has a short-term Murabaha loan facility (valid for one year) in the amount of SAR 521.8 million, in addition to the Company's ability to renew it in the second and third quarters of 2023G up to the limit of the working capital requirements for the Company's normal business, if the Company is unable to renew it or meet its current and future obligations on its maturity dates, it will be subject to financial default, which will negatively affect the Company's business, results of its operations, financial position, and future prospects.

2.1.8 Risks related to the availability and price change of substantial raw materials

Takween Advanced Industries' products, such as juice and dairy cans, water bottles, plastic soft drink cans, and wrapping paper are based on raw materials such as polyethylene terephthalate, high-density polyethylene, polypropylene, polystyrene, and linear low-density polyethylene, and the raw materials represent an important element of the costs and expenses incurred by the Company. Their price is cyclical and volatile, and it may fluctuate in the future. The Company relies mainly on the availability of such materials. For more information on raw materials, please see subparagraph (5.6.2.1) "Material Cost" of subparagraph (5.6.2) "Cost of Revenue" of paragraph (5.6) "Statement of Profit, Loss and Other Comprehensive Income" of section (5) "Management Discussion & Analysis", and its operations may be directly and negatively affected in the event of any delay in those supplies or any change in the terms of their provision to the detriment of the Company or its 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 if the prices of raw materials rise, and if it does not succeed in raising the selling prices of its products or reducing other operating costs, this will negatively affect the Company's business, financial position, and future prospects.

2.1.9 Risks related to relying on substantial suppliers

The continuity of the Company depends on the extent to which it is able to provide raw materials at reasonable prices. Takween enters into a supply agreement with SABIC at the beginning of each financial year, and the contract specifies the budgeted quantity of raw materials to be procured in the next twelve months. It is worth mentioning that the Company shall adhere to at least 70% of the pre-agreed quantity with SABIC so that it can obtain a quantity discount on the purchased raw materials. Therefore, in the event of a decrease in the Company's sales, this will lead to a decrease in the quantity of raw materials purchased. Therefore, the Company will not be able to obtain the above-mentioned discount, and the Company does not have the right to negotiate the prices of raw materials. Although the Company charges the final consumer the increase in the prices of raw materials, if the prices of raw materials rise and the Company is unable to charge the final consumer this increase will negatively affect the profitability of the Company, and due to the Company's dependence mainly on SABIC in the supply of raw materials, as the purchases of raw materials from SABIC amounted to (358.85) million Saudi riyals, (496.97) million Saudi riyals, (583.19) million Saudi riyals, and (145.40) million Saudi riyals, representing 91%, 91%, 90% and 84% of the total purchases of raw materials as of 31 December 2020G, 2021G, 2022G and the financial period ended 31 March 2023G, respectively, which makes SABIC the largest supplier to the Company. For more information about raw materials, please see subparagraph (5.6.2.1) "Material Cost" of subparagraph (5.6.2) "Cost of Revenue" of paragraph (5.6) "Statement of Profit, Loss and Other Comprehensive Income" of section (5) "Management Discussion & Analysis". Due to the fact that there is no guarantee about the continuity of this relationship, the Company is subject to risks. It is related to the possibility of the interruption of raw materials and fluctuation in their prices, whether for a short or long period of time, so it may be difficult for the Company to ensure the continuation of supply and not to affect its business, and the occurrence of any defect, malfunction, or sudden interruption in the work of SABIC, or stopping the relationship with it or changing one of the conditions or obligations, This will negatively and fundamentally affect the production rates of the Company, its business, the results of its operations, and its financial performance.

2.1.10 Risks related to operational business continuity

The Company's success depends to a large extent on the work of its factories and the continuity of its production. Any malfunction that occurs in machinery, a shortage of raw materials, a sudden power outage, bad weather conditions, or the occurrence of natural disasters such as fires and others could result in a cessation of the Company's operations. The Company's production process, which in turn will limit the volume of finished products directed to the Company's warehouses and its customers, will cause a decrease in sales, which in turn will have a negative and material impact on the Company's business, the results of its operations, its financial condition, its profitability, and its future prospects.

2.1.11 Risks related to expansion and growth strategy

The future performance of the Company depends on its ability to effectively implement its business plans and growth strategies, which include manufacturing new products and expanding the base of products manufactured by the Company by building, equipping, and developing production lines. There is no guarantee that the Company's current employees or 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. The Company's failure to implement its business plans and growth strategies will have a negative and material impact on the Company's business, financial position, results of its operations, and future prospects.

2.1.12 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 were the decrease in total sales and the increase in the prices of raw materials, as follows:

- As of 31 December 2020G, the accumulated losses amounted to (319.707) million Saudi riyals, representing (33.65%) of its capital at the time (950) million Saudi riyals.
- As of 31 December 2021G, the accumulated losses amounted to (300.681) million Saudi riyals, representing (31.65%) of its then-capital of (950) million Saudi riyals.
- As of December 31, 2022G, the accumulated losses amounted to (459.597) million Saudi riyals, representing (48.38%) of its capital at the time (950) million Saudi riyals.
- As of 31 March 2023G, the accumulated losses amounted to (485,354) million Saudi riyals, representing (51.09%) of its capital at the time (950) million Saudi riyals.

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, which stipulates that 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. On 08/01/1445H (corresponding to 26/07/2023G), the Extraordinary General Assembly of the Company agreed to reduce the capital of the Company from nine hundred and fifty million (950,000,000) Saudi riyals to four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals by canceling forty-eight million, five hundred and thirty-five thousand, three hundred and ninety-four (48,535,394) shares of the issued shares of the Company. Accumulated losses affect the financial and operational status of the Company, 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 the need arises. There is no assurance that the Company has not made any future losses that would adversely and materially affect the Company's business, financial position, results of its operations, and future prospects.

2.1.13 Risks of funding sources

The Company may need to obtain financing and bank facilities to finance future expansion plans, and 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 March 2023G, Takween has existing short-term and long-term loans from several commercial banks valued at 659.5 million riyals. These loans were mainly taken to finance the acquisition of Savola Packaging Systems, and for the purpose of financing working capital, and for the maintenance of old machines. During the previous years, rights witnessed a significant decline due to continuous losses. The debt ratio of the Company improved from 1.5 as in 2020G to 1.1 as in 2021G and then rose again to 1.5 and 1.6 as in 2022G and the three-month period ending on 31 March 2023G, respectively. The continually rising cost of financing, negative return on assets, and diminishing equity can be considered high risks. A Company may fail to provide the liquidity needed to service its debt. The financing agreements include restrictions, covenants, and undertakings for the Company. The Company has not complied with some of these covenants, as follows:

- The credit facilities agreement signed with the Bank of Bahrain and Kuwait stipulated that the interest coverage ratio shall not be less than 1.5, as it amounted to -0.6as of 31 March 2023G.
- The credit facilities agreement signed with Emirates NBD stipulated that the liquidity ratio should not be less than 1, as it amounted to 0.6 and 0.6 as of 31 December 2022G and 31 March 2023G, respectively.
- The credit facilities agreement signed with the Arab National Bank stipulated that the debt service coverage ratio should not be less than 1.2, as it amounted to 0.0, 0.0, -0.0 and -0.0 as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G, respectively.
- The credit facilities agreement signed with the Saudi National Bank stipulated that the debt service coverage ratio should not be less than 1.2, as it amounted to 0.0, 0.0, -0.0 and -0.0 as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G, respectively.

Although the Company is not subject to fines or termination of financing by banks as a result of a breach of these covenants, this may affect the Company's ability to obtain adequate alternative sources of financing in the future. It should be noted that the agreement concluded with Al-Rajhi Bank prohibits the Company from making any change in the capital of the Company/ guarantor without obtaining the prior written approval of the bank. On 11/02/1445H (corresponding to 27/08/2023G), the Company obtained the written approval of Al-Rajhi Bank. For more information on the requirements of banks, please see subparagraph (9.6.8) "**Loans and facilities**" of paragraph (9.6) "**Summary of material contracts**" of section (9) "**Legal Information**" of this Prospectus). The Company has also provided guarantees to several commercial banks and mortgages to the Arab Bank. If the Company is unable to meet its repayment obligations under the aforementioned loans or breaches in the future any of the obligations or undertakings of the debts incurred by it, the above financing entities may request the immediate repayment of the debt and the collection of guarantees and mortgages 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. Any of these factors will have a material negative impact on the Company's business and financial position.

2.1.14 Risks of dealing with related parties

The Company has transactions with related parties represented in various services provided by related parties, including insurance services, medical services, information technology services, and others. The balance due to related parties amounted to SAR 8.3 million, SAR 11.4 million and SAR 18.9 million as of 31 December 2020G, 31 December 2021G and 31 December 2022G. For more information, please see sub-paragraph (9.6.3) "**Contracts and 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 said transactions, as follows:

- On 20/09/1444H (corresponding to 11/04/2023G), 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 17/09/1442H (corresponding to 29/04/2021G), the Ordinary General Assembly approved the transactions that took place during the year 2020G.

It shall be noted that 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, financial position, results of its operations, and future prospects.

2.1.15 Risks related to developments in international accounting standards or the application of new international accounting standards (IFRS) in the future

The audited consolidated financial statements of the Company for the financial years ended 31 December 2020G, 2021G, 2022G and the three-month period ended 31 March 2023G 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 Chartered and Professional 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 lists and, thus, the financial results of the Company and its financial position.

2.1.16 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 percentage of combined depreciation of the total book value of property, machinery, and equipment reached 72.6% as of 31 March 2023G with a remaining useful life of 4 years. Industrial facilities are subject to significant operational risks resulting from several factors, including the disruption of production lines or substantial equipment as a result of misuse or unexpected accidents such as power supply cuts or fire. It should be noted that some of the Company's equipment is more than 20 years old and is still used. Due to this, the Company faces the risks of the obsolescence of these machines and may face operational disruptions due to the inoperability of these machines. In the event that the Company's machines stop working, this will negatively and materially affect the Company's business, results of its operations, and future prospects.

2.1.17 Risks related to the Company's reliance on senior management and key personnel

The success of the Company and its operational work 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 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 a replacement of the same level, experience, and skill at an appropriate cost to the Company will have a negative impact on the Company's business, results of its operations, and future prospects.

2.1.18 Risks of relying on non-Saudi employees

The percentage of non-Saudi employees is about 54.05% of the total employees in the Company as of August 2023G, 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 01/01/2018G at a rate of four hundred (400) Saudi riyals per month for each non-Saudi employee for 2018G, increasing to (600) Saudi riyals per month for 2019G, and then to eight hundred (800) Saudi riyals per month for 2020G. In view of this, any decision to increase fees for non-Saudi employees in the future will lead to an increase in the Company's costs in general, which will negatively affect the Company's business, results of its operations, and future prospects.

2.1.19 Risks related to employee errors or misconduct

The Company is committed to preparing a work 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 should 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 affect the Company's business, results of its operations, and future prospects.

2.1.20 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, and the Company may be exposed to the risks of disruption of these systems, such as system 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 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 affect the Company's business, and the results of its operations, and future prospects.

2.1.21 Risks related to disclosures

Takween Advanced Industries 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 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 Company's business, the results of its operations, and future prospects.

2.1.22 Risks related to non-disclosure of the difference in the use of previous used of proceeds

On 20/12/1437H (corresponding to 21/09/2016G), the Extraordinary General Assembly of the shareholders of the Company approved the increase of the capital of the Company from three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares to nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares, with an increase of 171.43% of the capital by issuing rights worth six hundred million riyals (600,000,000) divided into sixty million (60,000,000) ordinary shares at an offering price of ten (10) Saudi riyals per share. The Company also disclosed in the Prospectus related to the previous capital increase the use of offer proceeds and future projects to repay all or part of the remaining amount of the combined Murabaha loan, which amounts to one billion and three hundred million (1,300,000,000) Saudi riyals, in order to use part of the loan to repay the value of the acquisition of Savola Packaging Systems. According to the previous Prospectus, an amount of 583 million Saudi riyals was allocated to pay part of the combined loan and an amount of 17 million Saudi riyals to pay the costs of the offering, while the actual expenditure amounted to 490 million Saudi riyals to pay the combined loan at a rate of change of 15.95%, to pay commercial loans of 94.62 million Saudi riyals, and to pay the costs of the offering of 15.38 million Saudi riyals at a rate of change of 9.53%. The Company did not commit to disclosing to the public the change in the uses of the proceeds of the previous offering, which makes it in violation of paragraph (f) of Article (72) of the rules of the securities offering and the ongoing obligations, which may expose it to the penalties stipulated in Article (59) of the Capital Market Law. If the Company does not succeed in raising sufficient funds through the issuance of rights or their optimal use, or in the event of sanctions as a result of the aforementioned non-disclosure, this will negatively affect the Company's business, results of operations, and future prospects.

2.1.23 Risks related to the competitive environment

Companies achieve their revenues through the sale of plastic products through contracts (specific contracts from one to three years) and through direct sales, with a participation rate of 60% of the total sales for direct sales and 40% for contracts. It is worth noting that most of the Company's contracts are for a period of one year and will end by the end of the current year, 2023G. Due to the fact that most of the Company's sales are through direct sales, it is found that the Company is exposed to the risks of customer continuity. In the event of any disagreement with these customers or in the event of a better price offered by competitors, the Company may lose a large part of the sales. Regardless of the method of sale, the final product is priced by adding together the cost of raw materials, which represents the average prices of raw materials purchased from SABIC for the last month or quarter, with the cost of conversion, which includes labor costs, direct costs, and profit estimates. Whereas the Company is facing price pressures from competitors, to maintain its market share, it has to keep pace with the prices of competitors, and due to its inability to control the prices of raw materials, the Company is constantly reducing the expected conversion cost, which leads to a reduction in gross profit margins. It is worth noting that during the previous years, the actual conversion cost was between 1.3 and 1.6 per kilogram, while the conversion cost was priced between 1.2 and 1.9 per kilogram. Additionally, the Company's machines are old; these machines consume more electricity and require more repair and maintenance expenses to keep pace with production requirements, which poses the risk of a high cost of product conversion. Therefore, the Company is exposed to risks related to its inability to reach the expected conversion cost levels, and the continued deduction on the conversion cost causes shrinking profit margins. This will affect the Company's business, financial results, and future prospects.

2.1.24 Risks related to potential Zakat entitlements and additional claims

The Company is subject to the zakat and tax, regulations issued by the Zakat, Tax and Customs Authority in the Kingdom. The Company has submitted its zakat declarations for all years from its establishment to 2022G. The Company obtained a certificate No. (1110234211) dated 13/10/1444H (corresponding to 04/05/2023G) valid until 21/10/1445H (corresponding to 30/04/2024G), to enable it to complete all its transactions, including the payment of its final dues for contracts. A zakat provision was also made for the financial year ended December 31, 2023G, with a value of 1,737 thousand Saudi riyals.

During the year 2021G, the Zakat, Tax, and Customs Authority (ZATCA) issued final zakat bonds for the year 2018G, which resulted in zakat differences amounting to SAR 0.55 million. The full settlement and payment were made during the year 2021G, and the Company ended its zakat position for the aforementioned year. The final assessments and approvals were obtained from the ZATCA until 2018G. The Company cannot predict whether the ZATCA will accept its zakat declarations submitted for the years 2019G, 2020G, 2021G, and 2022G. There are also no disputes or claims related to Zakat differences existing as of the date of this Prospectus.

The Company submits VAT declarations on a regular basis and pays the tax based on the declaration on the prescribed legal dates. The Zakat, Tax, and Customs Authority may reconsider the declarations submitted by the Company in any of the previous years and may request the payment of additional amounts for Zakat or taxes. Any difference in the Zakat, Tax and Customs Authority's assessment of the amounts of Zakat and tax due from the Company may have a negative and material impact on the Company's business, financial position, results of its operations, profitability, and future prospects.

2.1.25 Risks related to the adequacy of insurance coverage

The Company maintains various types of insurance contracts to cover its business and assets, such as compulsory vehicle insurance, medical insurance for employees, property insurance, and heavy asset insurance for the Company's factories. However, the Company may not have all the insurance contracts that are important to its business and assets. Thus, the Company, its business, or its industrial facilities may be exposed to many accidents that are beyond its control and affect its business, including disasters, accidents, sabotage, and war-related events that do not have sufficient insurance coverage, and thus may limit its ability to practice its activity as required. There is no guarantee that the Company's insurance contracts will remain available on commercially acceptable terms or at all. Any of these events or circumstances, or the occurrence of an uninsured event, will adversely and materially affect the business and assets of the Company, its financial conditions, the results of its business, its rest, and its future prospects.

2.1.26 Risks related to lawsuits

In the course of conducting its business, the Group may be exposed to cases and lawsuits related to its operations, and the Company does not guarantee that there will be no conflict between it and other parties with whom it deals, such as suppliers, distributors, customers, and others, which may lead to the filing of lawsuits with competent judicial authorities. As a result, the Group is subject to judicial and quasi-judicial claims. Of course, the Company cannot predict the results of such claims when they occur, nor does it guarantee that such claims will not have a material impact on its business, financial position, or the results of its operations. The Company also cannot accurately predict the cost of the lawsuits, especially since a new law has been issued to start applying financial fees paid to the court upon filing the lawsuit, which shall be borne by the losing party, and by reconciliation, which shall be borne equally by the two parties, which shall be represented in a fee of 5% of the value of the claim and a maximum of one million riyals, which will start on 13/03/2022G. The Company cannot be sure of the judicial procedures that can be instituted or filed against it, the final results of those lawsuits or judgments issued in them, or the compensation and penalties they contain. Therefore, any negative results of such cases will have a negative impact on the Company's business, financial position, results of its operations, and future prospects.

2.1.27 Risks related to customs exemptions

The Government of the Kingdom of Saudi Arabia has provided support that enables the industrial investor to apply for a customs exemption for raw materials after obtaining the industrial license, and the Company has an exemption from customs duties (industrial exemption) on polyethylene imported from abroad. Thus, if a decision is issued to stop the subsidy represented by the industrial exemption, reduce the subsidy, or suspend work in it, it will have a negative impact on the Company's business, financial situation, results of its operations, and future prospects.

2.1.28 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 their 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, VAT registration, certificates of subscription with the General Organization for Social Insurance, as well as certificates issued by the Ministry of Human Resources and Social Development such as Saudization certificates, compliance with the Wages Protection Law and ranges, 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) "**Material Licenses, Certificates and 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 them. 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 situation, results of its operations, and future prospects.

As of the date of this Prospectus, the branches of the subsidiaries of Saudi Plastic Packaging Systems have a number of licenses and permits that are not extracted or are no longer valid, as follows:

- The operating license of each of the Plastic Container Factory Branch of Saudi Plastic Company for Packaging Systems (Commercial Registration Number 1010126846) has not been renewed.
- The safety certificate was not issued to the branch of Saudi Plastic Company for Packaging Systems (Commercial Registration Number 2250067519).

The non-renewal of the aforementioned licenses constitutes a violation of the regulations and instructions issued by the Ministry of Industry and Mineral Resources, the Saudi Organization for Industrial Cities and Technology Zones and the Saudi Standards, Metrology and Quality Organization, which may result in the suspension or default of the business of the subsidiary, the imposition of financial fines on it by government agencies, or the inability of the Company to practice its activity, in addition to obliging the subsidiary to pay all late fees, and thus will negatively and fundamentally affect the business of the subsidiary and thus the business of the Group and its financial situation and the results of its operations and future expectations.

In addition, the failure to issue the safety certificate constitutes a violation of the civil defense law, which will expose the subsidiary Company to the penalties and fines stipulated in Article (30), which stipulates that the violator of any of the provisions of this law, its regulations, or the decisions issued accordingly shall be punished by imprisonment for a period not exceeding six months, or a fine not exceeding thirty thousand (30,000) riyals, or both. The failure of the subsidiary Company to obtain civil defense licenses will also result in the Company's inability to issue new municipal licenses or renew existing licenses. In the event that it is unable to issue safety licenses from the civil defense, this may lead to the closure of the headquarters until the regular procedures for obtaining civil defense licenses are completed, which will affect the operational work of the subsidiary Company and the results of its operations and future prospects.

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 unfavorable 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 would negatively affect the Company's financial performance, 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 have a significant impact on the economy and thus will have a negative and fundamental impact on the Company's business, 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 it may be subject to penalties and fines imposed by competent supervisory authorities in the event of non-compliance with these regulations 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 the 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. 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 factors and other countries in which the Company hopes to expand, and any factors affecting the economies of these countries and the investments made in them will affect the Company's business, operations, financial position, cash flows, and future prospects.

2.2.4 Risks related to the new Companies Law and the amended governance regulation

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, institutionalize work, contribute to the sustainability of economic entities, including family businesses, attract domestic and foreign investment and the availability of sustainable sources of financing, meet the needs and requirements of the entrepreneurship sector, and stimulate 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 their entry into force, (2) the provisions that extend 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 establish 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.

Note that pursuant to the issuance of the new Companies Law, the Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) were amended based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 29/10/2016G) and amended by the Board of the Capital Market Authority under 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 (corresponding to 30/06/2022G).

Any violation of these rules and procedures or failure to apply them exposes the Company to accountability by the Capital Market Authority, which will have a negative and material impact on the Company's business, financial position, results of its operations, and future prospects.

2.2.5 Risks related to the imposition of new fees or taxes

The Company is currently subject to Sharia Zakat and VAT, which currently amount to 15% of the product fees provided by the Company. However, New Marina Company, a subsidiary of Takween Advanced Industries, is subject to several taxes in the Arab Republic of Egypt, namely income tax, sales tax (value added), wage tax, real estate tax, deduction and addition tax, and stamp tax. It is likely that other fees or corporate taxes will be imposed by the government 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.

2.2.6 Risks related to currency exchange rate fluctuation

In all its international imports and exports, the Company deals with currencies that are closely linked to the Saudi riyal, such as the dollar. It is worth mentioning that the Saudi riyal is pegged 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 pegged to the dollar in the future. As 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, results of its operations, financial position, and future prospects. Takween Advanced Industries also carries out commercial activities through its subsidiary New Marina, which operates in the Arab Republic of Egypt. Due to the high volatility of the Egyptian pound, the Company may face losses resulting from currency conversion. This, in turn, will negatively affect the Company's business, results of operations, and financial position.

2.2.7 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 fluctuations in interest rates, and this could result in losses in the event of higher interest rates, which will have a negative and material impact on the Company's business, results of its operations, financial position, and future prospects.

2.2.8 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, can lead to a risk of environmental pollution. Failure to comply fully with environmental legislation and regulations can 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 on it, which will adversely affect its operations so as to limit the growth of its revenues, suspension of its work, or licensing. This will affect its ability to conduct its business and thus negatively affect its financial results and profitability.

2.2.9 Risks related to the application of Value Added Tax (VAT)

On the second of Jumada Al-Awwal 1438AH, 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 2018G, 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 15% of the sale price starting from 01/07/2020G. Since 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.

2.2.10 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 is negatively affected.

2.2.11 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 would reduce its profit margins and thus negatively affect its business, financial position, results of its operations, and future prospects.

2.2.12 Risks of required reports

The Company is required to announce 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 ongoing obligations issued by the Capital Market Authority, and the listing rules issued by the Saudi Stock Exchange ("Tadawul"), which will have a negative and fundamental impact on the Company's business, results of its operations, financial position, and future prospects.

2.2.13 Risks related to the withdrawal of licenses, certificates or basic approvals

The Company and its subsidiaries have obtained 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 2.1.28 "**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 in its capacity as the licensee**" of Section 9 "**Legal Information**" of this Prospectus). It is worth mentioning that any violation by 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 them that may amount to the withdrawal of the relevant license or certificate, which will negatively and materially affect the Company's business, results of its operations, financial position, and future prospects.

2.2.14 Risks of not being able 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 number of 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 achieved a Saudization rate of (42.86%) as of October 2023G 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 to the Company or transferring the sponsorship of non-Saudi employees, which will negatively affect the Company's business and the results of its operations.

2.3 Risks of securities offered

2.3.1 Risks related to shareholders' poor awareness of the trading mechanism and their 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 participate 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 take an appropriate decision in a timely manner. It should 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 rump offering period at the offering price.

2.3.2 Risks associated with potential volatility in the price of rights

The market price of rights may be subject to significant fluctuations due to the changes in factors affecting the Company's stock. This oscillation can be significant due to the difference between the allowed daily oscillation and for rights, compared to the permissible daily volatility ratio 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. Also, 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, changes 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 likelihood 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 canceled 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 rump 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 must recognize in order not to affect his investment decision. Whereas, in the event that future results and performance data differ substantially from what is mentioned in this Prospectus, this will result in the shareholders losing part or all of their investments in the Company's shares.

2.3.6 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 rump 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 an underwriter, either through the exercise of the rights to such shares, through the rump offering, or through the open market.

2.3.7 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 the owners of fractions of shares in the event that the investment institutions do not, in the rump 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.

2.3.8 Risks of not exercising 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 Monday 09/08/1445H (corresponding to 19/02/2024G) and will end on Sunday 22/08/1445H (corresponding to 03/03/2024G). The rights holders and the financial intermediaries 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.

2.3.9 Dividend risk

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

The Company does not guarantee that any dividend will actually be distributed, nor does it guarantee the amount to be distributed in any given year. The distribution of profits shall be subject to certain restrictions and conditions stipulated in the bylaws of the Company.

2.3.10 Risks related to speculation in rights

Speculation in rights is subject to risks that may cause substantial losses. The daily allowable fluctuation range of the rights trading price exceeds the daily allowable fluctuation range of the market price. There is also a positive relationship between the Company's share price and the indicative right value. Therefore, the daily price limits (i.e., the daily fluctuation range) for rights trading will be affected by the daily price limits for stock trading. In the event that the speculator does not sell the rights before the end of the trading period and does not exercise these rights to subscribe for new shares, he may incur some losses. Therefore, investors should review the full details of the mechanism of listing and trading new rights and shares and how they work and be familiar with all the factors affecting them in order to ensure that any investment decision is based on full awareness and knowledge. (Please refer to Section (12) "**Information Relating to the Shares and Offering Terms and Conditions**" in this Prospectus).

2.3.11 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

In the event that the Company is unable to publish its financial information within the statutory period (thirty days from the end of the financial period of the initial financial statements and three months from the end of the financial period of the annual financial statements), the procedures for suspending listed securities shall be applied in accordance with the listing rules approved by CMA Board Resolution No. (1-10-2019) dated 24/05/1440H (corresponding to 30/01/2019G) - which stipulates that the market shall suspend the trading of securities for one trading session following the expiry of the statutory period. In the event that financial information is not published during twenty trading sessions following the first pending trading session, Saudi Tadawul shall announce the re-suspension of the Company's securities until it announces its financial results. In the event that the suspension of trading of the Company's shares continues for a period of six months without the Company taking appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities. Saudi Tadawul lifted the suspension after one trading session following the announcement of the Company's financial results. However, in the event that the Company delays in announcing its financial results, which will adversely and materially affect the interest of the shareholders of the Company and the reputation of the Company and the results of its operations, if it is unable to publish it within the statutory period referred to above, this will cause the suspension of the Company's shares or the de-listing of its shares, which will adversely and materially affect the interests of the Company's shareholders, the reputation of the Company, and the results of its operations. In addition, the Authority may cancel the initial rights offering of the Company in the event that it considers that the offering may not be in the interest of the shareholders.

3. Overview of the Company and the Nature of its Business

3.1 Company Profile

Takween Advanced Industries Company (“Takween” or the “Company”) is a Saudi public joint stock Company established by virtue of Ministerial Resolution No. (Q/391) dated 28/12/1431H corresponding to (04/12/2010 G) and Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G) issued in Khobar. Its head office is located in Khobar, in the Kingdom of Saudi Arabia. On 03/15/1433H (corresponding to 02/07/2012G), the Company’s shares were listed on the Saudi market with a capital amounting to 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, and 30% of the shares were offered for public offering by the public. The capital of the Company is four hundred and sixty-four million six hundred and forty-six thousand six hundred and sixty (464,646,060) Saudi riyals, divided into forty-six million four hundred and sixty-four thousand six hundred and six (46,464,606) ordinary shares with a nominal value of ten (10) riyals per share paid in full as of the date of this Prospectus.

The substantial shareholders of the Company (who own 5% or more of the shares of the Company) are AIOthman Holding Company, a closed joint-stock Company (with a percentage of ownership of 46.378%), Abdullah Mohammed Abdullah AIOthman (with a percentage of ownership of 6.946%), Abdulmohsen Mohammed Abdullah AIOthman (with a percentage of ownership of 6.012%), and Abdul Rahman Saleh Al Rajhi & Partners Co. (with a percentage of ownership of 5.156%).

3.2 Capital Structure

The Company started its industrial activity on 05/05/1414H (corresponding to 21/10/1993G) through AIOthman Plastic Products Factory, which was a branch of the establishment owned by Mr. Mohammed Abdullah Zaid AIOthman. The factory’s capital reached one million (1,000,000) Saudi riyals. On 06/02/1422H (corresponding to 30/04/2001G), the branch of AIOthman Plastic Products Factory was converted to a limited liability Company with a capital of thirty-two (32,000,000) million Saudi riyals. The name of the factory was also amended in conjunction with the transformation process to become AIOthman Plastic Products Company – Limited Liability. On 16/05/1425H (04/07/2004G), the shareholders decided to reduce the Company’s capital from thirty-two million (32,000,000) Saudi riyals divided into three hundred and twenty thousand (320,000) shares to twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand and five hundred (209,500) shares, the value of each share is one hundred (100) Saudi riyals, and on 11/01/1431H (corresponding to 28/12/2009G), the shareholders decided to amend the name of the partner/Mohammed Abdullah AIOthman and Sons Company Limited to the name of AIOthman Holding Company, and the shareholders decided to increase the Company’s capital from twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand five hundred (209,500) shares to thirty-three million six hundred and seventy-five thousand (33,675,000) Saudi riyals divided into three hundred and thirty-six thousand seven hundred and fifty (336,750) shares by transferring an amount of twelve million seven hundred and twenty-five thousand (12,725,000) Saudi riyals. The Company also increased the value of its shares from one hundred (100) riyals to one thousand (1,000) riyals, so that the number of new shares became thirty-three thousand six hundred and seventy-five (33,675) shares. On 25/10/1431H (corresponding to 04/10/2010G), it was decided by the Partner Mohammed bin Abdullah bin Zaid AIOthman to assign three thousand three hundred and thirty (3,330) shares of his share to five new shareholders., and the partner AIOthman Holding Company decided to assign sixteen thousand nine hundred and seventy-five (16,975) shares of its share to a new partner. In this context, the shareholders wished to convert the legal entity of the Company from a limited liability Company to a closed joint stock Company with its rights and obligations, and to increase the Company’s capital from thirty-three million six hundred and seventy-five thousand (33,675,000) Saudi riyals divided into thirty-three thousand six hundred and seventy-five (33,675) shares to ninety-seven million five hundred and thirty-nine thousand (97,539,000) Saudi riyals divided into nine million seven hundred and fifty-three thousand nine hundred (9,753,900) ordinary shares through the Company’s purchase of shares of some shareholders in Ultrapak Manufacturing Co. Ltd. with a value of (24,750,000) Saudi riyals to become the percentage of ownership in the Company (99%) of the capital and the purchase of shares of some partners in Advanced Fabrics Factory Co. (SAAF) with an amount of (39,114,000) Saudi riyals to become the ownership of the Company at a rate of (53%). The shareholders decided to amend the name of the Company to become “Takween Advanced Industries Company”, and on 28/12/1431H (corresponding to 04/12/2010G) a decision was issued by the Minister of Commerce No. (S/391) announcing the transformation of the Company from a limited liability Company to a closed joint stock Company in the name of Takween Advanced Industries Company in accordance with Commercial Register No. (2051044381) on 09/01/1432H (corresponding to 15/12/2010G) issued in Khobar. The Company’s capital at that time was ninety-seven million, five hundred and thirty-nine thousand (97,539,000) Saudi riyals. On 01/02/1432H (corresponding to 05/01/2011G), the Extraordinary General Assembly approved the increase of the Company’s capital from ninety-seven million five hundred and thirty-nine thousand (97,539,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) shares. The value of the increase was covered by the capitalization of two hundred and two million four hundred and sixty-one thousand (202,461,000) Saudi riyals from the shareholders’ contribution account, statutory reserve, and retained profits as of 21/10/1431H (corresponding to 30/09/2009G). On 15/03/1433H (corresponding to 07/02/2012G), the Company’s shares were listed on the Saudi market with a capital amounting to 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, and 30% of the shares were offered for public subscription by the public. On 27/05/1434H (corresponding to 08/04/2013G), the extraordinary general assembly of the Company’s shareholders approved an increase in

capital from three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares to three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares. The value of the increase was covered by the capitalization of fifty million (50,000,000) Saudi riyals from the retained profits account as of 18/02/1434H (corresponding to 31/12/2012G). On 20/12/1437H (corresponding to 21/09/2016G), the extraordinary general assembly of the Company's shareholders approved increasing the capital from three hundred and fifty million (350,000,000) Saudi riyals divided into thirty-five million (35,000,000) ordinary shares to nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares. The value of the increase was covered by offering rights' shares amounting to six hundred million (600,000,000) Saudi riyals. On 08/01/1445H (corresponding to 26/07/2023G), the Company's extraordinary general assembly approved reducing the Company's capital from nine hundred and fifty million (950,000,000) Saudi riyals divided into ninety-five million (95,000,000) ordinary shares to four hundred and sixty-four million, six hundred and forty-six thousand and sixty (464,646,060) Saudi riyals are divided into forty-six million, four hundred and sixty-four thousand, six hundred and six (46,464,606) ordinary shares, by canceling forty-eight million, five hundred and thirty-five thousand and three hundred and ninety-four (48,535,394) shares of the Company's issued shares. For more information, (please see subparagraph (9.1.1) "Establishment of the Company and Stages of Development of its Capital" from Section No. (9) "Legal Information").

On 21/08/1444H (corresponding to 13/03/2023G), the Board of Directors of the Company recommended an increase in the capital of the Company through the offering of rights shares of three hundred million (300,000,000) Saudi riyals to become the capital after the increase of seven hundred and sixty-four million six hundred and forty-six thousand (764,646,060) Saudi riyals in order to purchase new assets to develop existing production lines, purchase new assets to produce new products, repay loans with high Murabaha ratios, and finance working capital.

3.3 Summary of the Company Activities

The Company carries out its activities under the Commercial Registration No. (2051044381) dated 09/01/1432H corresponding to (15/12/2010G). The Company's activities, as stated in its commercial register, are represented in professional, scientific, and technical activities (head office activities).

The activities of the Company as defined in its bylaws, are to carry out and perform the following purposes:

1. Manufacturing Industries
 - To own factories with their various products, packaging factories, plastic bottles, polypropylene rolls, polystyrene, polyethylene terephthalates, and non-woven fabric factories, and to manage, operate, and maintain factories alone or in partnership with other companies, bodies, or individuals and to merge with any of those facilities.
 - To provide management, operation, qualification, and maintenance services for all industrial centers owned by companies, bodies, or individuals, and for residential and commercial cities, public and private facilities, and entities.
 - To own, manage, and operate industrial appliances and equipment maintenance institutions.
2. Administrative and support services – management of gas stations - management of maintenance and operation in their buildings and facilities.
3. Real estate activities - managing and leasing owned or leased real estate (residential) - managing and leasing owned or leased real estate (non-residential) - owning land for the establishment and development of factories, warehouses, and residential projects and selling, buying, and exploiting land and real estate, and investing them by selling and renting for the benefit of the Company.
4. Wholesale and retail trade and repair of motor vehicles and motorcycles:
 - Import, export, wholesale, and retail trade in plastic products of all kinds, plastic containers and caps of all sizes, non-woven fabrics of all kinds, cup caps, various vials, bottles, various plastic cups, polypropylene wraps, polystyrene wraps, and polyethylene terephthalate wraps. non-woven fabric made of polypropylene, pet bottle miniatures, plastic cardboard, and corrugated cardboard. Plastic containers and drums with lids, and assorted sodium silicate.
 - Commercial Agencies
5. Accommodation and food services activities – hotels – owning, investing, managing, operating, and maintaining hotels, educational, recreational, and tourist facilities.
6. Transportation and storage: The establishment, management, operation, and maintenance of dry and refrigerated stores, transport fleets, maintenance and repair workshops, and gas stations.
7. Education: Higher training institutes - training centers – electronic training - establishing industrial institutes, providing and coordinating training courses related to the development of plastic products of all kinds, and the establishment and qualification of national cadres in the field of the Company's industries.

The Company shall carry out its activities in accordance with the regulations and after obtaining the necessary licenses from the competent authorities.

Plastic Container Manufacturing Sector

The Company practices the activity of manufacturing plastic containers through several subsidiaries and branches inside and outside the Kingdom of Saudi Arabia, as follows:

1. Saudi Plastic Packaging Systems (PLASTICO)

A Saudi limited liability Company established under the commercial registration certificate No. (2250063668) dated 09/04/1405H (corresponding to 01/01/1985G) issued from Al-Ahsa - Al-Jarn, in which Takween Advanced Industries owns (100%) through which the Company's products are sold inside and outside the Kingdom. Additionally, the Company provides products for substantial beverage bottling companies, which include mineral water, soft drinks, dairy and juice manufacturing companies, as well as substantial oil companies in the Kingdom of Saudi Arabia, the Middle East, and North Africa. The Company also benefits from the increasing trend of the end user towards using lightweight plastic packaging materials, which in turn preserves the product for longer periods.

Saudi Plastic Packaging Systems (PLASTICO) Branches

1. Branch of Saudi Plastic Packaging Systems Factory in Al-Jarn – Al-Ahsa

The factory produces polystyrene sheets, thermoformed plastic polystyrene containers with their lids, high-density polyethylene (HDPE) vials, (inverted by blowing), and injection-inverted lids and membranes. The products of this factory include cups, packages, lids, vials, membranes, and sheet rolls used for packaging dairy products, juices, foods, water, refreshments, and IML containers.

2. Branch of Saudi Plastic Packaging Systems Factory in Al-Ayoun - Al-Ahsa

Al-Ayoun Factory is one of the largest factories owned by the Company for plastic containers and bottle miniatures of polyethylene terephthalate, with capacities ranging from 320 milliliters to 2.25 liters in the Kingdom of Saudi Arabia. The products of this factory include cups, containers, lids, bottles, membranes, and sheet rolls used for packaging dairy products, juices, foods, water, and refreshments.

3. Branch of Saudi Plastic Packaging Systems Factory - Jeddah

The factory specializes in the production of containers, barrels, vials, caps, plastic cups, and vial miniatures; the production of membranes, plastic rolls, and plates; and the import and export of plastic products of all kinds.

4. Branch of Saudi Plastic Packaging Systems Factory - Riyadh

The factory specializes in the production of containers, barrels, vials, caps, plastic cups, and vial miniatures; the production of membranes, plastic rolls, and plates; and the import and export of plastic products of all kinds.

2. Al-Sharq Plastic Industries Company (Al-Sharq)

It is a limited liability Company established under the commercial registration certificate No. (1010008540) dated 14/08/1395H (corresponding to 22/08/1975G) issued in Riyadh, in which Takween Advanced Industries owns (100%). Headquartered in Riyadh, the Company's products are sold to customers in the Kingdom of Saudi Arabia and the countries of the Middle East. Its factory is located in the second industrial city, Al-Kharj Road – Riyadh This factory is specialized in the production of packaging materials and plastic wraps in addition to the production of bags, cups, packages, plates, single-use food items, containers, barrels, various household items, heavy-duty polyethylene bags, barrels, waste containers, boxes, profiles, sanitary ware, plastic foil, as well as the production of pallets, waste carts, and the import and export of all the Company's plastic products of all kinds.

3. Ultrapak Manufacturing Co. Ltd. (Ultrapak):

It is a Saudi limited liability Company established under the Commercial Registration Certificate No. (4030126251) dated 16/10/1419H (corresponding to 03/02/1999G) in which Takween Advanced Industries owns (100%). Its activity was defined as: - Wholesale of chemicals Wholesale of raw plastics, rubber and synthetic fibers warehouses containing a variety of goods. The Company has advised that this Subsidiary is an inactive Company (Dormant) as it does not carry out any actual activity and does not have any employment as of the date of issuance of this Prospectus.

4. New Marina Plastic Industries Company in the Republic of Egypt (New Marina Plast)

The Company was established in Borg El Arab Industrial City in Alexandria, the Arab Republic of Egypt, in which Takween Advanced Industries owns a percentage of (99.66%) and its activity was determined: the establishment and operation of a factory for the manufacture and sale of plastic products of all kinds, the establishment and operation of a factory for foam, spare parts, metal work and repair, and the general import, export, trade, and financial leasing.

Through it, the Company's products are sold to customers in the Arab Republic of Egypt and North and Central Africa. This factory specializes in manufacturing and selling plastic products of all kinds and exporting them abroad.

It shall be noted that Takween Advanced Industries has a commercial branch in the Dubai Free Zone, and the branch is a commercial center for all subsidiaries aimed at exporting abroad, identifying new marketing outlets through international exhibitions held in Dubai and the United Arab Emirates, and moving towards new markets.

3.4 Associate company

The Company carries out the activity of manufacturing non-woven fabrics through its associate Company, Advanced Fabrics Factory Company (SAAF), a limited liability Company in which it owns 30%. The Company's head office is located in Al-Ahsa and it owns two main factories, as follows:

1. Factory of non-woven fabrics in Al-Ahsa Governorate (SAAF) – first and second production lines
2. Nonwoven Fabrics Factory in Rabigh Governorate (SAAF Branch) – Third Production Line

SAAF's non-woven fabric manufacturers produce composite fabrics for use in the sanitary, industrial, medical, alcohol-resistant, and antistatic sectors, which are used for surgical covers, medical clothing, protective clothing, and fabrics made for hygienic uses such as diapers for children and adults, women's sanitary pads, and treatment lines.

3.5 Vision, Mission, Strategy, Values and Competitive Advantages

Company Vision

Takween seeks to occupy a leading position in the manufacturing of packaging polymer products used in fast-moving consumer goods and the manufacture of consumer products in the markets of the Middle East and the world. The Company also seeks to become a leader and distinguished in achieving profitable investments, developing and improving its activities, enhancing its relationships with its shareholders and customers, and gaining their satisfaction and loyalty.

Company Mission

Takween specializes in owning, developing, and employing the latest polymer technology in order to produce high-quality packaging for products as well as non-woven fabrics that are used for fast-moving consumer goods in the Middle East and around the world. The Company focuses mainly on becoming the partner of choice for substantial international companies for advanced textiles. The Company also works to achieve its mission by understanding the needs of its customers and motivating its staff to meet the needs of the market and customers through the use of the latest technologies and equipment to develop production methods and quality. The Company also seeks to focus on long-term partnerships with its customers in the global and local markets and positively affect its stakeholders by working professionally through the optimal use of its manufacturing facilities and continuous supervision of its production lines in the Kingdom of Saudi Arabia and abroad.

Corporate Strategy

- Takween seeks to develop the Company's current strategy aimed at focusing on and expanding the plastics sector, whether inside or outside the Kingdom of Saudi Arabia, in the countries in which the Company operates.
- Takween seeks to significantly benefit from its leading position in various market sectors, locally and globally, and its prestigious reputation with substantial customers in the field of plastic industries to implement further expansions by opening new marketing outlets outside the Kingdom in the regions with the greatest demand for the Company's products, represented in East Asian countries and in African countries. Takween is moving towards developing value-added products in implementation of this strategy and in line with the requirements of substantial customers and global markets.
- Takween has a high level of experience that enables it to achieve operational efficiency and develop its capabilities permanently and continuously in plastic industry. The Company also aims to increase its share in local and global markets and enhance its financial results for the benefit of its shareholders and the national economy.
- To achieve the objectives of its strategy, Takween continuously focuses on research and development activities, which are the cornerstone of all innovations that have enhanced its reputation in the market.
- Takween also seeks to develop its projects and factories to keep pace with the latest developments in the field of its industry and thus find new job opportunities and achieve the largest percentage of job localization of jobs. The Company also always develops safe businesses, and focuses on risk management, and benefits from international expertise in its field of business to become one of the most advanced companies in its field. Takween works to develop its projects in the Kingdom and abroad as a strategic option for its long-term growth to achieve the targeted growth.
- Takween's policies in dealing with its employees, customers, and suppliers are the first factor in its success, and these dealings are based on the principles of transparency, honesty, mutual interest, teamwork, professional conduct, and other basic pillars on which the Company's strategic goals and plans and future expectations are based.
- Takween Company develops its internal management systems and technology programs and develops governance systems to raise the internal control level, achieve transparency, ensure conflict of interests, preserve rights, raise the efficiency of the Company's work, ensure sustainability and continuity, and enhance trust between the Board of Directors, stakeholders, shareholders, and investors.

Values

Integrity and Respect

The Company is keen to work with integrity and transparency and to promote relationships based on trust and mutual respect with customers and shareholders.

Quality and Excellence

Raising the productive efficiency of the Company in accordance with the best quality standards to enhance its financial results and returns, and provide the best services to customers in the Kingdom and abroad, and enhance their level of satisfaction.

Solidarity Team

Attracting highly qualified employees, securing a sound and supportive work environment, providing amenities for its employees, training them to complete their job tasks optimally, developing its human resources, and focusing on training its employees to achieve sound management principles that combine the growth of the Company with the well-being of shareholders.

Effectiveness and efficiency

Harnessing resources in the most effective and efficient way possible to avoid waste and achieve the best results.

Social Responsibility

Follow all laws and provisions in accordance with social responsibility standards, and support social activities.

Responsibility towards the work environment

Commitment to environmental standards in all its work and activities.

Strengths and Competitive Advantages of the Company

The Company has the following strengths and competitive advantages:

- Strong opportunities to keep pace with economic growth
- Long-Term Attractions
- Experienced management team
- Diversity of business
- Strong and stable relationships with key suppliers inside and outside the Kingdom
- Mutual benefit and interdependence between companies
- Using the latest equipment and devices, which enhances the quality of products and operating efficiency
- Leading market share in plastic packaging products in the Kingdom and in a number of international markets
- Government support for industrial development
- Providing government funding through the Saudi Industrial Development Fund
- The Company excels in the governance index and is selected among the top ten listed companies in the market.

3.6 Business Interruption

There has been no interruption in the business of the Company and its subsidiaries that could affect or have significantly affected the financial position during the last (12) months.

3.7 Employees and Saudization

As of October 2023G, the total number of the Company's employees reached (35) employees, including (15) Saudi employees and (20) non-Saudi employees, according to the Social Insurance Certificate. The Company is currently under the "low green" scope of the Nitaqat Saudization Program of the Ministry of Human Resources and Social Development.

The following table shows the number of employees at Takween Advanced Industries and the percentage of Saudization in the Company during the financial years ended 31 December 2020G, 2021G, 2022G and August 2023G:

Table No. (2): The number of employees in Takween Advanced Industries Company

	2020G		2021G		2022G		August 2023G	
	Number	Percentage%	Number	Percentage%	Number	Percentage%	Number	Percentage%
Saudis	18	38%	13	33%	15	48%	15	42.86%
Non-Saudis	30	63%	26	67%	16	52%	20	57.14%
Total	48	100%	39	100%	31	100%	35	100%

Source: The Company

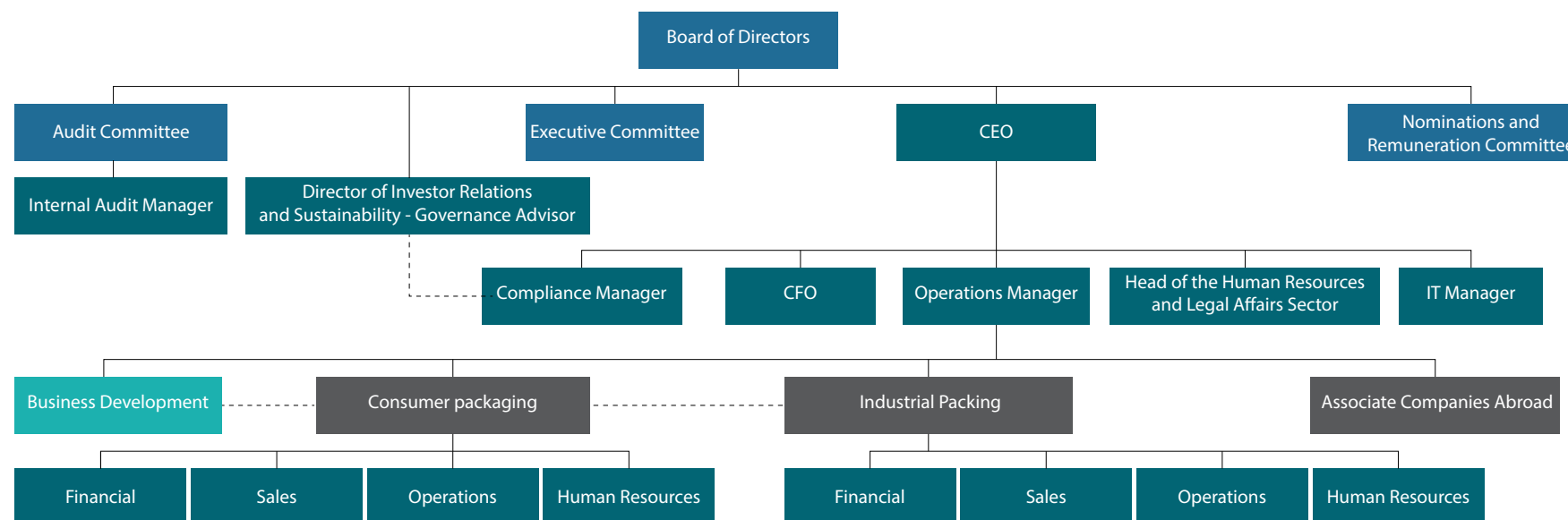
3.8 Employee Stock Program

As of the date of this Prospectus, the Company does not have any employee stock programs or other arrangements that involve employees in the capital of the Company.

4. Organizational Structure of the Company

4.1 Organizational Structure

The following figure shows the organizational structure of the Company as approved by the Board on 12/06/2023G:



Source: The Company

4.2 Board of Directors

At its meeting held on 11/06/1444H (corresponding to 04/01/2023G), the General Assembly approved the election of the members of the Board of Directors from among the candidates for the next session starting from 21/01/2023G for a period of 3 years ending on 20/01/2026G.

Table No. (3): Members of the Board of Directors

Name***	Position	Nationality	Age	Title		Shares held*						Membership Date
						Direct	Percentage	Indirect**	Percentage	Total	Percentage	
Abdul Mohsen Mohammed Al-Othman	Chairman	Saudi	49	Non-executive	Non-independent	2,793,479	6.0120579%	3,016,910	6.49292%	5,586,958	12.5049779%	21-01-2023G
Saleh bin Hassan Al-Afaliq	Vice Chairman	Saudi	57	Non-executive	Independent	-	-	-	-	-	-	21-01-2023G
George El Khoury Abraham	Member	Australian	64	Non-executive	Non-independent	570	0.0012267%	-	-	570	0.0012267%	21-01-2023G
Khaled Nasser Al Muammar	Member	Saudi	54	Non-executive	Independent	489	0.001052414%	-	-	489	0.001052414%	21-01-2023G
Hasan ibn Asim Qabbāni	Member	Saudi	57	Non-executive	Independent	-	-	-	-	-	-	21-01-2023G
Ammar Zahid Mohamed****	Member	British	61	Non-executive	Independent	-	-	-	-	-	-	24-07-2023G
Vacant*****	Member	-	-	-	-	-	-	-	-	-	-	-
Mohammad Faik Mustafa*****	Secretary	Jordanian	41	Executive	Non-independent	-	-	-	-	-	-	27-09-2023G

Source: The Company

* Shares owned by the members of the Board of Directors directly or indirectly in the Company through their ownership in companies that own shares in the Company or shares owned by relatives of the members of the Board of Directors, whether directly or through their ownership in companies that own shares in the Company.

** Abdulmohsen Al Othman's indirect ownership is represented by his ownership of 14% in Al Othman Holding Company.

*** The General Assembly (Ordinary) agreed at its meeting held on 11/06/1444H (corresponding to 04/01/2023G) to elect the members of the Board of Directors from among the candidates for the next session starting from 21/01/2023G for a period of 3 years ending on 20/01/2026G.

**** On 25/12/1444H corresponding to 13/07/2023G, the resignation of Engineer/ Ibrahim bin Yousef Al-Mubarak (non-executive member) from the membership of the Board of Directors as well as his resignation from the membership of the Audit Committee was accepted, knowing that the resignation was received on 25/12/1444H corresponding to 13/07/2023G and is considered valid from the date of its receipt. The resignation comes due to his personal circumstances. On 24-07-2023G, the Board approved the appointment of Mr. Ammar Zahid Mohammed as a member of the Board of Directors (an independent member) in the vacant position in the Board and the completion of the current session of the Board, which ends on 20-01-2026G. The appointment of the Board member appointed by the Board will be presented at the first meeting of the next General Assembly.

***** On 16/03/1445H (corresponding to 01/10/2023G), the Board of Directors of the Company decided to accept the resignation of Mr. Jameel Abdullah Al-Molhem from the membership of the Board of Directors as of 28/09/2023G.

***** On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors of the Company decided to exempt the Secretary of the Board, Mr. Ahmed Ali Al-Zayyat, from the Secretariat of the Board and to appoint Mr. Mohammad Faik Mustafa as the new Secretary of the Board starting from 27/09/2023G and for the remaining period in the current session of the Board.

- The Company is committed to the minimum number of board meetings. It was found that the number of board meetings reached four (4) meetings during the year 2020G, four (4) meetings during the year 2021G, four (4) meetings during the year 2022G and two (2) meetings until July 2023G.

Table No. (4): Number of Board Meetings

Administrative body	2020G	2021G	2022G	31-Jul-2023G
Board of Directors	4	4	4	2

Source: The Company

4.3 Executive Management

Table No. (5): Executive Management

Name	Position	Nationality	Appointment Date
Mr. Majed Mazen Nofal	CEO	Jordanian	09/01/2023G
Mr. Jeroen Hendrikus van der Mer	Chief Operating Officer	Holland	01/03/2023G
Mr. Mohammed Helmy Mansour	Acting Chief Financial Officer	Jordanian	16/12/2018G
Mr. Firas Qazhiya Masoud	Sales and Marketing Director	Lebanese	05/01/2023G
Mr. Khalid Abdulmajeed Al-Dubaikil	Head of Human Resources and Legal Affairs	Saudi	01/08/2021G
Mr. Mohamad Faik Mustafa	Internal Audit Manager/ Director in Charge of Investor Relations, Governance and Sustainability - Governance Advisor	Jordanian	01/04/2013

Source: The Company

4.4 Board Committees

The Board has three (3) committees emanating from it: (1) the Executive Committee, (2) the Audit Committee, and (3) the Remuneration and Nomination Committee. These committees support and assist the Board of Directors in following up on the Company's activities, and managing its tasks more effectively, and providing the Company's management with the necessary guidance and direction, as follows:

4.4.1 The Executive Committee

The Executive Committee was formed and its members appointed by the Board of Directors at its meeting held on 11/06/1444H (corresponding to 04/01/2023G) and its tasks, work controls, and remuneration of its members were determined for the new session starting on 28/06/1444H (corresponding to 21/01/2023G) and ending at the end of the current session of the Board on 01/08/1447H (corresponding to 20/01/2026G).

The following table shows the members of the Executive Committee:

Table No. (6): Members of the Executive Committee

Name	Position
George El Khoury Abraham	Chairman of the Committee
Majed Mazen Nofal*	Member
Zuhair Al-Wadghiri for Fashoush	Member
Mohammad Faik Mustafa**	Secretary of the Committee

Source: The Company

* On 01/09/1444H (corresponding to 23/03/2023G), the Board of Directors of the Company approved the resignation of Executive Committee member Mr. Jameel Abdullah Al-Molhem as a member of the Executive Committee as of 18/05/2023G. On 23/09/1444H (corresponding to 11/04/2023G), the Board of Directors approved the appointment of Mr. Majed Mazen Nofal as a member of the Executive Committee as of this date.

** On 11/03/1445H (corresponding to 26/09/2023G), Mr. Mohammad Faik Mustafa was appointed as the Secretary of the Committee for the remaining period of the current session of the Board (the fifth session).

Number of Committee Meetings over the last three years:

Table No. (7): Number of meetings of the Executive Committee

Administrative Body	2020G	2021G	2022G	31-Jul-2023G
Executive Committee	10	10	8	6

Source: The Company

Terms of Reference and Responsibilities of the Executive Committee:

1. The committee shall exercise all the powers and assume the duties of the board of directors in the period between the meetings of the board. The executive committee shall exercise all the powers decided by the board. The executive committee shall cooperate with the chief executive officer and the managing director.
2. The committee discusses and makes decisions on topics that need urgent decisions in emergency events, and make decisions related to the day-to-day business of the Company.
3. The responsibilities of the Committee include making the routine decisions required by the ordinary business of the Company, in accordance with the powers delegated by the Board of Directors.
4. With regard to the Company's strategy and objectives, the committee shall:
 - Review the Company's strategic planning procedures and processes.
 - Ensuring that the strategic plans of the Company have been translated into actual actions aimed at achieving the objectives of the Company.
 - Reviewing the estimated operational and capital budget of the Company before submitting it to the Board of Directors, which represents part of the Company's plans, and submitting recommendations thereon to the Board.
 - Reviewing the recommendations of the Board regarding the distribution of the Company's resources aimed at achieving alignment between the Company's strategic plans and its long-term operational objectives.
 - Periodically reviewing the strategic plans of the Company and its subsidiaries and operational objectives to ensure that they are in line with the Company's mission and objectives.
5. With regard to the Company's operational priorities, the committee will review and prepare recommendations to the Board of Directors for strategic decisions related to operational priorities, including expansion to new markets and countries or exit from existing markets and countries.
6. With regard to the Company's financial planning and dividend policy, the Committee shall:
 - Prepare and review recommendations to the Board of Directors related to annual and long-term financial goals and strategies, as well as associated performance indicators.
 - Review important financial matters of the Company and its subsidiaries, such as matters related to the Company's capital, the Company's credit rating, cash flows, borrowing activities and investment deposits.
 - Prepare and review the recommendations submitted to the Board of Directors related to the Company's dividend policy and how to implement it.
 - Periodic review of actual CAPEX and review with pre-approved budgets.
7. With regard to evaluating the long-term productivity of the Company and the effectiveness of its operations, the committee reviews and prepares recommendations to the Board of Directors for strategic decisions related to the opportunities before the Company aimed at improving the quality of the products and services provided by the Company and rationalizing the costs related to them.
8. With regard to investment business, the Committee shall:
 - Assist the Board of Directors in the discharge of its duties related to the review of investment policies and standards
 - Study investment opportunities and their compatibility with the Company's strategy
 - Search for investment opportunities with higher returns, including but not limited to (contracting to manage local stock portfolios, buying units in local stock funds, buying units in real estate funds, entering into subscriptions to new companies and initial public offerings, buying and selling real estate ...)
 - Follow up on and evaluate the existing and future investments of the Company, and supervise the consultancy work related to the work of the Committee.
9. The committee shall approve the amendments to the budget items and the final approval of the capital expenditure items according to the terms of reference of the committee stipulated in the financial and administrative terms of reference.
10. Approving the Company's work policies and procedures and recommending their submission to the Board of Directors.
11. Monitoring the performance of the executive management and senior management and making a recommendation in this regard.
12. The Committee shall submit a periodic report on its work at each meeting of the Board of Directors, and notify the Board of Directors in the event of any conflict of interest arising as a result of the decisions taken by the Committee.

4.4.2 Audit Committee

The Audit Committee was formed and its members appointed by the Board of Directors at its meeting held on 21/08/1444H (corresponding to 13/03/2023G) and its tasks, work controls, and remuneration of its members were determined starting from the date of approval by the Ordinary General Assembly held on 20/09/1444H (corresponding to 11/04/2023G) and ending at the end of the current session of the Board on 01/08/1447H (corresponding to 20/01/2026G).

The following table shows the members of the Audit Committee:

Table No. (8): Audit Committee Members

Name	Position
Saleh bin Hassan Al-Afaliq	Chairman of the Committee
Vacant * -----	Member
Dr. Suleiman bin Abdullah Al-Sakran	Member
Waleed bin Mohammed Al-Othaimeen	Member
Mohammad Faik Mustafa	Secretary of the Committee

Source: The Company

*On 25/12/1444H (corresponding to 13/07/2023G), Mr. Ibrahim bin Yousef Al-Mubarak submitted his resignation from the Audit Committee and on the same date the Board of Directors of the Company decided to approve the resignation.

Number of committee meetings over the last three years

Table No. (9): Number of Meetings of the Audit Committee

Administrative body	2020G	2021G	2022G	31-Jul-2023G
Audit Committee	4	5	4	3

Source: The Company

Terms of Reference and Responsibilities of the Audit Committee:

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of reports, financial statements, and internal control systems therein. In particular, the tasks of the committee include the following:

1. Financial Reports:

- Studying the initial and annual financial statements of the Company before presenting them to the Board of Directors and expressing its opinion and recommendation thereon to ensure their integrity, fairness, and transparency.
- Providing a technical opinion at the request of the Board of Directors on whether the 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 unfamiliar matters included in the financial reports.
- Thoroughly researching any issues raised by the Company's financial director, whoever assumes his duties, the Company's compliance officer, or the auditor.
- Verifying accounting estimates in material matters contained in financial reports.
- Studying the accounting policies followed by the Company and expressing an opinion and recommendation to the Board of Directors in this regard.

2. Internal Audit:

- Studying and reviewing the internal control, financial, and risk management systems in the Company.
- Studying internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
- Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the Company - if any.
- Verifying the availability and effectiveness of the necessary resources in performing the work and tasks entrusted thereto. If the Company does not have an internal auditor, the committee shall submit its recommendation to the board regarding the need for his appointment.
- Recommending to the Board of Directors the appointment of the Director of the Internal Audit Unit or Department or the Internal Auditor and proposing his remuneration.

3. Auditor:

- Recommending to the Board of Directors the nomination and dismissal of auditors, determining their fees, and evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of their contract.
- Verifying the independence, objectivity, and fairness of the auditor and the effectiveness of the audit work, taking into account the relevant rules and standards.
- Reviewing the plan of the Company's auditor and his work, verifying that he does not submit technical or administrative works that are outside the scope of the audit work, and giving its views thereon.
- Answering the inquiries of the Company's auditor.
- Studying the auditor's report and observations on the financial statements and following up on what has been taken in their regard.

4. Ensuring Commitment:

- Reviewing the results of the reports of the regulatory authorities and verifying that the Company has taken the necessary measures in their regard.
- Verifying the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and transactions proposed to be conducted by the Company with the relevant parties and providing its views thereon to the board of directors.
- Submitting the matters that are deemed necessary to take action on to the Board of Directors, and making its recommendations for action to be taken.

4.4.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee was formed and its members appointed by the Board of Directors at its meeting held on 11/06/1444H (corresponding to 04/01/2023G) and its tasks, work controls, and remuneration of its members for the new session were determined starting on 28/06/1444H (corresponding to 21/01/2023G) and ending at the end of the current Board session on 01/08/1447 AH (corresponding to 20/01/2026G).

The following table shows the members of the Remuneration and Nomination Committee:

Table No. (10): Remuneration and Nomination Committee Members

Name	Position
Khalid bin Nasser Al-Muammar	Chairman of the Committee
Saleh bin Hassan Al-Afaliq	Member
Hassan bin Issam Qabbani	Member
Mohamed Faik Mostafa*	Secretary of the Committee

Source: The Company

* On 11/03/1445H (corresponding to 26/09/2023G), Mr. Mohammad Faik Mustafa was appointed as the Secretary of the Committee for the remaining period of the current session of the Board (the fifth session).

Number of committee meetings over the last three years

Table No. (11): Remuneration and Nomination Committee Meetings

Administrative body	2020G	2021G	2022G	31-Jul-2023G
Remuneration and Nomination Committee	4	4	5	2

Source: The Company

Terms of Reference and Responsibilities of the Remuneration and Nomination Committee:

1. Remuneration Terms of Reference

Preparing 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 approval by the General Assembly, taking into account that the policy follows criteria related to performance, disclosure, and verification of its implementation, provided that the remuneration policy shall be prepared without prejudice to the provisions of the Companies Law and the Capital Market Law and their executive regulations, to include the following:

- Its consistency with the Company's strategy and objectives.
- To provide bonuses for the purpose of urging the members of the Board of Directors and the executive management to contribute to the success and development of the Company in the long term, such as by linking the variable part of bonuses to long-term performance.
- To determine the remuneration based on the level of the job, the tasks and responsibilities assigned to the incumbent, educational qualifications, practical experience, skills, and level of performance.
- To be consistent with the size, nature, and degree of risk of the Company.
- To take into account the practices of other companies in determining remuneration while avoiding the unjustified rise in remuneration and compensation that may result.
- To aim at attracting, maintaining and motivating professional competencies while not exaggerating them.
- To take into account the remuneration indicated in the contracts of senior executives when making new appointments.
- To take into account the cases of suspension of the payment of the remuneration or its recovery if it is found that it was decided on the basis of inaccurate information provided by a member of the Board of Directors or the Executive Management in order to prevent the exploitation of the employment status to obtain undue remuneration.
- To regulate the granting of shares in the Company to members of the Board of Directors and the Executive Management, whether it is a new issue or shares purchased by the Company
- To clarify the relationship between the remuneration awarded and the applicable remuneration policy and indicate any material deviation from this policy.
- To periodically review the remuneration policy and assess its effectiveness in achieving its objectives.
- To recommend to the Board of Directors the remuneration of the members of the Board of Directors, its committees, and senior executives of the Company in accordance with the approved policy.

2. Terms of Reference for Nominations

- Proposing clear policies and criteria for membership in the Board of Directors and Executive Management.
- Recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and criteria, taking into account not to nominate any person previously convicted of a crime against trust.
- Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and holding executive management positions.
- Determining the time to be allocated by the member to the work of the Board of Directors.
- Reviewing annually the necessary needs for appropriate skills or experience for board membership and executive management functions.
- Reviewing the structure of the Board of Directors and Executive Management and making recommendations on changes that can be made.
- The validity of the amendment at the date of the start of the session of the Board of Directors in order to achieve the responsibility of the members of the Board for the full financial year and the non-interference of responsibility between the two chambers, provided that the extension of the duration of the session does not exceed two months or the duration of the session is less than two months.
- Determining the compatibility of the duration of the course with the decision to approve the appointment of the Audit Committee as valid and current, especially with regard to the approval of the annual financial statements.
- Reviewing the announcements related to the nomination of the membership of the Board of Directors and determining the proposed dates for publishing the announcement on the Tadawul Capital Market website and the proposed period for receiving nomination applications, provided that it is not less than (30) days, and determining the date of the general assembly in which the members of the Board will be voted on, whether it is prior to the start date of the session or later, not exceeding (60) days.
- Submitting all previous Board decisions - in the event that any decision is taken in an extension period subsequent to the start date of the Board's session - and submitting them to the subsequent Board for approval.
- Annual verification of the independence of independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another Company.
- Developing a job description for executive members, non-executive members, independent members, and senior executives.
- Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
- Identifying weaknesses and strengths in the Board of Directors and propose solutions to address them in line with the interest of the Company.

4.5 Compensation and remuneration of directors and senior executives

The responsibility for proposing compensation and remuneration for directors and senior executives lies within the framework of the Remuneration and Nomination Committee. The following table shows the value of salaries, bonuses, and allowances received by the members of the Board of Directors, the relevant committees, and the executives during the past three years:

Table No. (12): Compensation and Remuneration of Directors, Related Committees, and Executive Directors

In thousands of Saudi riyals	2020G	2021G	2022G
Members of the Board of Directors and related committees	1,468	1,805	1,776
Executives	18,209	17,699	14,369

Source: The Company

5. Management Discussion & Analysis

5.1 Introduction

The following management discussion and analysis of the financial results of Takween Advanced Industries and its subsidiaries (collectively, referred to as “Takween” or “**Parent Company**”) is based on the audited consolidated financial statements for the years ended December 31, 2020G (“financial year 20”), December 31, 2021G (“financial year 21”), December 31, 2022G (“financial year 22”) and the audited consolidated financial statements for the financial periods ended March 31, 2022G (“Q1 22”) and March 31, 2023G (“Q1 23”) (the “**Historical Period**”), (collectively referred to as the “**Financial Statements**”). This report should be read in conjunction with the financial statements.

The financial information contained in this report is derived from the issuer’s annual financial statements, which have been audited in accordance with International Standards for Auditing, as approved by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) in the Kingdom of Saudi Arabia (“KSA”) for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited in accordance with International Standard on Audits 2410-Audit of the Independent Financial Commission for the Months in the Kingdom of Saudi Arabia for the period ended March 31, 2022G and March 31, 2023G. The audit and review of the financial statements were conducted by the Company’s independent auditors -Ibrahim Ahmed Al-Bassam and Co. for the year ended 31 December 2020G, and by Al-Kharashi and Co. for the years ended 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G.

The Company has applied the International Financial Reporting Standards (IFRS) adopted in the **Kingdom of Saudi Arabia** and other standards and declarations issued by the Saudi Organization for Chartered and Professional Accountants for the preparation of the financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G.

The Company has applied International Accounting Standard No. 34 for interim financial reporting approved by the Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia for the preparation of the consolidated summary interim financial information for the three months ended 31 March 2022G and 31 March 2023G.

The Auditors of Ibrahim Ahmed Al Bassam & Co. and Al Kharashi & Co nor any of its subsidiaries or any of the relatives of its employees, as part of the working group of the Company and its subsidiaries, hold any shares or shares of any kind in the Company and/or its subsidiaries which would prejudice their independence.

The financial statements are an integral part of this section and should be read in conjunction with the supplementary notes in the financial statements of the Company. The financial statements of the Company are set out in section (“**Consolidated Financial Statements and Auditors’ Reports**”) of this Prospectus.

The capital of the Company is (950,000,000) Saudi riyals for the financial year 2020G, (950,000,000) Saudi riyals for the financial year 2021G, as well as the first quarter of the period ending on 31 March 2022G, (950,000,000) million Saudi riyals for the financial year 2022G, and (950,000,000) Saudi riyals as of 31 March 2023G, and on 8 Muharram 1445H corresponding to 26 July 2023G, the Extraordinary General Assembly approved the reduction of the capital to (464,646,060) Saudi riyals.

Figures in this report have been rounded to the nearest SAR **in millions**, unless specifically stated otherwise. In any case, if collected, the figures may differ from those in the tables. Annual percentages and margins are based on figures in SAR million.

This section may include forward-looking statements regarding the future capabilities of the Company based on the administration’s plans, growth prospects, results of operations, and financial position that may include potential risks and uncertainties.

The Company’s actual results may differ materially from those expected as a result of various factors, risks, and future events, including those discussed in this section of the Prospectus or elsewhere, in particular Section (2) (“**Risk Factors**”).

5.2 Board Directors’ Declaration for Financial Information

All material facts relating to the Company, its subsidiaries and its financial performance are disclosed in this Prospectus. Moreover, there is no other information, documents, or facts, the non-inclusion of them may lead to misinformation.

- The financial information contained in this section has been prepared on a consolidated basis for the historical period of the Parent Company and its subsidiaries for the financial years ended 31 December 2020G, 31 December 2021G, 31 December 2022G, the three-month period ended 31 March 2022G and 31 March 2023G.
- The financial information contained in this section has been extracted without material modifications from the audited consolidated financial statements for the financial years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and the audited financial statements for the financial period ended 31 March 2023G of the parent Company and its subsidiaries.

- The Company incurred losses during the financial years ended 31 December 2020G and 31 December 2022G and the three months ended 31 March 2022G and 31 March 2023G. Except for what has been disclosed in this Prospectus, Section (2) “**Risk Factors**” Subparagraph (2.1.12) “**Risks related to accumulated losses**”, the members of the Board of Directors acknowledge that there has been no material negative change in the financial and commercial situation of the Company and its subsidiaries during the three years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus. In addition to the end of the period covered by the report of the chartered accountant until the approval of the Prospectus.
- There is no capital in the Company, or its substantial subsidiaries is included with the option right as of the date of this Prospectus.
- The Company and its subsidiaries do not hold any contractual securities or other assets whose value may be subject to fluctuations or difficult to ascertain, which significantly affects the assessment of the financial position of the Company and its subsidiaries.
- The Directors acknowledge that, except for the information disclosed in this section of Sub-Clause (5.7.13) “**Guarantees**” the Company and its Subsidiaries have no mortgages, rights, charges/ assignments over their property as of the date of this Prospectus.
- The Company and its subsidiaries have not granted any commissions, discounts, brokerage fees, or any non-monetary consideration granted by the Issuer or any of its subsidiaries during the three years immediately preceding the date of submission of the registration application and offering of securities subject to this Prospectus in connection with the issuance or offering of any securities to any of the directors, proposed directors, senior executives, or those offering securities or experts.
- The Board acknowledges that, except as disclosed in Section 2 “**Risk Factors**” of this Prospectus, neither the Company nor its Subsidiaries have information about any governmental, economic, financial, monetary, political, or any other policies that have affected or could affect materially (directly or indirectly) the operations of the Company or its Subsidiaries.
- Except for the information disclosed in this section of Sub-Clause (5.7.11) “**Medium and Long Term Loans**”, Sub-Clause (5.7.12) “**Short Term Loans**” and Sub-Clause (5.7.13) “**Guarantees**”, neither the Company nor its Subsidiaries have any other loans or debts, including bank account overdrafts. In addition, there are no guarantee obligations (including personal guarantees not included with personal guarantees, mortgages secured or unsecured), obligations under acceptance, acceptance credit, or lease purchase obligations.
- Except for the information disclosed in this section of Sub-Clause (5.7.13) “**Guarantees**” and what is disclosed in Sub-Clause (9.8.2) “**Movable Assets**” of Section (9) “**Legal Information**”, “The Board of Directors acknowledges that there are no mortgages, rights, or encumbrances on the property of the Company and its subsidiaries.
- The Board of Directors acknowledges that the Company and its subsidiaries have no knowledge of any seasonal factors or economic cycles related to the activity that may have an impact on the business and financial position of the Company.
- The Board of Directors acknowledges that, except as disclosed in Section No. (6) “**Use of Offer Proceeds and Future Projects**” of this Prospectus, the Company or its subsidiaries do not have any significant fixed assets intended to be purchased or leased. The Board of Directors acknowledges that the Company does not have debt instruments issued, existing or approved and not issued, or term loans covered by a personal guarantee or secured or not secured by a mortgage, except as disclosed in this section of subparagraph (5.7.13) “**Guarantees**”.
- The Board of Directors of the Company acknowledges that neither the Company nor any of its Subsidiaries have any contingent liabilities or warranties, except as provided in this Section Sub-Clause (5.7.13) “**Guarantees**”.
- The Board of Directors of the Company acknowledges that there was no reservation in the report of the chartered accountant on the financial statements of the issuer or its subsidiaries for any of the three financial years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus.
- The Board of Directors of the Company acknowledges that there have been no structural changes in the Issuer, or its subsidiaries during the three financial years immediately preceding the date of application for registration and offering of securities subject to this Prospectus.
- The Board of Directors of the Company acknowledges that there has been no material change in the accounting policies of the Issuer, or its subsidiaries. It also acknowledges that no material amendment has been made or required to be made to the audited and announced financial statements during the periods referred to above.

5.3 Group Overview

The Group is engaged in the production of plastic products of polyethylene terephthalate, polyolefin, and polystyrene, including profiles, bottles, cap, seal, films used in the manufacture of bags, and rubber membranes for protective packaging.

The Group's structure includes the following wholly owned subsidiaries as of 31 March 2023G.

Table No. (13): Actual contribution to the Group's subsidiaries as of 31 March 2023G

Subsidiaries	% Contribution
Saudi Plastic Packaging Systems ("SPPS")	100.0%
Al Sharq Plastic Industries Company. ("ASP")	100.0%
New Marina Plastic Industries Company ("NMP")	100.0%
Ultra Pack Manufacturing Company ("Ultra Pak")	100.0%

Source: The Company

The Group acquired Savola Packaging Systems along with two of its subsidiaries, Al Sharq Plastic Industries Co. and New Marina Plastic Industries, in 2015. Following the acquisition, Savola Packaging Systems was renamed Saudi Plastic Packaging Systems. In addition, the operational activities of Ultra Pack Co., Ltd. in Saudi Arabia have been merged into Saudi Plastic Packaging Systems Company. The commercial registration of Ultra Pack manufacturing Company has been amended to exclude manufacturing activities. Currently, Ultra Pack Manufacturing Company Limited is a shell Company authorized to conduct business activities.

Saudi Plastic Packaging Systems

Saudi Plastic Packaging Systems is a limited liability Company based in Al-Ahsa and registered under the commercial registration number 2250063668 dated 09/04/1405H (corresponding to 01/01/1985G).

Saudi Plastic Packaging Systems is mainly engaged in the production of bottle miniatures, polyethylene terephthalate bottle caps, and seals.

Table No. (14): Actual shareholding of Saudi Plastic Packaging Systems as of March 31, 2023G

SAR million	% Contribution	Number of Shares (m)	Amount (SAR Mn)
Takween Advanced Industries Company	99.0%	339.0	339.0
Ultra Pack Manufacturing Company Limited	1.0%	3.4	3.4
Total	100.0%	342.4	342.4

Nominal value per share SAR 1,000.0

Source: The Company

Al Sharq Plastic Industries Company .

Al-Sharq Plastic Industries Co is a limited liability Company based in Riyadh registered under Commercial Registration No. 1010008540 issued on 14 Sha 'ban 1395H (corresponding to 22 August 1975G).

Al-Sharq Plastic Industries is mainly engaged in the production of film/stretch film, bags, crates, drums, and plastic film.

Table No. (15): Effective shareholding percentage in Al-Sharq Plastic Industries Co as of 31 March 2023G

SAR million	% Contribution	Number of Shares (m)	Amount (SAR Mn)
Takween Advanced Industries Co.	99.0%	1221	61,058.2
Ultra Pack Manufacturing Company Limited	1.0%	12.3	616.8
Total	100.0%	1233.5	61.675

Nominal value of the share SAR 50.0

Source: The Company

New Marina Plastic Industries:

New Marina Plastic Industries Company is a joint-stock Company based in Alexandria, registered under Commercial Registration No. 171 on 24/10/1417H (corresponding to 04/03/1997).

New Marina Plastic Industries is mainly engaged in the production of pet preforms, caps and closures and shrink films.

Table No. (16): Actual shareholding of New Marina Plastic Industries as of March 31, 2023G

Million Egyptian Pounds	% Contribution	Number of Shares (m)	Amount (Million EGP)
Takween Advanced Industries Co.	99.6%	89.7	89.7
Saudi Plastic Packaging Systems	0.02%	0.1	0.1
Ultra Pack Manufacturing Co., Ltd.	0.02%	0.1	0.1
Total	100.0%	90.0	90.0

Nominal value of the share EGP 1,000.0

Source: The Company

Ultrapak Manufacturing Co., Ltd.:

Ultrapak Manufacturing Co. is a limited liability Company headquartered in Jeddah registered under Commercial Registration No. 4030126251 issued on 16 Shawwal 1419H (corresponding to 3 February 1999).

As mentioned above, Ultrapak Manufacturing Company Limited is a shell Company with permission to conduct business activities. During the historical period, Ultrapak Manufacturing Company Limited did not carry out any business activities.

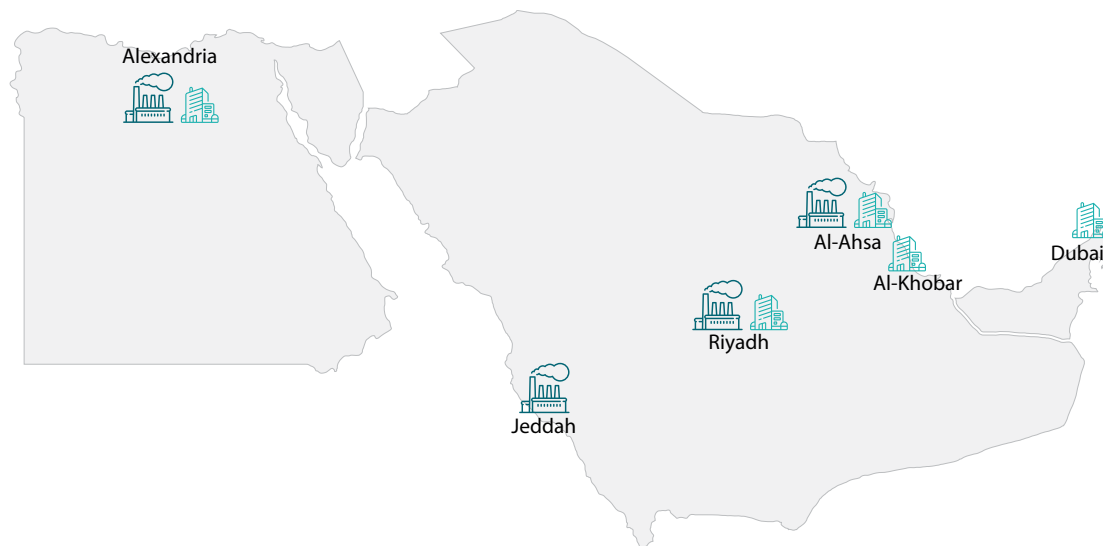
Table No. (17): Actual shareholding of Ultra Pack Manufacturing Co., ltd. as of 31 March 2023G

SAR million	% Contribution	Number of Shares (m)	Amount (SAR Mn)
Takween Advanced Industries Co.	99.0%	495.0	24.7
Saudi Plastic Packaging Systems	1.0%	5.0	0.3
Total	100.0%	500.0	25.0

Nominal value of the share SAR 50.0

Source: The Company

The geographical footprint of the Group:



The following are the locations that represent the geographical presence of the Group:

Name	Head Office Location	Name	Head Office Location
Saudi Plastic Packaging Systems	Jeddah, Riyadh, Al-Ahsa (2x)	Group HQ	Khobar
Al Sharq Plastic Industries Co.	Riyadh	Saudi Plastic Packaging Systems	Al-Ahsa - Al-Jai
New Marina Plastic Industries Co.	Alexandria	Al Sharq Plastic Industries Co.	Riyadh
		New Marina Plastic Industries Co.	Alexandria
		Branch of Takween Company	Dubai

5.4 Summary of Significant Accounting Policies

Basis for Consolidation

The consolidated financial statements include the financial statements of Takween Advanced Industries and its subsidiaries (the “Group”) as disclosed in Note 2. Control is achieved when the Company has:

- has power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group re-evaluates whether or not it controls any of the invested facilities and whether facts and circumstances indicate changes to one or more of the control elements referred to above.

When the voting rights of the Company in any of the invested facilities are less than the substantiality of the voting rights, the Company has control over that facility when the voting rights are sufficient to give it the practical ability to direct the activities related to the invested facility individually. The Company takes into account all relevant facts and circumstances when assessing whether the Company has voting rights in the invested Company to grant it control. These facts and circumstances include the following:

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Consolidated statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Group. The total comprehensive income of subsidiary is attributed to the shareholders of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring its accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated as part of the consolidation.

Changes in Group Equity in Existing Subsidiaries

Changes in the Group's ownership of subsidiaries that do not result in a loss of control are accounted for as equity transactions. The Group's book value and non-controlling rights are adjusted to reflect changes in its ownership of subsidiaries. Any difference between the value of the non-controlling rights adjustment and the fair value of the allowance paid or received is directly included in the equity and is attributable to the Group's shareholders.

When the Group loses control of a subsidiary, any gain or loss is recognized in the consolidated statement of profit or loss and other comprehensive statement and is calculated as the difference between (i) the total fair value of the amount received and the fair value of any retained interest and (ii) the previously reported book value of the assets (including goodwill), the subsidiary's liabilities, and any non-controlling rights. All amounts previously recognized in other comprehensive income relating to that subsidiary are accounted for as if the Group had excluded the subsidiary's assets or liabilities directly (in other words, reclassification to the statement of profit and loss and other comprehensive income or conversion to another classification of equity as defined in IFRS).

The fair value of any investment held in the former subsidiary at the date of loss of control is deemed to be fair value on initial recognition in subsequent accounting in accordance with IFRS 9 or, where applicable, according to cost on initial recognition of an investment in an associate or joint venture.

Business combination and goodwill

Business combinations are calculated using the procurement method. The cost of the acquisition is measured on the basis of the total consideration transferred, measured at fair value at the acquisition date, and the amount of any non-controlling rights in the business acquired. For each business combination, the Buyer shall measure the non-controlling rights in the Acquired Business either at fair value or at the proportionate share of the Buyer's designated net assets. Acquisition costs incurred are charged as expenses during the period in which such costs are incurred.

When the Group acquires another entity, it determines the appropriateness of the classification of the financial assets and liabilities acquired in accordance with the contractual terms, economic conditions, and related conditions as of the date of acquisition.

Any potential consideration transferred by the Buyer will be stated at fair value at the date of purchase. The potential consideration, which is included as an asset or liability of a financial instrument within the scope of IFRS 9 (Financial Instruments: Recognition and Measurement), is measured at fair value, and changes in fair value are recognized in the statement of consolidated profit or loss and other comprehensive income.

Goodwill represents the cost of investments in excess of the fair value of net assets acquired in a business combination. Goodwill is tested annually to determine impairment and is recorded at cost less accumulated impairment losses. Impairment losses of goodwill are not reversed once recorded. Gains or losses resulting from the exclusion of an entity include the book value of goodwill relating to the entity sold. Negative goodwill is the increase in the fair value of net assets acquired and the cost of investments in a business combination. Negative goodwill is recognized in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill earned for business combination operations is allocated to each Cash-generating Unit or Cash-generating Unit group that is expected to benefit from business combination operations, regardless of the allocation of other assets or liabilities of the group to those units or Cash-generating Unit group.

Goodwill is tested for the purpose of determining an impairment in the value of goodwill annually when there are factors that indicate the existence of an impairment in the book value and are recorded at cost less the accumulated losses of impairment. The impairment in the value of goodwill is determined by evaluating the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the book value of the unit, impairment losses are recorded. Any loss from impairment of goodwill is not reversed in subsequent periods. Gains or losses resulting from the exclusion of the entity include the book value of goodwill relating to the entity sold. Negative goodwill represents the increase in the fair value of net assets purchased over the cost of investments in a business combination. Negative goodwill is recognized in the consolidated statement of profit or loss and other comprehensive income.

When goodwill forms part of a cash-generating unit and part of the operations within that unit are excluded, the goodwill associated with the excluded operations is included in the book value of the excluded operations when determining the profit or loss resulting from the exclusion of operations. Excluded goodwill in this case is measured based on the relative value of the excluded operations and the retained portion of the cash-generating unit. When subsidiaries are sold, the difference between the selling price and net assets plus accrued exchange differences and goodwill is recognized in the consolidated statement of profit or loss and other comprehensive income.

Transactions between companies and unrealized balances and profits on transactions between group companies are accounted for. Unrealized losses are also excluded unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of the subsidiaries are changed as necessary to ensure that they are consistent with the policies followed by the Group.

Associates

Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group owns between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognized at cost, and the book value is increased or decreased to recognize the investor's share in the profit or loss of the invested Company after the date of purchase. Upon acquisition, the entity's share is included in the net fair value of the specific assets and liabilities of the invested Company from the cost of the investment as income when determining the Company's share in the profits or losses of the associate or joint venture in the period in which the investment was purchased.

If the ownership share in an associate is reduced while retaining significant influence, only a pro rata share of previously recognized amounts in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition gains and losses is recognized in the consolidated statement of profit or loss and other comprehensive income, and its share of post-acquisition transactions in other comprehensive income is recognized in the statement of other comprehensive income with the corresponding adjustment to the book value of the investment.

Where the Group's share of losses in the Associated Company equals or exceeds its share in the Associated Company, including any other unsecured receivables, the Group does not recognize other losses unless it has incurred legal or judgmental obligations or made payments on behalf of the Associated Company.

Gains and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the consolidated financial statements of the Group only to the extent of the investor's unrelated interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset. The accounting policies of the associates are changed as necessary to ensure that they are consistent with the policies followed by the Group.

On the date of each financial report, the Group determines whether there is any objective evidence of the impairment in the value of the investment in the associate. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its book value and charges the amount to the consolidated statement of profit or loss and other comprehensive income.

Mitigation gains and losses resulting from investments in associates are recognized in the consolidated statement of profit or loss and other comprehensive income.

Property, plant, and equipment

Property, plant, and equipment are shown at cost less accumulated depreciation and accumulated impairment losses.

Assets under construction are shown at cost less any impairment. These assets are classified into the appropriate item of property and equipment when they are complete and ready for their intended use. These assets are depreciated on the same basis as other assets when they are ready for their intended use.

Assets under construction for production, services, or management purposes are stated at cost less any impairment losses. Costs include professional fees, and as for eligible assets, borrowing costs are capitalized in accordance with the Group's accounting policy. These assets are classified into the appropriate items of property, plant, and equipment when they are complete and ready for their intended use. These assets are depreciated on the same basis as other assets when they are ready for their intended use.

Property, plant, and equipment (excluding land owned and real estate under construction) are depreciated over their useful lives using the straight-line method.

The estimated useful lives of the main items of assets are as follows:

Table No. (18): Estimated useful life of fixed assets

Assets	Percentage
Buildings and Leasehold Improvements	2.0% - 5.0%
Plant, equipment and machinery	5.0% - 20.0%
Vehicles	20.0% - 25.0%
Furniture, fixtures and office equipment	20.0% - 25.0%

Source: The Company

The estimated useful lives, residual value, and depreciation method are reviewed at the end of each reporting period for any changes in estimation calculated and applied on a prospective basis.

Capitalization of costs within property, plant, and equipment

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

- the Purchase Price, including non-refundable import duties and purchase taxes, after deduction of trade discounts and rebates, and
- Any costs directly related to the arrival of the asset at the site and the conditions necessary to operate it in the manner deemed appropriate by the management.
- A preliminary estimate of the costs of dismantling and moving the item and restoring the location on which it is located and the obligation incurred either as a result of the purchase of this item or as a result of its use during a certain period for purposes other than the production of stock during that period.

The capital work in progress is the accumulated costs incurred by the Group for the construction of buildings and structures in the development phase. Initial costs incurred on capital works in progress are recorded and then transferred to property and equipment when construction of these facilities is completed. Financing costs are capitalized from loans related to the construction of eligible assets within the time period necessary for their completion and preparation for the purpose for which they are intended.

Exclusion of Property, Plant, and Equipment

Any item of property and equipment is derecognized on exclusion or when no future economic benefits are expected from its continued use. Any gain or loss resulting from the exclusion of an item of property or equipment is determined by the difference between the proceeds of sale and the book value of the asset and is included in the consolidated statement of profit or loss and other comprehensive income.

Capital spare parts

The Group classifies capital spare parts into critical spare parts (strategic spare parts) and general spare parts, using the following guidelines:

- A critical spare part is one that is on “stand-by”, i.e., probable to be a substantial item / part critical to be kept on hand to ensure uninterrupted operation of production. They would normally be used only due to a breakdown, and are not generally expected to be used on a routine basis. Depreciation on critical spares commences immediately on the date of purchase.
- General spare parts are other substantial spare parts that are not considered critical and are purchased in advance due to planned replacement plans (in line with the scheduled maintenance program) to replace existing substantial spare parts with new operable parts. These items are considered “available for use” only in future, and then the depreciation process begins when they are installed as replacement parts. The depreciation period for such general capital parts is over their useful life or the expected remaining useful life of the associated equipment, whichever is less.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease, i.e. (the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement of the lease, less any lease incentives received and the costs of reinstatement of the asset. Unless the Group is reasonably certain to take ownership of the leased asset at the end of the lease term, it depreciates the right-of-use assets recognized in accordance with the straight-line method over their estimated useful life or lease term, whichever is shorter. If the Group is reasonably certain that a call option has been exercised, the right-of-use asset is depreciated over the useful life of the underlying asset, and the right-of-use asset is subject to impairment.

Intangible Assets

Intangible assets that are expected to have a future benefit are included in non-current assets. Intangible assets include goodwill and enterprise resource planning (ERP) software costs. ERP software costs are the costs incurred to implement new software and amortized over a period of ten years from the date of its full implementation. For goodwill, please refer to the Business Grouping and Goodwill Policy (Note 4-2).

Impairment of tangible and intangible assets

At the end of each financial statement period, the Group reviews the book values of its tangible and intangible assets to determine whether there is an indication that these assets have been exposed to impairment losses. If such an indication exists, the recoverable amount of the asset is estimated to determine the impairment losses (if any). In the event that it is not possible to estimate the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the same asset belongs. When reasonable and consistent distribution bases can be determined, the joint assets are distributed to specific cash-generating units or distributed to the smallest group of cash-generating units for which reasonable and consistent distribution bases can be determined.

Impairment of intangible assets with indefinite useful lives and intangible assets that have not yet been used is tested at least once a year when there is an indication that the asset has decreased in value. The recoverable amount is the fair value of the asset less the cost to sell or the value to use, whichever is higher. When estimating the value to use, estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market estimates of the time value of money and risks related to the asset for which the estimate of future cash flows has not been adjusted.

In the event that the indicative value of an asset (or cash-generating unit) is estimated to be less than the book value, the book value of the asset (or cash-generating unit) shall be reduced to the indicative value. Impairment losses are recognized directly in the consolidated statement of profit or loss and other comprehensive income.

In the event that impairment losses are subsequently refunded, the book value of the asset (or cash-generating unit) shall be increased to the revalued or indicative value, so that the adjusted book value does not exceed the book value of the asset (or cash-generating unit) if the impairment losses were not calculated in previous years. Impairment losses are reimbursed directly to the consolidated statement of profit or loss and other comprehensive income.

Inventory

Inventory is valued at cost or net realizable value, whichever is lower. The cost incurred to bring each product to its current location and condition is calculated as follows:

- Raw materials, packing materials, and spare parts are based on the weighted cost, which includes all purchase costs and other costs incurred to bring the inventory to its current location and condition.
- Manufactured goods and products under manufacturing on a cost-weighted basis include the cost of materials and labor and an appropriate share of indirect manufacturing cost based on normal operating capacity but exclude borrowing cost.

Net realizable value is the expected selling price in the ordinary course of business less the estimated costs necessary to complete the product and complete the sale. A provision is configured for slow-moving inventory.

Financial Instruments

A. Classification of Financial Assets

On initial recognition, financial assets are classified and measured at amortized cost, fair value through other comprehensive income items, or fair value through profit or loss. As of the reporting date, the Group holds investments at amortized cost.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they meet the following two conditions and are not classified at fair value through profit or loss.

- The asset is held within the business model that is intended to hold the asset to collect contractual cash flows and
- Their periods, according to the contractual terms of the financial assets are generating cash flows on specified dates, which are only payments for an asset, and interest on the principal amount due.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by any impairment. Interest income and the gain or loss of currency differences, as well as impairments in value, are included in the consolidated statement of profit or loss. Any gains or losses arising from exclusion are included in the profit or loss.

Assessment of the business model

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

- The stated policies and objectives of the portfolio and how those policies operate in practice and, in particular, to determine whether management's strategy focuses on earning contractual interest income, maintaining a specific interest pricing record, matching the duration of financial assets with the duration of the liabilities financing those assets, or realizing cash flows through the sale of assets;
- How to assess the performance of the portfolio and report thereon to the Group's management;
- Risks that affect the performance of the business model and the financial assets held in this business model, and how such risks are managed;
- How to compensate business managers - for example, whether the compensation is based on the fair value of the assets being managed or the contractual cash flows collected; and
- The number of sales transactions and the volume and timing of sales in previous periods, the reasons for these sales, and their expectations for future sales activity. However, information on sales activity is not considered separately but rather as part of a comprehensive assessment of the Group's stated objective of managing financial assets and how cash flows are achieved.

The assessment of the business model is based on reasonably foreseeable scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized differently from the Company's expectations, the Company does not change the classification of the remaining financial assets held within that business model but uses this information to proceed when valuing the newly formed or newly purchased financial asset.

Assess whether contractual cash flows are simply payments of principal and interest

For the purposes of this evaluation, “principal” is defined as the fair value of a financial asset upon initial recognition. “interest” is defined as the compensation of the time value of money, of credit risk associated with the principal amount outstanding over a given period of time, and of other underlying lending risks and costs (such as liquidity risk and administrative costs), as well as profit margin. For financial assets measured at fair value, gains and losses are recognized in profit, loss, or other comprehensive income.

Financial assets at fair value through other comprehensive income

A debt instrument is not measured at the fair value of other comprehensive income only if it meets the following two conditions and is not selected for classification at the fair value of profit or loss:

- The assets are held within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets and
- The contractual terms of a financial asset arise on specific dates for cash flows that are solely payments of principal and interest on undocumentated principal.

Equity Instruments

Upon initial recognition of an investment in equity instruments not held for trading, the Group may irrevocably choose to present subsequent changes in fair value in the statement of other comprehensive income. Selection is made on an investment-by-investment basis.

Financial assets at fair value through profit or loss

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

In addition, on initial recognition, the Group may choose to classify a financial asset at fair value through profit or loss if it does not meet the requirements to be classified as a financial instrument at amortized cost or at fair value through other comprehensive income, if doing so materially reduces an accounting mismatch that may arise in other matters.

Financial assets are not reclassified after initial recognition, except for the period after the Group changes its business model for managing financial assets.

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

Derecognition

Financial Assets

The Group ceases to recognize a financial asset when the contractual rights to receive cash flows from the financial asset expire, or it transfers the rights to receive contractual cash flows through a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or when the Group does not transfer or retain all of the risks and rewards of ownership but does not retain control of the financial asset.

Upon cessation of the recognition of a financial asset, the difference between the book value of the asset or (the book value allocated to a part of the excluded asset) the total of (1) the financial consideration received (including the acquisition of a new asset less a new liability) and (2) the cumulative profit or loss recognized in the statement of other comprehensive income is recognized in the statement of profit or loss.

B. Classification of Financial Liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan obligations, at amortized cost. The amortized cost is calculated by taking into account any discount or premium to the value of the funds issued, and the costs that form an integral part of the effective interest rate.

C. Impairment

The impairment model applies to financial assets carried at amortized cost, contract assets, debt investments at fair value through other comprehensive income, and not to investments in equity instruments. The impairment methodology is based on a substantial increase in credit risk. For trade receivables, the Company applies the simplified approach allowed by IFRS 9.

At each reporting date, the Group assesses whether financial assets carried at amortized cost have a low credit value. A financial asset is considered “credit impaired” when the occurrence of one or more events has a detrimental effect on the estimated future cash flows of the financial asset. The provision for losses for assets and finances measured at amortized cost is deducted from the total value of those assets.

Financial Instruments Clearance

Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and when there is an intention to settle transactions on a net basis or to collect assets and settle liabilities at the same time. A legally enforceable right must not be subject to future events and must be enforceable in the ordinary course of business and in the event of default, insolvency, or bankruptcy of the Group or its counterparty.

Effective Interest Rate Method

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and distributing interest income over the associated period. The effective interest rate is that rate that is used to discount expected future cash payments (and includes all fees, points paid and received, which are an integral part of the effective interest rate, as well as transaction costs, bonuses, and other discounts within the expected life of the debt instrument or a shorter period, if appropriate, to the net book value at initial recognition.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits with banks, the maturity of which is 90 days or less and available for use by the Group, unless otherwise noted in the consolidated statement of financial position, bank overdrafts are shown in the Loans section.

Discontinued operations and non-current assets held for sale

The results of discontinued operations are presented separately in the statement of profit and loss and other comprehensive income. Non-current assets (or **exclusion groups**) are classified as held for sale at book value or fair value less cost to sell, whichever is lower.

Non-current assets (or exclusion groups) are classified as held for sale if their book value is to be recovered through a transaction rather than continuous use, in that case when the asset (or exclusion group) is available for immediate sale in its current state only subject to the usual and ordinary conditions of sale of those assets (or exclusion groups) and the sale is considered highly probable.

A sale is highly probable if the appropriate level of management is committed to a plan to sell the asset (or exclusion group), and an active program is initiated to find the buyer and complete the plan. Further, the asset for sale (or exclusion group) has been actively marketed at a reasonable price relative to its current fair value. In addition, the sale is expected to become eligible for recognition as a completed sale within one year from the date it is classified as held for sale.

Non-current assets are not depreciated or amortized for sale while classified as held for sale. Interest and other expenses associated with the obligations of the exclusion group have been recognized.

Non-current assets classified as held for sale and exclusion group assets classified as held for sale are classified separately from other assets in the statement of financial position. The liabilities of the exclusion group classified as held for sale are classified separately from other liabilities in the consolidated statement of financial position.

Provisions

Provisions are recognized when the Group has a present obligation (legal or judgmental) as a result of a past event that is likely to result in the payment of the obligation. The amount of the obligation can be estimated reliably. The amount recognized as a provision is calculated according to the best expectations of the consideration required to pay the obligation as of the end of the reporting period after taking into account the risks and uncertainties surrounding the obligation. When measuring the value of the provision using estimated cash flows to settle the present obligation, its included value is the present value of those cash flows (when the effect of the time value of money is material).

When part or all of the economic benefits required to pay the provision are expected to be recovered from a third party, the receivable is recognized as an asset in the event that the receipt and replacement of the amount are confirmed and can be reliably measured.

Dividend

Dividends are recognized as a liability when approved at an annual general meeting. Interim dividends are credited when approved by the directors.

Foreign Currency Calculation

Offer Currency

These consolidated financial statements are presented in Saudi Riyals, which are the functional and offer currency of the parent Company. Items included in the financial statements of each Group Company are measured using the main currency of the economic environment in which each Company operates (the functional currency).

Exchange differences on monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which the differences arise, except for foreign exchange differences on monetary items that are required or due to be settled (and therefore form part of the net investment in the foreign operation), which are initially recognized in other comprehensive income and reclassified from equity to consolidated statement of profit or loss and other comprehensive income upon payment of the monetary items.

Transactions and balances

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each financial period are calculated on the basis of the rates of exchange prevailing at that date. Non-monetary items, measured at historical cost in a foreign currency, are calculated using the exchange rate at the date of the transaction. Non-monetary items listed at fair value and listed in foreign currencies are calculated according to the exchange rates prevailing at the date of determining fair value.

When a foreign operation is excluded (the exclusion of the group's entire share in a foreign operation includes the loss of control over a subsidiary that includes a foreign operation), all cumulative exchange differences in equity with respect to that operation belonging to the group's shareholders are reclassified to the statement of profit or loss. In addition, with respect to the partial exclusion of a subsidiary involving a foreign operation, which does not result in the Group losing control of the subsidiary, the relative share of the accumulated exchange rate differences shall be redistributed over the non-controlling rights and shall not be recognized in the statement of profit or loss. For all other partial disqualifications (such as partial disqualifications of associates or joint arrangements that do not result in the Group's loss of material effect or joint control), the prorated share is reclassified from the accumulated exchange rate differentials to the consolidated statement of profit or loss and other comprehensive income.

Group Companies

The results and financial position of foreign subsidiaries that have offer currencies other than the offer currency of the parent Company shall be calculated into the functional currency as follows:

1. Assets and liabilities for each financial statement period are calculated at the exchange rates prevailing at the end of the financial statement period.
2. Revenues and expenses for each financial statement period are calculated at the average exchange rate.
3. The elements of equity accounts are calculated according to the exchange rates prevailing at the date of the relevant items. Cumulative adjustments resulting from calculation are included in other comprehensive income and are included as a separate item in equity, "Foreign currency exchange differences".

Borrowing costs

Borrowing costs directly attributable to the creation or production of eligible assets, which inevitably require a period of time to be ready for intended use or sale, shall be added to the costs of such assets until such assets are substantially ready for their intended use or sale. All other borrowing costs are included in the consolidated statement of profit or loss in the period for which they are incurred.

Lease Obligations

At the commencement of the lease, the Group recognizes lease liabilities measured at the present value of lease payments made over the term of the lease. Rent payments include fixed payments (including actual fixed payments) less any rent incentives receivable, variable rent payments based on an index or rate, and amounts expected to be paid under the residual value guarantees. Lease payments also include the exercise price of the purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease if the lease reflects the Group's exercise of the option to terminate. Variable lease payments, which are not based on a particular index or rate, are recognized as an expense in the period during which the event or circumstance giving rise to a repayment transaction is caused.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate when initiating the lease if the interest rate implied in the lease is not readily determined. The incremental rate is the rate that the individual lessee will pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions. After the lease start date, the amount of lease obligations increases to reflect the increase in interest and decreases according to the lease payments made. In addition, the book value of the lease liability is re-measured if there is an adjustment or change in the lease term, whether it is a change in the actual fixed lease payments or a change in the evaluation of the purchase of the underlying asset.

The lease payments are distributed between the principal amount and the financing cost. The financing cost is charged to profit and loss over the lease period to find a fixed periodic interest rate on the remaining balance of the liability each year.

Short-term leases and leases with low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of leased properties (i.e., those leases that have a duration of 12 months or less from the date of commencement of the contract and do not include a purchase option), and the low-value asset lease recognition exemption is also applied to office equipment leases that are considered low-value. Lease payments related to short-term leases and leases with low-value assets are recognized as an expense according to the straight-line method over the term of the lease.

Employees' Bonuses

Short-Term Obligation

Liabilities related to wages and salaries, including non-cash bonuses and accrued sick leave, that are expected to be fully settled within 12 months after the end of the financial reporting period in which employees provided the related service are recognized based on the services provided by employees until the end of the financial reporting period and are measured by the amounts expected to be paid upon settlement of the liabilities. Liabilities are presented as current employee remuneration liabilities within the accrued expenses in the consolidated statement of financial position.

Employees' end of service benefits

The defined benefit obligation is calculated annually by independent actuaries using the credit unit evaluation method. The liability recognized in the consolidated statement of financial position regarding employee remuneration is the present value of the defined benefit obligation at the end of the financial reporting period.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using high-quality corporate bond interest rates denominated in the currency in which the bonus will be paid, and its terms are similar to the terms of the related obligation.

Defined benefit costs are classified as follows:

Service Cost

Service costs include current service costs, and past service costs, which are recognized directly in the consolidated statement of profit or loss. Changes in the present value of defined benefit obligations from plan adjustments or reductions are recognized directly in the consolidated statement of profit or loss and other comprehensive income as past service costs.

Interest Cost

Interest cost is calculated by applying the discount rate at the beginning of the period to the net balance of the defined benefit obligation. This cost is included in employee benefit expenses in the consolidated statement of profit or loss.

Re-measurement Gains or Losses

Re-measurement gains or losses arising from adjustments or changes in actuarial assumptions in the period in which they occur are recognized directly in other comprehensive income.

Zakat and Income Tax

The Group is subject to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia. In addition, subsidiaries are subject to the respective income tax regimes of the countries in which they carry out their activities. Zakat is calculated on the basis of the Zakat base or the adjusted net profit, whichever is greater. Any differences between the estimates and the final assessment shall be recorded when approved, at which point the provision shall be settled.

Deferred Tax

Deferred tax is recognized on the basis of the temporary differences between the book value of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in calculating taxable profit. Deferred tax liabilities are generally recognized for all temporary differences subject to tax. Deferred tax assets are generally recognized against all deductible temporary differences to the extent that the taxable profit is likely to be provided by the offering of such deductible temporary differences. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the asset's liability or maturity is settled based on tax rates (and tax regulations) that have been enacted or will be enacted materially by the end of the financial reporting period.

Statutory reserve

In line with the Companies Law in the Kingdom of Saudi Arabia and the bylaws of the Company, the Group shall form a statutory reserve by transferring 10% of the net profit, if available, after covering the accumulated losses until this reserve reaches 30% of the capital. This reserve is not available for distribution as dividends.

Revenue from contracts with customers

The Group recognizes revenue when the customer acquires control of the goods at a specified time, that is, upon delivery and acknowledgment of receipt of the goods, using a five-step model that includes:

- a. Contract Identification with the Client, any agreements with the Company create enforceable rights and obligations.
- b. Specify performance obligations in the contract, such as the promise in such contracts to transfer products or services.
- c. Determine the transaction price based on the consideration that the Company expects to receive in return for fulfilling performance obligations (and excluding any amounts collected on behalf of third parties).
- d. Distribute the transaction price for each performance obligation based on the independent estimated selling price of the products or services provided to the customer.

- e. Recognition of revenue when (or as soon as) the entity meets the conditions for performing the obligation, such as that the contracted products or services are transferred to the customer and the customer obtains control. This may be over time or at a particular time.

Revenue is measured at the fair value of the consideration received or receivable, subject to the payment terms specified in the contract and excluding taxes or duties. The specific criteria outlined above must also be met before revenue is recognized. In the absence of specific conditions, the above policy applies, and revenue is recorded as it is earned and accrued.

The Group has different types of products, such as consumable polystyrene cups, caps, non-woven fabrics, and other related plastic products. Customers gain control of the products when the goods are delivered and accepted at their premises. Invoices are issued and revenue is generated, at which time deferred invoices are usually due within 30 to 120 days. The invoice is issued and recognized as net revenue from deductions related to items sold.

Research and development costs

Research costs are recorded as expenses when incurred. Development expenditure on an individual project basis is recognized as an intangible asset when the Group can ensure:

- Technical feasibility to complete intangible assets so that they are available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset generates future economic benefits.
- Availability of resources to complete the asset
- Ability to reliably measure expenses during the development phase

After initial recognition of development expenditure as an asset, the asset is recorded at cost less accumulated amortization and impairment losses. Amortization of the asset begins when the development phase is completed and the asset is available for use. It is amortized over the expected future benefit period. Amortization is included in the cost of sales. During the development period, the asset is tested for impairment annually.

Administrative expenses and Sale, marketing and distribution expenses

Administrative expenses include indirect costs that are not directly related to the cost of production, in accordance with International Financial Reporting Standards. Expenses, if necessary, are distributed between administrative expenses and cost of sales on a consistent basis.

Sale, marketing and distribution expenses are mainly costs incurred in the distribution and sale of the Group's products, and all other expenses are classified as general and administrative expenses.

Sectoral Reports

The operating sector is a component of the Group that carries out business activities from which it may generate revenues and incur expenses, including revenues and expenses related to transactions with other entities in the Group. The results of the operations of all operational sectors are reviewed regularly by the General Manager of each cash-generating unit in order to make decisions regarding the resources to be allocated to the sector and evaluate its performance, for which financial information is available separately.

The results of the Sectors reported to the General Manager include items directly attributable to the Sector in addition to those that can be determined on a reasonable basis. Undefined items consist mainly of corporate expenses and related assets and liabilities (mainly head office), head office expenses, research and development costs, related assets / liabilities, goodwill, intangible assets, and income tax liabilities.

Earnings per share

Basic share of earnings

The basic share of earnings is calculated by dividing:

- profit attributable to the shareholders of the Group, after deducting any equity service costs other than ordinary shares, and
- on the weighted average number of ordinary shares outstanding during the financial reporting period.

Reduced share of earnings

The figures used in determining the calculation of the basic share of earnings shall be adjusted to reach the reduced share of earnings, so as to take into account:

- The effect of interest after income tax and other financing costs associated with the reduction of potential common shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all potential reduced ordinary shares.

Significant accounting provisions and key unconfirmed sources of estimation

The preparation of the consolidated financial statements in accordance with IFRS requires the making of estimates and assumptions that may affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the best information available to management on current events, actual results may differ from those estimates. Adjustments to accounting estimates are recognized in the year in which the estimates are revised and in affected future periods.

Impairment of financial assets, including trade receivables

Provisions for loss of trade receivables and other receivables are based on assumptions about default risk and unforeseen loss rates. The Group uses judgment about these assumptions and the determination of inputs in calculating impairment depending on the Group's historical experience, current market conditions, and future estimates at the end of each estimation period.

Provision for slow moving inventory

Management configures a provision for damaged and slow-moving inventory. Estimates of the net realizable value of inventory are based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly related to events occurring after the consolidated statement of financial position date, to the extent that they confirm that the circumstances of these events exist as of the end of the year.

Provisions and contingent liabilities

Provisions are made for a contract for the existence of an obligation (legal or judgmental) on the Group resulting from past events and when it is probable that a flow of resources will be required to settle that obligation and that the amount has been reliably estimated.

All contingent liabilities arising from past events, the existence of which is confirmed only by the occurrence or non-occurrence of an uncertain or incomplete future event or events with the control of the Group, or all present liabilities arising from past but unrecognized events for the following reasons: (i) you may not agree to issue resources embodying economic benefits that will be required to pay the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; it is valued at the date of the consolidated statement of financial position and disclosed in the consolidated financial statements of the Group within the contingent liabilities.

Useful lives of property, plant, and equipment

Management determines the estimated useful lives of property, plant, and equipment for the purpose of calculating depreciation. This estimate is determined after taking into account the expected use of the assets and the replacement and renewal of these assets. The Management reviews the residual value and useful lives annually, and the change in depreciation expenses (if any) is adjusted in the current and future periods.

Impairment of non-financial assets

Non-current assets are reviewed for any impairment losses whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss (if any) is recognized at the value at which the asset's book value exceeds its recoverable amount. The recoverable amount is the fair value of the asset after deducting the costs of sale and the residual value of use, whichever is higher. For the purposes of estimating the impairment, assets are accumulated to their lowest level where there are identifiable independent cash flows. Non-current assets other than intangible assets and those that have been impaired are reviewed for possible reversal of impairment at each statement of financial position date. When the impairment loss is subsequently reversed, the book value of the asset or cash-generating unit is increased to the adjusted estimate of its recoverable amount, but the increased book value shall not exceed the book value that could have been determined if no impairment loss had been recorded in the asset or cash-generating unit in previous years. The reversal of an impairment loss is recognized as direct income in the consolidated statement of profit or loss. Recognized goodwill impairment losses are not reversed.

Evaluation of defined benefit liabilities

The cost of the defined benefit liabilities and the present value of the liability are determined using actuarial evaluations. An actuarial evaluation involves making different assumptions that may differ from actual developments in the future. These factors include determining the discount rate and future salary increases. Given the complexity of the evaluation, and the underlying assumptions, and their long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the date of each financial report.

Leases

The Group cannot easily determine the implicit interest rate in a lease and, therefore, it uses the incremental borrowing rate to measure lease liabilities. The rate of incremental borrowing is the interest rate that the Group has to pay in order to borrow the necessary financing over a similar period and with the same guarantee to obtain an asset of the same value as the “right-of-use” asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group has to repay, which requires an estimate when noticeable rates are not available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available, and this requires making some estimates of its own.

The Group defines the term of the lease as the non-cancellable term of the lease, together with any periods covered by the option to extend the lease if it is certain that the option will be exercised, or any periods covered by the option to terminate the lease, if it is certain that the Group does not exercise that option. The Group has several leases that include extension and termination options. The Group applies the judgment in assessing whether or not it is reasonably certain that an option to renew or terminate the contract will be exercised. That is, it takes into account all relevant factors that create an economic incentive to exercise renewal or termination. After the commencement date of the Lease, the Group re-evaluates the term of the Lease if there is a material event or change in circumstances under its control that affects its ability to exercise or not to exercise the option to renew or terminate.

5.5 Summary of Financial Information and Key Performance Indicators (“KPI”)

The Group’s financial information listed below has been extracted from the financial statements for the years ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and for the three months ended 31 March 2022G and 31 March 2023G. The specific financial information and key performance indicators of the Group below should be read in conjunction with the information provided in the sections “**Risk Factors**”, “**Management Discussion and Analysis of Financial Position and Results of Operations**” and the financial statements, or any other financial statements contained in any other part of this Prospectus.

The group is facing price pressures from its competitors. To maintain a stable market share, the Group has to consistently meet the prices offered by competitors. As a result, the Group continuously lowers its estimated conversion cost, resulting in lower gross profit margins. Due to low gross profit margins and high operating leverage, and excluding the financial year 2021G, the Group experienced a net loss during the historical period. In the financial year 2021G, the Group achieved a net profit of 2.3% as a result of the gains resulting from the exclusion of the Advanced Tissue Factory Company.

Table No. (19): Summary of financial information and key performance indicators for the financial years ended 31 December 2020G, 31 December 2021G, 31 December 2022G, the three-month period ended 31 March 2022G and 31 March 2023G

Summary of Financial Information and Key Performance Indicators (KPI)								
SAR million	financial year 20	financial year 21	financial year 22	Difference between financial year 20 and financial year 21	Difference between financial year 21 and financial year 22	1Q22	1Q23	Difference between 1Q22-1Q23
Revenue - Net	754.2	838.6	1045.4	11.2%	24.7%	249.7	232.6	(6.8%)
Cost of Revenue	(696.8)	(786.6)	(1012.8)	12.9%	28.8%	(229.0)	(217.5)	(5.0%)
Gross profit	57.4	51.9	32.6	(9.6%)	(37.3%)	20.7	15.2	(27.1%)
Operating loss	(31.9)	(60.3)	(117.1)	89.1%	94.2%	(3.7)	(8.0)	116.2%
Net (loss) / profit for the year	(6.0)	19.0	(158.9)	(416.4%)	(935.3%)	(9.0)	(25.8)	186.7%
Financial KPIs								
Gross Profit Margin	7.6%	6.2%	3.1%			8.3%	6.5%	
Operating Loss Margin	(4.2%)	(7.2%)	(11.2%)			(1.5%)	(3.4%)	
Net Loss Margin	(0.8%)	2.3%	(15.2%)			(3.6%)	(11.1%)	

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

Table No. (20): Group's summary table of the consolidated statement of financial position as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Summary of financial position				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Non-current assets	955.2	1025.6	941.3	934.6
Current Assets	945.0	662.1	710.4	627.7
Total Assets	1,900.2	1,687.6	1,651.7	1,562.3
Non-current liabilities	344.7	160.2	113.2	85.6
Current liabilities	967.3	920.4	1103.9	1075.2
Total Liabilities	1,312.0	1,080.6	1,217.1	1,160.8
Net Assets	588.2	607.1	434.6	401.5
Represented in				
Capital	950.0	950.0	950.0	950.0
Other Reserves	(42.1)	(42.4)	(55.8)	(63.1)
Accumulated losses	(319.7)	(300.7)	(459.6)	(485.4)
Total Liabilities and Equity	344.7	160.2	113.2	85.6
Equity	588.2	607.1	434.6	401.5
Key Performance Indicators				
Current Ratio (Times)	1.0	0.7	0.6	0.6
Asset Turnover Ratio (Times)	0.4	0.5	0.6	0.1
Return on Assets (%)	(0.3%)	1.1%	(9.6%)	(1.7%)
Return on Equity (%)	(1.0%)	3.1%	(36.5%)	(6.4%)
Debt to Equity (Times)	1.6	1.1	1.6	1.8

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

Table No. (21): Group's summary of the consolidated statement of cash flows for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, the three-month period ended 31 March 2022G and 31 March 2023G

Summary of Cash Flows					
SAR million	financial year 20	financial year 21	financial year 22	1Q22	1Q23
Net cash flow from operating activities	143.2	30.1	71.5	42.5	(35.5)
Net cash flow from investing activities	(47.0)	182.8	(20.6)	(9.6)	(8.2)
Net cash flow from financing activities	(94.6)	(224.2)	(29.5)	(2.0)	25.3
Net increase / (decrease) in cash and cash equivalents	1.7	(11.3)	21.4	30.9	(18.3)
Cash and cash equivalents at the beginning of the year	40.3	40.0	28.8	28.8	36.9
Foreign Currency Exchange Differences	0.5	0.1	(13.4)	-	(6.5)
Cash transfer of assets held for sale	(2.4)	-	-	(2.1)	-
Cash and cash equivalents at the end of the year	40.0	28.8	36.9	57.6	12.1

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

5.6 Statement of Profit, Loss and Other Comprehensive Income

Table No. (22): Group's consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G

Consolidated Statement of Profit or Loss								
SAR million	financial year 20	financial year 21	financial year 22	Difference between financial year 20 and financial year 21	Difference between financial year 21 and financial year 22	1Q22	1Q23	Difference between 1Q22-1Q23
Revenue - Net	754.2	838.6	1045.4	11.2%	24.7%	249.7	232.6	(6.8%)
Cost of Sales	(696.8)	(786.6)	(1012.8)	12.9%	28.8%	(229.0)	(217.5)	(5.0%)
Gross profit	57.4	51.9	32.6	(9.6%)	(37.3%)	20.7	15.2	(26.7%)
Administrative and general expenses	(49.2)	(54.8)	(41.0)	11.2%	(25.0%)	(11.7)	(11.1)	(4.6%)
Sale, marketing and distribution expenses	(40.0)	(57.4)	(58.5)	43.5%	1.9%	(12.7)	(12.0)	(5.5%)
Impairment loss on property, plant and equipment	-	-	(50.0)	-	-	-	-	-
Operating loss	(31.9)	(60.3)	(117.1)	89.1%	94.2%	(3.7)	(8.0)	115.2%
Financing charges	(35.1)	(19.1)	(36.7)	(45.6%)	92.2%	(5.6)	(14.5)	160.6%
Other income, net	1.2	19.7	3.4	1611.6%	(82.8%)	1.6	(0.7)	(146.0%)
Share in profit / (loss) from associate	-	26.3	(8.5)	-	(132.3%)	(1.3)	(2.6)	104.4%
Loss before Zakat and Income Tax	(65.8)	(33.4)	(158.8)	(49.3%)	375.8%	(9.0)	(25.8)	187.0%
Zakat and Income Tax	(0.6)	(0.7)	(0.1)	27.3%	(90.4%)	-	-	-
Net loss for the year from continuing operations	(66.3)	(34.1)	(158.9)	(48.6%)	366.2%	(9.0)	(25.8)	187.0%
Profit from discontinued operations	60.3	53.1	-	(12.0%)	-	-	-	-
Net (loss) / profit for the year	(6.0)	19.0	(158.9)	(416.4%)	(935.3%)	(9.0)	(25.8)	187.0%
Other comprehensive income								
Item that will not be reclassified to profit or loss statement								
Re-measurement Gains on Employee Benefits	0.7	(0.4)	3.2	(155.5%)	(912.8%)	-	-	-
(Loss) /other comprehensive income for the year from discontinued operations	(0.0)	-	-	(100.0%)	-	-	-	-
Items that can be reclassified to profit or loss statement								
Exchange differences on calculation of foreign operations	0.6	0.1	(16.7)	(83.1%)	(15671.0%)	(2.5)	(7.3)	194.0%
Other comprehensive loss for the year	1.3	(0.3)	(13.4)	(121.8%)	4513.7%	(2.5)	(7.3)	194.0%
Total (loss) /comprehensive income for the year	(4.7)	18.7	(172.3)	(500.2%)	(1019.9%)	(11.5)	(33.1)	188.5%

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

5.6.1 Revenue

5.6.1.1 Revenue by Business Unit

Table No. (23): Revenue of business units for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three months ended 31 March 2022G and 31 March 2023G

Revenue by Business Unit								
SAR million	financial year 2020G	financial year 2021G	financial year 2022G	Difference between financial year 20 and financial year 21	Difference between financial year 21 and financial year 22	1Q22	1Q23	Difference between 1Q22-1Q23
Saudi Plastic Packaging Systems	539.2	579.1	748.1	7.4%	29.2%	173.7	172.3	(0.8%)
Al Sharq Plastic Industries Co.	179.5	216.2	249.7	20.4%	15.5%	60.9	55.2	(9.4%)
New Marina Plastic Industries Co.	37.4	50.8	53.2	35.8%	4.7%	15.8	7.6	(51.9%)
Standalone	4.3	2.9	1.9	(32.6%)	(34.5%)	0.5	-	(100.0%)
Consolidation Amendments	(6.2)	(10.5)	(7.6)	69.4%	(27.6%)	(1.3)	(2.4)	84.6%
Total	754.2	838.6	1045.4	11.2%	24.6%	249.7	232.6	(6.8%)

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

Saudi Plastic Packaging Systems

Saudi Plastic Packaging Systems is primarily engaged in the production of preform, pet bottles, caps and closures. In financial year 21, owing to insourcing of the pet production by some of the customers of SPPS, the quantity sold witnessed a negative variance of 6.2%. However, this was partially offset by a 14.5% increase in average sale prices. Resultantly, the revenue increased from SAR 539.2 m in financial year 20 to SAR 579.1 m in financial year 21 (7.4% increase p.a).

In financial year 22, the quantity sold for the year witnessed a positive variance of 5.6% due to higher offtake of the preforms by the customers in the water and carbonated soft drinks sector. Coupled with a 22.3% increase in average sales prices, the revenue increased to SAR 748.1 m (29.2% increase p.a).

In 1Q23, the uptick in quantity sold continued with a 13.5% increase p.a. However, the average sales prices witnessed a negative variance of 12.7% resulting in a minimal positive revenue variance of 0.8% p.a.

Al Sharq Plastic Industries Co.

Al Sharq Plastic Industries is mainly engaged in is primarily engaged in the production of film/stretch film, bags and crates. The revenue increased from SAR 179.5 m in financial year 20 to SAR 216.2m in financial year 21 (20.4% increase p.a). This increase was primarily driven by a positive price variance of 16.6% caused by the increase in average raw material prices.

In financial year 22, the revenue increased to SAR 249.7 m (15.5% increase p.a) due to the increase in market activity post-Covid-19 lockdowns in financial year 20 and financial year 21, which resulted in a positive quantity variance of 12.5%.

In 1Q23, owing to a decrease in raw material prices, the revenue decreased from SAR 62.3 m in 1Q22 to SAR 55.2 m in 1Q23 (11.4% decrease p.a).

New Marina Plastic Industries Co.

NMP is primarily engaged in the production of pet bottles. In local currency terms, the revenue increased from EGP 157.1 m in financial year 20 to EGP 212.1 m in financial year 21 (35.1% increase p.a) due to 21.6% increase in average sales price and 11.1% increase in quantities sold. The variance in quantity sold was driven by the normalization of the business activity post Covid-19 lockdowns. In SAR terms, the revenue witnessed a positive variance of 35.8% due to the translation gain.

In financial year 22, in local currency terms, the revenue increased to EGP 272.2 m (28.3% increase p.a) which was primarily driven by the positive average price variance of 20.6% caused by higher raw material prices. The increase in raw material price was due to economic slowdown, high inflation and the increase in exchange rate against SAR. In SAR terms, owing to a 22.6% increase in EGP/SAR exchange rate, the revenue only witnessed a positive variance of 4.7% p.a.

In 1Q23, the Group decided to shift the production of shrink film from Egypt to KSA (under ASP), which resulted in a 40.8% p.a. negative volume effect.

5.6.1.2 Revenue by main products

Table No. (24): Product revenue for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G

Revenue by main products								
SAR million	financial year 20	financial year 21	financial year 22	Variance FY20-FY21	Variance FY21-FY22	1Q22	1Q23	Variance 1Q22-1Q23
Preform	276.5	323.1	444.4	16.9%	37.5%	110.3	106.4	(3.6%)
Bottle-PE	157.2	145.9	153.9	(7.2%)	5.5%	36.9	35.0	(5.1%)
Stretch film	78.0	123.1	129.5	57.8%	5.2%	35.3	24.8	(29.6%)
Sheet	30.3	32.7	57.4	8.2%	75.4%	11.8	9.3	(21.4%)
Film	40.2	45.4	51.6	13.1%	13.6%	13.2	11.3	(15.0%)
Other	172.0	168.3	208.6	(2.2%)	23.9%	42.1	46.0	9.2%
Total	754.2	838.6	1045.4	11.2%	24.6%	249.7	232.6	(6.8%)

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

Preform

The revenues from preform increased from SAR 276.5 m in FY20 to SAR 323.1 m in FY21 (16.9% increase p.a) which was mainly due to 16.6% increase in average sales prices driven by positive variance in average raw material prices. In FY22, the raw material prices maintained the upwards trend. Coupled with an 8.1% higher offtake by the customers in water and carbonated soft drinks sector, the revenue increased to SAR 444.4 m in FY22 (37.5% increase p.a). No significant movement was noted between 1Q22 and 1Q23.

Bottle-PE

In FY21, some of the Group customers insourced the blow molding process resulting in a negative quantity variance of 15.9%. This was partially offset by the 10.4% increase in average sale prices. Resultantly, the revenues from bottle-PE decreased from SAR 157.2 m in FY20 to SAR 145.9 m in FY21 (7.2% decrease p.a).

Post implementation of the sugar tax, the juices market deteriorated. Resultantly, the negative variance in quantity sold continued for FY22 as well. However, due to an 11.8% increase in average sale prices, the revenue increased to SAR 153.9 m (7.2% decrease p.a).

In 1Q23, owing to a 4.7% decline in average sale prices, the revenue decreased from SAR 36.9 m in 1Q22 to SAR 35.0 m in 1Q23 (5.1% decrease p.a).

Stretch film

Owing to a 60.1% increase in average sales prices, the revenue increased from SAR 78.0 m in FY20 to SAR 123.1 m in FY21 (57.8% increase p.a). In FY22, the increase in business activity post Covid-19 lockdown resulted in 4.1% positive quantity variance. Resultantly, the revenue increased to SAR 129.5 m (5.2% increase p.a).

In 1Q23, 24.5% decrease in average sales prices pushed the revenue down from SAR 35.3 m in 1Q22 to SAR 24.8 m (29.6% decrease p.a).

Sheet

In FY21, the demand for sheets declined resulting in a negative quantity variance of 27.3%. However, a 48.9% increase in average sale prices resulted in a positive revenue variance of 8.2% p.a.

In FY22, the quantity sold witnessed a positive variance of 47.1% due to higher offtake by customers in water and carbonated soft drinks sector. Coupled with a 19.2% increase in average sale prices, the revenue increased to SAR 51.6 m in FY22 (75.4% increase p.a).

In 1Q23, 17.0% decrease in average sale prices resulted in a negative revenue variance of 21.4% p.a.

Film

The revenues increased from SAR 40.2 m in FY20 to SAR 45.4 m in FY21 (13.1% increase p.a) driven by the positive price variance of 10.1%.

In FY22 the demand for films increased, which resulted in a positive quantity variance of 11.4%. Resultantly the revenue increased to SAR 51.6 m (13.6% increase p.a).

Although the average sales prices did not witness any significant variation in 1Q23 as opposed to 1Q22, the decline in customer demand resulted in a negative quantity variance of 12.8% and ultimately, the revenue decreased to SAR 11.3 m (15.0% decrease p.a).

Others

Others mainly include cap, closure and handles, bags, crates, drums, The revenue decreased from SAR 172.0 m in FY20 to SAR 168.3 m in FY21 (2.2% decrease p.a) which was due to 2.0% decrease in average sales prices. Revenue increased to SAR 208.6 m in FY22 (23.9% increase p.a) due to positive price and quantity variance of 7.9% and 11.4% respectively.

In 1Q23, the revenue increased to SAR 46.0 m from SAR 42.1 m in 1Q22 (9.2% increase) mainly due to positive quantity variance of 10.9%.

5.6.2 Cost of Revenue

Table No. (25): Cost of revenues for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G

Cost of Revenue								
SAR million	financial year 20	financial year 21	financial year 22	Variance FY20-FY21	Variance FY21-FY22	1Q22	1Q23	Difference 1Q22-1Q23
Material Cost	497.8	601.2	820.2	20.8%	36.4%	183.6	174.9	(4.7%)
Depreciation	66.2	65.7	58.3	(0.9%)	(11.1%)	14.1	12.2	(13.2%)
Employee Costs	70.9	62.9	69.8	(11.3%)	11.0%	16.9	15.9	(5.7%)
Electricity and water	41.5	36.3	37.9	(12.5%)	4.4%	8.8	9.1	3.0%
Repair and Maintenance	11.7	14.2	16.5	21.4%	16.2%	3.6	3.2	(10.0%)
Others	8.7	6.3	10.1	(27.6%)	60.3%	2.1	2.1	0.3%
Total	696.8	786.6	1012.8	12.9%	28.8%	229.0	217.5	(5.1%)

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

5.6.2.1 Material Cost

As mentioned above, the Group is engaged in the production of plastic products from PET, PE and PS including preforms, bottles, cap/closures, film used to manufacture bags and stretch film for protective packaging. To meet the production targets, the Group mainly procures raw material from SABIC.

The finished goods are priced as:

Price = Raw material cost + conversion cost (including profit).

Raw material prices are linked to the average raw material prices procured from SABIC. Conversion cost includes labor, direct overheads, and margin/profitability estimates.

The Group is facing pricing pressure from its competitors. To retain a consistent market share, the Group has to constantly meet the prices offered by the competitors. Resultantly, the Group is continuously reducing the estimated conversion cost, resulting in a decline in the GP margins.

Material cost increased from SAR 497.8 m in FY20 (66.0% of the revenue) to SAR 601.2 m in FY21 (71.7% of the revenue). The trend continued for FY22 as the raw material prices increased to SAR 820.2 m (78.5% of the total revenue). Continuous increase in raw material cost as a percentage of revenue was on account of reduction in the estimated conversion cost in the pricing equation.

Although in absolute terms, the raw material prices decreased from SAR 183.6 m in 1Q22 to SAR 174.9 m in 1Q23, the cost as a percentage of revenue increased from 73.5% in 1Q22 to 75.2% in 1Q23. The increase was due to the above stated reasons.

5.6.2.2 Employee Costs

The employees cost decreased from SAR 70.9 m in FY20 to SAR 62.9 m in FY21 (11.3% decrease p.a). This decrease was due to the reduction in overall production quantity by SPPS as some of the customers insourced the blow molding process. In FY22, the cost increased to SAR 69.8 m (11.0% increase p.a) as the production levels normalized driven by the higher offtake of preforms.

5.6.2.3 Electricity and water

Utility cost decreased from SAR 0.31/kg in FY20 to SAR 0.28/ kg in FY21 as several initiatives were taken by the Group including installation of power factor to reduce the power consumption. In FY22 and 1Q23, the per unit cost remained around SAR 0.26/kg.

5.6.2.4 Repair and Maintenance

Repairs and maintenance increased from SAR 0.09/ kg in financial year 20 to SAR 0.11/ kg in financial year 21 (an increase of 25.1% p.a.) and also increased to SAR 0.12/ kg in financial year 22 (an increase of 8.2% p.a.). The management stated that this is mainly due to the obsolescence of the machines, as it requires exorbitant repair and maintenance expenses to keep them running.

Repair and maintenance expenses decreased from SAR 0.10 per kg in Q1 of 2022G to SAR 0.09 per kg In Q1 of 2023G due to the installation of new plants and machinery in Q4 financial year 22.

5.6.2.5 Administrative and general expenses

Table No. (26): General and administrative expenses for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G

Administrative and general expenses								
SAR million	financial year 20	financial year 21	financial year 22	Difference between financial year 20 and financial year 21	Difference between financial year 21 and financial year 22	1Q22	1Q23	Difference 1Q22-1Q23
Employee Costs	28.4	29.0	25.7	2.1%	(11.4%)	6.4	7.2	13.0%
Communications and other office expenses	10.9	13.3	8.1	22.0%	(39.1%)	1.7	2.0	19.3%
Legal and professional fees	5.6	7.6	2.7	35.7%	(64.5%)	1.0	1.0	(2.7%)
Depreciation	1.8	1.5	1.2	(16.7%)	(20.0%)	0.3	0.3	0.3%
Travel and Conveyance	1.0	0.7	1.1	(30.0%)	57.1%	0.3	0.3	14.3%
Amortization	0.8	0.5	0.5	(37.5%)	0.0%	0.1	0.1	(17.9%)
Others	0.8	2.1	1.7	162.5%	(19.0%)	1.9	0.4	(79.1%)
Total	49.3	54.8	41.0	11.2%	(25.0%)	11.7	11.1	(3.2%)

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

5.6.2.6 Employee Costs

Employees cost under general and administrative expenses increased from SAR 28.4 m in FY20 to SAR 29.0 m in FY21 (2.1% increase p.a) mainly due to annual salary increments.

In FY22, the employee cost decreased to SAR 25.7 m (11.4% decrease p.a) as the Group reduced its workforce from 138 employee in FY21 to 81 employees in FY22.

Employee cost increased from SAR 6.4 m in 1Q22 to SAR 7.2 m in 1Q23 as the Group hired CEO and the COO.

5.6.2.7 Communications and other office expenses

Although communications and other office expenses increased from SAR 10.9 million in financial year 20 to SAR 13.3 million in financial year 21 (an increase of 22.0% YoY), they remained in the range of 2.1% -2.3% of revenue. In financial year 22, communications and other office expenses decreased to SAR 8.1 million (a decrease of 39.1% p.a.) to account for 1.1% of total revenue. This was mainly driven by the austerity measures taken by the Group to reduce the total cost of operation/ conversion.

No significant movements were recorded as a percentage of revenue In Q1 of 2023G.

5.6.2.8 Legal and professional fees

Legal and professional fee increased from SAR 5.6 m in FY20 to SAR 7.6 m (35.7% increase p.a) in FY21 which was primarily driven by the asset tagging and validation exercise. In FY22, legal and professional fee normalized to SAR 2.7 m (64.5% decrease p.a).

No significant movement was noted between 1Q22 and 1Q23.

5.6.3 Sale, marketing and distribution expenses

Table No. (27): Sale and distribution for the financial year ended December 31, 2020G, December 31, 2021G, December 31, 2022G, and the three-month period ended March 31, 2022G, and March 31, 2023G

Sale, marketing and distribution expenses								
SAR million	financial year 20	financial year 21	financial year 22	Difference between financial year 20 and financial year 21	Difference between financial year 21 and financial year 22	1Q22	1Q23	Difference 1Q22-1Q23
Local Transportation	24.1	28.4	31.2	17.8%	9.9%	8.1	6.6	(19%)
Employee Costs	10.6	18.2	13.3	71.7%	(26.9%)	3.6	4.1	12.8%
Provision for bad and doubtful debts	0.5	-	8.5	-	-	-	-	-
Rent	0.8	0.9	1.4	12.5%	55.6%	0.3	0.4	43.9%
depreciation	-	0.8	1.0	-	25.0%	0.3	0.2	(20.9%)
Other	4.1	9.2	3.0	124.4%	(67.4%)	0.4	0.7	69.0%
Total	40.1	57.4	58.5	43.4%	1.6%	12.7	12.0	(5.7%)

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

5.6.3.1 Local Transportation

Domestic transportation costs relate to external freight charges for the supply and distribution of goods to customers. Unit cost increased from SAR 0.18/ kg in financial year 20 to SAR 0.21/ kg in financial year 21 (21.4% YoY increase). This increase was mainly driven by the increase in average fuel cost in the financial year 2021G. No significant movement per unit was observed in financial year 22 and Q1 2023G.

5.6.3.2 Employee Costs

Employees cost increased from SAR 10.6 m in FY20 to SAR 18.2 m in FY21 (17.1% increase p.a) mainly due to increase in average salaries and non-accrual of key employee salaries due to Covid-19 lockdowns in FY20. In FY22, the employee cost reduced to SAR 13.3 m (26.9% decrease p.a) as the Group reduced its overall workforce from an average 117 employees in FY21 to 87 employees in FY22.

Employee costs increased from SAR 3.6 m in 1Q22 to SAR 4.1 m in 1Q23 (12.8% increase) driven by hiring of senior employees including sales director and the sales manager along with the annual salary increments.

5.6.3.3 Provision for bad and doubtful debts

The Group has used the ECL method ("Credit Cost") to calculate and record a provision of SAR 8.5 million.

5.6.4 Finance charges

Table No. (28): Financing expenses for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G

Finance charges								
SAR million	financial year 20	financial year 21	financial year 22	Difference between financial year 20 and financial year 21	Difference between financial year 21 and financial year 22	1Q22	1Q23	Difference 1Q22-1Q23
Loan Finance Fees	31.6	17.0	34.5	(46.2%)	102.9%	5.2	12.9	150.4%
Bank fees and other fees	3.1	1.8	1.6	(41.9%)	(11.1%)	0.3	0.1	143.9%
Lease Liabilities Finance Fees	0.3	0.3	0.6	0.0%	100.0%	0.1	0.5	642.9%
Total	35.1	19.1	36.7	(45.4%)	92.1%	5.6	14.5	158.9%

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

Finance charges decreased from SAR 31.6 million as of 31 December 2020G to SAR 17.0 million as of 31 December 2021G (46.2% year-on-year decrease). It then increased to SAR 34.5 million as of the financial year ended December 31, 2022G (an increase of 102.9% annually). The fluctuations in financing fees during the historical period were to the detriment of the reference price (SAIBOR).

Bank fees and other fees decreased from SAR 3.1 million in financial year 20 to SAR 1.8 million in financial year 21 (a decrease of 41.9%p.a.) due to a change in payment terms from a documentary credit to an open supplier account. No significant movement was observed after that.

5.6.5 Other Revenue and Expenses

Table No. (29): Other revenues and expenses for the financial year ended 31 December 2020G, 31 December 2021G, 31 December 2022G, and the three-month period ended 31 March 2022G and 31 March 2023G

Other income and expenses								
SAR million	financial year 20	financial year 21	financial year 22	Variance FY20-FY21	Variance FY21-FY22	1Q22	1Q23	Variance 1Q22-1Q23
Selling scrap	1.3	1.9	0.9	42.3%	-52.6%	1.0	(0.2)	120.0%
Gain on disposal of subsidiary	-	14.6	-	222.0%	-	-	-	-
Foreign exchange (loss)/ gain	(0.3)	(1.0)	(1.7)	(100.0%)	70.0%	(0.5)	0.9	280.0%
Write-off of Property, Plant and Equipment	(2.9)	0.0	(0.2)	-	-	-	0.7	-
Others	3.1	4.3	4.4	37.0%	2.3%	(2.0)	(0.7)	65.0%
Total	1.2	19.7	3.4	1562.0%	(83%)	1.6	(0.7)	(143.8%)

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G and audited financial statements for the three months ended 31 March 2022G and the three months ended 31 March 2023G and management information.

Profits resulting from the disposal of an associate which relate to the reversal of depreciation expense of the Group's subsidiary "Advanced Fabrics Factory Company" in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".

During the historical period, machines that are 20 years old or older have been written off. These machines were fully depreciated and transported at a near-zero book value.

5.6.6 Zakat and Income Tax

Zakat expenses increased from SAR 0.6 million in financial year 2020G to SAR 0.7 million of financial year 21 (16.7% YoY increase) and decreased to SAR 0.1 million in the financial year 22 (85.7% YoY decrease). The movement during the historical period was driven by the fluctuations of the group's Zakat base.

5.6.7 Profit from discontinued operations

Until 2020G, the Group owned a 100.0% share in the Advanced Tissue Factory Company. In financial year 2020G, the Group decided to divest 70.0% of its stake in the Advanced Tissue Factory Company. As a result, the net assets of the Advanced Tissue Factory Company and the income generated during the year were segregated until the disposal was recorded as profit from discontinued operations.

5.7 Statement of Financial Position

Table No. (30): Statement of the consolidated financial position of the Group as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Statement of Financial Position				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Assets				
Non-current assets				
Property, plant and equipment	629.2	584.3	510.4	506.3
Goodwill	323.6	323.6	323.6	323.6
Investment in an associate	-	115.8	105.9	103.4
Intangible Assets	2.4	1.9	1.4	1.3
Total non-current assets	955.2	1025.5	941.3	934.6
Current Assets				
Trade and other receivables	214.3	382.0	343.6	341.4
Inventory	163.2	192.7	187.6	196.3
Prepaid expenses and other assets	42.9	51.5	135.8	74.1
Cash and cash equivalents	40.0	28.8	36.9	12.0
Investment held for sale	14.3	7.1	6.5	3.9
Assets held for sale	470.3	-	-	-
Total Current assets	945.0	662.1	710.4	627.7
Total Assets	1900.2	1687.6	1651.7	1562.3
Equities and Liabilities				
Equity				
Share Capital	950.0	950.0	950.0	950.0
Other Reserves	(42.1)	(42.4)	(55.8)	(63.1)
Accumulated losses	(319.7)	(300.7)	(459.6)	(485.4)
Total Equity	588.2	607.0	434.6	401.5
Liabilities				
Non-current liabilities				
Medium- and Long-Term Loans	309.3	123.4	67.1	40.5
Employee benefits	29.4	31.3	29.8	30.4
Lease liabilities - non-current portion	6.0	5.5	16.3	14.7
Total non-current liabilities	344.7	160.2	113.2	85.6
Current liabilities				
Current portion of medium and long-term loans	82.8	62.9	60.4	65.0
Short-term loans	489.7	471.8	505.3	554.1
Lease Liabilities - Current Portion	0.5	0.5	6.1	6.2
Trade and other liabilities	263.5	385.2	532.1	448.2
Zakat payable	-	-	-	1.7
Liabilities directly related to assets held for sale	130.8	-	-	-
Total Current Liabilities	967.3	920.4	1103.9	1075.2

Statement of Financial Position				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Total liabilities	1312.0	1080.6	1217.1	1160.8
Total Equity and Liabilities	1900.2	1687.6	1651.7	1562.3

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

5.7.1 Property, plant and equipment

Table No. (31): Property, plant and equipment as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Property, plant and equipment				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
cost v.				
Opening				
Plant, machinery and equipment	1531.4	914.6	931.2	903.7
Buildings and Leasehold Improvements	356.7	264.6	265.3	264.3
Furniture, fixtures and office equipment	22.1	16.0	15.1	14.5
Vehicles	8.9	5.8	5.3	3.9
Capital Work in Progress	21.7	28.1	29.1	29.2
Right of Use of Assets	19.2	8.2	8.2	28.0
Total	1960.0	1237.3	1254.2	1243.6
Movement during the year				
Plant, machinery and equipment	(616.9)	16.6	(27.5)	(3.1)
Buildings and Building Improvements	(92.1)	0.7	(1.0)	(0.6)
Furniture, fixtures and office equipment	(6.1)	(0.9)	(0.9)	(0.4)
Vehicles	(3.1)	(0.6)	(0.9)	(0.1)
Capital Work in Progress	6.4	0.7	0.1	8.4
Right of Use Assets	(11.1)	-	19.8	-
Total	(722.9)	16.5	(10.4)	4.2
Closing				
Plant, machinery and equipment	914.5	931.2	903.7	900.6
Buildings and leasehold Improvements	264.6	265.3	264.3	263.7
Furniture, fixtures and office equipment	16.0	15.1	14.2	14.1
Vehicles	5.8	5.2	4.4	3.8
Capital Work in Progress	28.1	28.8	29.2	37.6
Right of Use of Assets	8.2	8.2	28.0	28.0
Total	1237.2	1253.8	1243.8	1247.8
Accumulated depreciation				
Opening				
Plant, machinery and equipment	849.4	534.8	589.9	647.8
Improvements to buildings and rental properties	78.3	57.1	63.3	69.1
Furniture, fixtures and office equipment	14.5	10.0	10.5	10.1
Vehicles	6.9	4.0	3.9	3.2
Capital Work in Progress	-	-	-	-
Right of Use Assets	1.7	1.5	2.2	3.1

Property, plant and equipment				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Total	950.8	607.4	669.8	733.3
Movement during the year				
Plant, machinery and equipment	(313.9)	55.2	57.7	6.5
Improvements to buildings and rental properties	(21.1)	6.2	5.8	1.4
Furniture, fixtures and office equipment	(4.5)	0.5	(0.4)	-
Vehicles	(3.0)	(0.1)	(0.5)	-
Capital Work in Progress	-	-	-	-
Right of Use of Assets	(0.2)	0.7	0.9	0.4
Total	(342.7)	62.5	63.5	8.3
Closing				
Plant, machinery and equipment	535.5	590.0	647.6	654.3
Improvements to buildings and rental properties	57.2	63.3	69.1	70.5
Furniture, fixtures and office equipment	10.0	10.5	10.1	10.1
Vehicles	3.9	3.9	3.4	3.2
Capital Work in Progress	-	-	-	-
Right of Use of Assets	1.5	2.2	3.1	3.5
Total	608.1	669.9	733.3	741.6
Net Book Value				
Plant, machinery and equipment	379.0	341.1	256.0	246.3
Improvements to buildings and rental properties	207.4	202.0	195.2	193.2
Furniture, fixtures and office equipment	6.0	4.6	4.1	4.0
Vehicles	1.9	1.3	1.0	0.6
Capital Work in Progress	28.1	29.1	29.2	37.6
Right of Use of Assets	6.7	5.9	24.9	24.5
Total	629.1	584.3	510.4	506.2

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

5.7.1.1 Reclassify fixed assets as assets held for sale

In 2020G, the BoD of the Group resolved to dispose off 70.0% stake in Advance Fabrics Factory Company (“SAAF”). Resultantly, all the identified net assets of SAAF were reclassified as held for sale resulting in a decline in cost of PPE.

5.7.1.2 Plant, machinery, and equipment

The plants, machinery, and equipment mainly include the Group’s production equipment in the production facilities located in Al Oyun and Al-Ahsa (Al-Jurn, Riyadh and Jeddah). During the historical period, old machines aged 20 years, or more were written off. These machines were fully depreciated and transferred with a near-zero book value.

Additions in machinery, and equipment during the historical period relate mainly to the capitalization of repair and maintenance expenses. As mentioned earlier, the life of the machine is greatly outdated, and the repair and maintenance expenses were necessary to enhance its useful life. As a result, these expenses have been capitalized in accordance with the requirements of IAS 16 - Property, Plant, and Equipment. Other additions include new molds purchased for the production process.

In 2022G, the Group identified low-use machinery and equipment that will become idle and will be replaced after acquiring new machinery. Accordingly, the Group has charged an accelerated depreciation of SAR 50.0 million on these assets for recording a near-zero book value as of December 2022G.

5.7.1.3 Improvements in rent

Manufacturing facilities and offices of the Group’s subsidiaries are located on leased land. Apart from the reclassification of assets held for sale, no significant movements in leasehold improvements were observed during the historical period.

5.7.1.4 Furniture & Fixtures

Furniture and fixtures mainly include filing cabinets, printers, air conditioners, and other supplies and office equipment. No significant movements were observed during the historical period.

5.7.1.5 Vehicles

Vehicles mainly include cars, trucks, forklifts, hand pallet trucks, and transport buses. These buses are used to transport labor to and from the factory premises. No significant movements were observed during the historical period.

5.7.1.6 Capital Work in Progress

Capital work in progress includes ongoing repairs and maintenance to improve the useful life of the plant, machinery, equipment and buildings.

5.7.2 Right of Use of Assets

Table No. (32): Right-of-use assets as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Right of Use of Assets						
SAR million	Location	December 2020G	December 2021G	December 2022G	March 2023G	Expiry
Machinery						
Siba machine 1	Al Oyun	-	-	7.7	7.6	Sep-25
Siba machine 2	Al Oyun	-	-	7.6	7.5	Sep-25
Intravis machine 1	Al Oyun	-	-	1.5	1.5	Jul-25
Intravis Machine 2	Jeddah	-	-	1.5	1.5	Jul-25
Total Right of Use of Assets - Machines		-	-	18.3	18.1	
Land leasing						
Modon Contract # 807785	Riyadh	1.8	1.7	1.6	1.5	Dec-35
Modon Contract # 807022	Riyadh	0.3	0.3	0.3	0.3	Oct-35
Modon Contract # 807024	Riyadh	0.4	0.4	0.3	0.3	Oct-35
Modon 1	Riyadh	0.7	0.7	0.6	0.6	Jul-36
Modon 2	Riyadh	0.1	0.1	0.1	0.1	Apr-30
Modon 3	Riyadh	0.6	0.6	0.5	0.5	April 29
Modon Contract # 807909	Riyadh	0.1	0.1	0.1	0.1	Aug-28
Modon Contract # 5	Jum (Al-Ahsa)	0.7	0.6	0.4	0.3	Dec-35
Modon Contract # 805449	Riyadh	1.7	1.6	1.4	1.4	Dec-33
Al Oyun Land Lease	Al Oyun	-	-	1.3	1.3	Dec-31
Saudi Plastic Packaging Systems Accommodation -Jeddah	Jeddah	0.1	-	-	-	Dec-20
Total Right of Use of Assets - Land Lease		6.7	5.9	6.6	6.4	
Total right-of-use assets		6.7	5.9	24.9	24.5	

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Right-of-use assets include leased machinery and land leased to production premises. The right to use an asset is initially recorded at the present value of the minimum lease payments and amortized over its useful life on a straight-line basis.

In 2022G, the Group entered into a 36-month lease agreement with Yanal Finance Company to lease two Siba and two Intravis devices. These machines were acquired to enhance production capacity and reduce overhead costs.

Except for amortization, no significant movements in the book value of the leased land were observed.

5.7.3 Goodwill

Table No. (33): Goodwill as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Goodwill				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Fair value of consideration paid	910.0	910.0	910.0	910.0
Less: Fair Value of Identifiable Net Assets Acquired	586.4	586.4	586.4	586.4
Total	323.6	323.6	323.6	323.6

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

The Group acquired Savola Packaging Systems in 2015 along with two subsidiaries (Al Sharq Plastic Industries and New Marina Plastic Industries). Following the acquisition, Savola Packaging Systems was renamed Saudi Plastic Packaging Systems. The Group has also modified its shareholding structure, and both New Marina Plastic Industries and Al Sharq Plastic Industries have been registered as subsidiaries of the Group.

The Group allocated the purchase price, resulting in the recognition of goodwill.

The Group conducted an impairment test of goodwill at each cut-off during the historical period, however, the value in use exceeded the book value of goodwill, and no impairment was recognized.

5.7.4 Investment in an associate company

Table No. (34): Investment in an associate company as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Investment in an associate				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Opening	-	-	115.8	105.9
Share of net assets at time of recognition		46.2	-	-
Implicit goodwill		43.3	-	-
Share of the profits of an associate	-	26.3	(9.9)	(2.5)
Closing investment in an associate	-	115.8	105.9	103.4

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

SAAF is dealing in non-woven healthcare and hygiene products. Approximately 80.0% of the total revenue was generated through export sales. In 2020G, the Group amended its strategy to reduce reliance on non-woven products and focus on plastic products.

In 2021G, the Group sold 70.0% of its stake in SAAF to a China-based Company (JOFO Non-Woven Company Limited). The remaining 30.0% stake was recognized as an investment in associate using the equity method of accounting. Additionally, the Group recognized an implied goodwill of SAR 43.3 m.

The movement in carrying value of the investment in associate was driven by the losses generated by the associate. At each cut off, the Group evaluated this investment and concluded that no impairment indicators exist as per the requirement of IAS 36 – Impairment of assets.

5.7.5 Intangible Assets

Intangible assets mainly include the capitalization of accounting software (SAP). Except for amortization, no significant movements were observed during the historical period.

5.7.6 Trade and other receivables

Table No. (35): Trade and other receivables as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Trade and other receivables				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Trade Receivables - Third Parties	252.0	273.8	355.3	351.8
Due from related parties - trading related	11.4	81.9	39.5	40.0
Due from related parties – financing related	-	80.2	9.3	9.3
Trade Receivables – Total	263.4	435.9	404.0	401.2
Allowance for impairment of trade receivables	(49.1)	(53.9)	(60.4)	(59.8)
Total Trade Receivables	214.3	382.0	343.6	341.4

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

5.7.6.1 Third Party Receivables

On average, the Group allows a credit period of 60 to 90 days, with the substantiality of customers in the 90-day category. During the historical period, although receivables from third parties increased from SAR 252.0 as of December 2020G to SAR 351.8 million as of March 2023G, the average number of days remained 124 days, 94 days, and 113 days as of December 2020G, December 2021G, December 2022G and March 2023G, respectively. The Group has made great efforts to reduce the number of days to an average of 94 days during the historical period.

5.7.6.2 Due from related party - trade related

Payment days increased from 5 days as of December 2020G to 35 days as of December 2021G. This was mainly due to the receivables due from Al Othman Agriculture Production and Processing Company (NADA), and the receivable days decreased to 14 days and 16 days as of December 2022G and March 2023G respectively, as Al Othman Agriculture Production and Processing Company (NADA) invoices were settled in financial year 22.

5.7.6.3 Due from related party - finance related

Dues from related parties include receivables from Advanced Tissue Factory Company, which amounted to SAR 80.2 million as of December 2021G. The first payment from Advanced Tissue Factory Company was made in financial year 22. As of March 2023G, the related party's receivables amounted to SAR 9.3 million.

The Group uses the expected credit loss method to calculate the provision for doubtful debts. Expected credit losses as a percentage of third-party receivable balances remained at 19.5% as of December 2020G and 19.7% as of December 2021G and decreased to 17.0% as of December 2022G and March 2023G. This decrease is mainly due to a reduction in the number of collection days and improved collection by the Group.

5.7.7 Inventory

Table No. (36): Inventory as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Inventory				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Raw materials, packaging materials and works In progress	95.7	106,1	106,4	116,6
Spare Parts	37,3	40,1	41,1	42,2
Finished goods	53,8	59,6	62,5	57,6
Total Inventory	186,8	205,8	210,0	216,4
Inventory Allowance	(23,6)	(13,1)	(22,3)	(20,1)
Net Inventory	163,2	192,7	187,7	196,3

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

The cost of inventory is calculated as follows:

5.7.7.1 Raw materials and spare parts

Based on weighted average procurement costs and other direct costs attributable to bringing raw materials to production facilities.

5.7.7.2 Work in Progress and Ready Goods

Based on the weighted average cost of materials, labor, and allocated indirect manufacturing expenses based on normal production capacity.

Table No. (37): Inventory days as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Inventory Days				
Number of days	December 2020G	December 2021G	December 2022G	March 2023G
Days of raw materials, packaging materials and work in progress	50	49	38	49
Spare Parts Days	20	19	15	18
Finished Goods Days	28	28	23	24
Total Days	98	95	76	91

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

5.7.7.3 Raw materials, packaging materials and works under operation

The days of raw materials, packaging materials, and work in progress were reduced from 50 days as of 20 December to 38 days as of 22 December due to the general decline in raw material prices and the Group's strategy to reduce inventory days. As of March 23, the days of raw materials, packaging materials, and works in operation rose to 49 days as the Group began to stockpile higher in anticipation of peak seasons during the second and third quarters of 2023G.

5.7.7.4 Finished goods and spare parts

The Group decided to reduce inventory days and reduce the burden on overall working capital cycles. As a result, inventory days experienced a fall from December 20 to March 23.

Table No. (38): Inventory provision movement as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Provision for slow moving stock				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Opening Balance	25.6	23.6	13.1	22.6
Provision / (Reverse Calculation) for the year	0.6	(10.5)	10.2	(2.2)
Transfer to Assets Held for Sale	(2.7)	-	-	-
Foreign Currency calculation	0.0	0.0	(0.9)	(0.3)
Closing Balance	23.6	13.1	22.3	20.1

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Inventory is recorded at cost or net realizable value, whichever is lower. In addition, the Group also makes a provision for slow-moving inventory in accordance with the Group's policy.

In 2020G, the SAR 2.7 million for the net provision was reclassified into assets held for sale.

In 2021G, the Group reversed the inventory provision of SAR 10.5 million. According to new estimates shared by the technical team, these spare parts will still be in use in 2021G. The reverse was also done In Q1 of 2023G.

In 2022G, the Group recorded a provision of SAR 10.2 million for plant and machinery-related stores and spare parts that were damaged in 2022G.

5.7.8 Prepaid expenses and other assets

Table No. (39): Prepaid expenses and other assets as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Prepaid expenses and other assets				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Advances to Supplier	11.3	12.2	90.6	49.4
Rebate receivable	14.0	25.7	34.9	10.3
Prepaid Expenses	3.7	3.8	4.5	7.7
VAT	5.7	3.4	-	0.9
Margin on Letters of Credit	-	(0.1)	0.9	0.9
Other debit balances	8.1	6.5	4.8	4.9
Total	42.9	51.5	135.8	74.1

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

The Group made advance payments to the local and foreign suppliers in relation to the purchase of raw materials, equipment, machines and other professional services. Advances to supplier slightly increase from SAR 11.3 as of Dec20 to SAR 12.2 as of Dec 21 (8.0% increase p.a) mainly due to the procurement of materials from the international suppliers, who requires the advance payments for the supply of raw materials.

These receivable balances substantially increased from to SAR 90.6 m as of Dec 22 (642.6% increase p.a) which was mainly due to the advance payments of SAR 42.7 m and SAR 13.8 made to Jiangsu Xingye Plastic Co. Limited and Reliance International Limited respectively in relation to procurement of raw materials. The services from these suppliers were fully rendered as of Mar 23.

As of Mar23 advances to supplier stands at SAR 49.4 m, out of which SAR 19.9 m pertains to the advances to Czarnikow Group Limited for the procurement raw materials.

The rebate receivables balances pertain to the receivables in relation to the procurement of raw materials from SABIC.

Prepaid expenses mainly include an unutilized portion of the advance medical or equipment insurance paid by the Group. No significant variation was noted as in prepaid expenses as of Dec20 and Dec21 where it remained at SAR 3.7 m and SAR 3.8 m respectively. Prepaid expenses increased to SAR 4.5 m (18.42% increase p.a) as of Dec22 due to temporary allocation of the cash collection from different customers as prepaid expenses in FY22 amounting to SAR 1.8 m. As of Mar23, the expenses further increased to SAR 7.7 m (71% increase p.a) due to prepayment for subscription of FTI Consulting firm for preparation of a comprehensive strategy to support in stabilizing the business, developing and delivering a commercial and operational transformation.

5.7.9 Investment held at amortized cost

Table No. (40): Investments held for sale as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Investments held at amortized cost				
SAR Million	December 2020G	December 2021G	December 2022G	March 2023G
Investment in treasury bills	14.3	7.1	6.5	3.9
Total	14.3	7.1	6.5	3.9

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Investment in treasury bills includes conversion of the available cash in treasury bills with an annual interest rate of 13.1% and maturity period of 6 months to 1 year. As of Oct 20, the Group converted the cash with Egyptian treasury bills with a par value of Egyptian Pound ("EGP") 62.0 m (SAR 14.3 m). These T-bills had a maturity of 15 months. In 2021G, the Group converted the T-bills of EGP 30.3 m (SAR 7.2 m) into cash for utilizing into NMP's operations.

In Dec-2022G, NMP invested EGP 34.3 (SAR 6.5 m) in treasury bills at an annual interest rate of 18.4%. These T-bills have a maturity of 6 months. Investment decreased from SAR 6.5 m as of Dec22 to SAR 3.9 m as of Mar23 mainly due to depreciation of EGP as compared to SAR.

5.7.10 Shareholders' equity

Table No. (41): Shareholders' equity as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Statement of Variables in Equity				
SAR million	Capital	Other Reserves	Accumulated losses	Total Shareholders' Equity
As of January 20,	950.0	(43.4)	(313.7)	592.9
Net loss for the year	-	-	(6.0)	(6.0)
Other comprehensive income/other current liabilities	-	1.3	-	1.3
As of December 2020G,	950.0	(42.1)	(319.7)	588.2
Net profit for the year	-	-	19.0	19.0
Other comprehensive income/other current liabilities	-	(0.3)	-	(0.3)
As of December 2021G,	950.0	(42.4)	(300.7)	607.0
Net loss for the year	-	-	(158.9)	(158.9)
Other comprehensive income/other current liabilities	-	(13.4)	-	(13.4)
As of December 2022G,	950.0	(55.8)	(459.6)	434.6
Net loss for the year	-	-	(25.8)	(25.8)
Other comprehensive income/other current liabilities	-	(7.3)	-	(7.3)
As of March 2023G	950.0	(63.1)	(485.4)	401.5

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

5.7.10.1 Capital

As of March 2023G, the Group's share capital was SAR 950.0 million divided into 95.0 million shares with a par value of SAR 10.0 per share. In May 2023G, the shareholders of the Group decided to reduce the capital by SAR 485.4 million to fully absorb the accumulated losses as of March 2023G. It was proposed to cancel one share for every 1,957 shares in the Group and the application was submitted to the CMA on 21 May 2023G. The application was approved by the CMA in June 2023G. The current capital of the Group is SAR 464.6 million.

5.7.10.2 Other Reserves

Other reserves include exchange differences resulting from the exchange of foreign operations and the remeasurement of employee benefits. During the historical period, the Group recorded exchange differences and losses in the calculation of the net assets of New Marina Plastic Industries. Exchange losses from foreign operations calculation amounted to SAR 46.7 million and SAR 46.8 million as of December 2020G and December 2021G, respectively, with the difference being due to the depreciation of the Egyptian pound against the Saudi riyal. The pound continued to depreciate against the Saudi riyal in 2022G as a result of accumulated losses rising to 63.3 million Saudi riyals in December 2022G.

5.7.10.3 Accumulated losses

The movement in accumulated losses relates mainly to losses incurred during the historical period and the absorption of losses resulting from a reduction in capital. As of March 23, the accumulated losses exceeded 50% of the paid-up capital of the Group.

Under Section 132 of the Companies Law of the Kingdom of Saudi Arabia, once the accumulated losses of a closed joint-stock Company reach 50.0% of its paid-up capital, the Board of Directors shall, within 60 days of becoming aware of this, declare the losses and recommend a correction. In addition, the Board of Directors shall call an Extraordinary General Meeting to consider the continuation of the Company by taking the necessary actions to resolve such losses or dissolve the Company.

5.7.11 Medium and Long-Term Loans

Table No. (42): Funding structure as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Funding Structure				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Debt	881.8	658,1	632,8	659,6
Cash and cash equivalents	40.0	28,8	36,9	12,0
Capital	950.0	950,0	950,0	950,0
Accumulated losses	(319.7)	(300,7)	(459,6)	(485,4)
Total Shares	95.0	95,0	95,0	95,0
Funding Structure (Total Debt + Equity)	1470.1	1265,1	1067,4	1061,1
Borrowing Rate % = (Total Debt /Financing Structure)	60.0%	52.0%	59,3%	62,2%
Total Debt	841,8	629,3	595,9	647,6

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Table No. (43): Average loan as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Medium Term Loans					
Bank Name	Commission Percentage	Facility limit SAR million	The portion of the facilities used SAR million	Protection	Repayment Term
Arab National Bank – Syndicated Loan	SAIBOR + 2.75	73.7	71.2	AOH Warranty	2 semi-annual payments
Saudi National Bank	SAIBOR + 2.00	34.3	34.3	AOH Warranty	2 semi-annual payments
Total		108.1	105.5		

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

The Group entered into a SAR 910.0 million Murabaha Facility Agreement with Arab National Bank in 2015 to acquire Savola Packaging Systems. These facilities are secured against the revenues of Saudi Plastic Packaging Systems and Al-Sharq Company. In addition, Al-Othman Holding Company issued a corporate guarantee to Arab National Bank.

Loan payments were rescheduled for 2016 and 2021G. In 2022G, the Group violated some long-term loan pledges, but a waiver was obtained from the main bank for the period ending June 2022G and December 2022G.

Medium-term Murabaha loan from Arab National Bank, which expired in June 2022G and was restructured to be repaid in full by September 2024G.

5.7.12 Short-term loans

Table No. (44): Details of Short-Term Loans 31 March 2023G

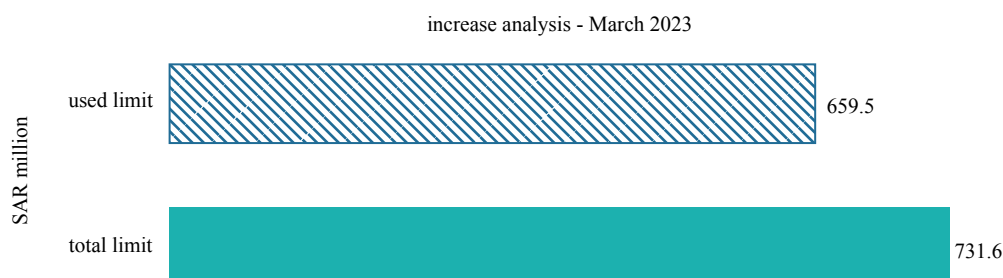
Short-term loans				
Bank Name	Commission Percentage	Facility limit SAR million	The portion of the facilities used SAR million	Payment terms
SAB Bank	SAIBOR + 2.00%	45.0	24.0	Payment on May 23 and June 23rd
Banque Saudi Fransi	SAIBOR + 2.00%	80.0	80.0	Redemptions in April and May 23, June 23rd, July 23rd and August 23rd
Saudi National Bank	SAIBOR + 2.00%	135.0	126.5	Rotation periods on April 23rd, June 23rd, July 23rd, August 23rd and September 23rd
Al Rajhi Bank	SAIBOR + 2.50%	51.0	51.0	Payment on June 23
Riyadh Bank	SAIBOR + 2.50%	75.0	69.5	Redemptions on April 23rd, May 23, June 23rd, and July 23rd
Arab National Bank	SAIBOR + 2.75%	75.0	75.0	Payment on June 23
BBK	SAIBOR + 3.00%	55.0	30.0	Redemptions on April 23rd, May 23 and June 23rd
Emirates NBD	SAIBOR + 2.00%	100.0	87.8	Redemptions on April 23rd, May 23 and June 23rd
National Bank of Egypt	21.25%	7.5	2.1	Verified for 90 days
Interest receivable			8.1	
Total		623.5	554.1	

Source: Audited financial statements for the three-month period ended 31 March 2023G and management information.

As of 31 March 2023G, the Group has registered debts of SAR 659.5 million, of which SAR 554.1 million relates to short-term loans and SAR 105.5 million relates to medium-term loans.

The Group has entered into a credit facility agreement with local commercial banks. Borrowing under the facilities shall incur financing charges at prevailing market rates and shall be secured by a call order bond and promissory notes, as well as corporate guarantees from Al-Othman Holding. The Group has a short-term loan of SAR 543.7 million as of 31 March 2023G.

Below is the increase analysis for both long-term facilities (SAR 108.1 million) and short-term facilities (SAR 623.5 million).



The Group used SAR 659.5 million of the total financing facilities amounting to SAR 731.6 million as of 31 March 2023G, making the remaining credit ceiling of SAR 64.6 million.

5.7.13 Guarantees

The main objective of guarantees is to provide additional protection to the lenders of loans and facilities, which reduces the risk of unpaid debts. It is worth mentioning that there are guarantees provided by the Company on the loans it has obtained, as follows:

Al Rajhi Bank Facility Agreement:

- Promissory note issued on 14/03/1444H (corresponding to 10/10/2022G) with a value of 78,816,381 riyals issued by Takween Advanced Industries, Public Joint-stock Company
- Guarantee by Al-Sharq Plastic Industries Company on 14/03/1444H (corresponding to 10/10/2022G)

Sharia Compliant Facility Agreement with SAB:

- Promissory note issued on 29/03/1444H (corresponding to 25/10/2022G) by Takween Advanced Industries, Public Joint-stock Company with a value of SAR 45,000,000 to the promissory note of SAB.

Credit Facility Agreement with Riyad Bank:

- Promissory note with a value of (86,375,000) riyals issued on 20/12/2022G signed in the name of Takween Advanced Industries, Public Joint-stock Company.

Credit Facility Agreement with Saudi National Bank:

- Promissory note issued by the sponsor Takween Advanced Industries, Public Joint-stock Company with a value of (151,800,000) Saudi riyals, issued in the city of Al-Khobar on 24/07/1444H (corresponding to 15/02/2023G).
- Guarantee of payment and performance (subordinate to the previous promissory note) from the sponsor, Takween Advanced Industries, Public Joint-stock Company, issued in the city of Al-Khobar on 24/07/1444H (corresponding to 15/02/2023G).
- Promissory note issued by the sponsor Takween Advanced Industries, Public Joint-stock Company with a value of (38,104,487.69) Saudi riyals, issued in the city of Khobar on 24/07/1444H (corresponding to 15/02/2023G).
- Guarantee of payment and performance (subordinate to the previous promissory note) from the sponsor, Takween Advanced Industries, Public Joint-stock Company, issued in the city of Al-Khobar on 24/07/1444H (corresponding to 15/02/2023G).
- Guarantee of a joint venture Company dated 24/07/1444H (corresponding to 15/02/2023G) signed by the sponsor, Al-Othman Holding Company, as a joint-stock Company in solidarity with Takween Advanced Industries Company in the fulfillment of an amount of (151,800,000) Saudi riyals.
- Guarantee of a joint venture Company dated 24/07/1444H (corresponding to 15/02/2023G) signed by the sponsor, Al-Othman Holding Company, as a joint-stock Company in solidarity with Takween Advanced Industries Company in the payment of an amount of (38,104,487.69) Saudi riyals.

Agreement for the purchase and sale of goods between the Company and Banque Saudi Fransi:

- Promissory note dated 14/04/1444H (corresponding to 05/02/2023G) issued by Takween Advanced Industries Company with a value of (80,000,000) Saudi riyals.

Credit Facility Agreement with Emirates NBD:

- A guarantee from Al-Othman Holding Company with a value of (100,000,000) riyals
- Promissory note amounting to (100,000,000) Saudi riyals issued on 21/04/1444H (corresponding to 15/11/2022G) issued by Takween Advanced Industries, Public Joint-stock Company

Facility Agreement with Arab National Bank -Murabaha:

- A signed Promissory note
- A legal guarantee provided by Al-Othman Holding Company (a related party)
- A mortgage registered with the Unified Mortgage Registration Center according to the following:
 1. Mortgage the accounts of the revenues of Takween based on the assignment contract and mortgage of revenues on 11/03/2015.
 2. Transferring the revenues of the sale contract concluded between Takween and Al Othman Agriculture Production and Processing Company (NADA).
 3. Mortgage (33,897,600) shares owned by Takween in the capital of Plastico Company based on the mortgage agreement signed on 05/05/2015.
 4. Mortgage of the revenues' accounts of Al-Sharq Plastic based on the assignment contract and the mortgage of the revenues on 05/05/2015.
 5. Mortgage of the accounts of the revenues of Altrabak based on the assignment contract and the mortgage of the revenues on 05/05/2015.
 6. Mortgaging the accounts of the revenues of Plastico based on the assignment contract and the mortgage of revenues on 05/05/2015.
 7. Transferring the revenues of Plastico's supply contracts based on the contract transfer agreement concluded on 05/05/2015.

Financing Agreement with the National Bank of Egypt:

- Promissory note with a value of (1,200,000) riyals signed by New Marina Plastic Industries Company in favor of the National Bank of Egypt
- Promissory note of (2,400,000) riyals signed by New Marina Plastic Industries Company in favor of the National Bank of Egypt
- Promissory note with a value of (1,800,000) riyals signed by New Marina Plastic Industries Company in favor of the National Bank of Egypt

5.7.14 Employee Entitlements

Table No. (45): Employee Entitlements as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Employee Entitlements				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Opening Balance on 1 January	35.8	29.4	31.3	29.8
Expenses charges for the year	5.7	4.3	4.7	1.2
Re-measurement gain	(0.7)	0.4	(3.2)	-
Employee Entitlements Paid	(5.5)	(2.8)	(2.9)	(0.7)
Liability directly related to assets held for sale	(6.0)	-	-	-
Closing Balance	29.3	31.3	29.8	30.4

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Employees' end-of-service liabilities represent the statutory provision related to end-of-service indemnities based on an actuarial evaluation performed by an independent external actuary. These benefits are payable to employees upon resignation or termination of the employment contract with the Company in accordance with the Saudi Labor Law. No significant movements were observed during the historical period.

5.7.15 Lease Liabilities

Table No. (46): Lease liabilities as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Lease Liabilities				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Opening Balance on 1 January	17.6	6.5	6.0	22.4
Addition to Lease liabilities	0.8	-	19.8	-
Interest accrued during the year	(9.7)	0.3	0.7	-
Settlement of lease liabilities during the year	(2.2)	(0.8)	(4.1)	(1.5)
Closing Balance	6.5	6.0	22.4	20.9

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Lease liabilities relate to machinery and land leased for manufacturing facilities. Liabilities increased from SAR 6.5 million as of December 2020G to SAR 20.9 million as of March 2023G due to the addition of four machines (two siba and two professional machines) to the production facilities.

5.7.16 Trade Creditors and Other Liabilities

Table No. (47): Trade payables and other liabilities as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Trade and other liabilities				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Trade payables	208.4	301.7	405.7	351.0
Advances from Related Parties - Trading	19.9	47.4	66.3	62.8
Accrued expenses	25.8	19.2	31.3	26.1

Trade and other liabilities				
SAR million	December 2020G	December 2021G	December 2022G	March 2023G
Due to related parties - trade related	8.3	11.4	18.9	2.6
Progress from customers	-	0.8	8.1	4.8
Zakat provisions	1.1	1.7	1.7	1.7
Dividends Payable	-	3.0	-	(0.8)
Total	263.5	385.2	532.1	448.2

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Payment days increased from 109 days as of December 2020G to 140 days as of December 2021G due to the increase in raw material prices along with a 100% increase in applicable VAT. After that, there were 145 days left to be paid.

Payments made by related parties relate to payments made by Nada to meet the risk of fluctuating prices of raw materials and to secure fixed margins. The fluctuation of the historical period was mainly due to the increase in the prices of raw materials and the expansion of Nada's operations during the historical period.

Accrued expenses mainly include electricity, employee creditors, and professional fees. Expenses payable decreased from SAR 25.8 million as of December 2020G to SAR 19.2 million as of December 2021G due to the liquidation of employees' leave entitlements, air tickets, and vacations during the COVID-19 pandemic. Accrued expenses as of December 2022G increased to SAR 31.3 million as things returned to normal and employee leave entitlements, air tickets, and vacations were recorded based on the Group's policy.

Amounts due to related parties, include amounts payable for various services received from related parties including insurance services, medical services, IT services, and others. Amounts due to related parties increased to SAR 11.4 as of December 2021G compared to SAR 8.3 million as of December 2020G as the Group obtained insurance from Walaa Insurance and Nadec which became related parties in the Group in 2021G. In 2022G, Nadec will no longer be a related party in the Group. However, the increase in amounts due to related parties as of December 2022G relates to fluctuations in the prices of raw materials.

5.8 Consolidated Statement of Cash Flows

Table No. (48): Trade payables and other liabilities as of 31 December 2020G, 31 December 2021G, 31 December 2022G and 31 March 2023G

Statement of Cash Flows				
SAR million	FY2020G	FY21	FY22	1Q23
Cash flows from operating activities				
Net (loss) / income for the year	(6.0)	19.0	(158.9)	(25.8)
Adjustments for non-cash items:				
Depreciation / Amortization	100.5	68.6	61.0	12.8
Impairment Loss of PPE	-	-	50.0	-
Zakat and Income Tax	0.6	0.7	-	-
Write-off / Disposal of PPE	2.9	0.0	0.2	-
Interest income on investments held at amortized costs	(1.1)	(1.1)	(0.5)	(0.1)
Provision / (Reversal of Provision) for Inventory, Net	0.6	(10.5)	10.2	(2.2)
Gain from Disposal of Advanced Tissue Factory Company	-	(53.1)	-	-
Share in (profit) / loss from an associate	-	(26.3)	8.5	2.6
Provision for impairment of trade receivables	1.0	4.8	9.0	7.4
Financial Fees	45.5	19.1	36.7	14.5
Legal provision related to end of service benefits	5.7	4.3	4.7	1.2
Working Capital Changes				
Tests	14.3	(19.0)	(4.2)	(6.1)
Trade Receivables	1.1	(67.0)	31.2	(4.1)
Prepaid expenses and other assets	(3.7)	(8.6)	(84.3)	61.8

Statement of Cash Flows				
SAR million	FY2020G	FY21	FY22	1Q23
Trade and other liabilities	33.5	121.1	146.8	(82.2)
Cash used in operations	194.8	52.1	110.4	(20.3)
Finance Fees Paid	(45.5)	(19.1)	(36.0)	(14.5)
Payment of Zakat and Income Tax	(0.6)	(0.1)	-	-
Payment of legal provision related to end of service benefits	(5.5)	(2.8)	(2.9)	(0.7)
Net cash flow from operating activities	143.2	30.1	71.5	(35.4)
Cash flows from investing activities				
Purchase of PPE	(42.2)	(22.5)	(23.2)	(10.8)
Revenues from the sale of a subsidiary	-	197.7	-	-
Revenues from disposal of PPE	-	0.1	0.1	-
Revenues from disposal of intangible assets	1.3	-	-	-
Investment held at amortized cost	(7.3)	7.2	0.5	2.6
Interest income on investments held at amortized value	1.1	0.3	1.9	-
Net cash flow/ (outflow) from investing activities	(47.1)	182.8	(20.6)	(8.2)
Free cash flow of the Company	96.3	212.9	50.9	(43.7)
Cash flows from financing activities				
Movement in short-term loans	(55.6)	(17.9)	33.5	48.8
Payment of Lease Obligations	(1.4)	(0.5)	(4.1)	(1.5)
Long Term Loan Repayment	(37.6)	(205.8)	(58.9)	(22.0)
Net cash flow from financing activities	(94.6)	(224.2)	(29.5)	25.3
Net Cash Flow	1.7	(11.3)	21.4	(18.4)
Cash and cash equivalents at the beginning of the period	40.3	40.0	28.8	36.9
Foreign Currency Exchange Differences	0.5	0.1	(13.4)	(6.5)
Cash transfer of assets held for sale	(2.4)	-	-	-
Cash and cash equivalents at end of period	40.0	28.8	36.9	12.0

Source: Audited financial statements for the years ended 31 December 2020G, 31 December 2021G and 31 December 2022G, audited financial statements for the three-month period ended 31 March 2023G and management information.

Cash flow from operating activities decreased from SAR 143.2 million in the financial year ended 31 December 2020G to SAR 30.1 million in the financial year ended 31 December 2021G due to a decrease in the gross profit margin and an increase in operating losses. It also increased to SAR 71.5 million in the financial year ended 31 December 2022G as the Group succeeded in reducing customer indebtedness days and managing the working capital cycle more efficiently.

Cash flow from investment activities decreased from SAR 47.1 million in the financial year ended 31 December 2020G to SAR 20.6 million in the financial year ended 31 December 2022G. The substantiality of the fluctuations during the financial years 2020G and 2022G were due to investment in property, plant and equipment. For the financial year ended 31 December 2021G, the Group received a cash consideration of SAR 197.7 million from the disposal of Advanced Tissue Factory Company resulting in positive net cash from investment activities of SAR 182.8 million.

Net cash flow from financing activities increased from SAR 94.6 million in the financial year ended 31 December 2020G to SAR 29.5 million in the financial year ended 31 December 2022G. The movement during the historical period mainly relates to cash outflows related to the repayment of short and long-term loans in relation to financing activities.

During the historical period, revenue increased at a CAGR of 17.7%, from SAR 754.2 million in financial year 2020G to SAR 1,045.4 million in financial year 2022G. However, the Group failed to maintain a consistent EBITDA margin, which fell from 5.0% in financial year 20 to 0.6% in financial year 22. Margins also fell to a negative 3.4% in Q1 of 2023G. Although the Group achieved positive free cash flows between financial year 2020G and financial year 22, it turned negative in Q1 of 2023G.

6. Use of Offer Proceeds and Future Projects

6.1 Net Proceeds of the Offering

The total proceeds of the offering of the rights shares are estimated at three hundred million (300,000,000) Saudi riyals, of which twenty-five million two hundred thousand (25,200,000) Saudi riyals will be paid approximately to cover the costs of the offering, which include the fees of the financial advisor, the lead manager, the legal advisor, and the coverage contractor, in addition to marketing, printing, distribution, and other expenses related to the subscription.

The net proceeds of the offering will be about two hundred and seventy-four million, eight hundred thousand (274,800,000) Saudi riyals, which will be used as follows:

Purchase of new assets to develop existing production lines

The Company intends to invest an amount of ninety million (90,000,000) Saudi riyals in the purchase of new high-tech machines in injection and pressure to replace the existing old machines, which aims to modernize and automate production lines in order to raise operating efficiency and quality by reducing the cost of conversion paid by the speed of the machine and advanced technology to reduce production costs. The operational plan will begin at the beginning of the first quarter of 2025G and payments will be distributed throughout 2024G.

Purchase of new assets to produce new products

The Company intends to invest an amount of sixty million (60,000,000) Saudi riyals in the purchase of modern machines to produce new products, and this expansion in the production lines is represented by the manufacture of plastic profiles by injection and plastic films. The operational plan will gradually start in stages starting from the third quarter of 2024G.

Repayment of loans:

The Company intends to repay a loan of seventy-five million (75,000,000) Saudi riyals, which is a working capital Murabaha facility with the Arab National Bank. The Company has banking facilities worth six hundred and fifty-nine million, five hundred and thirty-six thousand (659,536,000) Saudi riyals. The Company aims to reduce lending rates and improve financial indicators in light of the continuous increase in interest rates. The Company intends to repay this loan in the first quarter of 2024G.

Funding the working capital:

The Company intends to allocate an amount of forty-nine million eight hundred thousand (49,800,000) Saudi riyals to be used in securing the purchase of raw materials at competitive prices and paying the invoices of local and external suppliers, which ensures the continuation of supply chains for all factories. The Company intends to finance this working capital in the first quarter of 2024G.

The Company will also disclose to the public on the Saudi Tadawul website (Saudi Tadawul) when there is a difference of 5% or more between the actual use of offer proceeds and future projects against what was disclosed in this Prospectus as soon as it becomes aware of this, in accordance with paragraph (f) of Article 72 of the Securities Offering Rules and the continuing obligations.

6.2 Use of Offer Proceeds and Future Projects

The expected table for the Use of Offer Proceeds and Future Projects is as follows:

Table No. (49): The Use of Offer Proceeds and Future Projects

SAR Thousands	2024G				2025G	Total	Percentage of total receipts
	Q1	Q2	Q3	Q4	Q1		
Purchase of new assets to develop existing production lines	27,000,000	27,000,000	27,000,000	9,000,000		90,000,000	30.00%
Purchase of new assets to produce new products			30,000,000		30,000,000	60,000,000	20.00%
Repayment of loans	75,000,000					75,000,000	25.00%
Use in working capital	49,800,000					49,800,000	16.60%
Offering Costs	25,200,000					25,200,000	8.40%
Total	177,000,000	27,000,000	57,000,000	9,000,000	30,000,000	300,000,000	100%

Source: The Company

It shall be noted that the above items will be financed from the proceeds of the offering.

7. Statements of Experts

Written approval has been obtained from the Financial Advisor, Legal Advisor, Underwriter, and Lead Manager of the Company whose names appear on page (v) to include their names, logos, and affidavits in the form contained in this Prospectus. Written approval was also obtained from the Company's chartered accountants to include their names and logos in the form contained in this Prospectus. Such approvals have not been withdrawn as of the date of this Prospectus, and neither the above-named nor any of their relatives have any shares or any interest in the Company or its subsidiaries of any kind.

8. Directors' Declarations

- There has been no interruption in the business of the issuer or any of its subsidiaries that could affect or have significantly affected the financial situation during the last (12) months.
- No commissions, discounts, brokerage fees, or any non-monetary consideration has been granted by the issuer or any of its subsidiaries during the three years immediately preceding the date of application for registration and offering of securities in connection with the issue or offering of any securities.
- Contrary to what is stated in Section (5) "**Financial information, discussion, and analysis of management**" regarding the reduction of its capital, there was no material negative change in the financial and commercial situation of the issuer or any of its subsidiaries during the three years immediately preceding the date of submitting the registration application and offering the securities subject to this Prospectus, in addition to the period covered by the report of the chartered accountant until the approval of the Prospectus.
- Other than what is stated on page (C), neither the directors 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 Overview of the Company and the most prominent changes that have taken place

- Takween Advanced Industries Company is a Saudi listed joint-stock Company established under Commercial Registration Certificate No. (2051044381) dated 09/01/1432H (corresponding to 15/12/2010G) which expires on 08/01/1447H (corresponding to 03/07/2025G).

The Company was registered in the Commercial Register of Joint-stock Companies in Al-Khobar under the name Takween Advanced Industries Company, which is the current trade name of the Company, and there has been no amendment to the name until the date of preparation of this Prospectus.

9.1.1 Establishment of the Company and stages of development of its capital

- The Company started its industrial activity on 05/05/1414H (corresponding to 21/10/1993G) through a branch of the company owned by Mr. Mohamd Abdullah Zaid Othman under the name “Al-Othman Plastic Products Factory” and was registered in the Commercial Register in the city of Al-Ahsa villages under number (2250021688) and dated 05/05/1414H (corresponding to 21/10/1993G).
- On 06/02/1422H (corresponding to 30/04/2001G), the branch of Al-Othman Factory for Plastic Products, with its rights, obligations, labor, classification, licenses, and all its financial, technical, and administrative elements, was converted to a limited liability company between the shareholders Mohammed Abdullah Al-Othman and Sons Company and Mr. Mohammed Abdullah Zaid Al-Othman with a capital of thirty-two million (32,000,000) riyals at the time of incorporation. The name “Al-Othman Factory for Plastic Products” was amended upon conversion to become “Al-Othman Plastic Products Company” with limited liability under the articles of association attested by the Notary Public in Al Oyun with contract number (95) in sheet No. (37-46) dated 06/02/1422H (corresponding to 30/04/2001G).
- The Company was registered in the Commercial Register in the city of Hofuf, villages of Al-Ahsa under CR number (2250021688) dated 05/05/1414H (corresponding to 21/10/1993G).
- On 16/05/1425H (04/07/2004G), the shareholders decided to reduce the capital of the Company from thirty-two million (32,000,000) Saudi riyals divided into three hundred and twenty thousand (320,000) shares to twenty million nine hundred and fifty thousand (20,950,000) Saudi riyals divided into two hundred and nine thousand five hundred (209,500) shares. The value of each share is one hundred (100) Saudi riyals.
- On 11/01/1431H (corresponding to 28/12/2009G), the shareholders decided to amend the name of the shareholder/Mohammed Abdullah Al-Othman and Sons Company Limited, to the name of Al-Othman Holding Company. The shareholders decided to increase the capital of the Company from twenty million nine hundred and fifty thousand (20,950,000) riyals to thirty-three million six hundred and fifty and seventy thousand (33,675,000) riyals by transferring an amount of twelve million seven hundred and twenty-five thousand (12,725,000) riyals and increasing the value of the share in the Company from one hundred (100) riyals to one thousand (1,000) riyals, by virtue of the shareholders’ decision to amend the articles of association attested by the notary public in charge of the Ministry of Commerce and Industry in the sheet No. (50) Version No. (96) of Volume (266) of 1431H.
- On 14/04/1431H (corresponding to 30/03/2010G), the Company acquired (99%) of the shares that make up the capital of the Company “Ultra Packaging Industry Limited” (Ultrapak).
- On 25/05/1431H (corresponding to 09/05/2010G), the Company acquired (53%) of the shares that comprise the capital of the Advanced Fabrics Factory Company (SAF), and its percentage of ownership in the capital increased from (46%) to (99%).
- On 25/10/1431H (corresponding to 04/10/2010G), the shareholder Mohammed bin Abdullah bin Zaid Al-Othman decided to transfer three thousand three hundred and thirty (3,330) shares of his share to five new shareholders, and the shareholder Al-Othman Holding Company decided to transfer sixteen thousand nine hundred and seventy-five (16,975) shares of its share to a new shareholder, and the shareholders wished to convert the legal entity of the Company from a limited liability company to a closed joint stock company with its rights and obligations, and to increase the capital of the Company from thirty-three million six hundred and seventy-five thousand (33,675,000) riyals to ninety-seven million five hundred and thirty-nine thousand (97,539,000) riyals by buying the Company shares of some shareholders in Ultrapak with a value of (24,750,000) riyals to become its percentage of ownership in the Company (99%) of the capital, and to buy the shares of some partners in the Advanced Fabrics Factory Company with an amount of (39,114,000) to become ownership in the Company with a percentage of (53%). The shareholders decided to amend the name of the Company to become “Takween Advanced Industries Company” under the articles of association attested by the notary assigned to the Ministry of Commerce and Industry in Version No. (65) of the sheet No. (11), Page No. (14).

- On 28/12/1431H (corresponding to 04/12/2010G), His Excellency the Minister of Commerce issued decision No. (391/S) approving the announcement of the conversion of the Company from a limited liability company to a closed joint stock company and amending the name of the Company from “Al-Othman Plastic Products Company” to become “Takween Advanced Industries Company.”
- On 01/02/1432H (corresponding to 05/01/2011G), the meeting of the (Extraordinary) General Assembly of the shareholders of the Company was held, and it was approved to increase the capital to three hundred million (300,000,000) riyals by capitalizing two hundred and two million four hundred and sixty-one thousand (202,461,000) riyals from the items of the shareholders’ contribution account, statutory reserve, and retained profits as on 21/10/1431H (corresponding to 30/09/2010G)
- On 15/03/1433H (07/02/2012G), the Company was converted from a closed joint-stock to a public joint-stock after the end of the lock-up period imposed on the founding shareholders to trade their shares, as the Company listed thirty million (30,000,000) ordinary shares of its shares in Tadawul by offering them for public subscription by the public.
- On 27/05/1434H (corresponding to 08/04/2013G), the meeting of the (Extraordinary) General Assembly of the shareholders of the Company was held, and the capital increase was approved from three hundred million (300,000,000) riyals to three hundred and fifty million (350,000,000) riyals. The increase was covered by capitalizing the amount of fifty million (50,000,000) riyals from the retained earnings account as of 18/02/1434H (corresponding to 31/12/2012G).
- On 20/12/1437H (corresponding to 21/09/2016G), the meeting of the (Extraordinary) General Assembly of the shareholders of the Company was held, and it was approved to increase the capital of the Company from three hundred and fifty million (350,000,000) riyals to nine hundred and fifty million (950,000,000) riyals by offering priority rights shares with a value of (600,000,000) riyals with priority rights shares to the shareholders registered in the records of the Company.
- On 07/06/1444H (corresponding to 31/12/2022G), the value of the accumulated losses of the Company as of 31/12/2022G amounted to (459.6 million Saudi riyals) equivalent to 48.38% of the Company’s capital of (950) million Saudi riyals. During the period ending on 30 June 2023G, the value of the accumulated losses amounted to (515.42) million riyals equivalent to (54.25%) of the Company’s capital of (950,000,000) riyals. In compliance with the aforementioned procedures and instructions, the Group has taken the necessary measures to reduce the accumulated losses. The Board of Directors made a recommendation to the shareholders of the Group on 13 March 2023G for the purpose of reducing the capital of the Group by absorbing the accumulated losses and increasing the capital later by issuing priority rights shares. The approval of the Capital Market Authority to reduce the capital of the Company was received on 06/06/2023G.
- On 21/08/1444H (corresponding to 13/03/2023G), the Board of Directors of the Company recommended to the (Extraordinary) General Assembly to reduce the capital of the Company from nine hundred and fifty million (950,000,000) riyals to four hundred and ninety million four hundred and three thousand (490,403,000) riyals by canceling forty-five million nine hundred and fifty-nine thousand seven hundred (45,959,700) shares. (1) share will be reduced for each (2.067) shares. The Board of Directors of the Company also recommended at the same meeting on 21/08/1444H (corresponding to 13/03/2023G) to the (Extraordinary) General Assembly and after the completion of the capital reduction process to increase the capital of the Company by offering priority rights shares worth three hundred million (300,000,000) Saudi riyals to become the capital after the increase of seven hundred and ninety million, four hundred and three thousand (790,403,000) riyals.
- On 21/10/1444H (corresponding to 11/05/2023G), the Board of Directors decided to amend its recommendation issued on 21/08/1444H (corresponding to 13/03/2023G) so that the Board recommended reducing the Company’s capital from nine hundred and fifty million (950,000,000) riyals to four hundred and sixty-four million six hundred and forty-six thousand (464,646,060) riyals divided into forty-six million four hundred and sixty-four and six hundred and six (46,464,606) ordinary shares and then increasing the capital by offering priority rights shares worth three hundred million (300,000,000) riyals to become the capital after the increase seven hundred and sixty-four million six hundred and forty-six thousand six (764,646,060) riyals divided into seventy-six million four hundred and sixty-four thousand six hundred and six (76,464,606) shares. Note that this approval is conditional on the approval of the Extraordinary General Assembly of the Company and the completion of the relevant legal procedures and requirements.
- On 08/01/1445H (corresponding to 26/07/2023G), the (Extraordinary) General Assembly of Shareholders approved the reduction of the capital of the Company from nine hundred and fifty million (950,000,000) riyals to four hundred and sixty-four million six hundred and forty-six thousand (464,646,060) riyals divided into forty-six million four hundred and sixty-four and six hundred and six (46,464,606) ordinary shares by canceling forty-eight million five hundred and thirty-five thousand three hundred and ninety-four (48,535,394) shares of the issued shares of the Company at a cancellation rate of (1) share for each (1.957) shares.
- On 13/01/1445H (corresponding to 31/07/2023G), the Company announced a decrease in the accumulated losses to (8.48%) of the capital.
- The current capital of the Company is four hundred and sixty-four million six hundred and forty-six thousand six (464,646,060) riyals divided into forty-six million four hundred and sixty-four and six hundred and six (46,464,606) nominal shares of equal value, representing the nominal value of each (10) ten Saudi riyals, all of which are fully paid ordinary shares.
- The Company is managed by a Board of Directors consisting of seven (7) members (for further details on the Board of Directors, please see sub-clause 9.2.1 below).

9.1.2 Company Activities

Article (3) of the bylaws stipulates that the Company shall practice and carry out the following purposes:

1. Manufacturing Industries
 - To own factories with their various products, packaging factories, plastic bottles, polypropylene rolls, polystyrene, polyethylene terephthalates, and non-woven fabric factories, and to manage, operate, and maintain factories alone or in partnership with other companies, bodies, or individuals, and to merge with any of those facilities.
 - To provide management, operation, qualification, and maintenance services for all industrial centers owned by companies, bodies, or individuals, and for residential and commercial cities, public and private facilities and entities.
 - To own, manage and operate industrial appliances and equipment maintenance institutions.
2. Administrative and support services – management of gas stations - management of maintenance and operation of its buildings and facilities.
3. Real estate activities - managing and leasing owned or leased real estate (residential) - managing and leasing owned or leased real estate (non-residential) - owning land for the establishment and development of factories, warehouses, and residential projects and selling, buying and exploiting land and real estate and investing them by selling and renting for the benefit of the Company.
4. Wholesale and retail trade and repair of motor vehicles and motorcycles:
 - Import, export, wholesale, and retail trade in plastic products of all kinds, plastic containers and caps of all sizes, non-woven fabrics of all kinds, cup caps, various vials, bottles, various plastic cups, polypropylene wraps, polystyrene wraps, and polyethylene terephthalate wraps. Non-woven fabric made of polypropylene, pet bottle miniatures, plastic cardboard, and corrugated cardboard. Plastic containers and drums with lids, and assorted sodium silicate.
 - Commercial Agencies
5. Accommodation and food services activities – hotels – owning, investing, managing, operating, and maintaining hotels, educational, recreational and tourist facilities.
6. Transportation and storage: The establishment, management, operation, and maintenance of dry and refrigerated stores, transport fleets, maintenance and repair workshops, and gas stations.
7. Education: Higher training institutes - training centers – electronic training - establishing industrial institutes, and providing and coordinating training courses related to the development of plastic products of all kinds and the establishment and qualification of national cadres in the field of the Company's industries
 - According to the Commercial Registration Certificate, the following activities have been identified: “Professional, scientific and technical activities (offices main activities). The Company carries out its activities through its head office and branches established within 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 practice its activity (for more information, please refer to subsection (9.4) “**Material Licenses, Certificates, and Approvals**”.

9.1.3 Principal Shareholder

As of the date of preparation of this Prospectus, the Company has four (4) major shareholders who own (5%) or more of the Company's shares directly and indirectly, namely:

1. Mr. Abdullah Mohammed Abdullah Al-Othman owns (3,227,297) shares, or (6.946%) directly, and owns (3,016,910) shares, or (6.491%) indirectly through Al-Othman Holding Company.
2. Mr. Abdul Mohsen Mohammed Abdullah Al-Othman owns (2,793,479) shares, or (6.012%) directly, and owns (3,016,910) shares, or (6.491%) indirectly through Al-Othman Holding Company.
3. Abdul Rahman Saleh Al-Rajhi & Partners Co. Ltd. owns (2,395,635) shares, or (5.156%) directly.
4. Al-Othman Holding Company is a closed joint-stock Company that owns (21,549,358) shares, or (46.378%) directly.

9.1.4 Company Name

- Takween Advanced Industries started its industrial activity under the trade name “Al-Othman Plastic Products” Factory, branch of Mr. Mohamed Abdullah Zaid Al-Othman Establishment.
- On 06/02/1422H (corresponding to 30/04/2001G), the branch of Al-Othman Plastic Products Factory was converted to a limited liability Company, and the trade name was amended from “Al-Othman Plastic Products Factory” to “Al-Othman Plastic Products Company-Limited Liability”.
- On 25/10/1431H (corresponding to 04/10/2010G), the shareholders decided to convert the Company from a limited liability company to a closed joint stock company and decided to amend the trade name of the Company from “Al-Othman Plastic Products Company” to become “Takween Advanced Industries Company”. It is the current trade name, and there has been no amendment to the name as of the date of publication of this Prospectus.

9.1.5 Headquarters

- The Company is headquartered in Al Khobar – King Saud Road, P.O. Box:2500, Postal Code 31952, Tel: 8534355.

In accordance with Article (5) of the bylaws, the head office of the Company shall be in the city of Al-Khobar. The Board of Directors of the Company may establish branches, offices, or agencies in the Kingdom and abroad and may appoint correspondents in any entity inside or outside the Kingdom as required by or useful to the Company's activity, taking into account the laws and regulations in force in the Kingdom in this regard. As of the date of this Prospectus, the Company does not have any branch within the Kingdom of Saudi Arabia, as the Company has previously written off two (2) branches and does not currently have any active branch within the Kingdom of Saudi Arabia. The Company also has a branch outside the Kingdom of Saudi Arabia located in the United Arab Emirates (Takween Advanced Industries Company (MDMC Branch) (for more information, please refer to subparagraph (9.4.2) "Licenses, certificates and approvals of the Company's Branches" of this section).

9.1.6 Duration of the Company

- Article (6) of the bylaws stipulates that the term of the Company shall be ninety-nine (99) Gregorian years starting from the date of its registration in the Commercial Register as a joint-stock Company. It is always permissible to extend the term of the Company by a decision issued by the Extraordinary General Assembly at least one year before its expiry.
- The commercial registration certificate data indicates the end of the Company's term on 23/01/1534H (corresponding to 16/12/2019G).

9.1.7 Bylaws

- The current version of the Company's bylaws was issued based on the decision of the Extraordinary General Assembly on 08/01/1445H (corresponding to 26/07/2023G) and its approval by the Ministry of Commerce (Operations Department) on 23/01/1445H (corresponding to 10/08/2023G), where the (Extraordinary) General Assembly approved the amendment of the bylaws, including the current Companies Law.
- The bylaws have been amended several times, as follows:
 - The capital of the Company upon conversion to a closed joint stock company amounted to ninety-seven million five hundred and thirty-nine thousand (97,539,000) riyals divided into nine million seven hundred and fifty-three thousand nine hundred (9,753,900) ordinary shares with a nominal value of ten (10) Saudi riyals per share, and the founders subscribed for all nine million seven hundred and fifty-three thousand nine hundred (9,753,900) shares of the Company.
 - On 01/02/1432H (corresponding to 05/01/2011G), the meeting of the (Extraordinary) General Assembly of the shareholders of the Company was held, and it was approved to increase the capital to three hundred million (300,000,000) riyals by capitalizing two hundred and two million four hundred and sixty-one thousand (202,461,000) riyals from the items of the shareholders' contribution account, statutory reserve, and retained profits as on 21/10/1431H (corresponding to 30/09/2010G)
 - On 27/05/1434H (corresponding to 08/04/2013G), the (Extraordinary) General Assembly of Shareholders agreed to increase the capital to three hundred and fifty million riyals (350,000,000) riyals. The increase was covered by capitalizing an amount of fifty million (50,000,000) riyals from the retained earnings account as of 18/02/1434H (corresponding to 31/12/2012G). The bylaws were amended accordingly.
 - On 20/12/1437 H (21/09/2016), the (Extraordinary) General Assembly of the shareholders of the Company approved the increase of the capital of the Company from three hundred and fifty million (350,000,000) riyals nine hundred and fifty million (950,000,000) riyals by offering priority rights shares of (600,000,000) riyals with priority rights shares to the shareholders registered in the records of the Company and the amendment of Article (7) and(8) of the bylaws related to the capital increase, and the bylaws were amended accordingly.
 - On 26/03/1438H (corresponding to 25/12/2016G), the (Extraordinary) General Assembly of the shareholders of the Company approved the amendment of Article (3) of the bylaws related to the purposes of the Company, Article (19) of the bylaws related to the powers of the Board of Directors, Article (26) related to the General Assembly, and the amendment of the bylaws based on the new Companies Law issued by Royal Decree RM/3 dated 28/01/1437H (corresponding to 11/11/2015G).
 - On 10/04/1439 AH (corresponding to 28/12/2017G), the (Extraordinary) General Assembly of the shareholders of the Company approved the amendment of Article (3) of the bylaws related to the purposes of the Company, Article (9) related to preferred shares, and Article (19) related to the powers of the Board of Directors, Article (20) related to the remuneration of the members of the Board of Directors, and the bylaws were amended accordingly.
 - On 10/09/1441H (corresponding to 03/05/2020G), the (Extraordinary) General Assembly of the Company's shareholders approved the amendment of Article (18) of the bylaws of the vacant position in the Board, Article (30) on the invitation of associations, Article (41) on the reports of the Audit Committee, Article (45) on financial documents, and Article (46) on dividends. The bylaws have been amended accordingly.
 - On 08/01/1445H (corresponding to 26/07/2023G), the (Extraordinary) General Assembly of Shareholders approved the reduction of the capital of the Company from nine hundred and fifty million (950,000,000) riyals to four hundred and sixty-four million six hundred and forty-six thousand sixty (464,646,060) riyals divided into forty-six million four hundred and sixty-four and six hundred and sixty-six (46,464,606) ordinary shares. The General Assembly (Extraordinary) also approved the amendment of the bylaws of the Company to conform to the current Companies Law and the rearrangement of the bylaws and their numbering to conform to the amendments.

- The Company did not comply with the requirements of the Capital Market Authority and the Saudi Capital Market (Tadawul) in terms of uploading a copy of the bylaws on the Tadawul website on the Company's page. The last amended version of the Company's bylaws was approved by the Ministry of Commerce (Corporate Governance Department) on 23/01/1445H (corresponding to 10/08/2023G).

9.2 Board of Directors, Committees and Executive Management

- In accordance with Article Nineteen (19) of the bylaws, the Company shall be managed by a Board of Directors consisting of seven (7) corporate members elected by the Ordinary General Assembly of Shareholders for a period not exceeding four (4) years, who may be re-elected for another session or sessions.

9.2.1 Board of Directors

9.2.1.1 Composition of the Board of Directors

- On 11/06/1444H (corresponding to 04/01/2023G), the Ordinary General Assembly of Shareholders elected the members of the Board of Directors for a new term starting from 28/06/1444H (corresponding to 21/01/2023G) and for a period of three (3) years ending on 01/08/1447H (corresponding to 20/01/2026G).
- The table below shows the current board session:

Table No. (50): Board of Directors Positions

No.	Name	Position	Nationality	Age	Membership Status		Membership Date	Shares held			
								Live	Indirect	Total	Total Percentage
1.	Abdul Mohsen Mohammed Al-Othman	Chairman	Saudi	49	Non-executive	Non-independent	28/06/1444H (Corresponding to 21/01/2023G)	2,793,479	3,016,910	5,810,389	12.5%
2.	Saleh Hassan Al-Afaleq	Vice Chairman	Saudi	57	Non-executive	Independent	28/06/1444H (Corresponding to 21/01/2023G)	-	-	-	-
3.	George El Khoury Abraham	Member of the Board of Directors	Australian	64	Non-executive	Non-independent	28/06/1444H (Corresponding to 21/01/2023G)	570	-	570	0,0012267%
4.	Khaled Nasser Al Muammar	Member of the Board of Directors	Saudi	54	Non-executive	Independent	28/06/1444H (Corresponding to 21/01/2023G)	489	-	489	0,001052414%
5.	Vacant**	Member	-	-	-	-	-	-	-	-	-
6.	Ammar Zahid*	Member of the Board of Directors	British	61	Non-executive	Independent	06/01/1445H (corresponding to 24/07/2023G)	-	-	-	-
7.	Hassan Issam Kabbani	Member of the Board of Directors	Saudi	57	Non-executive	Independent	28/06/1444H (Corresponding to 21/01/2023G)	-	-	-	-
Secretary of the Board											
	Mohamed Fayek Mustafa***	Secretary	Jordanian	41	Executive	Non-independent	12/03/1445H (Corresponding to 27/09/2023G)	-	-	-	-

Source: The Company

* On 25/12/1444H (corresponding to 13/07/2023G), the Board of Directors of the Company decided to approve the resignation of Board Member Ibrahim bin Youssef Al-Mubarak from the date of its submission on 25/12/1444H (corresponding to 13/07/2023G) and on 06/01/1445H (corresponding to 24/07/2023G). The Board of Directors of the Company decided to appoint Mr. Ammar Zahid as a member of the Board of Directors in the vacant position in the Board as of 24/07/2023G and to complete the current session of the Board, which ends on 20/01/2026G.

** On 16/03/1445H (corresponding to 01/10/2023G), the Board of Directors of the Company decided to accept the resignation of Mr. Jameel Abdullah Al-Molhem from the membership of the Board of Directors as of 28/09/2023G.

*** On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors of the Company decided to exempt the Secretary of the Board, Mr. Ahmed Ali Al-Zayyat, from the Secretariat of the Board and to appoint Mr. Mohammad Faik Mustafa as the new Secretary of the Board starting from 27/09/2023G and for the remaining period in the current session of the Board.

- The Company is in compliance with the Companies Law in terms of the number of members of the Board of Directors, not less than three (3) members. The Company's compliance with Article Sixteen (16) of the Corporate Governance Regulations, which requires listed companies to have a substantiality of non-executive members of the Board and that the number of independent members shall not be less than two members or one third of the members of the Board (whichever is more),

based on the total number of members of the Board, two (2) non-executive members were appointed, including four (4) independent members and two (2) non-independent members (Abdul Mohsen Mohammed Al-Othman - George Antonius Abraham). (For more information on the extent of the Company's compliance with 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 to mandatory positions (Chairman, Vice Chairman, CEO, Secretary)

- In accordance with Article Twenty-Four (24) of the Company's bylaws, the Board of Directors shall appoint from among its members a Chairman and a Vice-Chairman and may appoint from among its members a Managing Director. The Board may also appoint a Chief Executive Officer. The position of Chairman of the Board of Directors may not be combined with any executive position of the Company. The Board of Directors shall appoint, from among its members or from third parties, a secretary who shall be competent to edit the facts and decisions of the Board of Directors in minutes and record them in a special register prepared for this purpose. His remuneration shall be determined by a decision of the Board. The term of the Chairman of the Board, the Managing Director, and the Secretary of the Board of Directors shall not exceed the membership of each of them in the Board of Directors, and they may be reappointed.
- It shall also appoint a chief executive officer of the Company from among its members or from third parties, and the appointment decision shall determine its powers and remuneration.
- The Company is in compliance with the bylaws and corporate governance regulations in terms of mandatory appointment to these positions:

Table No. (51): Mandatory positions in the Company

Position	Date of Appointment Decision	Name of Designated Person
Chairman	Minutes of the meeting of the Board of Directors on 11/06/1444H (Corresponding to 04/01/2023G)	Abdul Mohsen bin Muhammad Al Othman
Vice Chairman	Minutes of the meeting of the Board of Directors on 11/06/1444H (Corresponding to 04/01/2023G)	Saleh bin Hassan Al-Afaliq
CEO*	Minutes of the Board of Directors' meeting on 15/06/1444H (Corresponding to 08/01/2023G)	Majed Mazen Nofal
Secretary of the Board of Directors***	Minutes of the meeting of the Board of Directors on 12/03/1445H (corresponding to 27/09/2023G)	Mohamed Fayek Mustafa

Source: The Company

* On 12/05/1443H (corresponding to 16/12/2021G), the Board of Directors of the Company agreed to accept the resignation of Engineer/Ali bin Hassan Al-Jameel from the position of Chief Executive Officer.

** On 01/09/1444H (corresponding to 23/03/2023G), the Board of Directors of the Company decided to approve the resignation of Mr. Jameel Abdullah Al-Molhem as of 18/05/2023G from the position of Managing Director of the Company.

*** On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors of the Company decided to exempt the Secretary of the Board, Mr. Ahmed Ali Al-Zayyat, from the Secretariat of the Board and to appoint Mr. Mohammad Faik Mustafa as the new Secretary of the Board starting from 27/09/2023G and for the remaining period in the current session of the Board.

The Chairman of the Board shall have the power to invite the Board to meet and chair the meetings of the Board and the Ordinary and Extraordinary Shareholders' General Assembly, in addition to the powers stipulated in Article (24) of the bylaws. Accordingly, the appointment of a vice chairman has become one of the mandatory positions. As for the managing director, according to the context of the text, it is not mandatory. The Board of Directors shall appoint a Secretary to the Board.

9.2.1.3 Rights and Obligations of Directors and Senior Executives

- The Company's bylaws state in Article (23) that the remuneration of the board of directors shall be within the limits stipulated in the Companies Law and its regulations. This remuneration may be a certain amount, an attendance allowance for meetings, and a relocation allowance, in-kind benefits, or a certain percentage of net profits. Two or more of the foregoing may be combined.
- The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all the remuneration, expenses allowance, and other benefits received or deserved by each member of the Board of Directors during the financial year. It shall also include a statement of what the members of the Board received as workers or administrators or what they received in exchange for technical or administrative work or consultancy. It shall also include a statement of the number of meetings of the Board and the number of meetings attended by each member.
- The General Assembly shall determine the maximum limit for the remuneration of the members of the Board based on the recommendation of the Board of Directors set forth in the proposal of the Remuneration Committee of the Company.
- In determining and disbursing the remuneration of the members of the Board of Directors, the controls stipulated in the Companies Law and its regulations, the regulations issued by the competent authorities, and the internal regulations of the Company in this regard shall be taken into account.
- Remuneration was distributed to the members of the Board of Directors during the past three years, so that the remuneration distributed to the members of the Board of Directors and the relevant committees for the financial year 2021G amounted to

(1,805,000) Saudi riyals. On 20/08/1444H (corresponding to 13/03/2023G), the Board of Directors agreed not to pay any remuneration to the members of the Board of Directors for the year 2022G, while continuing to pay other allowances from the attendance allowance for the members of the Board and the committees emanating from it.

- The table below shows the remuneration and attendance allowances received by the directors and senior executives:

Table No. (52): Remuneration of directors, related committees and senior executives (in thousands of riyals)

Statement in Thousands of Saudi Riyals	2020G	2021G	2022G
Members of the Board of Directors and related committees	1,468	1,805	1,776*
Senior Executives	18,209	17,699	14,369

Source: The Company

* Other Allowances

9.2.1.4 Board Meetings

- In accordance with Article (25) of the bylaws, the Board of Directors shall meet at least four (4) times a year at the invitation of its Chairman. The invitation shall be in writing and accompanied by an agenda at least five working days before the date specified for the meeting, unless the members of the Board agree otherwise. The invitation shall be delivered in person, or mail or by fax, e-mail, or other means of communication. The Chairman of the Board shall invite the Board to meet when requested to do so in writing by any member of the Board to discuss any one or more topics.
- The Company is in compliance to the minimum number of board meetings. It was found that the number of board meetings reached four (4) meetings during the year 2020G, four (4) meetings during the year 2021G, four (4) meetings during the year 2022G and two (2) meetings during the year 2023G until July 2023G.
- The Board of Directors also held four (4) pass-through meetings, namely:
 - Meeting held on 18/10/1444H (corresponding to 08/05/2023G) No. (451).
 - Meeting held on 21/10/1444H (corresponding to 11/05/2023G) No. (452).
 - Meeting held on 21/10/1444H (corresponding to 11/05/2023G) No. (453).
 - Meeting held on 25/10/1444H (corresponding to 15/05/2023G) No. (454).

9.2.2 Board Committees

- As of the date of publication of this Prospectus, the Company has three (3) committees affiliated with the Board of Directors as follows:

9.2.2.1 Audit Committee

- An audit committee shall be formed by a decision of the Board of Directors. The number of its members 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 specify the tasks of the committee, the control of its work, and the remuneration of its members.
- The Company has an audit committee consisting of four (4) members formed and appointed at the meeting of the Board of Directors held on 21/08/1444H (corresponding to 13/03/2023G). The formation of the audit committee was approved by the Ordinary General Assembly held on 20/09/1444H (corresponding to 11/04/2023G) for a period of three (3) years, starting from the date of the beginning of the meeting on 21/08/1444H (corresponding to 11/04/2023G) ending at the end of the current session of the Board on 01/08/1447H (corresponding to 20/01/2026G) and consists of the following members:

Table No. (53): Audit Committee Members

Name	Position	Other positions currently held by the member
Saleh bin Hassan Al-Afaliq	Chairman of the Committee	Vice Chairman of the Board of Directors of the Company (Non-Executive – Independent)
Vacant * -----	Member	Member ____
D. Suleiman Abdullah Al-Sakran	Member	From outside the members of the Council
Waleed bin Mohammed Al-Othaimeen	Member	From outside the members of the Council
Mohamed Fayek Mustafa	Secretary of the Committee	Internal Audit Manager/ Director in Charge of Investor Relations, Governance and Sustainability - Governance Advisor

Source: The Company

* On 25/12/1444H (corresponding to 13/07/2023G), Mr. Ibrahim bin Yousef Al-Mubarak submitted his resignation from the Audit Committee and on the same date the Board of Directors of the Company decided to approve the resignation.

- It is worth mentioning that as of the date of this Prospectus, the two members, Mr. Suleiman Abdullah Al-Sakran and Mr. Walid bin Mohammed Al-Othaimen, do not hold any other positions in the Company, while the Chairman of the Committee, Mr. Saleh bin Hassan Al-Afaliq, holds the position of Vice Chairman of the Board of Directors.
- The work regulations of the Audit Committee were approved by the General Assembly of Shareholders (Ordinary) at its meeting held on 08/01/1445H (corresponding to 26/07/2023G) based on the recommendation of the Board of Directors on 25/10/1444H (corresponding to 15/05/2023G).
- In accordance with Article (6) of the Audit Committee's work regulations, the Committee shall hold at least four (4) meetings per year.
- As of the date of publication of this Prospectus, the Audit Committee has held a number of meetings, as follows:

Table No. (54): Audit Committee Meetings

Year	2020G	2021G	2022G	2023G [*]
Number of Audit Committee Meetings	4	5	4	3

Source: The Company

^{*}Until July 2023G.

9.2.2.2 Nomination and Remuneration Committee

- The Remuneration and Nomination Committee consists of three (3) members who were formed and appointed by the Board of Directors at its meeting held on 11/06/1444H (corresponding to 04/01/2023G) for a period of three (3) years starting from the date of the beginning of the Board's session on 28/06/1444H (corresponding to 21/01/2023G) and ending at the end of the current Board's session on 01/08/1447H (corresponding to 20/01/2026G). The Committee consists of the following members:

Table No. (55): Members of the Nomination and Remuneration Committee

Name	Position	Other positions currently held by the member
Khalid bin Nasser Al-Muammar	Chairman of the Committee	Member of the Board of Directors of the Company (Non-Executive – Independent)
Saleh bin Hassan Al-Afaliq	Member	Vice Chairman of the Board of Directors of the Company (Non-Executive – Independent)
Hassan bin Issam Qabbani	Member	Member of the Board of Directors of the Company (Non-Executive – Independent)
Mohamed Fayek Mostafa [*]	Secretary of the Committee	Director of Internal Audit/ Director in charge of Investor Relations, Governance, Sustainability and Compliance

Source: The Company

^{*}On 11/03/1445H (corresponding to 26/09/2023G), the Nomination and Remuneration Committee decided to appoint Mr. Mohammad Faik Mustafā, Secretary of the Committee, instead of Mr. Ahmed bin Ali Al-Zayyat, for the remaining period of the current session of the Board

- The Company has a work regulation for the Nomination and Remuneration Committee (amended), which was approved by the (Ordinary) General Assembly of Shareholders held on 27/08/1440H (corresponding to 02/05/2019G).
- According to the work regulations of the Nomination and Remuneration Committee, the Committee holds at least four (4) meetings per year, and until the date of publication of this Prospectus, the Remuneration and Nomination Committee held a number of meetings as follows:

Table No. (56): Remuneration and Nomination Committee Meetings

Year	2020G	2021G	2022G	2023G [*]
Number of Remuneration and Nomination Committee Meetings	4	4	5	3

Source: The Company

^{*}Until September 2023G.

9.2.3 Executive Committee

- The Company has an Executive Committee consisting of three (3) members formed and appointed by the Board of Directors at its meeting held on 11/06/1444H (corresponding to 04/01/2023G) for a period of three (3) years starting from the beginning of the Board's session on 28/06/1444H (corresponding to 21/01/2023G) and ending at the end of the current Board's session on 01/08/1447H (corresponding to 20/01/2026G) and consisting of the following members:

Table No. (57): Members of the Executive Committee

Name	Position	Other positions currently held by the member
George Antonius Abraham	Chairman of the Committee	Member of the Board of Directors of the Company (Non-Executive – Non-Independent)
Majed Mazen Rashid Nofal [*]	Member	CEO
Zuhair Al-Wadghiri LaFashoush	Member	From outside the members of the Board of Directors
Mohamed Fayek Mustafa ^{**}	Secretary of the Committee	Internal Audit Manager/ Director in Charge of Investor Relations, Governance and Sustainability - Governance Advisor

Source: The Company

^{*} On 01/09/1444H (corresponding to 23/03/2023G), the Board of Directors of the Company approved the resignation of the member of the Executive Committee, Mr. Jameel Abdullah Al-Molhem, as a member of the Executive Committee as of 18/05/2023G, and on 20/09/1444H (corresponding to 11/04/2023G), the Board of Directors approved the appointment of Mr. Majed Mazen Rashid Nofal as a member of the Executive Committee as of this date.

^{**} On 11/03/1445H (corresponding to 26/09/2023G), the Executive Committee decided to appoint Mr. Mohammad Faik Mustafa, Secretary of the Committee, instead of Mr. Ahmed bin Ali Al-Zayyat, for the remaining period of the current session of the Board.

- The Company has a work regulation for the Executive Committee that was approved by the Board of Directors held on 27/05/1441H (corresponding to 22/01/2020G).
- In accordance with the Executive Committee's work regulations, the Committee holds at least four (4) meetings per year. As of the date of publication of this Prospectus, the Remuneration and Nomination Committee held a number of meetings as follows:

Table No. (58): Meetings of the Executive Committee

Year	2020G	2021G	2022G	2023G [*]
Number of Executive Committee Meetings	10	10	8	7

Source: The Company

^{*}Until September 2023G.

- The Whistleblowing and Anti-Fraud Committee has also been appointed by the Audit Committee and there is a regulation regulating the work of this committee.

9.2.4 Executive Administration

- In accordance with the policies of the Company and the relevant decisions of the Board of Directors, the Executive Administration of the Company is entrusted to the Chief Executive Officer and the Chief Financial Officer. The Chief Executive Officer is currently Mr. Majed Mazen Nofal, as of 16/06/1444H (corresponding to 09/01/2023G) in accordance with the decision of the Board of Directors dated 15/06/1444H (corresponding to 08/01/2023G).
- The table below details the executive administration of the Company:

Table No. (59): Members of the Executive Management

Name	Position	Nationality	Age	Appointment Date	Shares held			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Majed Mazen Nofal	CEO	Jordanian	51	16/02/1445H (Corresponding to 09/01/2023G)	-	-	-	-
Mohamed Helmy Kassem Mansour	Acting Chief Financial Officer	Jordanian	43	09/04/1440H (Corresponding to 16/12/2018G)	-	-	-	-

Name	Position	Nationality	Age	Appointment Date	Shares held			
					Direct		Indirect	
					Number	Percentage	Number	Percentage
Jeroen Hendriukes van der Mer	Chief Operating Officer	Dutch	51	09/08/1444H (Corresponding to 01/03/2023G)				
Firas Qazhiya Masoud	Sales & marketing Director	Lebanese	35	12/06/1444H (Corresponding to 05/01/2023G)	-	-	-	-
Mohamed Fayek Mustafa	Director of Investor Relations, Governance and Sustainability - Governance Advisor (Commissioned)	Jordanian	41	17/03/1445H (Corresponding to 02/10/2023G)	-	-	-	-
Khaled Abdul Majeed Al-Dubaikel	Head of Human Resources and Legal Affairs	Saudi	51	22/12/1442H (Corresponding to 01/08/2021G)	-	-	-	-
Mohamed Fayek Mustafa	Group Internal Audit Manager	Jordanian	41	20/05/1434H (Corresponding to 01/04/2013)	-	-	-	-

Source: The Company

- The Company is compliant to disclosing the total remuneration of senior executives in accordance with the requirements of the Corporate Governance Regulations, especially paragraph (4) of Article (90). The total amount of remuneration received by senior executives, including the CEO and the CFO, for the year 2022G amounted to SAR (14,369,000).

9.3 Subsidiaries and Associates

- Pursuant to Article Four (4) of the bylaws, the Company may participate in other companies and establish, by itself, other limited liability, closed joint stock, or simplified joint stock companies. It may also own shares and stocks in other existing companies or merge therewith, and participate with third parties in establishing joint-stock, limited liability, or simplified joint-stock companies after fulfilling the requirements of the laws and instructions followed in this regard. The Company may also dispose of these shares or stocks, provided that this does not include acting as a broker in trading such shares or stocks.
- As of the date of publishing this Prospectus, the Company has one associate and four (4) subsidiaries, three (3) of which are inside the Kingdom of Saudi Arabia, and one was established outside the Kingdom of Saudi Arabia, specifically in the Arab Republic of Egypt.

9.3.1 Subsidiaries within Saudi Arabia

- **Saudi Plastic Packaging Systems Company (PLASTICO):** A Saudi limited liability Company established under Commercial Registration Certificate No. (2250063668), dated 09/04/1405H (Corresponding to 01/01/1985G) issued in Al-Jam, Al-Ahsa, and (100%) owned by Takween Advanced Industries Co. This Subsidiary is engaged in manufacturing plastics (polymers) in their primary forms, the production of semi-finished plastic products, including plates, sheets, film, foil and strip, pipes and hoses, hose and pipe fittings, etc., and manufacturing plastic bottles in various forms.
- **Al Sharq Plastic Industries Co. Ltd. (Al Sharq):** A limited liability Company established under Commercial Registration Certificate No. (1010008540), dated 14/08/1395H (Corresponding to 22/08/1975G) issued in Riyadh, and (100%) owned by Takween Advanced Industries Co. This Subsidiary is engaged in manufacturing plastics (polymers) in their primary forms, manufacturing plastic conduits, hoses, pipes, fittings, and accessories, manufacturing plastic cans and boxes, manufacturing plastics containers, manufacturing plastics bags, manufacturing single-use household utensils, kitchenware, and decorations, and manufacturing household melamine utensils, kitchenware, and decorations.
- **Ultrapak Manufacturing Co. Ltd. (Ultrapak):** A Saudi limited liability company established under Commercial Registration Certificate No. (4030126251), dated 16/10/1419H (Corresponding to 03/02/1999G), and (100%) owned by Takween Advanced Industries Co. This Subsidiary is engaged in the chemicals, wholesale of primary plastic materials, rubber, and synthetic fibers, as well as general warehousing of various goods. However, this Subsidiary is currently dormant, as it does not engage in any actual activities and does not own any workers as of the date of publishing this Prospectus.

9.3.2 Associates within Saudi Arabia

- **Advanced Fabrics Factory Co.:** A Saudi limited liability Company established under Commercial Registration Certificate No. (2250027835) dated 03/04/1432H (Corresponding to 14/06/2002G), and (100%) owned by Takween Advanced Industries Co. This Subsidiary is engaged in manufacturing cotton fabrics and plastics (polymers) in various forms.

During 2020G, the Group signed a Share Purchase Agreement with JOFO Nonwoven Co. Ltd., headquartered in China, to sell 70% of the shares of Advanced Fabrics Factory Co. (SAAF). As a result, Takween now owns (30%) of SAAF shares. The Group fulfilled the Share Purchase Agreement's terms and conditions and announced the completion of the entire deal in July 2021G, as Takween received letter No. (505718) dated 10/11/1442H (Corresponding to 20/06/2021G) from the General Authority for Competition, stating their non-objection to complete the economic concentration process through the acquisition of 70% of Takween's shares in Advanced Fabrics Factory Co. (SAAF) by Chinese JOFO Nonwoven Co. Ltd., so that the Company's ownership structure, in accordance with its amended bylaws registered with the Notary Public at the General Investment Authority in Jeddah under No. (423720596) and dated 21/11/1442H (Corresponding to 01/07/2021G), becomes as follows:

Table No. (60): Ownership Structure of Advanced Fabrics Factory Co

Shareholder's Name	No. of Shares	Share Value	Total	Percentage
Takween Advanced Industries Co. (PJS)	55,440	1,000	55,440,000	30%
JOFO Nonwoven Co. Ltd.	129,360	1,000	129,360,000	70%
Total	184,800		184,800,000	100%

Source: The Company

- According to the financial statements for the year 2022G, the Group reclassified the results of Fabrics Factory Co. (SAAF) under the item of loss / investment income in an associate.

9.3.3 Subsidiaries outside Saudi Arabia

- **New Marina for Plastic Industries Company (SAE) (New Marina):** The Company was established in Burj Al Arab Industrial City, Alexandria, Egypt, in which Takween Advanced Industries Co. owns a percentage of (99.66%). The Company's activities include establishing and operating a factory for manufacturing and selling plastic products of all kinds, establishing and operating a factory for foam and spare parts, metal reworking and repair, general importing, exporting, and trading, and financial leasing.
- Licenses, certificates, and approvals related to the subsidiary outside Saudi Arabia:
- The Subsidiary was registered with the commercial register under Registration Certificate No. (171) dated 24/10/1417H (Corresponding to 04/03/1997G) in Alexandria (address: New Burj Al Arab, Second Industrial City), and it is an Egyptian joint-stock Company. The Subsidiary activities include establishing and operating a factory that manufactures and sells plastic products of all kinds, as well as operating a foam and spare parts factory, metal reworking, and general importing, exporting, trading, and financial leasing.
- The following table shows the current licenses and approvals obtained by the Subsidiary:

Table No. (61): Licenses and approvals obtained by New Marina

License Type	Purpose	License Holder	License No.	Issue/ Renewal Date	Expiry Date	Issuing Authority
Commercial Register	To register the Subsidiary in the Commercial Companies Register.	New Marina for Plastic Industries Company	171	24/10/1417H (Corresponding to 04/03/1997G)	-	Ministry of Commerce, Commercial Register Office in Alexandria
Industrial Register Certificate	In compliance with Law No. 24 of 1977 and to license the Company to engage in the activity of (preform bottles - plastic containers with lids - empty plastic soda boxes - film rolls - plastic chairs - handles for plastic containers).	New Marina for Plastic Industries Company	1999/27199	30/02/1440H (Corresponding to 08/11/2018G)	23/04/1445H (Corresponding to 07/11/2023G)	Ministry of Trade and Industry - Industrial Development Authority
CCI Membership Certificate	To join the members of the Chamber of Chemical Industries and engage in the activity of (Preform water bottle tubes - plastic containers with lids - empty plastic soda boxes - PE shrink film rolls).	New Marina for Plastic Industries Company	2208	04/09/1444H (Corresponding to 26/03/2023G)	18/06/1445H (Corresponding to 31/12/2023G)	Federation of Egyptian Industries - Chamber of Chemical Industries

License Type	Purpose	License Holder	License No.	Issue/ Renewal Date	Expiry Date	Issuing Authority
NOSI Subscription Certificate	In compliance with the Social Insurance Law	New Marina for Plastic Industries Company	0093295	08/06/1444H (Corresponding to 01/01/2023G)	18/06/1445H (Corresponding to 31/12/2023G)	National Organization for Social Insurance
Operating License by Notification	In compliance with the provisions of the Law on Facilitating the Procedures of Licensing the Industrial Establishments and to license the Company to engage in the activity of (manufacturing plastic products - manufacturing furniture)	New Marina for Plastic Industries Company	112018120300032	25/03/1440H (Corresponding to 03/12/2018G)	The license validity is linked to the continuous validity of the documents issued thereby, the facility's continued fulfillment of the established requirements, and commitment to annual follow-up.	Ministry of Trade and Industry - Industrial Development Authority
ISO Certification	To confirm that the Company's management system is compliant with the Food Safety System's standards, such as: (FSSC) 22000 ISO/TS 22002-4:2013 ISO 22000:2018	New Marina for Plastic Industries Company	20000220007234	16/11/1443H (Corresponding to 15/06/2022G)	18/12/1446H (Corresponding to 14/06/2025G)	ABC Certification
ISO Certification	To confirm that the Company's management system is compliant with Quality Management Systems' standards, such as: ISO 9001:2015	New Marina for Plastic Industries Company	ABC-74T-QC22	11/12/1444H (Corresponding to 05/11/2022G)	12/05/1445H (Corresponding to 26/11/2023G)	ABC Certification
ISO Certification	To confirm that the Company's management system is compliant with the standards of the Occupational Health and Safety Management System, such as: ISO 45001:2018	New Marina for Plastic Industries Company	ABC-74T-OH22	11/04/1444H (Corresponding to 05/11/2022G)	01/05/1445H (Corresponding to 15/11/2023G)	ABC Certification
ISO Certification	To confirm that the Company's management system is compliant with Environmental Management System's standards, such as: ISO 14001:2015	New Marina for Plastic Industries Company	ABC-74T-EC22	11/04/1444H (Corresponding to 05/11/2022G)	12/05/1445H (Corresponding to 26/11/2023G)	ABC Certification
Building Permit	To license the Company to establish a factory in the Second Industrial Zone (Plot No. (9) Block (16))	New Marina for Plastic Industries Company	73/2004	-	-	New Urban Communities Authority - New Burj El Arab City Authority (Licensing Department)

Source: The Company

• Distribution of Employees in the Subsidiary

The table below shows the numbers of employees working for the Subsidiary - New Marina for Plastic Industries Company - according to data from various government entities:

Table No. (62): Number of Employees at New Marina Company According to Government Entities

Entity	Reference	Total	Remarks
National Organization for Social Insurance	NOSI	(402)	As of 01/01/2022G
Regulations for Labor and Penalties	Regulations for Labor and Penalties	(204)	-
Payroll	-	(167)	As of March 2023G

Source: The Company

- Summary of Material Contracts

Leases
Table No. (63): New Marina's Leases

#	Lessor's Name	Lessee/Investor	Property Location	Property Type	Rental value	Lease Term	Commencement Date	Expiry Date	Remarks
1	Makanak Business Solutions and Consulting Company LLC	New Marina for Plastic Industries Company	Commercial Building No. 13i, Service Area, Legenda Village, Sheikh Zayed City - 1St Neighborhood - Second Center District, Sheikh Zayed City	Office for the Company	SAR 33,408 annually	One year	13/12/1444H (Corresponding to 01/07/2023G)	12/12/1444 H (Corresponding to 30/06/2023G)	The Lease has expired and has not been renewed.

Source: The Company

- Loans and Facilities

A Financing Contract concluded with the National Bank of Egypt (NBE).

The following are the highlights of this Contract:

On 29/09/2014G), the Subsidiary "New Marina for Plastic Industries Company" concluded a Credit Facilities Contract with NBE with a credit limit of (SAR 4,200,000) to open letters of credit and a second limit of (SAR 3,000,000) in a debit current account to finance part of the working investment.

On 12/06/2022G), the Company renewed the credit facilities, and NBE granted the Subsidiary credit facilities worth (SAR 3,240,000).

- The Company undertakes the following:
- To waive, in favor of NBE, part of the insurance policy for the Company's physical assets against all risks.
- To not make any amendment to the shareholder structure that may reduce the controlling share of the main shareholders.
- Not to arrange any material burdens that may affect the fulfillment of banking obligations for this facility except after notifying NBE.
- It is agreed that if the Subsidiary does not start withdrawing or using the credit facility account within (6) months ending on 21/03/1444H (Corresponding to 17/10/2022G), NBE shall be entitled to cancel this facility without the need for notice or warning.
- The Contract expires on 26/09/1444H (Corresponding to 17/04/2023G), the day on which the client shall pay the bank all debit balances arising from this facility, including principal, returns, commissions, fees, expenses, and any other due amounts. This Contract may be renewed for a period or similar periods with the approval of both parties to the Contract.

Guarantees:

- A promissory note of (SAR 1,200,000) signed by New Marina for the benefit of NBE.
- A promissory note of (SAR 2,400,000) signed by New Marina for the benefit of NBE.
- A promissory note of (SAR 1,800,000) signed by New Marina for the benefit of NBE.


Contract Attachments:

- Acknowledgment and Disclosure
- Filling Data Authorization
- Approval of receivable account balances and acknowledgment of debt
- Approval and permission

- Trademarks

The Company has a logo (NEW MARINA) that it uses in its dealings. The logo has been registered as a trademark with the Ministry of Supply and Internal Trade and the Trademark Department at the Internal Trade Development Authority, under class (17) specializing in (rubber, gutta-percha, gum, asbestos, mica, products made from these materials and not included in other classes, plastic materials extruded form for use in manufacturing, packing, filling, and insulation materials, flexible non-metallic pipes and tubes). The trademark has been granted the necessary legal protection according to the Trademark Law, allowing the Company to use or display the same on its products or the exterior facade of t buildings, offices, or vehicles.

Table No. (64): New Marina's Trademarks

Certificate No.	Registration Date	Owner Company	Date of Start of Protection	Date of End of Protection	Class	Trademark
178224	21/08/ 2014G	New Marina for Plastic Industries Company	25/10/1435H (Corresponding to 21/08/2014G)	17/02/1446H (Corresponding to 21/08/2024G)	17	

Source: The Company

• **Insurance**

The subsidiary has a number of insurance policies to head off some risks and preserve its assets and property, including the following:

• **Health insurance**

- The subsidiary, New Marina for Plastic Industries Company, has entered into a comprehensive medical insurance policy for the Company's employees with Delta Life Assurance under policy number (23/02/8001/00070). The policy is valid from 15/05/2023G until 14/05/2024G, and it covers (171) Insured.

• **Life insurance**

- The subsidiary has entered into a life insurance policy with Delta Life Assurance under policy number (673/2023). The policy is valid from 15/05/2023G until 14/05/2024G, including death for any reason, total disability, and permanent partial disability resulting from accident or illness, and it covers (173) insured.

• **Vehicle insurance**

- The subsidiary entered into a vehicle insurance policy with Misr Insurance Company under Policy No.: (MOT1198985623A), which is valid from 01/05/2023G until 01/05/2024G, and it covers (4) vehicles.
- The subsidiary entered into a vehicle insurance policy with Misr Insurance Company under Policy No.: (MOT5451785623A), which is valid from 01/05/2023G until 01/05/2024G, and it covers (2) vehicles.
- The subsidiary entered into a vehicle insurance policy with Misr Insurance Company under Policy No.: (MOT5451795623A), which is valid from 01/05/2023G until 01/05/2024G, and it covers (2) vehicles.

• **Property Insurance against all Damages**

The subsidiary entered into a property insurance against all damages policy with Mohandes Insurance Co. under Policy No.: (5009624/خ ص), which is valid from 06/07/2023G until 06/07/2024G.

• **Judicial Disputes**

Table No. (65): Judicial Disputes of New Marina Company

Objection No.	Objection Date	Concerned Party of Objection	Objector	Objection Type	Subject	Status/ Company Position	Remarks
1232	08/10/1443H (Corresponding to 09/05/2022G)	National Organization for Social Insurance	New Marina for Plastic Industries Company	Objection to a claim	New Marina Company objected to a claim issued by the National Organization for Social Insurance based on an inspection of the facility, where New Marina Company was notified to pay a claim amounting to (SAR 762,568).	The objection was accepted and it was found that there were incorrect wages and that the differences were within the amount of (SAR 91,268).	There is a letter from the National Organization for Social Insurance stating that the required amount shall be paid.

Source: The Company

9.4 Primary Licenses, Certificates, and Approvals

9.4.1 Licenses, Certificates, and Approvals of Head Office

- The Company has obtained several regulatory and operational licenses and certificates from the competent authorities necessary to carry out its activity in accordance with the regulations in force in the Kingdom of Saudi Arabia, and these licenses shall be renewed periodically.
- The following table shows the current licenses and approvals obtained by the Company related to its main registry.

Table No. (66): Licenses, Certificates, and Approvals of Head office

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Commercial Registration	To register The Company in Commercial Companies Registration (Public Joint-stock Company)	Takween Advanced Industries Co., Unified No. (7001441083)	2051044381	09/01/1432H (Corresponding to 15/12/2010G)	08/01/1447H (Corresponding to 03/07/2025G)	Ministry of Commerce, Commercial Registration Office, Al Khobar
Membership Registration in the Chamber of Commerce and Industry	To comply with the Registration Provisions, the Company is classified as (first) class	Takween Advanced Industries Co.	117117	09/01/1432H (Corresponding to 15/12/2010G)	08/01/1447H (Corresponding to 03/07/2025G)	Chamber of Commerce and Industry, Eastern Province
Zakat and Income Certificate	To state that the Company had provided its annual statement and complied with Zakat payment	Takween Advanced Industries Co.	1110234211	13/10/1444H (Corresponding to 04/05/2023G)	21/10/1445H (Corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
VAT Registration Certificate	To state that the Company is registered in VAT	Takween Advanced Industries Co.	300429165900003	13/04/1439H (Corresponding to 01/01/2018G)	-	Zakat, Tax and Customs Authority
GOSI Subscription Certificate*	To comply with the Regulations of the General Organization for Social Insurance	Takween Advanced Industries Co.	509851573	23/03/1445H (Corresponding to 08/10/2023G)	22/04/1445H (Corresponding to 06/11/2023G)	General Organization for Social Insurance
Certificate of Compliance with WPS**	To comply with WPS	Takween Advanced Industries Co. Public Joint-stock Company	640456-1902001	09/04/1445H (Corresponding to 24/10/2023G)	10/05/1445H (Corresponding to 24/11/2023G)	WPS - Ministry of Human Resources and Social Development
Saudization Certificate***	To state that the Company is committed to the Saudization proportion required in accordance with Nitaqat Program	Takween Advanced Industries Co. Entity No. (1310221-15)	160231-21362529	04/04/1445H (Corresponding to 19/10/2023G)	05/07/1445H (Corresponding to 17/01/2024G)	Ministry of Human Resources and Social Development
Nitaqat Certificate	To assess the entity in accordance with Nitaqat Program which refers to that the Company is within the (Med Green) class.	Takween Advanced Industries Co.	1310221-15	October 2023G	-	Ministry of Human Resources and Social Development (Labor Office -E-Services)
Municipality License	To license running The Company's business	Takween Advanced Industries Co.	441112488338	-	29/11/1447H (Corresponding to 16/05/2026G)	Eastern Province Municipality -Dhahran - Al Qashlah
Safety License	To state that the Subsidiary has complied with the civil safety requirements of Civil Defense	Takween Advanced Industries Co. Factory	1-001195360-44	29/11/1444H (Corresponding to 18/06/2023G)	29/11/1447H (Corresponding to 16/05/2026G)	General Directorate of Civil Defense

Source: The Company

* A compliance certificate that is valid for a maximum of one month and shall be renewable electronically upon request.

** A compliance certificate that is valid for a maximum of 60 days and shall be renewable electronically upon request.

*** A compliance certificate that is valid for a maximum of three months and shall be renewable electronically upon request.

9.4.2 Licenses, Certificates, and Approvals of Company's Branches

- Article Five (5) of the Company's bylaws stipulates that the Company's Board of Directors may establish branches inside or outside the Kingdom of Saudi Arabia.
- As of the date of publication of this Prospectus, the Company has written off two (2) previous branches and currently owns one branch outside the Kingdom of Saudi Arabia located in the United Arab Emirates - Unit No. (412) Goldcrest Executive - Plot JLT-PH-1C-2A- Jumeirah Lakes Towers, Dubai, which is registered under the name of "Takween Advanced Industries Company (DMCC Branch) according to the following:

Licenses, Certificates, and Approvals of the Company's Branch in UAE

Table No. (67): Licenses, Certificates, and Approvals of the Company's Branch in UAE

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Commercial Registration	To register The Company's Branch in the Commercial Companies Register	Takween Advanced Industries Co. (DMCC Branch)	DMCC66715	-	-	-
VAT Registration Certificate in UAE	To register the branch in VAT, UAE	Takween Advanced Industries Co. (DMCC Branch)	100459138200003	25/04/1440H (Corresponding to 01/01/2019G)	-	Federal Tax Authority
Commercial Registration	To license conducting the Company's business (trading of plastic containers and bags)	Takween Advanced Industries Co. (DMCC Branch)	DMCC-229074	25/01/1438H (Corresponding to 26/10/2016G)	10/04/1445H (Corresponding to 25/10/2023G)	Dubai Multi Commodities Centre (DMCC)
Electronic Card	To comply with the General Directorate for Residency and Foreigners Affairs	Takween Advanced Industries Co. (DMCC Branch)	208723/6/2	-	16/04/1445H (Corresponding to 31/10/2023G)	Federal Authority for Identity and Citizenship - General Directorate for Residency and Foreigners Affairs

Source: The Company

9.4.3 Licenses, Certificates, and Approvals of Subsidiaries

9.4.3.1 Saudi Plastic Packaging Systems Ltd.

- The subsidiary, Saudi Plastic Packaging Systems Ltd., obtained several regulatory and operational licenses and certificates from the competent authorities to conduct its activity in accordance with the regulations in force in the Kingdom of Saudi Arabia, and these licenses shall be renewed periodically.
- The following table shows the current licenses and approvals obtained by the subsidiary:

Table No. (68): Licenses, Certificates, and Approvals of Saudi Plastic Packaging Systems Ltd

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Commercial Registration	To register The Company in the Commercial Companies Register	Saudi Plastic Packaging Systems Ltd., Unified No. (7001513386)	2250063668	09/04/1405H (Corresponding to 01/01/1985G)	30/05/1449H (Corresponding to 30/10/2027G)	Ministry of Commerce - Commercial Registration Office in Al-Ahsa
Membership Registration in the Chamber of Commerce and Industry	To comply with the provisions of the Commercial Register Law, the Company is classified as (first) class	Saudi Plastic Packaging Systems Ltd.	302001147844	15/01/1445H (Corresponding to 02/08/2023G)	30/05/1449H (Corresponding to 30/10/2027G)	Al-Ahsa Chamber of Commerce and Industry
Zakat and Income Certificate	To state that the Company had provided its annual statement and complied with Zakat payment	Saudi Plastic Packaging Systems Ltd.	1020196939	29/09/1444H (Corresponding to 20/04/2023G)	21/10/1445H (Corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority

Source: The Company

- The main office does not have any workers and carries out its industrial activities through branches. It occupies the same head office as the Al-Jarm factory, which is the Company's branch, Saudi Plastic Company for Packaging Systems, registration No. (2250067519).

Branches of Subsidiaries

- The subsidiary has branches in several cities (namely, Riyadh, Jeddah, and Al-Ahsa), and the Company's branches shall obtain and maintain primary licenses, approvals, and certificates to practice their activity.

Below are details of the primary licenses, approvals, and certificates obtained by the Company's branches.

9.4.3.2 Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems

- The branch was registered with the Commercial Register under Certificate No. (1010126846) dated 19/02/1415H (Corresponding to 28/07/1994G) in the city of Riyadh (address: Riyadh, Al-Kharj Road, Second Industrial City, T.: 5323000 - postal code: 31982 – PO.: (66466) - Unified No.: (7013875113) in order to practice the activity of manufacturing plastics (plastics) in their primary forms. This certificate is valid until 16/02/1446H (Corresponding to 20/08/2024G). The following are the details of the licenses obtained by the branch:

Table No. (69): Licenses, Certificates, and Approvals of Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Commercial Registration	To register The Company's Branch in the Commercial Companies Register	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems, Unified No. (7013785113)	1010126846	19/02/1415H (Corresponding to 28/07/1994G)	16/02/1446H (Corresponding to 20/08/2024G)	Ministry of Commerce, Commercial Registration Office, Riyadh
Membership Registration in the Chamber of Commerce and Industry	To comply with the Provisions of the Commercial Register Law, the Company is classified as (first) class	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	190539	11/06/1429H (Corresponding to 15/06/2008G)	16/02/1446H (Corresponding to 20/08/2024G)	Chamber of Commerce and Industry, Riyadh
GOSI Subscription Certificate *	To comply with GOSI Law	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems (13233772)	57569271	29/02/1445H (Corresponding to 14/09/2023G)	28/03/1445H (Corresponding to 13/10/2023G)	GOSI
Certificate of Compliance with WPS **	To comply with depositing workers' wages through local banks	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	20012309021576	29/02/1445H (Corresponding to 14/09/2023G)	30/04/1445H (Corresponding to 14/11/2023G)	WPS - Ministry of Human Resources and Social Development
Saudization Certificate ***	To state that the Company complies with the required Saudization rate according to Nitaqat Program	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems No. (1-35987)	164918-20582285	28/12/1444H (Corresponding to 16/07/2023G)	29/03/1445H (Corresponding to 14/10/2023G)	Ministry of Human Resources and Social Development
Nitaqat Certificate	To evaluate the entity according to Nitaqat program, indicating that the Company is within (low green) class	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	1-35987	July 2023G	-	Ministry of Human Resources and Social Development (Labor Office -E-Services)
ISO Certificate	To state that the Company's management system is compatible with management standards in accordance with (DIN EN ISO 9001:2015)	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	002-4410018570010	05/07/1442H (Corresponding to 17/02/2021G)	06/08/1445H (Corresponding to 16/02/2024G)	TUV NORD

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Global Standard for Packaging Materials Certificate	The Company has been assessed as meeting the requirements of the Global Standard for Packaging Materials for the listed activities with an A+ grade	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	JO21/85184	20/04/1444H (Corresponding to 14/11/2022G)	14/06/1445H (Corresponding to 27/12/2023G)	SGS
Industrial Facility License	To comply with the regulations of the Ministry of Energy, Industry and Mineral Resources and license the Company to practice the activity (manufacture of plastic products)	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	451110129352	19/02/1445H (Corresponding to 04/09/2023G)	01/03/1446H (Corresponding to 04/09/2024G)	Ministry of Industry and Mineral Resources
Operation License Contract No. (807022)	To comply with the terms and regulations issued by "Modon"	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	OLC-23-02-20000583	29/07/1444H (Corresponding to 20/02/2023G)	10/08/1445H (Corresponding to 20/02/2024G)	The Saudi Authority for Industrial Cities and Technology Zones
Operation License Contract No. (807024)	To comply with the terms and regulations issued by "Modon"	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	OLC-23-02-20000582	29/07/1444H (Corresponding to 20/02/2023G)	10/08/1445H (Corresponding to 20/02/2024G)	The Saudi Authority for Industrial Cities and Technology Zones
Operation License Contract No. (807909)	To comply with the terms and regulations issued by "Modon"	Plastic Containers Factory	OLC-23-20000581	29/07/1444H (Corresponding to 20/02/2023G)	10/08/1445H (Corresponding to 20/02/2024G)	The Saudi Authority for Industrial Cities and Technology Zones
Operation License Contract No. (809347)	To comply with the terms and regulations issued by "Modon"	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	OLC-23-02-20000580	29/07/1444H (Corresponding to 20/02/2023G)	12/09/1444H (Corresponding to 03/04/2023G)	The Saudi Authority for Industrial Cities and Technology Zones
Environmental License for Operation	To comply with National Center for Environmental Compliance Program	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	21218	11/10/1443H (Corresponding to 12/05/2022G)	03/10/1446H (Corresponding to 01/04/2025G)	National Center for Environmental Compliance

Source: The Company

*A compliance certificate that is valid for a maximum of one month and shall be renewable electronically upon request.

**A compliance certificate that is valid for a maximum of 60 days and shall be renewable electronically upon request.

***A compliance certificate that is valid for a maximum of three months and shall be renewable electronically upon request.

9.4.3.3 Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems

- The branch was registered with the Commercial Register under Certificate No. (4030104975) dated 16/02/1415H (Corresponding to 25/07/1994G) in the city of Jeddah (address: Jeddah, Industrial City Phase 4, T: 5323000 - postal code: 31982 – PO.: (66466) - Unified No.: (7006979103) in order to practice the activity of manufacturing plastics (plastics) in their primary forms. This certificate is valid until 12/02/1446H (Corresponding to 16/08/2024G). The following are the details of the licenses obtained by the branch:

Table No. (70): Licenses, Certificates, and Approvals of Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Commercial Registration	To register The Company In the Commercial Companies Register	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems, Unified No. (7006979103)	4030104975	16/02/1415H (Corresponding to 21/07/1994G)	12/02/1446H (Corresponding to 16/08/2024G)	Ministry of Commerce, Commercial Registration Office, Jeddah
Membership Registration in the Chamber of Commerce and Industry	To comply with the Registration Provisions, the Company is classified as (first) class	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	-	16/02/1415H (Corresponding to 21/07/1994G)	12/02/1446H (Corresponding to 16/08/2024G)	Chamber of Commerce and Industry, Jeddah
GOSI Subscription Certificate *	To comply with GOSI Law	Saudi Plastic Packaging Systems, Subscription No. (100027119)	58347606	04/04/1445H (Corresponding to 19/10/2023G)	03/05/1445H (Corresponding to 17/11/2023G)	GOSI
Certificate of Compliance with WPS **	To comply with depositing workers' wages through local banks	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	20092309005833	29/02/1445H (Corresponding to 14/09/2023G)	30/06/1445H (Corresponding to 14/11/2023G)	WPS - Ministry of Human Resources and Social Development
Saudization Certificate ***	To state that the Company complies with the required Saudization rate according to Nitaqat Program	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems No. (9-7419)	120991-50286233	04/04/1445H (Corresponding to 19/10/2023G)	05/07/1445H (Corresponding to 17/01/2024G)	Ministry of Human Resources and Social Development
Nitaqat Certificate	To evaluate the entity according to Nitaqat program, indicating that the Company is within the (low green) class	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	9-7419	October 2023G	-	Ministry of Human Resources and Social Development (Labor Office -E-Services)
Global Standard for Packaging Materials Certificate	The Company has been assessed as meeting the requirements of the Global Standard for Packaging Materials for the listed activities with an A+ grade	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	JO21/85181	12/05/1444H (Corresponding to 06/12/2022G)	16/06/1445H (Corresponding to 29/12/2023G)	SGS
ISO Certificate	To state that the Company's management system is compatible with management standards in accordance with (DIN EN ISO 9001:2015)	A Branch of Saudi Plastic Packaging Systems	003-4410018570010	05/07/1442H (Corresponding to 17/02/2021G)	06/08/1445H (Corresponding to 16/02/2024G)	TUV NORD
License Certificate for using Biodegradable Plastic logo	To comply with Saudi Standards, Metrology and Quality Organization	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	20230509782	13/02/1445H (Corresponding to 29/08/2023G)	25/02/1446H (Corresponding to 29/08/2024G)	Saudi Standards, Metrology and Quality Organization
Industrial Facility License	To comply with the regulations of the Ministry of Energy, Industry and Mineral Resources and license the Company to practice the activity (manufacture of plastic products)	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	441102122163	13/04/1444H (Corresponding to 07/11/2022G)	17/03/1447H (Corresponding to 09/09/2025G)	Ministry of Industry and Mineral Resources

License Type	Purpose	License Holder	License No.	Date of Issue/ Renewing	Expiry Date	Issuing Authority
Operating License Contract No. (807785)	To comply with the terms and regulations issued by "Modon"	Plastic Containers Factory	OLC-23-08-10002855	23/01/1445H (Corresponding to 10/08/2023G)	29/07/1445H (Corresponding to 10/02/2024G)	The Saudi Authority for Industrial Cities and Technology Zones
Environmental license for operation	To comply with the regulations of the National Center for Environmental Compliance	Plastic Containers Factory, a branch of Saudi Plastic Packaging Systems	2456	15/02/1444H (Corresponding to 11/09/2022G)	08/02/1447H (Corresponding to 02/08/2025G)	National Center for Environmental Compliance

Source: The Company

*A compliance certificate that is valid for a maximum of one month and shall be renewable electronically upon request.

**A compliance certificate that is valid for a maximum of 60 days and shall be renewable electronically upon request.

***A compliance certificate that is valid for a maximum of three months and shall be renewable electronically upon request.

9.4.3.4 Saudi Arabia Plastic Packaging Systems Company

The branch was registered with the commercial register No. (2250067519) dated 02/05/1438H (Corresponding to 30/01/2017G) in the city of Al-Ahsa villages (address: Al-Ahsa, Al-Jarn, telephone No: 5323000- postal code:31982- P.O: (66466) and Unified No. (7003762528) for the activity of plastic (plastics) in its primary forms, this certificate is in effect until 02/05/1448H (corresponding to 13/10/2026G). The following are the details of the licenses the branch has obtained:

Table No. (71): Licenses, Certificates, and Approvals of Saudi Arabia Plastic Packaging Systems Company branch

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Commercial Registration	To register the Company's branch in the commercial companies' register	Saudi Arabia Plastic Packaging Systems Company - Unified No. (7003762528)	2250067519	02/05/1438H (Corresponding to 30/01/2017G)	02/05/1448H (Corresponding to 13/10/2026G)	Ministry of Commerce and Commercial Register office in the city of Al-Ahsa villages
Membership Registration in the Chamber of Commerce and Industry	To comply with the provisions of the commercial register law, the Company is listed in the (First) degree	Saudi Arabia Plastic Packaging Systems Company	302001153444	25/10/1444H (Corresponding to 15/05/2023G)	08/07/1445H (Corresponding to 20/01/2024G)	The chamber of Commerce and industry in the city of Al-Ahsa villages
GOSI Subscription Certificate*	To comply with GOSI law	Saudi Arabia Plastic Packaging Systems Company branch Subscription No. (592293579)	58347520	04/04/1445H (Corresponding to 19/10/2023G)	03/05/1445H (Corresponding to 17/11/2023G)	General Organization for Social Insurance
Certificate of Compliance with WPS**	To comply with depositing employees' wages with local banks	Saudi Arabia Plastic Packaging Systems Company	2008239000744	29/02/1445H (Corresponding to 14/09/2023G)	30/04/1445H (Corresponding to 14/11/2023G)	Wage 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	Saudi Arabia Plastic Packaging Systems Company Number (8-1606735)	656342-27341315	04/04/1445H (Corresponding to 19/10/2023G)	05/07/1445H (Corresponding to 17/01/2024G)	Ministry of Human Resources and Social Development
Nitaqat Certificate	To evaluate the entity according to Nitaqat program, which indicates that the Company is in the range (green low)	Saudi Arabia Plastic Packaging Systems Company	8-1606735	October 2023G		Ministry of Human Resources and Social Development (Bureau of Labor-E-services)

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Certificate of Global Standard of Packaging Materials	The Company has been evaluated as it meets the global standard of Packaging Materials for the activities mentioned by a degree of +AA	Saudi Arabia Plastic Packaging Systems Company	JO21/85175	25/01/1445H (Corresponding to 09/12/2023G)	08/07/1445H (Corresponding to 20/01/2024G)	SGS
Industrial facility License	To comply with the regulations of the Ministry of Energy, Industry and Mineral Resources laws to license the Company to practice the Activity (manufacturing plastics)	Saudi Arabia Plastic Packaging Systems Company branch	451110130717	27/03/1445H (Corresponding to 12/10/2023G)	09/04/1446H (Corresponding to 12/10/2024G)	Ministry of Industry and Mineral Resources
Environmental permit for operation	To comply with the regulations of the National Center for Environmental Compliance	Saudi Arabia Plastic Packaging Systems Company	17495	11/08/1442H (Corresponding to 24/03/2021G)	05/07/1445H (Corresponding to 17/01/2024G)	National Center for Environmental Compliance

Source: The Company

* Compliance certificate valid for a maximum of one month; it can be renewed electronically upon request.

** Compliance certificate valid for a maximum of 60 days; it can be renewed electronically upon request.

*** Compliance certificate valid for a maximum of three months; it can be renewed electronically upon request.

- The factory is located in an agricultural land, and work is currently underway to obtain the municipality certificate and the safety certificate.

9.4.3.5 Saudi Arabia Plastic Packaging Systems Company Branch

- The branch was registered with the commercial register under the certificate No. (2257067520) dated 02/05/1438H (corresponding to 30/01/2017G) in Al-Oyoun city (address: Al-Ahsa, Al-Oyoun, telephone No: 5323000- postal code:31982 - P.O: (66466) - Unified No.: (7003762536) for the activity of plastic (plastics) in its primary forms, this certificate is in effect until 02/05/1448H (corresponding to 13/10/2026G). The following are the details of the licenses the branch has obtained:

Table No. (72): Licenses, Certificates, and Approvals of Saudi Arabia Plastic Packaging Systems Company branch

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Commercial Registration	To register the Company's branch in the commercial companies' register	Saudi Arabia Plastic Packaging Systems Company the unified number (7003762536)	2257067520	02/05/1438H (corresponding to 30/01/2017G)	02/05/1448H (corresponding to 13/10/2026G)	Ministry of Commerce - the Commercial Register office in Al-Oyoun city
Membership Registration in the Chamber of Commerce and Industry	To comply with the provisions of the commercial register law, the company is listed in the (First) degree	Saudi Arabia Plastic Packaging Systems Company branch	302001153443	25/10/1444H (corresponding to 15/05/2023G)	02/05/1448H (corresponding to 13/10/2026G)	Chamber of Commerce and Industry in Al-Ahsa city
GOSI Subscription Certificate*	To comply with GOSI law	Saudi Arabia Plastic Packaging Systems Company branch Subscription No. (592246325)	58347619	04/04/1445H (corresponding to 19/10/2023G)	03/05/1445H (corresponding to 17/11/2023G)	General Organization for Social Insurance
Certificate of Compliance with WPS**	To comply with depositing employees' wages through local banks	Saudi Arabia Plastic Packaging Systems Company branch	2008230900751	03/03/1445H (corresponding to 18/09/2023G)	04/05/1445H (corresponding to 18/11/2023G)	Wage Protection System- Ministry of Human Resources and Social Development
Saudization Certificate***	To state that the Company is committed to the required Saudization rate according to Nitaqat program	Saudi Arabia Plastic Packaging Systems Company branch Employer No. (8-1605845)	2033413—37859681	04/04/1445H (corresponding to 19/10/2023G)	05/07/1445H (corresponding to 17/01/2024G)	Ministry of Human Resources and Social Development

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Nitaqat Certificate	Company entity evaluation according to Nitaqat program, which indicates that the Company is in the range (green low)	Saudi Arabia Plastic Packaging Systems Company branch	8-1605845	October 2023G	-	Ministry of Human Resources and Social Development (Bureau of Labor-E-services)
ISO certificate	To state that the management system of the Company complies with management standards in accordance with (DIN EN ISO 9001:2015) system	Saudi Arabia Plastic Packaging Systems Company branch	4410018570010	05/07/1442H (corresponding to 17/02/2021G)	06/08/1445H (corresponding to 16/02/2024G)	TUV NORD
Certificate of Global Standard of Packaging Materials	The Company has been evaluated as it meets the global standard of Packaging Materials for the activities mentioned by a degree of +A	Saudi Arabia Plastic Packaging Systems Company branch	JO21/85176	13/05/1444H (corresponding to 07/12/2022G)	09/06/1445H (corresponding to 22/12/2023G)	SGS
Industrial facility license	To comply with Ministry of Energy, Industry and Mineral Resources system and license the Company to practice the Activity (manufacturing Plastics)	Saudi Arabia Plastic Packaging Systems Company branch	421102109095	06/05/1442H (corresponding to 21/12/2020G)	08/06/1445H (corresponding to 21/12/2023G)	Ministry of Industry and Mineral Resources
Operating License Contract No. (812276)	To comply with terms and regulations issued by "MODON"	Saudi Arabia Plastic Packaging Systems Company branch in Al-Oyoun	OLC-23-07-25002578	07/01/1445H (corresponding to 25/07/2023G)	29/01/1446H (corresponding to 25/07/2024G)	Saudi Authority for Industrial Cities and Technology Zones
Environmental permit for operation	To comply with the regulations of the National Center for Environmental Compliance	Saudi Arabia Plastic Packaging Systems Company branch in Al-Oyoun	EEPOPP-2023-000390	04/09/1444H (corresponding to 26/03/2023G)	07/10/1447H (corresponding to 26/03/2026G)	National Center for Environmental Compliance

Source: The Company

* Compliance certificate valid for a maximum of one month; it can be renewed electronically upon request.

** Compliance certificate valid for a maximum of 60 days; it can be renewed electronically upon request.

*** Compliance certificate valid for a maximum of three months; it can be renewed electronically upon request.

9.4.3.6 Plastic Industries (Al Sharq)

- The subsidiary, Al Sharq Plastic Industries Company, has obtained many statutory and operational licenses and certificates from the competent authorities as required for practicing its activity in accordance with the laws applicable in Saudi Arabia. These licenses are renewed regularly.
- The following table shows the current licenses and approvals obtained by the subsidiary.

Table No. (73): Licenses, Certificates, and Approvals of the Subsidiary: Al Sharq Plastic Industries

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Commercial Registration	To register the Company's branch in the commercial companies' register	Al Sharq Plastic Industries Company	1010008540	14/08/1395H (corresponding to 22/08/1975G)	01/01/1447H (corresponding to 26/06/2025G)	Ministry of Commerce - the Commercial Register office in Riyadh
Membership Registration in the Chamber of Commerce and Industry	To comply with the provisions of the commercial register law, the Company is listed in the (First) degree	Al Sharq Plastic Industries Company	4749	12/11/1397H (corresponding to 25/10/1977G)	01/01/1447H (corresponding to 26/06/2025G)	The chamber of Commerce and industry in Jeddah
Zakat and income certificate	To state that the Company has submitted its annual declaration and has paid zakat	Al Sharq Plastic Industries Company	1020242520	17/11/1444H (corresponding to 06/06/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority
GOSI Subscription Certificate*	To comply with GOSI law	Al Sharq Plastic Industries Company Subscription No. (10054400)	58348945	04/04/1445H (corresponding to 19/10/2023G)	03/05/1445H (corresponding to 17/11/2023G)	General Organization for Social Insurance

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Certificate of Compliance with WPS**	To comply with Wage Protection System	Al Sharq Plastic Industries Company	20012309021804	02/03/1445H (corresponding to 17/09/2023G)	03/05/1445H (corresponding to 17/11/2023G)	Wage Protection System- Ministry of Human Resources and Social Development
Saudization Certificate ***	To state that the subsidiary is committed to the required Saudization rate according to Nitaqat program	Al Sharq Plastic Industries Company	917322-81046643	02/03/1445H (corresponding to 17/09/2023G)	03/06/1445H (corresponding to 16/12/2023G)	Ministry of Human Resources and Social Development
Nitaqat Certificate	Subsidiary entity evaluation according to Nitaqat program, which indicates that the subsidiary is in the range (green high)	Al Sharq Plastic Industries Company	1-41776	-	October 2023G	Ministry of Human Resources and Social Development (Bureau of Labor- E-services)
Industrial facility License	To comply with Ministry of Energy, Industry and Mineral Resources law and license the Company to practice the Activity (manufacturing Plastics products)	Al Sharq Plastic Industries Company	441110127481	24/11/1444H (corresponding to 13/06/2023G)	27/12/1447H (corresponding to 13/06/2026G)	Ministry of Industry and Mineral Resources
Operating License Contract No. (809184)	To comply with terms and regulations issued by "MODON"	Al Sharq Plastic Industries Company	OLC-23-06-11001953	22/11/1444H (corresponding to 11/06/2023G)	05/12/1445H (corresponding to 11/06/2024G)	Saudi Authority for Industrial Cities and Technology Zones
Operating License Contract No. (808931)	To comply with terms and regulations issued by "MODON"	Al Sharq Plastic Industries Company	OLC-23-06-14002067	25/11/1444H (corresponding to 14/06/2023G)	08/12/1445H (corresponding to 14/06/2024G)	Saudi Authority for Industrial Cities and Technology Zones
Operating License Contract No. (808932)	To comply with terms and regulations issued by "MODON"	Al Sharq Plastic Industries Company	OLC-23-06-22002230	04/12/1444H (corresponding to 22/06/2023G)	09/06/1445H (corresponding to 22/12/2023G)	Saudi Authority for Industrial Cities and Technology Zones
Operating License Contract No. (801515)	To comply with terms and regulations issued by "MODON"	Al Sharq Plastic Industries Company	OLC-23-06-1200223	04/12/1444H (corresponding to 22/06/2023G)	09/06/1445H (corresponding to 22/12/2023G)	Saudi Authority for Industrial Cities and Technology Zones
Environmental permit for operation	To comply with the regulations National Center for Environmental Compliance	Al Sharq Plastic Industries Company	8169	29/03/1443H (corresponding to 04/11/2021G)	27/02/1446H (corresponding to 31/08/2024G)	National Center for Environmental Compliance

Source: The Company

* Compliance certificate valid for a maximum of one month; it can be renewed electronically upon request.

** Compliance certificate valid for a maximum of 60 days; it can be renewed electronically upon request.

*** Compliance certificate valid for a maximum of three months; it can be renewed electronically upon request.

9.4.3.7 Ultrapak Manufacturing Company Limited (Ultrapak)

- The subsidiary, Ultrapak Manufacturing Company Limited, has obtained many statutory and operational licenses and certificates from the competent authorities as required for practicing its activity in accordance with the laws applicable in Saudi Arabia. These licenses are renewed regularly.
- The following table shows the current licenses and approvals obtained by the subsidiary:

Table No. (74): Licenses, Certificates, and Approvals of the Subsidiary: Ultrapak Manufacturing Company Limited (Ultrapak)

Type of License	Purpose	License holder	License No.	Date of Issue/ Renewal	Expiry Date	Issuing Authority
Commercial Registration	Registering the Company's branch in the commercial companies register	Ultrapak Manufacturing Company Limited	4030126251	16/10/1419H (corresponding to 03/02/1999G)	15/10/1445H (corresponding to 24/04/2024G)	Ministry of Commerce - the Commercial Register office in Jeddah
Membership Registration in the Chamber of Commerce and Industry	To comply with the provisions of the commercial register law, the Company is listed in the (Second) degree	Ultrapak Manufacturing Company Limited	71009	06/10/1914H (corresponding to 02/02/1999G)	15/10/1445H (corresponding to 24/04/2024G)	The chamber of Commerce and industry in Jeddah
Zakat and income certificate	To state that the Company has submitted its annual declaration and has paid zakat	Ultrapak Manufacturing Company Limited	1030197951	29/09/1444H (corresponding to 20/04/2023G)	21/10/1445H (corresponding to 30/04/2024G)	Zakat, Tax and Customs Authority

Source: The Company

- The Company does not have any employees and does not practice any activity.

9.5 Continuing Obligations Imposed by Government Agencies on the Company in its Capacity as the "Licensee"

The regulatory bodies obligate the Licensee to comply with certain substantial requirements, as follows:

9.5.1 Continuing Obligations as per the Requirements of the Ministry of Commerce

Parent Company

- The Company is in compliance with the Law of Commercial Register and has been registered with the Commercial Register at Al-Khobar, where the head office is located, under Certificate No. (2051044381), dated 09/01/1432H (corresponding to 15/12/2010G), which will expire on 08/01/1447H (corresponding to 03/07/2025G). The Company is in compliance with the Law of Commercial Register in terms of having the Chamber of Commerce and Industry Membership Certificate as the Company has obtained Certificate No. (117117), dated 09/01/1432H (corresponding to 15/12/2010G), which will expire on 08/01/1447H (corresponding to 03/07/2025G).
- The Company amended its bylaws in conformity with the recent and last amendments to the Companies Law issued by the Royal Decree No. (M/132), dated 01/12/1443H (corresponding to 30/06/2022G). On 08/01/1445H (corresponding to 26/07/2023G), (Extraordinary) General Assembly approved the amendment of the Company's bylaws to comply with the current Companies Law.

The current version of the bylaws has been approved by the (Extraordinary) General Assembly of Shareholders on 08/01/1445H (corresponding to 26/07/2023G), which is approved by the Ministry of Commerce (Department of Operations) on 23/01/1445H (corresponding to 10/08/2023G). The Company also complied with the requirements of the Capital Market Authority (Tadawul) in terms of uploading a copy of the bylaws on the Tadawul website on the Company page.

- □ As of the date of publishing this Prospectus, the Company has four (4) trademarks registered with the Saudi Authority for Intellectual Property on 04/07/1432H (corresponding to 06/06/2011G) and 16/08/1436H (corresponding to 03/06/2015G) (Takween) and (Plastico) use them in their transactions, and they were registered as trademarks with (Ministry of Commerce and Investment) noting that the registration of trademarks was subsequently transferred to the Saudi Intellectual Property Authority. These trademarks are registered under class (16), which pertains to (paper, cardboard and goods made from these materials, not included in other classes, printed matter, bookbinding material, photographs, stationery, adhesives for stationery or household purposes, artists' materials, paint brushes, typewriters and office requisites (except furniture), instructional and teaching material (except apparatus), plastic materials for packaging (not included in other classes), printers' type, printing blocks, paper and cellulose baby diapers, and trash bags), and under class (17), which pertains to (rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture, packing, stopping and insulating materials, flexible pipes, not of metal).

This will enable the Company to place its name and logo on its products and on the exterior facade of the building or offices occupied by the Company because it has registered the trademark and granted it the necessary legal protection in accordance with the Trademark Law (for more information about trademarks, please refer to section (9.8.3)).

- The Company is in compliance with Article (88) of Companies Law, which requires the General Assembly of Shareholders to convene at least once during the six months following the end of the Company's fiscal year. The Company convenes two Assemblies during the legal period on 11/06/1444H (corresponding to 04/01/2023G) and 20/09/1444H (corresponding to 11/04/2023G).

Subsidiaries

- The subsidiary "Saudi Plastic Packaging Systems" is in compliance with the Law of Commercial Register and has been registered with the Commercial Register at Al-Ahsa villages, where the head office is located, under Certificate No. (2250063668), dated 09/04/1405H (corresponding to 01/01/1985G), which will expire on 30/05/1449H (corresponding to 30/10/2027G). The Company is in compliance with the Law of Commercial Register in terms of having the Chamber of Commerce and Industry Membership Certificate as the Company has obtained Certificate No. (302001147844), dated 15/01/1445H (corresponding to 02/08/2023G), which will expire on 30/05/1449H (corresponding to 30/10/2027G).
- The subsidiary "Al Sharq Plastic Industries Co." is in compliance with the Law of Commercial Register and has been registered with the Commercial Register at Riyadh, where the head office is located, under Certificate No. (1010008540), dated 14/08/1395H (corresponding to 22/08/1975G), which will expire on 01/01/1447H (corresponding to 26/06/2025G). The Company is in compliance with the Law of Commercial Register in terms of having the Chamber of Commerce and Industry Membership Certificate as the Company has obtained Certificate No. (4749), dated 12/11/1397H (corresponding to 25/10/1977G), which will expire on 01/01/1447H (corresponding to 26/06/2025G).
- The subsidiary "Ultrapak Manufacturing Co. Ltd." is in compliance with the Law of Commercial Register and has been registered with the Commercial Register at Jeddah, where the head office is located, under Certificate No. (4030126251), dated 16/10/1419H (corresponding to 03/02/1999G), which will expire on 15/10/1445H (corresponding to 24/04/2024G). The Company is in compliance with the Law of Commercial Register in terms of having the Chamber of Commerce and Industry Membership Certificate as the Company has obtained Certificate No. (71009), dated 16/10/1419H (corresponding to 02/02/1999G), which will expire on 15/10/1445H (corresponding to 24/04/2024G).

9.5.2 Continuing Obligations as per the Requirements of the Zakat, Tax, and Customs Authority

Parent Company

- Likewise, like other registered enterprises 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 to renew the certificate issued by the Zakat, Tax, and Customs Authority. The Company was registered as a taxpayer under the distinct tax number (3004291659). The Company submitted its zakat return for the Fiscal year ended 31 December 2022G, and has obtained the zakat certificate from the Zakat, Tax, and Customs Authority number (1110234211), dated 13/10/1444H (corresponding to 04/06/2023G) which is valid until 21/10/1445H (corresponding to 30/04/2024G) from the Zakat, Tax, and Customs Authority. This certificate enables the Company to complete all its transactions, including the payment of its final dues for contracts.
- It shall be noted that the zakat due and paid to the Zakat, Tax, and Customs Authority for the Fiscal year ended 31 December 2021G amounted to (SAR 1,600,000) and the amount settled for the FY 2022G is (SAR 1,737,000).
- It shall be noted that the Company uniformly submits its and subsidiaries' zakat statements.
- As per the financial statements of FY 2022G, New Marina, registered in Arab Republic of Egypt, paid the income tax in accordance with laws and local regulations.
- During 2021G, the Zakat, Tax, and Customs Authority issued the final zakat returns for 2018G that resulted in zakat differences of SAR 0.55 million, which were fully paid and settled during 2021G. The Company finalized the zakat position for the referred year, and the assessments and final approvals were obtained from the Zakat, Tax, and Customs Authority until 2018G. The Company cannot predict whether the Zakat, Tax, and Customs Authority will accept its zakat returns submitted for the years 2019G, 2020G, 2021G, and 2022G. There are also no disputes or claims relating to existing zakat differences as of the date of publishing this Prospectus.
- The Company is in compliance with the VAT Law and its implementing regulations. Moreover, the Company is registered with the Zakat, Tax, and Customs Authority under VAT No. (300429165900003) according to the certificate issued on 21/04/1444H (corresponding to 16/11/2022G), noting that the Company has been registered since 13/04/1439H (corresponding to 01/01/2018G).
- It shall be noted that the Company and its subsidiaries have VAT Group Registration Certificate No. (300429165900003).

Subsidiaries:

Saudi Plastic Packaging Systems

- The subsidiary is in compliance with the VAT Law and its implementing regulations. Moreover, it is registered with the Zakat, Tax, and Customs Authority under VAT No. (300429165900003) according to the certificate issued on 21/04/1444H (corresponding to 16/11/2022G), noting that the Company has been registered since 13/04/1439H (corresponding to 01/01/2018G).
- The Company submitted its zakat return for the fiscal year ended 31 December 2022G, and has obtained the zakat certificate from the Zakat, Tax, and Customs Authority under No. (1020196939), dated 29/09/1444H (corresponding to 20/04/2023G) which is valid until 21/10/1445H (corresponding to 30/04/2024G) from the Zakat, Tax, and Customs Authority. This certificate enables the Company to complete all its transactions, including the payment of its final dues for contracts.

Al Sharq Plastic Industries Co.

- The subsidiary is in compliance with the VAT Law and its implementing regulations. Moreover, it is registered with the Zakat, Tax, and Customs Authority under VAT No. (300429165900003) according to the certificate issued on 21/04/1444H (corresponding to 16/11/2022G), noting that the Company has been registered since 13/04/1439H (corresponding to 01/01/2018G).
- The Company submitted its zakat return for the Fiscal year ended 31 December 2022G, and has obtained the zakat certificate from the Zakat, Tax, and Customs Authority number (1020242520), dated 17/11/1444H (corresponding to 06/06/2023G) which is valid until 21/10/1445H (corresponding to 30/04/2024G) from the Zakat, Tax, and Customs Authority. This certificate enables the Company to complete all its transactions, including the payment of its final dues for contracts.

Ultrapak Manufacturing Co. Ltd.

- The subsidiary is in compliance with the VAT Law and its implementing regulations. Moreover, it is registered with the Zakat, Tax, and Customs Authority under VAT No. (300429165900003) according to the certificate issued on 21/04/1444H (corresponding to 16/11/2022G), noting that the Company has been registered since 13/04/1439H (corresponding to 01/01/2018G).
- The Company submitted its zakat return for the Fiscal year ended 31 December 2022G, and has obtained the zakat certificate from the Zakat, Tax, and Customs Authority number (1030197951), dated 29/09/1444H (corresponding to 20/04/2023G) which is valid until 21/10/1445H (corresponding to 30/04/2024G) from the Zakat, Tax, and Customs Authority. This certificate enables the Company to complete all its transactions, including the payment of its final dues for contracts.

With the exception of the above, and in Subparagraph (2.1.24) (“**Risks Related to the Potential Zakat Dues and Additional Claims**”), Section (2) (“**Risk Factors**” herein, the Company is in compliance with the tax and income laws and its implementing regulations issued by the Zakat, Tax, and Customs Authority.

9.5.3 Continuing Obligations as per the Ministry of Human Resources and Social Development

Labor Office

Parent Company:

- A file was opened at the Ministry of Human Resources and Social Development (Labor Office) under the Unified No.: (15-1310221) according to the Saudization certificate. As of the date of this Prospectus, the Company benefits from the E-services of the Ministry of Human Resources and Social Development. The Saudization certificate was issued, indicating that the Company is in compliance with the required rate of Saudization (42.86%) according to the Nitaqat program, as the Company is classified in the low green range – small enterprise (B).
- Takween Advanced Industries Co. has internal work regulation approved by the Ministry of Human Resources and Social Development under No.: (681761), dated 18/11/1442H (corresponding to 28/06/2021G).
- Saudi Plastic Packaging Systems has internal work regulations approved by the Ministry of Human Resources and Social Development under No.: (815682), dated 26/05/1444H (corresponding to 20/12/2022G).
- Al Sharq Plastic Industries Co. has internal work regulations approved by the Ministry of Human Resources and Social Development under No.: (555819), dated 11/03/1445H (corresponding to 26/09/2023G).

The Company and both Saudi Plastic Packaging Systems and Al Sharq Plastic Industries Co. are in compliance with Article (13) of Labor Law, which obligates the employer to develop work regulations in its enterprise according to the model developed by the Ministry and to announce the same and any amendments thereto in a visible place in the enterprise.

Subsidiaries:

- With regard to Saudi Plastic Packaging Systems:
 - There is no labor in the subsidiary head office, as all employees are registered with the Company's branches. A file was opened at the Company's branches as follows:
 - With regard to the Company's branch "Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems", File No.: (1-35987) was opened. According to the Nitaqat certificate, the branch is in compliance with the required rate of Saudization under the Nitaqat program, as the Company is classified in the low green range – large enterprise, noting that the Labor Office classified the branch under industry activity.
 - With regard to the Company's branch "Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems", File No.: (9-7419) was opened. According to the Nitaqat certificate, the branch is in compliance with the required rate of Saudization under the Nitaqat program, as the Company is classified in the low green range – large enterprise, noting that the Labor Office classified the branch under large activity.
 - With regard to the Company's branch "Saudi Plastic Packaging Systems", File No.: (8-1606735) was opened. According to the Nitaqat certificate, the branch is in compliance with the required rate of Saudization under Nitaqat program, as the Company is classified in the low green range – large enterprise, noting that the Labor Office classified the branch under industry activity.
 - With regard to the Company's branch "Saudi Plastic Packaging Systems", File No.: (8-1605845) was opened. According to Nitaqat certificate, the branch is in compliance with the required rate of Saudization under Nitaqat program, as the Company is classified in the low green range – large enterprise, noting that Labor Office classified the branch under industry activity.
- With regard to Al Sharq Plastic Industries Co.:

A file was opened at the Ministry of Human Resources and Social Development (Labor Office) under the Unified No.: (41776-1). As of the date of this Prospectus, the Company benefits from the E-services of the Ministry of Human Resources and Social Development. The Saudization certificate was issued indicating that the Company is in compliance with the required rate of Saudization (30%) as on October 2023G and is classified in the medium green range (medium enterprise (C)), noting that Labor Office classified the branch under industry activity.

Saudization and Wages Protection System

Parent Company:

- The Company is in compliance with the required rate of Saudization according to the Nitaqat program and has obtained from the Ministry of Human Resources and Social Development the Saudization Certificate No. (160231-21362529), dated 04/04/1445H (corresponding to 19/10/2023G), which will expire on 05/07/1445H (corresponding to 17/01/2024G).
- The Company is in compliance with the Wages Protection System, depositing the wages of its employees under Certificate of Compliance No.: (640456-1902001), dated 09/04/1445H (corresponding to 24/10/2023G). This certificate is valid for (30) days from the date of its issuance, i.e., until 10/05/1445H (corresponding to 24/11/2023G). The rate of compliance with the Wages Protection System as of October 2023G is (100%).
- The Company is in compliance with documenting its employees electronically, as the rate of compliance as on October 2023G was (84%) in accordance with the report issued by (Mudad) platform.

Subsidiaries:

- With regard to Saudi Plastic Packaging Systems:

There is no labor registered on the subsidiary's head office, and the subsidiary's branches are in compliance with the required rate of Saudization under the Nitaqat program. They obtained from the Ministry of Human Resources and Social Development the Saudization certificate and certificate of compliance with the Wage Protection System as follows:

 - With regard to the Company's branch "Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems", File No.: (1-35987) was opened, and the branch obtained the Saudization Certificate No. (111969-81757022), dated 04/04/1445H (corresponding to 19/10/2023G) and certificate of compliance with the wage protection system number (20012309021576), dated 29/02/1445H (corresponding to 14/09/2023G).
 - With regard to the Company's branch "Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems", File No.: (9-7419) was opened, and the branch obtained the Saudization Certificate No. (120991-50286233), dated 04/04/1445H (corresponding to 19/10/2023G) and certificate of compliance with the wage protection system number (20092309005833), dated 29/02/1445H (corresponding to 14/09/2023G).
 - With regard to the Company's branch "Saudi Plastic Packaging Systems", File No.: (8-1606735) was opened, and the branch obtained the Saudization Certificate No. (656342-27341315), dated 04/04/1445H (corresponding to 19/10/2023G) and certificate of compliance with the wage protection system number (20082309000744), dated 29/02/1445H (corresponding to 14/09/2023G).

- With regard to the Company's branch "Saudi Plastic Packaging Systems", File No.: (8-1606735) was opened, and the branch obtained the Saudization Certificate No. (203413-37859681), dated 04/04/1445H (corresponding to 19/10/2023G) and certificate of compliance with the wage protection system number (20082309000751), dated 03/03/1445H (corresponding to 18/09/2023G).
- With regard to Al Sharq Plastic Industries Co.:
 - The subsidiary is in compliance with the required rate of Saudization according to the Nitaqat program and has obtained from the Ministry of Human Resources and Social Development the Saudization Certificate No. (917322-81046643), dated 02/03/1445H (corresponding to 17/09/2023G), which will expire on 03/06/1445H (corresponding to 16/12/2023G).
 - The subsidiary is in compliance with the Wages Protection System, depositing the wages of its employees under Certificate of Compliance No.: (2001230921804), dated 02/03/1445H (corresponding to 17/09/2023G). This certificate is valid for (60) days from the date of its issuance, i.e., until 03/05/1445H (corresponding to 17/11/2023G). The rate of compliance with the Wages Protection System as on October 2023G from its issuance date until 03/05/1445H (corresponding to 17/11/2023G) is (100%).

The Company is in compliance with documenting its employees electronically, as the rate of compliance as on October 2023G was (54%) in accordance with the report issued by (Mudad) platform.

- Employees as per the Data of Various Government Agencies

The number of employees in the Company and its subsidiaries is distributed as per the data of various government agencies as follows:

Parent Company:

The number of employees in Takween Advanced Industries Co. - Unified No. (70011441083) as per the data of various government agencies:

Table No. (75): Distribution of Employees in the Company as per the Data of Various Government Agencies

Body	Ref.	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Remarks
Social Insurance	Insurance Certificate	15	20	35	As on 08/10/2023G
Labor Office	Nitaqat Certificate	15	20	35	As on October 2023G
Passports – residents	Extract of resident	-	20	20	As on October 2023G
Payroll	-	-	-	34	As on October 2023G

Source: The Company

Branches of the Subsidiary: Saudi Plastic Packaging Systems Ltd.

- The table below shows the number of employees with the Company's branch "Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems", C.R. No.: (1010126846) as per the data of various government agencies:

Table No. (76): Distribution of Employees in the Company's branch Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems

Body	Ref.	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Remarks
Social Insurance	Insurance Certificate	4	76	80	As on 19/10/2023G
Labor Office	Nitaqat Certificate	4	75	79	As on October 2023G
Passports – residents	Extract of resident	-	75	75	As on 19/10/2023G

Source: The Company

- The table below shows the number of employees for the Company's branch "Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems", C.R. No.: (4030104975) as per the data of various government agencies:

Table No. (77): Distribution of Employees in the Company's Branch Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems

Body	Ref.	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Remarks
Social Insurance	Insurance Certificate	35	130	165	As on 19/10/2023G
Labor Office	Nitaqat Certificate	35	130	165	As on October 2023G
Passports – residents	Extract of resident	-	131	131	As on 19/10/2023G

Source: The Company

- The table below shows the number of employees for the Company's branch "Saudi Plastic Packaging Systems", C.R. No.: (2250067519) as per the data of various government agencies:

Table No. (78): Distribution of Employees in the Company's Branch Saudi Plastic Packaging Systems

Body	Ref.	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Remarks
Social Insurance	Insurance Certificate	66	125	191	As on 19/10/2023G
Labor Office	Nitaqat Certificate	66	125	191	October 2023G
Passports – residents	Extract of resident	-	125	125	As on 19/10/2023G

Source: The Company

- The table below shows the number of employees for the Company's branch "Branch of Saudi Plastic Packaging Systems", C.R. No.: (2257067520) as per the data of various government agencies:

Table No. (79): Distribution of Employees in the Branch of Saudi Plastic Packaging Systems

Body	Ref.	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Remarks
Social Insurance	Insurance Certificate	49	133	182	As on 19/10/2023G
Labor Office	Nitaqat Certificate	49	133	182	As on October 2023G
Passports – residents	Extract of resident	-	133	133	As on 19/10/2023G

Source: The Company

Al Sharq Plastic Industries Co.

- The table below shows the number of employees for the subsidiary "Al Sharq Plastic Industries Co.", C.R. No.: (1010008540) as per the data of various government agencies:

Table No. (80): Distribution of Employees in Al Sharq Plastic Industries Co

Body	Ref.	Number of Saudi Employees	Number of Non-Saudi Employees	Total	Remarks
Social Insurance	Insurance Certificate	61	188	249	As on 19/10/2023G
Labor Office	Nitaqat Certificate	60	183	243	October 2023G
Passports – residents	Extract of resident	-	224	224	As on 19/10/2023G
Payroll	Company's data	-	-	253	September 2023G

Source: The Company

9.5.4 Continuing Obligation according to the Requirements of GOSI

Parent Company:

- The Company profile has been opened within GOSI under Subscription No. (509851573). The Company has subscribed in the Annuities and Occupational Hazards branches for Saudi subscribers and in the Occupational Hazards branch for non-Saudi subscribers according to the GOSI certificate No. (57435812) dated 25/02/1445H (corresponding to 10/09/2023G). The subscription values that are paid for 2022G are SAR 764,651.65.

Subsidiaries:

With regard to "Saudi Plastic Packaging Systems Company", there is no business for the subsidiary headquarters. They are registered within the Company branches. A profile has been opened for the branches within GOSI. They subscribed in the Annuities and Occupational Hazards branches for Saudi subscribers and the Occupational Hazards branch for non-Saudi subscribers according to the GOSI certificates as follows:

- The Company branch "Plastic Bottles Plant - Saudi Plastic Packaging Systems Company's branch", Subscription No. (13233772), Certificate No. (58347527) dated 04/04/1445H (corresponding to 19/10/2023G).
- The Company branch "Plastic Bottles Plant - Saudi Plastic Packaging Systems Company's branch", Subscription No. (100027119), Certificate No. (57569537) dated 29/02/1445H (corresponding to 14/09/2023G).
- The Company branch "Saudi Plastic Packaging Systems Company", Subscription No. (592293579), Certificate No. (58347520) dated 04/04/1445H (corresponding to 19/10/2023G).
- The Company branch "Saudi Plastic Packaging Systems Company", Subscription No. (592246325), Certificate No. (58347619) dated 04/04/1445H (corresponding to 19/10/2023G).

With regard to “Al Sharq Plastic Industries Co.”, the subsidiary profile has been opened within GOSI under Subscription No. (10054400). It subscribes in the Annuities and Occupational Hazards branches for Saudi subscribers and the Occupational Hazards branch for non-Saudi subscribers according to the GOSI certificates No. (57640428) & (58348945) dated 04/04/1445H (corresponding to 19/10/2023G).

9.5.5 Continuing Obligation according to the Requirements of CMA

- CMA obliges the listed companies to comply with the Rules for Offering Securities, Continuing Obligations, and instructions issued by CMA, especially the obligation of periodic disclosure for material and financial developments and the Board report.
- The financial outcomes that are annually declared in TADAWUL are based on the financial statements that are audited and approved by the Company’s external auditor appointed by the General Assembly and approved by the Board. The declaration forms mentioned in the instructions for the Company’s declarations for its financial outcomes shall be complied with. Furthermore, the Company shall provide a statement of all reasons and effects regarding the change in the financial outcome of the current FY along with the comparison period, including all items of the financial outcomes’ declaration.
- CMA obliges the companies listed in the stock market to disclose their stages to keep up with the transition to IFRS. On 04/04/1439H (corresponding to 01/01/2018G), the Company declared on TADAWUL that it complies therewith. The Financial Statements for the FY ended on 31/12/2022G were also prepared according to the international standards approved in KSA.
- Moreover, CMA obliges the companies listed in the stock market to follow the instructions on the regulation for declarations of joint-stock companies listed in the stock market, which is issued under the CMA Board Resolution No. (2006-199-1) dated 18/07/1427H (corresponding to 12/08/2006G) and amended under the Resolution No. (2023-5-10) dated 25/06/1444H (corresponding to 18/01/2023G).
- CMA obliges the companies listed in the stock market to appoint their representatives within it and TADAWUL for all purposes related to the application of CMA Law and its executive regulations. The Company has complied therewith as the Board appoints Mr./ KHALED NASER AL MOAMER (Board Member) and Mr. Mohammad Faik Mustafá (Senior Executive) under its resolution dated 12/01/1445H (corresponding to 30/07/2023G).
- CMA obliges the companies, which are listed in accordance with the terms mentioned in the executive regulation of Companies Law for the joint-stock companies issued by the CMA Board under Resolution No. (2016-127-8) dated 16/01/1438H (corresponding to 17/10/2016G) under the Companies Law issued under a Royal Decree No. (M/3) dated 28/01/1437H and amended under the CMA Board Resolution No. (2023-5-8) dated 25/06/1444H (corresponding to 18/01/2023G) under a Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), to disclose in the Board report the policies details related to bonuses, their determinations, amounts, and fiscal and in-kind benefits paid to every Board member against any works or executive/technical/administrative/consultancy positions. The Company has complied with the disclosure of bonuses obtained by the Board members for FY 2020G, FY 2021G, and FY 2022G.
- On 23/01/1438H (corresponding to 24/10/2016G), the CMA Board Resolution No. (2016-130-1) was issued to amend the procedures and instructions of the companies listed with their shares in the market, where their accumulated losses are +50% of their capital according to the old Companies Law, to be “The procedures and instructions of the companies listed with their shares in the market, which their accumulated losses are +20% of their capital” under CMA Board Resolution No. (2018-77-1) dated 05/11/1439H (corresponding to 18/07/2018G). These procedures and instructions are amended under the CMA Board Resolution No. (2023-5-8) dated 25/06/1444H (corresponding to 18/01/2023G).
- On 31/12/2022G, the accumulated losses of the Company reached SAR 459.6M (48.38%) of its capital (SAR 950M). During the period ending 30/06/2023G, the accumulated losses reached SAR 515.42M (54.25%) of the Company’s capital (SAR 950,000,000). To provide the Company with the procedures and instructions mentioned, the Group takes the necessary actions to minimize the accumulated losses. On 13/03/2023G, the Board made a recommendation to the Group shareholders to reduce the Group Capital by absorbing the accumulated losses and thereafter maximizing the capital through issuing preferred shares. On 06/06/2023G, the CMA approval was obtained to reduce the Company capital.
- On 13/01/1445H (corresponding to 31/07/2023G), the Company declared that the accumulated losses to 8.48% of the capital.
- CMA requires the companies listed in the stock market, which previously issued the preferred shares, to publicly disclose in the presence of a difference of +5% between the actual use of proceeds from the issuance of preferred shares and what was disclosed in the related Prospectus when it becomes aware. The Company got the subscription proceeds in 2016G. The offering proceeds were not used according to what was mentioned in the Prospectus dated 23/12/1437H (corresponding to 25/09/2016G). Furthermore, the Company didn’t publicly disclose the difference in the use of offering proceeds, which is against Paragraph (F) of Article (72) of the Rules for Offering Securities and Continuing Obligations and punishable according to the penalties mentioned in Article (59) of the Capital Market Law.
- The Company wasn’t subject to any penalties during 2018G, 2020G, 2021G, and 2022G.
- With regard to the Company governance, the below table includes a summary of the Company’s compliance with the Governance Regulations issued by CMA.

Table No. (81): Summary of the Most Important Provisions of the Corporate Governance Regulation Complied with by the Company

Article No. of the Corporate Governance Regulation	Description	Responsible Party	Comment
8/A	Provide a copy of candidates' information for the Board membership at the Company website	Board of Directors	Compliant
9/B	The Board shall draft a clear policy for the distribution of the share profits in the interests of the shareholders and Company according to the Company's bylaws.	Board of Directors	Compliant – According to the Governance Regulation
12/5	Review the Financial Statements for FY 2022G	General Assembly	Compliant – The Financial Statements for the FY ended on 31/12/2022G were reviewed by the Ordinary General Assembly on 20/09/1444H (corresponding to 11/04/2023G).
12/6	Review the Board's annual report in 2022G	General Assembly	Compliant – The Board report for the FY ended on 31/12/2022G was reviewed by the Ordinary General Assembly on 20/09/1444H (corresponding to 11/04/2023G).
12/8 & 78	Appointment and reappointment of the Company Auditors, determination of their compensations, change them, and approval of their reports	General Assembly	Compliant – It was voted by the Ordinary General Assembly held on 10/10/1443H (corresponding to 11/05/2022G). The auditor of AlKharashi & Co. – Certified Accountants and Auditors was appointed and his fees were determined to audit the financial statements of 2022G and Q1 FY2023G.
13/D	Dissemination of the Declaration of the General Assembly date, place, and agenda at least 21 days before on the Company website.	Board of Directors	Compliant
14/C	Through the Company website, the shareholders may access to information related the General Assembly agenda upon the publication of the General Assembly invitation, especially the report of the Board and auditor, financial statements, and audit committee's report.	Board of Directors	Compliant – Through TADAWUL website
21/1	Establishment of the Company's plans, policies, strategies, and main objectives	Board of Directors	Compliant – According to the Governance Regulation
21/2	Establishment and supervising the laws and controls of internal control, including establishing a written policy to address the actual/possible conflicts of interest for the Board members, executive management's members, and shareholders, which include the misuse of the Company's assets and facilities, abuse from the transactions with the related parties, ensuring the integrity of the financial and accounting laws, which include laws related to the preparation of the financial reports, ensuring the implementation of appropriate controls to measure and manage risks through defining the scope of risks that may encounter the Company, creating risk mitigation culture environment across the Company, presenting the same transparently with stakeholders and related parties, and annual reviewing the effectiveness of the Company's internal control measures.	Board of Directors	Compliant – According to the Governance Regulation
21/3	Establishment of clear and particular policies, standards, and procedures for the Board membership and put them into place after declared by the General Assembly.	General Assembly	Compliant – According to the Governance Regulation
21/4	Establishment of a written policy regulating the relationship with stakeholders according to the Governance Regulation, specifically including: <ul style="list-style-type: none"> – Compensation mechanisms for the stakeholders in case of violation of their rights made by the laws and protected by contracts. – Settlement mechanisms for the complaints/disputes arising between the Company and stakeholders. – Appropriate mechanisms to establish new relationships with clients and suppliers and maintain the confidentiality of their information. 	Board of Directors	Compliant – According to the Governance Regulation
21/5	Establishment of policies and procedures to ensure that the Company adhered to the laws and regulations and to disclose the material information of the shareholders and stakeholders and that the executive department adhered thereto.	Board of Directors	Compliant – According to the Governance Regulation

Article No. of the Corporate Governance Regulation	Description	Responsible Party	Comment
21/13, 47, 57, 57/A, and 61	Establishment of specialized assemblies drawn from the Board under resolutions in which the assembly period, authorities, and responsibilities are determined, provided that the resolution of assembly establishment includes the members' appointment, duties, and rights and evaluating the performance and works of these assemblies and their members.	Board of Directors	Compliant – A nomination and remuneration committee and executive committee were appointed by the Board on 11/06/1444H (corresponding to 04/01/2023G).
22/1	Adoption of internal policies related to the Company's business and development, including determining duties, powers, and responsibilities assigned to various organizational levels.	Board of Directors	Compliant – According to the Governance Regulation
21/2	Adoption of a written and detailed policy that determines the authorities assigned to the executive department, a table that mentions them, execution method, and assignment period. The Board may ask the executive department to submit periodical reports for its exercise of assigned authorities.	Board of Directors	Compliant – The regulation of authorities assigned to the executive department was approved by the Board on 15/06/1444H (corresponding to 08/01/2023G).
24	CEO Appointment	Board of Directors	Compliant – Mr./ MAJED MAZEN NOVAL was appointed by the Board on 15/06/1444H (corresponding to 08/01/2023G).
25/5	The organizational and functional structures are proposed and submitted to the Board to consider adoption.	Board of Directors	Compliant – the organizational structure was approved by the Board of Directors on 03/12/1444H (corresponding to 21/06/2023G).
25/10	The policy and kinds of remunerations given to the workers are proposed, including fixed remunerations, remunerations related to performance, and stock remunerations.	Board of Directors	Compliant – According to the Governance Regulation
41	A clear and written policy to deal with the actual/potential conflicts of interest that may influence the performance of Board members, executive department, etc. when dealing with the Company or other stakeholders.	Board of Directors	Compliant – According to the Governance Regulation
51/E	The General Assembly shall, upon the Board proposal, issue the regulation of the audit committee, provided that this regulation includes the committee controls, procedures, and duties, rules for choosing its members, and their nomination, membership, and bonuses, along with the mechanism of their temporal appointment in the event of seat vacation in the committee.	General Assembly	Compliant – The regulation of the audit committee was approved by the Extraordinary General Assembly held on 08/01/1445H (corresponding to 26/07/2023G).
51 & 54	Establishment of Audit Committee	Board of Directors	Compliant – Members of the audit committee were appointed by the Board of Directors on 21/08/1444H (corresponding to 13/03/2023G).
52/B & 71	Appointment of the internal audit department/unit or internal auditor and suggestion of his remuneration.	Board of Directors	Compliant – There is an internal auditor for the Group, Mr. Mohammad Faik Mustafa
57/B & 61/B	The General Assembly shall, upon the Board proposal, issue the regulation of the nomination and remuneration committee, provided that this regulation includes the committee controls, procedures, and duties, rules for choosing its members, and their nomination, membership, and bonuses, along with the mechanism of their temporal appointment in the event of seat vacation in the committee.	General Assembly	Compliant – The regulation of the nomination and remuneration committee was approved by the Ordinary General Assembly held on 27/08/1440H (corresponding to 02/05/2019G).
58/1	The nomination and remuneration committee shall prepare a clear policy for the remunerations of Board members and committees from the Board and executive department and submit it to the Board to consider for the approval of the General Assembly, provided that this policy considers the adoption, disclosure, and verification of standards related to the performance.	General Assembly	Compliant – The policy was approved by the Extraordinary General Assembly held on 26/05/1441H (corresponding to 21/01/2020G).
62/3	Establishment of description for the capabilities and qualifications required for the Board member and positions of the executive department.	Nomination and remuneration committee	There is a regulation for the nomination and appointment policies, standards, and procedures for the Board memberships adopted by the Ordinary General Assembly held on 27/08/1440H (corresponding to 02/05/2019G).
65	Publication of the declaration for the Board membership on the Company website	Board of Directors	Compliant – It was declared on TADAWUL website on 06/03/1444H (corresponding to 02/10/2022G).
81	Policies/procedures that are followed by the stakeholders to submit their complaints or report illegal practices.	Board of Directors	Compliant – According to the Governance Regulation

Article No. of the Corporate Governance Regulation	Description	Responsible Party	Comment
83	An ethics and professional conduct policy	Board of Directors	Compliant – According to the Governance Regulation
86	Written policies for the disclosure and its procedures and supervisory systems in accordance with the disclosure requirements mentioned in the Companies Law and Capital Market Law.	Board of Directors	Compliant – According to the Governance Regulation
88/B	Publication of the audit committee report on the Company website	Board of Directors	Compliant – The publication was made on the Company website.
91	Governance rules for the Company, which don't contradict the mandatory provisions of the governance rules issued by CMA.	Board of Directors	Compliant – The governance regulation was adopted by the Board of Directors on 09/08/1442H (corresponding to 22/03/2021G).

Source: The Company

9.5.6 Continuing Obligation according to the requirements of MOMRAHH

- A municipality license shall be obtained for the administrative offices, branches, and POSs leased or owned by the Company so that the Company can operate them, taking into account that the Municipality requests the following documents:
- A copy of the commercial register, MOA (AOA), lease contract, construction permit for the building/warehouse/shop (showroom)/POS that is leased, a copy of real estate office permit, remote imagery of the building, including the plate (with a copy of the plat invoice and registration of ownership of the Company brand to be used in the interface), and the permit of civil defense.
- The subsidiaries and their branches have made and entered into 13 lease contracts with the Saudi Authority for Industrial Cities and Technology Zones for industries to engage its business regarding the industry of rubber and plastic materials. Therefore, the subsidiaries and their branches are under no obligation to meet the MOMRAHH requirements or the requirements of the Saudi Authority for Industrial Cities and Technology Zones.
- The Group has 6 leased sites to engage its business, including warehouses, offices, and shops (For more information, kindly refer to subsection 9.6.4 “Lease Contracts” of Section 9.6 “Summary of Material Contracts” hereof).
- The below table mentions the branches/sites occupied by the Company and its subsidiaries and branches. Municipality licenses were obtained as of the publication date hereof.

Table No. (82): Municipality and Safety License Table

S/N	Company	Municipality License No.	License Expiry Date	Address (according to the municipality license)	Safety License (Civil Defense)
1	Takween Advanced Industries Co.	441112488338	29/11/1447H (corresponding to 16/05/2026G)	Eastern Province Municipality- Dhahran Municipality- Qashla	Safety Certificate No. (1-001195360-44), Expiry Date: 29/11/1447H (corresponding to 16/05/2026G)

Source: The Company

- The Company and its subsidiaries shall comply with the MOMRAHH requirements and laws (not not belonging to the Saudi Authority for Industrial Cities and Technology Zones), except for the subsidiary branch “Saudi Plastic Packaging Systems Company” (Register No. (2250067519) that didn't obtain a safety certificate, taking into account that the branch is located on agricultural land and licenses are ongoing.
- Unless otherwise stated above and in subsection “2.1.28” (**Risks related to non-extraction or non-renewal of licenses, permits and certificates**) of section 2 (**Risk Factors**) hereof, the Company shall comply with the MOMRAHH laws, executive regulations, and relevant instructions.

9.5.7 Continuing Obligations According to the Requirements of Saudi Authority for Industrial Cities and Technology Zones (MODON)

- The Company and its subsidiaries have operating licenses issued by the Saudi Authority for Industrial Cities and Technology Zones. For the continuing obligations according to the requirements of MODON, MODON shall oblige the licensors to comply with the following to maintain the license.
 1. The license permits the facility's operation, and the licensee is the real operator of the facility according to his legal entity, licenses, and registrations. The facility owner shall not be entitled to assign the operation, license, or any part of them to third parties.
 2. The licensee shall conform to the terms, obligations, and all laws, regulations, terms, and instructions issued by MODON. The applicable laws and regulations in KSA shall be referred to, for which no law is laid down in MODON.

3. The licensee shall renew this license no more than 15 days after its expiration date.
4. An entity approved by the Civil Defense shall be contracted with to carry out the periodical maintenance of firefighting and safety systems.
5. Ensure the effectiveness of the firefighting and safety system and its connection with the main control panel.
6. The firefighting system shall comply with the approved drawings of the factory.
7. Make sure that exit escapes are sufficient and comply with the specifications.
8. The safety requirements shall be applied during the storage and transfer of chemicals and hazardous gases.

Table No. (83): Table of Operating Licenses

#	Branch	Commercial Register No.	License No.	Location	Issue Date	Expiry Date	Contract No. (MODO)
1	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	1010126846	OLC-23-02-20000583	Riyadh 2nd. Industrial City	29/07/1444H (corresponding to 20/02/2023G)	10/08/1445H (corresponding to 20/02/2024G)	807022
2	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	1010126846	OLC-23-02-20000582	Riyadh 2nd. Industrial City	29/07/1444H (corresponding to 20/02/2023G)	10/08/1445H (corresponding to 20/02/2024G)	807024
3	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	1010126846	OLC-23-20000581	Riyadh 2nd. Industrial City	29/07/1444H (corresponding to 20/02/2023G)	10/08/1445H (corresponding to 20/02/2024G)	807909
4	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	1010126846	OLC-23-02-20000580	-	29/07/1444H (corresponding to 20/02/2023G)	12/09/1444H (corresponding to 03/04/2023G)	809347
5	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	4030104975	OLC-23-08-10002855	Jeddah 1st. Industrial City	23/01/1445H (corresponding to 10/08/2023G)	29/07/1445H (corresponding to 10/02/2024G)	807785
6	Branch of Saudi Plastic Packaging Systems	2257067520	OLC-23-07-25002578	Al-Ahsa 1st Industrial City	07/01/1445H (corresponding to 25/07/2023G)	19/01/1446H (corresponding to 25/07/2024G)	812276
7	Al Sharq Plastic Industries Co.	1010008540	OLC-23-06-11001953	Riyadh 2nd. Industrial City	22/11/1444H (corresponding to 11/06/2023G)	05/12/1445H (corresponding to 11/06/2024G)	809184
8	Al Sharq Plastic Industries Co.	1010008540	OLC-23-06-14002067	Riyadh 2nd. Industrial City	25/11/1444H (corresponding to 14/06/2023G)	08/12/1445H (corresponding to 14/06/2024G)	808931
9	Al Sharq Plastic Industries Co.	1010008540	OLC-23-06-22002230	Riyadh 2nd. Industrial City	04/12/1444H (corresponding to 22/06/2023G)	09/06/1445H (corresponding to 22/12/2023G)	808932
10	Al Sharq Plastic Industries Co.	1010008540	OLC-23-06-22002231	Riyadh 2nd. Industrial City	04/12/1444H (corresponding to 22/06/2023G)	09/06/1445H (corresponding to 22/12/2023G)	801515

Source: The Company

* The license is being renewed.

- The Company and its subsidiaries and branches shall comply with MODON requirements.

Except as mentioned above and in subsection “2.1.28” (“**Risks related to non-extraction or non-renewal of licenses, permits and certificates**”) of Section 2 (“**Risk Factors**”) of this Prospectus, the Company shall comply with the laws of the Ministry of Municipal, Rural Affairs, and Housing and related executive regulations and instructions.

9.5.8 Continuing Obligations as per the Requirements of the Ministry of Industry and Mineral Resources

1. The provisions of the Unified Industrial Regulatory Law of GCC and its executive regulations shall be complied therewith.
2. No expansion or modification of the products shall be made without obtaining the Ministry’s approval.
3. Factory data shall be updated every six months through the Ministry’s website.
4. Products shall conform to approved specifications and standards or specifications adopted by the Saudi Standards, Metrology & Quality Organization.
5. The provisions of the General Environmental Law and its executive regulations shall be complied with to preserve the environment from pollution.

6. Laws, instructions, safety, industrial security, and public health regulations shall be adhered to.
 7. The industrial project's accounts shall be organized according to accounting principles and applicable legal rules, and the Ministry shall be provided with a balance sheet certified by a chartered accountant for each fiscal year.
 8. The benefits granted to the project shall not be misused.
 9. The Ministry shall be provided with the complete and correct data requested about the project.
 10. Ministry employees shall be allowed to enter the industrial project, review records, documents, and accounts, and monitor production operations and other project activities.
 11. It is not permissible to establish, expand, or develop an industrial project, change its products, merge it with another industrial project, divide it into more than one project, or change its location. It is also not permissible to dispose of, mortgage, lease, or assign the project in whole or in part, in any form, without the approval of the Ministry.
- Below is a table of the industrial licenses obtained by the Company and its branches:

Table No. (84): Table of Industrial Licenses

#	License Holder	Industrial License No.	Commercial Register No.	Industrial Activity	Issue Date	Expiry Date
1	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	451110129352	1010126846	To manufacture plastic products	19/02/1445H (corresponding to 04/09/2023G)	01/03/1446H (corresponding to 04/09/2024G)
2	Plastic Containers Factory, branch of Saudi Plastic Packaging Systems	441102122163	4030104975	To manufacture plastic products	13/04/1444H (corresponding to 07/11/2022G)	17/03/1447H (corresponding to 09/09/2025G)
3	Branch of Saudi Plastic Packaging Systems	421102109095	2257067520	To manufacture plastic products	06/05/1442H (corresponding to 21/12/2020G)	08/06/1445H (corresponding to 21/12/2023G)
4	Al Sharq Plastic Industries Co.	441110127481	1010008540	To manufacture plastic products	24/11/1444H (corresponding to 13/06/2023G)	27/12/1447H (corresponding to 13/06/2026G)
5	Branch of Saudi Plastic Packaging Systems	451110130717	2250067519	To manufacture plastic products	27/03/1445H (corresponding to 12/10/2023G)	09/04/1446H (corresponding to 12/10/2024G)

Source: The Company

- The Company and its subsidiaries and branches shall comply with the requirements of the Ministry of Industry and Mineral Resources.

9.5.9 Continuing Obligations as per the Requirements of the National Center for Environmental Compliance (formerly the General Authority of Meteorology and Environmental Protection) *

- The Company's licensed activities may have a negative impact on the environment. Accordingly, the Company shall adhere to the following requirements and standards:
 - The standards, criteria, and requirements issued by NCEC shall be complied with.
 - NCEC's technicians and specialists shall be allowed to enter the facility at any time.
 - In the event of any modification or changes to the facility's activity and tasks or the quality of raw material or production, or if any expansion or addition is made to the project without informing NCEC, this permit shall be deemed null and void.
 - NCEC shall be notified in advance if there is a desire to use or recover any industrial waste within the manufacturing processes, and the specialists shall be informed about the technology and method used in this regard.
 - The contents of the studies and technical reports submitted for the permit application regarding the operation and maintenance of pollutant suppression systems and the methods used to dispose of non-recoverable waste shall be strictly adhered to by a service provider licensed by the competent authorities.
 - Upon requesting an environmental permit renewal, an environmental audit study prepared by a service provider licensed by NCEC shall be submitted.
 - Periodic reports shall be attached every 6 months and included in the environmental records.
 - Documented contracts and invoices detailing the types and quantities of hazardous solid and liquid waste generated by the facility for the period prior to renewal from entities qualified by NCEC shall be included in the environmental audit study.
 - The facility's environmental monitoring and management plan shall be implemented, and the recommendations contained in the study and its annexes shall be adhered to.
 - Warehouses and depots shall be allocated to store raw materials and finished products that are compatible with the nature and specifications of the materials and their level of hazard, according to the Safe Material Handling Sheet.

- The financial compensation for this permit will be collected starting from the date of its approval by NCEC's Board of Directors.
- With regard to the subsidiary's branch, "Plastic Containers Factory, branch of Saudi Plastic Packaging Systems," the Company shall comply with NCEC requirements, as it obtained an operational environmental permit under No. (21218), dated 11/10/1443H (corresponding to 12/05/2022G), which is valid until 03/10/1446H (corresponding to 01/04/2025G) for the Company's factory with registration No. (1010126846).
- With regard to the subsidiary's branch, "Plastic Containers Factory, branch of Saudi Plastic Packaging Systems," the branch shall comply with NCEC requirements, as it obtained an operational environmental permit under No. (2456), dated 15/02/1444H (corresponding to 11/09/2022G), which is valid until 08/02/1447H (corresponding to 02/08/2025G) for the Company's factory with registration No. (4030104975).
- With regard to the subsidiary's branch, "Plastic Containers Factory, branch of Saudi Plastic Packaging Systems," the branch shall comply with NCEC requirements, as it obtained an operational environmental permit under No. (17495), dated 11/08/14424H (corresponding to 24/03/2021G), which is valid until 05/07/1445H (corresponding to 17/01/2024G) for the subsidiary's factory with registration No. (2250067591).
- With regard to the Company's branch "Saudi Arabia Plastic Packaging Systems Company Branch in Al-Oyoun", it is committed to the requirements of the national center for environmental compliance, as the branch obtained an environmental permit for operation under No. EEOPP-2023-000390) dated 04/09/1444H (corresponding to 26/03/2023G) and it is in effect until 07/10/1447H (corresponding to 26/03/2026G) for the factory of the subsidiary under the registration No. 2257067520)
- With regard to subsidiary "Al Sharq Plastic Industries Company", it is committed to the requirements of the national center for environmental compliance, as the branch obtained an environmental permit for operation under No. 8169) dated 29/03/1443H (corresponding to 04/11/2021G) and it is in effect until 27/02/1446H (corresponding to 31/08/2024G) for the factory of the subsidiary under the registration No. 1010008540).
- The Company, its subsidiaries, and branches are committed to the requirements of the national center for environmental compliance.
- * The General Authority of Meteorology and Environment Protection has been cancelled and its duties have been transferred to the national center for environmental compliance by virtue of the Cabinet Resolution dated 19/07/1440H (corresponding to 26/03/2019G)

9.6 Summary of Material Contracts

9.6.1 Shareholders' Agreement

- As of the date of publication of this Prospectus, the Company does not have any side agreements between shareholders, therefore, the Company's bylaws/Articles of Association shall govern the relationship between them.

9.6.2 Participation agreements and memorandums of understanding

- As of the date of publication of this Prospectus, there are no participation agreements with any parties except for the Company's bylaws/Articles of Association. There are also no memoranda of understanding regarding potential future participation with third parties other than stipulated in the contract of incorporation, with the exception of the share sale agreement concluded with JOFO Company (for more details, see paragraph (9.6.6).

9.6.3 Contracts and Transactions with Related Parties

As of the date of publication of this Prospectus and according to the Company's consolidated financial statements for the fiscal year ended 31 December 2022G, Takween Advanced Industries Company has transactions with related parties in the course of practicing its activity, and the balances and transactions between the Company and its subsidiaries, which are related parties to the Company that were excluded when Consolidation of the financial statements and not disclosed in this note.

- The tables below show the main transactions with Related Parties during the fiscal years 2020G, 2021G, and 2022G

Table No. (85): Transactions with Related Parties of the year 2020G

Balances due from related parties for the fiscal year ended 31 December 2020G			
Related party	Nature of relationship	Dealing nature	Balance as in 31 December 2020G (SAR)
The National Agricultural Development Company (Nadec)	Joint management	Bottles and packaging purchase agreement	11,328,000
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Bottles and packaging purchase agreement	99,000
Total			11,427,000

Balances due from related parties for the fiscal year ended 31 December 2020G			
Related party	Nature of relationship	Dealing nature	Balance as in 31 December 2020G (SAR)
Balances due to related parties for the fiscal year ended 31 December 2020G			
Al Othman Agricultural Production and Processing Company (Nada)	Sister company	Bottles and packaging purchase agreement	19,905,000
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Rental agreement for employee accommodation, support services, general maintenance, and pest and reptile control.	5,371,000
Mohammed AL Othman Travel and Tourism Agency Company (AL Othman Travel)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Purchase airline tickets	351,000
Systems of Strategic Business Solutions Company	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Information technology services	2,529,000
Other			45,000
Total			28,201,000

Source: The Company

Transactions with Related Parties for FY 2021G

Table No. (86): Balances due from related parties for the fiscal year ended 31 December 2021G

Balances due from related parties for the fiscal year ended 31 December 2021G			
Related party	Nature of relationship	Dealing nature	Balance as in 31 December 2021G (SAR)
The National Agricultural Development Company (Nadec)	Joint management	Bottles and packaging purchase agreement	9,421,000
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Bottles and packaging purchase agreement	34,378,000
IMCO and Others	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Supplying industrial supplies	10,000
SAAF Company	Associate Company	Supplying Raw materials to advanced fabrics factory through Takween	36,777,000
Amounts paid in advance to Walaa Cooperative Insurance Company (Walaa)	Joint management	Insurance services	1,325,000
SAAF Company- Debit amount	Associate Company in which Takween has a percentage of (30%) and in the member of Takween's Board of Directors (Mr. George Abraham)		80,224,000
Total			162,137,000

Source: The Company

Table No. (87): Balances Due to Related Parties for the fiscal year ended 31 December 2021G

Balances due to related parties for the fiscal year ended 31 December 2021G			
Related party	Nature of relationship	Dealing nature	Balance as in 31 December 2021G (SAR)
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders (sister company)	Bottles and packaging purchase agreement	47,438,000
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders (sister company)	Rental agreement for employee accommodation, support services, general maintenance, and pest and reptile control.	10,371,000

Balances due to related parties for the fiscal year ended 31 December 2021G			
Related party	Nature of relationship	Dealing nature	Balance as in 31 December 2021G (SAR)
Systems of Strategic Business Solutions Company (SSBC)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Information technology services contract and supplying computers	929,000
Other			141,000
Total			58,879,000

Source: The Company

Table No. (88): Balances Due from Related Parties for the fiscal year ended 31 December 2022G

Balances due from related parties for the fiscal year ended 31 December 2022G				
Related party	Nature of relationship	Dealing nature	Details of the concluded contract	Balance as in 31 December 2022G (SAR)
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders (sister company)	Bottles and packaging purchase agreement	The contract ends on 27/05/1444H (corresponding to 21/12/2022G)	2,070,000
IMCO and Others	Al- Othman Holding Company one of the Company's substantial shareholders	Supplying industrial supplies and sale of plastic products from Takween	The contract ends on 27/05/1444H (corresponding to 21/12/2022G)	28,000
SAAF Company	Subsidiary in which Takween Company has a percentage of (30%) and in the member of Takween's Board of Directors (Mr. George Abraham)	Supplying Raw materials and providing various services to manufacture advanced fabrics through Takween	The contract ends on 21/11/1443H (corresponding to 20/06/2022G)	37,367,000
SAAF Company - Debit amount	Subsidiary in which Takween Company has a percentage of (30%) and in the member of Takween's Board of Directors (Mr. George Abraham)	Supplying Raw materials and providing various services to manufacture advanced fabrics through Takween	The contract ends on 21/11/1443H (corresponding to 20/06/2022G)	9,255,000
Total				48,720,000

Source: The Company

Table No. (89): Balances Due to Related Parties for the fiscal year ended 31 December 2022G

Balances due to related parties for the fiscal year ended 31 December 2022G				
Related party	Nature of relationship	Dealing nature	Details of the concluded contract	Balance as in 31 December 2022G (SAR)
Al Othman Agricultural Production and Processing Company (Nada)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Bottles and packaging purchase agreement	The contract ends on 27/05/1444H (corresponding to 21/12/2022G)	68,836,000
Al Othman Agricultural Production and Processing Company (Nada)	Sister Company	Rental agreement for employee accommodation, support services, general maintenance, and pest and reptile control.	The contract ends on 27/05/1444H (corresponding to 21/12/2022G)	12,535,000
Mohammed AL Othman Travel and Tourism Agency Company (AL Othman Travel)	Subsidiary of Al- Othman Holding Company one of the Company's substantial shareholders	Transactions of travel tickets for the Company's use	The contract ends on 06/05/1442H (corresponding to 21/12/2020G)	2,967,000
Other				844,000
Total				85,182,000

Source: The Company

- According to the Board of Directors' report for the year 2022G, the Company concluded a number of contracts and transactions with related parties in which some members of the Board of Directors have an interest. The following table shows the transactions and contracts that are still in effect during the FY 2023G.

Table No. (90): Contracts and Transactions in Effect During 2023G

Contracted Entity / related party	Terms of business or contract	Nature of business or contract	Term of business or contract	Amount of business or contract	Name of the board of directors member/senior executives (stakeholders)
Al- Othman Holding Company, a subsidiary of one of the Company's substantial shareholders	A lease contract for lands within the borders owned by Al-Othman Holding Company in Al-Jarn in Al-Ahsa Plastic Products Company factory and a SAAF factory	Rental Agreement of the land of the factory of Saudi Arabia Plastic Packaging Systems Company and the SAAF Company factory in Al-Jarn	The contract ends on 05/08/1446H (corresponding to 04/02/2025G)	597,000	- Abdulmohsen bin Mohammed. Al-Othman - Chairman - George Abraham Antonios, Member of the Board of Directors
Al- Othman Holding Company, a subsidiary of one of the Company's substantial shareholders	Takween Company rents an entire floor in AL Othman Tower in Al-Khobar city as per the prevailing prices, including maintenance	Lease contract for the head office of Takween Company in AL Othman Tower	The contract ends on 08/08/1444H (corresponding to 28/02/2023G)	1,028,000	- Abdulmohsen bin Mohammed. Al-Othman Chairman - George Abraham Antonios, Member of the Board of Directors
Advanced Fabrics Factory Company	Subsidiary in which Takween Company has a percentage of (30%) and the member of Takween's Board of Directors (Mr. George Abraham)	Supplying raw materials to Advanced Fabrics Factory through Takween Company	The contract ends on 12/12/1444H (corresponding to 30/06/2023G)	145,793,000	Mr. George Abraham, Member of the Board of Directors

Source: The Company

- The Company, its Board members, and shareholders are committed to applying Articles (71) and (27) of the Companies Law. These transactions, which took place with the related parties for the year 2022G- 2023G, were voted on in the Company's Ordinary General Assembly held on 09/20/1444H (corresponding to 11/04/2023G, according to the following:
 - Contracts that will be concluded between Takween Company and Al-Othman Agricultural Production and Processing Company (Nada), one of the companies of Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizes a transaction term from 01/01/2023G to 31/12/2023G, which is an agreement to purchase plastic bottles from Takween Company's factories, noting that the value of transactions in 2022G amounted to (90,351) million riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
 - The business and contracts that will be carried out between Takween Company and Al-Othman Company for Agricultural Production and Processing (Nada), one of the companies of Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company and authorizes the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in employee accommodation services, support, general maintenance, and pest and reptile control services. Knowing that the value of the transactions in 2022G was (2.15) million riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
 - Voting on the business and contracts that will be carried out between Takween Company and Al-Othman Holding Company, a related party, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in rental agreement of the land of the factory of Saudi Arabia Plastic Packaging Systems Company and the SAAF Company factory in Al-Jarn. Knowing that the value of transactions in 2022G was (597) thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
 - Voting on the business and contracts that will be carried out between Takween Company and Al Othman Industrial Marketing Company (IMCO) one of the companies of Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in supplying industrial supplies, knowing that the value of transaction in 2022G was (14.5) thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
 - Voting on the business and contracts that will be carried out between Takween Company and Clean Environment Technologies for environmental consulting and studies Company one of the companies of Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in environmental studies, knowing that the value of transaction in 2022G was (120.8) thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
 - Voting on the business and contracts that will be carried out between Takween Company and Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding

Company, and authorizing the transaction term from 01/03/2023G to 28/02/2024G. The transaction is represented in a rental agreement of the general management offices and the costs of the maintenance for the Company, knowing that the value of transaction in 2022G was (1,028) million riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.

- Voting on the business and contracts that will be carried out between Takween Company and Kempinski Al Othman Hotel Al-Othman one of the companies of Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in accommodating the Company guests and setting up events, knowing that the value of transaction in 2022G was (20.3 thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
- Voting on the business and contracts that will be carried out between Takween Company and Al-Othman Contracting Company owned by the Chairman of the Board of Directors of Al-Othman Holding Company, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in construction works for the Company's factories under specific purchase orders and after obtaining competitors quotations. Knowing that the value of transaction in 2022G was (21.7) thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
- Voting on the business and contracts that will be carried out between Takween Company and Gulf Desert Chemical Company in which Al-Othman Holding Company has shares, in which the Chairman of the Board of Directors, Mr. Abdulmohsen bin Mohammed. Al-Othman has an indirect interest as a senior executive and one of the owners of the main shareholder, namely Al-Othman Holding Company, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in supplying chemicals to the Company's factories. Knowing that the value of transaction in 2022G was (817.03) thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
- Voting on the business and contracts that will be carried out between Takween Company and Wala Insurance Company which has among its board of directors' members (Mr. Jameel Abdullah Al Molhem) and he has an indirect interest in such contracts, and authorizing the transaction term from 29/12/2022G to 28/12/2023G. The transaction is represented in a medical insurance for the employees of Takween Company. Knowing that the value of transaction of the contract covering 2023G was (6,225) million riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
- Voting on the business and contracts that will be carried out between Takween Company and Al Ahsa medical services Company which has among its board of directors' members and its chairman MR. Abdulmohsen bin Mohammed. Al-Othman chairman of the board of directors of Takween Company and Mr. Ibrahim Youssef Al-Mubarak member of the board of directors of Takween Company and has an indirect interest in such contracts, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in a medical examination for the new employees of Takween Company factories in Al Ahsa. Knowing that the value of transaction of the contract of 2022G was (9.3) thousand riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
- Voting on the business and contracts that will be carried out between Takween Company and Advanced Fabrics Factory Company (SAAF) one of sister companies which has among its board of directors' members Mr. George Abraham the member of the board of directors of Takween Company and has an indirect interest in such contracts, and authorizing the transaction term from 01/01/2023G to 31/12/2023G. The transaction is represented in providing various services for advanced fabrics Factory through Takween. Knowing that the value of transaction of 2022G was (145,793) million riyals, knowing that these transactions are carried out based on commercial grounds without preferential terms.
- The Company's Ordinary General Assembly, which was held on 10/10/1443H (corresponding to 11/05/2022G), also voted on the transactions that have been carried out with related parties for the year 2021G.
- On 17/09/1442H (corresponding to 29/04/2021G), the Ordinary General Assembly approved the transactions that have been carried out with related parties during the year 2020G.
- On 10/09/1441H (corresponding to 03/05/2020G), the Ordinary General Assembly approved the transactions that have been carried out with related parties during the year 2019G.

9.6.4 Lease Contracts

9.6.4.1 Lease contracts with the General Authority for Industrial Cities and Technology Zones.

- Subsidiaries and their branches concluded (12) lease contract as a Lessee with the Saudi Authority for Industrial Cities and Technology Zones (MODON), which consists of workers accommodation, lands, and factories, in order to carry out its activity (manufacture of rubber and plastic products) and build its factories. Below is a list of the Company's locations lease contracts and their main details:

Table No. (91): List of the lease contracts with the Saudi Authority for Industrial Cities and Technology Zones (MODON)

No.	Lessor Name	Lessee/ Investor	Property location	Property type	Rental value	Contract term	Commencement date	Expiry date	Remarks
1.	Saudi Authority for Industrial Cities and Technology Zones	Al Sharq Plastic Industries Company	Riyadh, Second	Land area: 500,000 m2 land	500,000	(20) years	22/12/1431H (corresponding to 28/11/2010G)	21/12/1451H (corresponding to 24/04/2030G)	Contract No. (801515)
2.	Saudi Authority for Industrial Cities and Technology Zones	Al Sharq Plastic Industries Company	Riyadh, Second	Land area: 2,500 m2 - Plot No. F5:9	(SAR)100 annually	(25) years	05/01/1425H (corresponding to 25/02/2004G)		
3.	Saudi Authority for Industrial Cities and Technology Zones	Al Sharq Plastic Industries Company	Riyadh, Second	Land area: 16,972 m2- industrial land	(SAR)67,888 annually		29/05/1439H (corresponding to 15/02/2018G)	28/05/1458H (corresponding to 22/07/2036G)	Contract No. (809184)
4.	Saudi Authority for Industrial Cities and Technology Zones	Al Sharq Plastic Industries Company	Riyadh, Second	Land area: 5620 m2- Plot No. (from 472 to 475) (from 477 to 480)	(SAR)112.4 annually		02/12/1427H (corresponding to 23/12/2006G)	The expiration date of the contract is related to the expiry date of the contract of the land allocated to the Second Party	
5.	Managing director of the first industrial city in Riyadh	Al Sharq Factories for Paper and Plastic Products	Riyadh, Second, residential district inside the industrial city	Land area: 7,20 m2- plot No. (from 472 to 475) (from 477 to 482)	(SAR) 561.60 annually		14/08/1407H (corresponding to 13/04/1987G)	The expiration date of the contract is related to the expiry date of the contract of the land allocated to the Second Party	
6.	Saudi Authority for Industrial Cities and Technology Zones	Plastic Containers Factory	Riyadh, Second,	Land area: 17,000 m2- Plot No. F5:11+12	SAR 340 annually	(25) years	10/06/1407H (corresponding to 08/08/2003G)		
7.	Saudi Authority for Industrial Cities and Technology Zones	Branch of Saudi Plastic Packaging Systems/ Al Oyoun	Al Ahsa, First	Land area: 42975 m2- industrial land	SAR 171.900 annually		19/02/1442H (corresponding to 06/10/2020G)	18/02/1455H (corresponding to 17/05/2023G)	Contract No. (812276)
8.	Saudi Authority for Industrial Cities and Technology Zones	Saudi Plastic Packaging Systems Company/ Al Oyoun	Al Ahsa, First	Industrial Land No: 013-0080D33:010	SAR 87,289 annually	(10) years	27/08/1443H (corresponding to 30/03/2022G)	26/08/1453H (corresponding to 11/12/2031G)	Contract No. (22000135)
9.	Saudi Authority for Industrial Cities and Technology Zones	Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems Company	Riyadh, Second,	Land area: 7,461 m2 - Plot No.: Industrial Land: 0020M00058	SAR 14,922 annually		16/08/1437H (corresponding to 23/05/2016G)	15/08/1457H (corresponding to 17/10/2035G)	Contract No. (807022)
10.	Saudi Authority for Industrial Cities and Technology Zones	Plastic Containers Factory	Riyadh, Second,	Land area: industrial land: 5,003 m2, Plot No.: 002M00045	SAR 20,012 annually		01/04/1438H (corresponding to 30/12/2016G)	30/03/1450H (corresponding to 21/08/2028G)	Contract No. (807909)

No.	Lessor Name	Lessee/ Investor	Property location	Property type	Rental value	Contract term	Commencement date	Expiry date	Remarks
11.	Saudi Authority for Industrial Cities and Technology Zones	Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems Company	Riyadh, Second,	Land area: 19,977 m2, Plot No.: Industrial Land: 0020M00065	SAR 39,954 annually		16/08/1437H (corresponding to 23/05/2016G)	15/08/1457H (corresponding to 17/10/2035G)	Contract No. (807024) notarized
12.	Saudi Authority for Industrial Cities and Technology Zones	Plastic Containers Factory a Branch of Saudi Plastic Packaging Systems Company	Riyadh, Second,	Land area: 486 m2, Plot No.: Industrial Land: 0020M00324	SAR 19,440 annually	(5) years	13/09/1439H (corresponding to 28/05/2018G)		Contract No. (809347)
13.	Saudi Authority for Industrial Cities and Technology Zones	Plastic Containers Factory	Jeddah, first	Land area: 33,333 m2, Plot No.: Industrial Land: 0030E00033	SAR 166.665 annually		09/03/1438H (corresponding to 08/12/2016G)	08/03/1458H (corresponding to 05/05/2036G)	Contract No. (807785)

Source: The Company

Main Liabilities:

- The Lessee shall notify MODON in writing of its desire to renew it one year prior to the expiration date of the contract. If he does not comply with the notice, MODON shall have the right not to renew this contract, and in case of approval, the renewal shall be under a new contract and new terms.
- The Lessee shall obtain a building license and begin implementing construction work within the period stipulated in the contract. If it stops during or after construction, then "MODON" shall be notified immediately. In this case, the Lessee shall get a standstill period, provided that this period does not exceed the period specified in the terms of this contract.
- The contract shall be repealed if the Lessee does not comply with the following procedures:
 - Starting the implementation of construction within nine (9) months as of the date of this contract.
 - Submitting plans within six (6) months as of the date of this contract.
 - Commencing production within two (2) years as of the date of this contract.
- The Company shall allow MODON employees to access the land at any time and providing them with the required information and documents.
- The Lessee shall provide health protection for the factory workers, and it shall not accommodate them inside the factory.
- The Lessee shall comprehensively procure insurance on the buildings, facilities and equipment built on the leased land for their total value against fire and other risks, as well as third party insurance with one of the insurance companies authorized in the Kingdom. MODON shall be provided with a copy of the insurance policy and evidence of the validity of such policy annually during the term of this contract. A prior written approval from MODON shall also be obtained for the insurance policy to avoid avoidance of the contract.
- The Lessee shall notify MODON immediately in the event of standstill after the start of production, explaining the date and reasons for the suspension, specifying an expected date for the resuming production, provided that the period of suspension does not exceed the period specified for the actual suspension of production. In case of desiring more time, another request shall be submitted to the Authority and it has the right to reject or approve, taking into consideration the reasons for extending the period.
- Payment of financial liabilities.
- Open spaces shall not be used for purposes not approved in MODON plans.
- The Lessee shall keep the land and the facilities and assets on it free of any mortgage, lien, claim, guarantee, or any other type of similar claims. The Lessee may not have the right to assign this contract or the interests arising from it or transfer any of its rights acquired by virtue of this contract without obtaining prior written approval from MODON. In the event of forfeiture of the land or repeal of the contract, MODON shall not bound by any party, whatever it may be, to the mortgage or anything similar.

In the event of the expiration or repeal of this contract, the Lessee shall return the land and deliver it to MODON free of any occupants within the period stipulated in the contract as of the date of the evacuation notification. In the event of non-compliance, MODON shall have the right to confiscate and remove all assets at the expense of the Lessee, and he may not claim any compensation.

9.6.4.2 Other Leases

- The Company and its subsidiaries have (6) lease contracts as a Lessee, which are offices, showrooms, lands, and warehouses to carry out its activity.
- The contracts provide for a rental amount that the Company pays to the lessor annually and the contract's renewability. The contracts also stipulate that they shall be considered void if the Lessee is late in paying the rent, and the Lessee may not sublease the property without obtaining written approval from the lessor. It is also not permissible to change the method of using the leased property or the activity without the consent of the lessor. Below is a list of the Company's location lease contracts and their main details.

Table No. (92): List of Current and Renewed Lease Contracts for Sites Operated by the Group

No.	Lessor Name	Lessee/ Investor	Property Location	Property Type	Rental Value	Contract Term	Commencement Date	Expiry Date	Remarks
1	Al-Othman Holding Closed Stock Company	Takween Advanced Industries Co. Public Joint-stock	Alhariri, Dhahran	Floor in a tower – commercial, Floor No. (16)	Total SAR (551,698)	(365) days	09/08/1444H (corresponding to 01/03/2023G)	19/08/1445H (corresponding to 29/02/2024G)	Electronically registered contract
2	Al-Nakhla Cooperative Society in Al-Ahsa	Takween Advanced Industries Co.	North Al-Jarn, Al-Ahsa/ Prince Naif	Warehouse of (2,800) m2	SAR (230,000) annually	(364) days	19/05/1444H (corresponding to 13/12/2022G)	28/05/1445H (corresponding to 12/12/2023G)	Electronically registered contract
3	Abdulaziz Alajlan Sons for Trading & Real Estate Investments Co, Ajlan & Bros	Saudi Plastic Packaging Systems	Open Mall	Warehouse	Total SAR (1,122,504)	(364) days	21/04/1444H (corresponding to 15/11/2022G)	30/04/1445H (corresponding to 14/11/2023G)	Electronically registered contract
4	Abdullah bin Mohammed Al Yousef	Saudi Plastic Packaging Systems	Open Mall	Warehouse	Total SAR (120,000)	(365) days	10/09/1444H (corresponding to 01/04/2023G)	21/09/1445H (corresponding to 31/03/2024G)	Electronically registered contract
5	Al Othman Holding Joint-stock	Saudi Plastic Packaging Systems	Al-Ahsa / northeast of Al-Jarn village – Jarhad bin Razah	Factory	Total SAR (230,000)	(365) days	14/01/1445H (corresponding to 01/08/2023G)	25/01/1446H (corresponding to 31/07/2024G)	Electronically registered contract

Source: The Company

- It shall be noted that the Cabinet Resolution No. (292) dated 16/05/1438H (corresponding to 13/02/2017G), which stipulates that a lease contract that is not registered electronically on the network shall not be considered a valid contract that produces its administrative and judicial effects, and since the rental services e-network has been launched in cooperation between the Ministry of Justice and Ministry of Housing on 17/05/1439H (corresponding to 03/02/2018G). A Ministry of Justice circular was issued approving the application of this Resolution to all contracts entered into after 05/05/1440H (corresponding to 11/01/2019G). As of the date of publishing this Prospectus, (5) lease contracts have been registered in accordance with the requirements of the circular of His Excellency the Minister of Justice.

9.6.5 Group's Contracts for Carrying out its Activity

- The Company has entered into several agreements with other entities in the course of carrying out its activity, according to the following:

Table No. (93): Summary of Agreements Entered into by the Group

No.	Agreement Date	First Party	Second Party	Agreement Subject	Expiry Date	Contract Value	Remarks
1	11/06/1444H (corresponding to 04/01/2023G)	Abdulhadi Abdullah Al-Qahtani & Sons Beverage Industry	Al Sharq Plastic Industries Company	The Second Party shall manufacture and supply plastic wrap rolls for thermal packaging in accordance with the specifications and standards of the First Party	18/02/1445H (corresponding to 31/12/2023G)	As per Kgs as indicated in the schedule annexed to the Contract	
2	03/05/1444H (corresponding to 27/11/2022G)	Agthia - Alfoah	Al Sharq Plastic Industries Company	Supply of plastic boxes of high-density polyethylene by the Second Party	12/05/1445H (corresponding to 26/11/2023G)	As per the plastic box price specified in BOQ	

No.	Agreement Date	First Party	Second Party	Agreement Subject	Expiry Date	Contract Value	Remarks
3	"	Al Sharq Plastic Industries Company	The Factory of Methanol Chemical Co.	The First Party shall sell products to the Second Party as per the specifications specified in the Contract		As per the price schedule indicated in the Contract	
4	13/06/1443H (corresponding to 16/01/2022G)	Al-Salem York Services Ltd.	Al Sharq Plastic Industries Company	HVAC Maintenance Agreement	The Contract shall cover 4 visits	SAR (113,275) annually	
5	03/12/1444H (corresponding to 21/06/2023G)	Atlas Industrial Equipment Company	Al Sharq Plastic Factory	The First Party shall provide maintenance for the equipment of the Second Party	21/10/1445H (corresponding to 30/04/2024G)	SAR (288,535) annually	

Source: The Company

9.6.6 Services Contracts

In the context of carrying out its activity, the Company entered into a contract to provide financial advisory services, the value of which was determined according to the agreement entered into according to the following details:

Table No. (94): Summary of Services Contracts

No.	First Party	Second Party	Purpose of Contract	Agreement Date	Agreement Term	Agreement Value	Renewal
1	Takween Advanced Industries	AlKharashi & Co. Certified Accountants and Auditors	To audit the consolidated financial statements of the Company for the year ended on 31 December 2022G and the consolidated preliminary summarized financial statements of Q2 and Q3 FY2022G and Q1 FY2023G	22/10/1443H (Corresponding to 23/05/2022G)	The agreement term shall be terminated when the task completed	SAR 852,000	-

Source: The Company

9.6.7 Share Purchase Agreement

- During 2020G, the Group signed a share purchase agreement with China-based Jovo Nonwovens Co. to sell 70% of its subsidiary, Advanced Fabrics Factory Company ("SAAF"). The Group completed the terms of the sales purchase agreement and announced the completion of the entire transaction in July 2021G.

9.6.8 Loans and Facilities

- With regard to commercial loans: The Group has entered into a Murabaha Facility Agreement in the amount of SAR (910) million with the Arab National Bank, "the lead bank" on behalf of the participants in the Murabaha facilities, to finance the acquisition of the Saudi Plastic Packaging Systems Company (Saudi Packaging) with two of its subsidiaries, Al Sharq Plastic Industries Company, and New Marina Plastic Industries Company.

In 2016, an amount of SAR (490) million was paid in relation to this loan, i.e., SAR (90) million related to the scheduled loan installments and early repayment amounting to SAR (400) million. There was no change in the loan term, but the repayment was rescheduled accordingly.

In 2021G, SAR (153) million were paid in relation to this loan, and all securities provided by Advanced Fabrics Factory Company ("SAAF"), SAR (209) million related to scheduling the loan installment until September 2024G, were released. There was no change in the loan term, however, the loan repayment has been rescheduled accordingly.

The Group breached some covenants regarding the long-term loan, which is measured semi-annually, i.e., June and December of each year. The Management took the necessary remedial measures, including obtaining a waiver from the Saudi Fransi Bank for the period ending on 30 June 2022G and the year ending on 31 December 2022G.

With regard to short-term loans: The Group has credit facility agreements with local commercial banks consisting of overdrafts, short-term loans, letters of credit, guarantees, etc. Loans under the facilities bear financing fees at prevailing market rates and are secured by promissory notes and order notes, in addition to corporate guarantees from Al Othman Holding Company, an affiliate of one local bank. In 2022G, the Group added additional short-term facilities, which were reflected in the cash position as at 31 March 2023G.

Table No. (95): Summary of Medium-term and Long-term Loans as of 31 December 2020G, 31 December 2021G, 31 December 2022G, and 31 December 2023G

Medium-term Loans					
Bank Name	Charge Rate	Maximum Facility Million SAR	Used Amount Million SAR	Guarantee	Repayment terms
Arab National Bank -Syndicated Loan	SAIBOR + 2.75	73.7	71.2	AOH Guarantee	2 semi-annual installments
SNB	SAIBOR + 2.00	34.3	34.3	AOH Guarantee	2 semi-annual installments
Total		108.1	105.5		

Source: The Company

Short Term Loan

Table No. (96): Details of Short-term Loans 31 March 2023G

Short-term Loans					
Bank Name	Charge Rate	Maximum Facility Million SAR	Used Amount Million SAR	Repayment terms	
SAB	SAIBOR + 2.00%	45.0	24.0	Repayment on May 23 and 23 June	
Saudi Fransi	SAIBOR + 2.00%	80.0	80.0	Recoveries on April and May 23, 23 June, 23 July, and 23 August	
SNB	SAIBOR + 2.00%	135.0	126.5	Rotation periods on 23 April, 23 June, 23 July, 23 August, 23 September	
Al Rajhi	SAIBOR + 2.50%	51.0	51.0	Repayment on June 23	
Riyad Bank	SAIBOR + 2.50%	75.0	69.5	Recoveries on 23 April, May 23, 23 June, and 23 July	
ANB	SAIBOR + 2.75%	75.0	75.0	Repayment on June 23	
BBK	SAIBOR + 3.00%	55.0	30.0	Recoveries on 23 April, May 23, and 23 June	
Emirates NBD	SAIBOR + 2.00%	100.0	87.8	Recoveries on 23 April, May 23, and 23 June	
NBE	21.25%	7.5	2.1	Checked for 90 days	
Accrued interest			8.1		
Total		623.5	554.1		

The following are the highlights of these loans and agreements:

9.6.8.1 Al Rajhi Bank Facilities

On 14/03/1444H (corresponding to 10/10/2022G), the Company entered into a renewed facilities agreement provided by Al Rajhi Bank in accordance with the agreement entered into on 11/02/1441H (corresponding to 10/10/2019G), and the total credit limit amounted to SAR (76,000,000).

Terms and Conditions:

- The Company acknowledges that the Bank may, at any time, reduce, cancel, or terminate the amount of such facilities or any of it.
- The client shall ensure and ask the obligors to warrant that no member of the Group shall issue any new shares or change any rights associated with his issued shares till the date without obtaining prior written approval from the Bank.
- The Company shall not allow any member of the Group to pay, distribute, or announce dividends or any other distributions without obtaining prior written approval from the Bank.
- The Company's/guarantor's capital may not be changed without the prior written approval of the Bank
- The Company shall not obtain any loans, grant any credit, or provide any guarantee or compensation except in the normal course of business.
- The Company shall immediately inform the Bank of any change in ownership of the committed-issued capital
- The Client represents and warrants to pay according to the payment schedule specified in the Contract.
- The Agreement shall be governed and interpreted in accordance with the laws and regulations of the Kingdom of Saudi Arabia in accordance with the rules of Islamic Sharia.

Warrants:

Declaration of Guarantee: Saudi Plastic Packaging Systems Company/ Al Sharq Plastic Industries Company.

Contract Annexes:

- A promissory note issued on 14/04/1444H (corresponding to 10/10/2022G) amounting to SAR 78,816,381 issued by Takween Advanced Industries Company, a Public Joint-stock Company.
- Declaration of Guarantee by Al-Sharq Plastic Industries Company dated 14/03/1444H (corresponding to 10/10/2022G)

According to the agreement entered with Al Rajhi Bank, the Company shall inform the Bank immediately of any change in ownership of the committed issued capital. The Company also shall not make any change in the Company's/guarantor's capital without the prior written approval of the Bank.

On 06/02/1445H (corresponding to 22/08/2023G), the Company sent a letter to Al Rajhi Bank informing the Bank that the Company was about to reduce its capital and then increase it by offering Rights. On 11/02/1445H (corresponding to 27/08/2023G) the Company obtained written approval from Al Rajhi Bank.

9.6.8.2 Sharia-complaint Islamic Facilities Agreement with SABB

On 29/03/1444H (corresponding to 25/10/2022G), the Company entered into a renewed Sharia-complaint Islamic Facilities Agreement in accordance with the agreement entered into on 04/03/1444H (corresponding to 30/09/2022G), where the credit limit after renewal reached SAR (45,000,000).

Terms and Conditions:

- In the event that the Company fails to pay any amount due or is in default, a violation penalty shall be imposed on the unpaid amount from the due date until the actual payment date.
- The shareholding percentage of the main sponsors shall be not less than 51%.
- The subsidiaries, Saudi Plastic Packaging Systems Company and Al Sharq Plastic Industries Ltd. may benefit from the facilities. The Company represents and warrants that it shall bear responsibility solely and jointly with any subsidiary that benefits from the facilities.
- The facilities shall be subject to the provision of the following guarantees:
- A promissory note amounting to SAR 45,000,000

Contract Annexes:

- A promissory note issued on 29/03/1444H (corresponding to 25/10/2022G) by Takween Advanced Industries Company, a public joint-stock of SAR 45,000,000, to SABB.

On 06/02/1445H (corresponding to 22/08/2023G), the Company sent a letter to the SABB informing the Bank that the Company was about to reduce its capital and then increase it by offering Rights.

9.6.8.3 Credit Facilities Agreement with BBK

On 16/06/1444H (corresponding to 09/01/2023G), the Company entered into a Credit Facilities Agreement in which the credit limit reached SAR (55,000,000) between BBK as creditor and Takween Advanced Industries Co. As Debtor.

Terms and Conditions

1. The loan amount shall be used by the Creditor to cover the working capital needs of the Company.
2. The Debtor shall not monitor the use of the loan amount.
3. In the event that the Agreement is not started 30 days before its date or the date specified by the parties, the Lender has the right to inform the Debtor to terminate the Agreement immediately.
4. The Creditor shall not be entitled to send a request to use an amount of the loan unless the Lender has submitted all the documents required in Appendix No. (1).
5. The Lender shall pay the agreed-upon amounts in the event that the Debtor does not default on his debts and in the event that such requests to use the loan amounts meet the specified conditions.
6. The conditions set in the previous clauses are for the benefit of the Creditor and may be deleted or amended while preserving the rights and interests of the Creditor-Lender.
7. The request for amounts shall be specified in Saudi Riyals and shall not exceed the agreed upon and stipulated limit.
8. The Debtor shall pay the borrowed amounts on the date specified for each amount.
9. In the event that the obligations imposed on the Lender become illegal for any reason, the Lender shall inform the Debtor as soon as becomes aware. All obligations imposed on the Lender shall be terminated and the Debtor shall pay his due payments on the specified dates or on a date determined by the Lender upon being notified.

10. In the event of a change in the Management (control) of the Debtor Company, the Company shall notify the Lender of the matter and the Lender shall secure financing for the loan. After informing the Debtor for at least 10 days, the Lender has the right to terminate the entire agreement and declare the maturity of all borrowed amounts, along with their interest.
11. The Debtor has the right, at any time, after informing the Creditor at least 3 working days in advance of the desire to terminate the entire agreement or part of the loan without resulting in any consequence or penalty for the Debtor.
12. The Debtor has the right, after notifying the Creditor for a period of not less than 15 days or an agreed-upon period, to pay all or part of the debt before its due time without any penalty or additional cost.
13. The Creditor shall follow all reasonable and possible measures to mitigate the payments and consequences of financial matters affecting the Debtor.
14. The Debtor shall, within 5 working days of the Creditor's request, pay the equivalent of the amount of loss or costs that the Creditor may be exposed to as a result of taxes.
15. The Debtor shall, within 5 days of the date of demand, indemnify the creditor for any loss or obligation suffered as a result of failure to pay, the Debtor's failure to make due payments on time, financing or financing procedures, or participation in the Debtor's loan application without its acceptance due to one or more clauses stated therein, or sending a pre-payment request for a loan or part of a loan without payment by the Debtor.
16. The Debtor shall, within 5 working days in all cases, indemnify the creditor for any cost, loss, or liability incurred by the creditor without negligence, error, or bad faith on its part as a result of: investigations in case of suspicion of default, relying on and acting on the basis of instructions or documents that appear to be complete and correct, and the use of lawyers, accountants and experts as permitted in the agreement if the creditor deems it necessary.
17. The Debtor shall, within 5 working days in all cases, promptly indemnify the creditor for any cost, loss, or liability reasonably incurred by the creditor in relation to negotiations, processing, printing, and execution of the agreement and all matters relating to documents and securities beyond the date of the agreement.
18. The Debtor shall, within 5 working days in all cases, promptly indemnify the creditor for any cost, loss, or liability incurred by the creditor if the Debtor requests modifying, waiving, or approving any clause of the agreement as a result of the evaluation, discussion, and response to such requests by the creditor.
19. The Debtor shall, within 5 working days in all cases, promptly indemnify the creditor for any cost, loss, or liability incurred by the creditor as a result of the execution or preservation of any right or financing document as well as all subsequent follow-ups by the creditor as a result of the financing documents.
20. The Debtor shall secure the unaudited financial reports within a period of 60 days from the end of the quarter or half of the fiscal year, and secure the creditor's audited fiscal year report upon the end of the fiscal year, provided that a certificate of compliance is attached to any financial report.
21. At the time of their issuance to the creditor, the Debtor shall promptly secure all documents given to the shareholders and creditors of the Company, all judicial and legal papers and details relating to the Company, and all financial details of the Company and business performance therein upon the creditor's request, insurance policy, and civil defense report annually.
22. The Debtor shall promptly inform the creditor in case of a default and if the creditor requests to formally secure the details of the default.
23. The Debtor undertakes to maintain permanently: the Company's tangible value is at least SAR 250 million, a leverage ratio of not more than 1:4, and an interest coverage ratio equal to 1:1.5 at least.
24. The Debtor undertakes to obtain the authorizations imposed on it by law and in accordance with the agreement to ensure the smooth conduct of affairs.
25. The Debtor shall perform all necessary actions to preserve the Company's entity and to obtain the requirements and satisfaction of the parties necessary for the proper functioning of the business.
26. The Debtor Company shall comply with all laws to which it is subject.
27. The Debtor Company shall not enter into a merger, separation, or restructuring without the creditor's prior written consent.
28. The Debtor shall not change the Company's current physical nature at the time of the agreement.
29. The Debtor undertakes to comply with all the requirements and rules established to safeguard the creditor's rights in terms of financial documentation.
30. The Debtor shall fulfill, preserve, and maintain all of the Company's assets required to operate or for which safeguards are designated under the agreement.
31. The Debtor undertakes not to distribute profits or any payments exceeding 20% of the Company's profits in the specific fiscal year during the period of the agreement.
32. The Debtor undertakes not to designate any additional security on what is secured under this agreement.
33. The Debtor undertakes not to close the creditor's open account within the duration of this agreement.
34. The Debtor undertakes to pay its taxes and not to change the Company's location for tax reasons.
35. The Debtor undertakes not to use the funds lent for matters involving corruption and ensures the application of the Anti-Corruption Law and ensures that all those dealing with them are bound by such Law.
36. The Debtor shall subject the Company and its assets to insurance in accordance with normal practice in similar cases, provided that the insurance source is reliable.

37. The Debtor undertakes to deal with individuals on the basis of separation of management and authority and at the full common market value.
38. In case of a suspicion of default, the Debtor shall grant access to the creditor, its accountants, or experts to necessary or required information.
39. At least 90 days prior to the expiration date of the Agreement, the Debtor shall inform the creditor of its intention either to renew for 12 months or to pay the entire debt according to the financial documents.
40. The Debtor undertakes not to use, lend, or pay funds from such facilities to any party that is liable to penalties or in a manner that may result in sanctions against the creditor or Debtor. If the Debtor becomes aware of any accusation or complication against the Company or any of its officials, it shall promptly inform the creditor.
41. The Debtor undertakes to comply with environmental, social, and imposed governance standards and duties.
42. The creditor shall have the right to waive its rights and obligations to another party, but the Debtor's consent is not required.
43. The Debtor shall not waive any of its rights or duties to third party.
44. The creditor undertakes to keep information confidential except within the limits provided for in the Agreement.
45. The Debtor irrevocably and unconditionally undertakes not to claim immunity for the procedures suffered by the Debtor as a result of financial documents and not to perform any of such matters through its representative and on its behalf, to consent to any judicial action as a result of financial documents, and to remove all rights of immunity against the creditor in respect of it and its property.

Documents Annexed to the Contract:

The following four annexes are annexed to this Agreement:

- a. Annex 1: List of Required Documents
- b. Annex 2: Application for Use of an Amount of the Loan.
- c. Annex 3: Compliance Certificate Form
- d. Annex 4: Promissory Note Form

*According to Article (2-8) of the Agreement, in case of a change in control, the Company shall notify the bank, and the lender is not obliged to secure the loan's finance. The Bank shall have the right to terminate the Agreement and declare the entitlement of all amounts lent with interest after notifying the Debtor for at least ten (10) days.

*On 29/12/1444AH (corresponding to 17/07/2023G), the Company provided a letter to the Bank of Bahrain and Kuwait informing the Bank that the Company is in the process of reducing and then increasing its capital and that this action may not result in the of controlling share ratio.

9.6.8.4 Credit Facilities Agreement with Riyadh Bank

On 20/12/2022G, the Company entered into a Term Loan Agreement (Islamic Finance Agreement) with Riyadh Bank for a total credit limit of SAR (80,000,000). A request was submitted to renew the granting of credit facilities with recognition of the validity of transactions and debit balances.

Terms and Conditions of the Agreement:

- According to the renewal letter, the Group's companies (Ultrapak Manufacturing Co. Ltd., Saudi Plastic Packaging Systems (PLASTICO), and Al Sharq Plastic Industries Co.) are allowed to utilize the facilities.
- The Second Party undertakes to acquire a cooperative insurance policy over its encumbered assets for the First Party against all risks and to provide the First Party with a copy thereof. The Second Party also undertakes to waive an amount equivalent to the debt owed by it to the First Party from the insurance compensation amount, and anything extra shall be for the Second Party. If the Second Party fails to create the aforementioned document, the First Party shall create it on the Second Party's behalf and deduct all costs of the Second Party's open current account.
- The First Party (lessor) shall insure the leased property cooperatively at its expense and for its benefit in his capacity as the landlord. The Second Party (lessee) shall comply with all the terms and conditions of the insurance policy acquired by the lessor for this purpose. The lessee is therefore liable for any loss or damage to the lessor if the insurance coverage is not made due to the lessee's encroachment or negligence.
- The Second Party shall pay promptly to the First Party for the premium for sold goods/assets/equipment, or upon the rent of leased assets/ equipment is due pursuant to this Agreement, whether during the duration of this Agreement, or upon the First Party's claim after its expiration, renewal, or reduction.
- The Second Party undertakes to pay all debts due to the First Party, including delay fines in the same currency as the debt without any deductions for retention, expenses, costs, taxes, levies, or fees in force currently or may be imposed in the future on the due date or upon request as per the terms of this Agreement. The payment shall be made at the First Party's headquarters. Such payment shall be credited to any of the Second Party credit accounts in all branches; thereby, authorizing the First Party to make such entries on its accounts.

The Second Party acknowledges:

1. That any change in this entity, whether in relation to the legal form of the Company/Partners, the limits of their liability/ capital/obligations by third parties/activity/eligibility/capacity, their legal representatives/limits of their authority, or otherwise will not in any way affect the continued effectiveness of this Agreement, and shall inform the First Party immediately upon such change and its publicity procedures, by submitting the legal documents proving the same to the extent acceptable to the First Party, as well as to sign immediately documents and provide any other guarantees requested by the First Party.
 2. Not to make any adjustments or additions to the leased assets, change the purpose of the rent for any reason, waive or sublease to others, or take advantage of leased assets in any manner other than for the purpose for which they are leased as set forth in the lease contracts, except with the Bank's prior written consent in each case and within the consent limits.
 3. To inform the First Party in writing of any or all provisions, mortgages, or any assets currently and in the future, and also undertake irrevocably not to encumber or sell any of its property until all dues are paid to the First Party and after obtaining its written consent.
 4. To pay constantly all salaries and benefits of its employees without delay.
 5. The pledger undertakes (whether the property is leased or not) to preserve the property and pay its maintenance expenses, including all fees charged by the First Party and valuation costs and the like as a result of the First Party's possession of the property and/or its possessory lien. The First Party shall also have the right to deduct such costs or expenses from any of its accounts without referring to it.
- In order to ensure payment of the debts arising out of the work under this Agreement shown in the First Party's books, documents, and accounts, and to fulfill all the obligations arising therefrom, the Second Party shall provide, at its expense, the First Party with the following guarantees:
 - And shall sign all documents requested by the First Party for documenting the guarantees even after it has begun using for financing.
 - 6. Without prejudice to any specific guarantee or insurance, the Second Party shall submit any other guarantees requested by the First Party from time to time. The Second Party authorizes the First Party to hold any amounts, papers, negotiable documents, or any money or financial instruments of the Second Party in the possession of the First Party in any of its branches, so that the First Party has the right to obtain their value and credit it to the Second Party's account with it as amounts paid on its behalf for fulfilling the First Party's rights that were due but not paid, according to what is recorded in the First Party's books and documents.
 - This Agreement shall not apply until:
 - Signed by the parties according to the rules and principles accepted by the First Party upon which the First Party signs.
 - Provide all guarantees specified in Paragraph No. (1) of Article Five of the Agreement, as well as provide information, documents, and other guarantees requested by the First Party from time to time as an additional guarantee.
 - Provide a promissory note to the First Party signed by the Second Party at the value of the total financing ceiling granted to it under this Agreement, including the profit margin.
 - If the parties agree to renew or extend the Agreement, or increase the financing ceiling, the Second Party shall sign the documents documenting the renewal, extension and/or increase, and provide the guarantees requested by the First Party. In the meantime, the period subsequent to the expiration of the Agreement's original term is considered within the renewal term, even if the Second Party does not sign the renewal, increase and/or extension documents, and all the terms and conditions of this Agreement and its guarantees apply to it.
 - Any change in the legal form, ownership structure, management of the Second Party, and/or its sponsors, and/or guarantors, and/or any of its subsidiaries and/or sister companies, or taking any decisions that affect their obligations towards the First Party or the First Party's guarantees without consulting and obtaining the First Party's prior written consent.
 - Except with the First Party's prior written consent, the Second Party may not assign this Agreement or any rights arising therefrom partially or fully. Such waiver shall be enforced within the limits of such consent, and the Second Party and the assignee shall jointly continue implement this Agreement and all obligations thereunder.
 - **Any change in this entity, whether the legal form of the Company/ shareholders, their limits of liability/ capital/ obligations towards third parties/ activity/ eligibility/capacity, their legal representatives/limits of their authority, or otherwise will not in any way affect the continued effectiveness of this Agreement, and the Company shall inform the First Party immediately upon such change and its publicity procedures, by submitting the legal documents proving the same to the extent acceptable to the First Party, as well as to sign immediately documents and provide any other guarantees requested by the First Party.**

Documents Annexed to the Contract:

- Riyadh Bank's power of attorney to sign contracts and documents for implementing commercial Tawarruq operations on 20/12/2022G signed by Takween Advanced Industries Co.
- Power of attorney to sell and receive the price and deliver the sale on 20/12/2022G signed by Takween Advanced Industries Co.
- A request to renew the granting of facilities with an acknowledgment of the accuracy of the information submitted by Mr. Abdulmohsen Mohamed Abdullah Al Othman, representing Takween Advanced Industries Co., and an acknowledgment of the debt balance amounting to SAR (80,000,000).
- Communication of the limits and conditions of the facilities (approval of the renewal request).
- General Terms and Conditions Agreement for the opening of documentary credits and issuance of letters of guarantee and guarantees.
- Promissory Note for SAR (86,375,000) issued on 20/12/2022G and signed by Takween Advanced Industries Co.

*According to Paragraph (2) of Article (12) of the Agreement, any change in this entity, whether the legal form of the Company/ shareholders, their limits of liability/ capital/ obligations towards third parties/ activity/ eligibility/capacity, their legal representatives/limits of their authority, or otherwise will not in any way affect the continued effectiveness of this Agreement, and shall inform the First Party immediately upon such change and its publicity procedures, by submitting the legal documents proving the same to the extent acceptable to the First Party, as well as to sign immediately documents and provide any other guarantees requested by the First Party.

** On 28/12/1444H (corresponding to 16/07/2023G), the Company obtained a letter from Riyadh Bank stating that the Bank has no objections to taking measures to reduce and increase capital, provided that the Bank is provided with a copy of the Company's amended legal documents immediately upon completion of the amendments within (60) days of the (Extraordinary) General Assembly on 26/07/2023G.

9.6.8.5 Credit Facilities Agreement Concluded with the Saudi National Bank (SNB)

On 19/07/1443H (corresponding to 20/02/2022G), the Company concluded a Financing and Banking Services Agreement, expiring on 30/06/2022G. On 24/07/1444H (corresponding to 15/02/2023G), the Agreement was renewed pursuant to the terms and conditions stipulated in the Renewal Agreement.

Terms & Conditions:

The Client pledges and undertakes to:

1. Provide SNB with the Client's financial statements during or after each fiscal year pursuant to generally accepted accounting basics and principles audited by the Legal Auditor accredited by SOCPA.
2. Provide SNB with all information related to its financial position, including, but not limited to, any change in its financial position or the occurrence of any situation that has a negative impact on its ability to fulfill its obligations towards SNB and/ or any other parties.
3. The Client undertakes to promptly notify SNB, in writing by registered letter, of any changes in his address, legal, financial, or administrative status, no later than 30 business days prior to the change.

The Client shall:

- The Client shall not be entitled to transfer his obligations hereunder to any other party without SNB's prior written consent. In the event SNB agrees in writing to the Client's request to waive this Agreement or all or part of his obligations to a third party, the Client shall fulfill all his obligations towards SNB until the third party accepts this waiver in writing, while the Client continues to pay SNB any administrative costs and charges, and expenses associated with completing the waiver process, as determined by SNB upon approving the waiver.
- Upon submitting a request to purchase goods through Murabaha, the Client shall ensure that the appointed suppliers and/ or exporters are capable of fulfilling their obligations. The Client pledges to SNB to ensure that the suppliers and/ or exporters properly fulfill the terms of the orders submitted by the Client. The Client also pledges and undertakes to bear all damages caused by the suppliers and/ or exporters, which may affect SNB, and to promptly compensate SNB for such damages.

To guarantee the payment of debts owed by the Client hereunder, the Client has provided the following guarantees:

1. A joint fine and performance guarantee issued by Al Othman Holding Company CJSC (C.R. No.: 2051012674) in the amount of (SAR 151,800,000), covering the facility structuring limits: 7006 and the treasury limits: 200144306.
2. A joint fine and performance guarantee issued by Al Othman Holding Company CJSC (C.R. No.: 2051012674) in the amount of (SAR 38,104,487.69), covering the facility structuring limits: 23475.

The Client acknowledges and shall:

1. It is agreed between the parties hereto that all the guarantees provided by the Client and delivered to SNB are guarantees for all the Client's obligations and Islamic transactions with SNB, regardless of their unchallengeable increased and/ or decreased value.

2. Providing any other guarantees requested by SNB from time to time, without prejudice to any specific guarantee or insurance when necessary.
3. With his knowledge and agreement that the guarantees provided by him to guarantee the indebtedness specified herein will remain after the Client pays that indebtedness as a guarantee for all Islamic outstanding debts owed by the Client.

Taking into account Article 15 and Article 16, the Client acknowledges his awareness of the SNB's right to suspend the financing limits and/or banking services specified in the facilities list until SNB receives the above-specified guarantees.

- The Agreement requires that the Client undertake to promptly notify SNB, in writing by registered letter, of any changes in his address, legal, financial, or administrative status, no later than 30 business days prior to the change.

Documents attached to the Contract:

1. A promissory note from the Contractor, Takween Advanced Industries Co. PSC, with a value of (SAR 151,800,000), issued in Al Khobar on 24/07/1444H (corresponding to 15/02/2023G).
2. A joint fine and performance guarantee (related to the previous promissory note) from the Guarantor, Takween Advanced Industries Co. PSC, issued in Al Khobar on 24/07/1444H (corresponding to 15/02/2023G).
3. A promissory note from the Contractor, Takween Advanced Industries Co. PSC, with a value of (SAR 38,104,487.69), issued in Al Khobar on 24/07/1444H (corresponding to 15/02/2023G).
4. A joint fine and performance guarantee (related to the previous promissory note) from the Guarantor, Takween Advanced Industries Co. PSC, issued in Al Khobar on 24/07/1444H (corresponding to 15/02/2023G).
5. A joint corporate guarantee dated 24/07/1444H (corresponding to 15/02/2023G) from the Guarantor, Al Othman Holding Company CJSC, to have joint liability with Takween Advanced Industries Co, to pay an amount of (SAR 151,800,000).
6. A joint corporate guarantee dated 24/07/1444H (corresponding to 15/02/2023G) signed by the Guarantor, Al Othman Holding Company CJSC, to have joint liability with Takween Advanced Industries Co, to pay an amount of (SAR 38,104,487.69).
7. An acknowledgment and undertaking from Mr. Abdulmohsen Mohamed Abdullah Al Othman, in his capacity as an authorized signatory, on behalf of Takween Advanced Industries Co. PSC, dated 24/07/1444H (corresponding to 15/02/2023G) in the amount of (SAR 172,640,443.35).
8. List of outstanding obligations dated 15/02/2023G, A/C No. 0940000002708.
9. List of SNB tariffs for trade products (international and large corporate banking Clients).
10. Annex to amend some terms of the Renewal Agreement.

¹Pursuant to Article 17 (3), the Agreement stipulates that the Client shall promptly notify SNB, in writing by registered letter, of any changes in his address, legal, financial, or administrative status, no later than 30 business days prior to the change.

²On 13/10/1444H (corresponding to 03/05/2023G), the Company sent a letter to SNB informing the same that the Company is in the process of reducing its capital and then increasing it.

9.6.8.6 Goods Sale & Purchase Agreement between the Company & Banque Saudi Fransi

- On 05/04/1443H (corresponding to 10/11/2021G), the Company entered into a Facilities Agreement. It was approved to renew the Agreement on 14/07/1444H (corresponding to 05/02/2023G) with a credit limit of SAR 80,000,000.

Terms & Conditions:

The Second Party shall ensure and undertake the following throughout the Agreement period:

- a. The information given by the Second Party to the First Party for any goods is correct to the best of its knowledge.
- b. The Second Party is fully authorized to enter into this Agreement. The implementation of this Agreement shall be made under the authorization duly given to the Second Party from its organization.
- c. The obligations hereunder are legal and valid. Any restriction on any part of or all goods purchased by the Second Party shall not be established or allowed to be created or remained as expected hereunder.
- d. The Second Party shall not be entitled to demand immunity against any legal procedures, seizure, or other legal acts in Saudi Arabia.

Breaches:

- If the Second Party takes any institutional act or other steps or legal procedures to end, dissolve, or restructure it or appoint a guardian, trustee, or such officer on any or all of its revenue and properties.

The First Party may ask the Second Party to submit in-kind/real guarantees and sign promissory notes that ensure any agreements signed between the Parties for the facilities granted to the Second Party and further ensure the proper execution from the Second Party for its obligations under this Agreement.

- If there was a change in the persons that are able to practice effective control on the Company, i.e. the control over half of the capital issued to the Company or of the voting power of the shareholders, the bank may practice any of its rights.
- If the Company makes any material change in its capital structure by issuing, making, or guaranteeing the debt or issuing preferred shares or other securities that are transferable or fungible with debts, preferred shares, or any equity for entities other than Companies, the bank shall entitle hereunder, in the event of any of the aforementioned, withdraw or cancel any or all of the facilities, decrease the limit for any facility, amend the applicable commission rates, increase the margin without the commission required for any facility, or claim the payment of all due fees related to them upon giving a 15-day written notice.
- The direct/indirect possession of the beneficial ownership related to some of the capital shares from any person, some related persons, or entity helps to elect most of the Board members or any equity of control over the client.
- The Company shall pay VAT and any other applicable taxes throughout the Agreement.

Documents Annexed to the Contract:

- Renewal financing letter of agreement dated 17/04/1444H (corresponding to 05/02/2023G). (Availability period after the renew up to 30/03/2023G).
- POA to the Bank for goods purchase dated 14/07/1444H corresponding to 05/02/2023G by Takween Advanced Industries Co.
- Annex No. (B) of operations management, Banque Saudi Fransi (including a notice for the sale and a notice for acceptance of purchase)
- Exhibit A (dated 28/02/2023G).
- Exhibit B (dated 28/02/2023G).
- A promissory note dated 14/04/1444H corresponding to 05/02/2023G and made by Takween Advanced Industries Co. with the amount SAR 80M
- Master facilities/Financing letter of agreement dated 15/06/1444H (corresponding to 08/01/2023G).
- (This document is meant to define and explain the types of banking facilities/financing that Banque Saudi Fransi is currently availing).
- schedule 1

*According to Article (11), the Agreement requires that the client shall undertake to take the pre-approval of the bank if the Company makes any material change in its capital structure by issuing, making, or guaranteeing the debt or issuing preferred shares or other securities that is transferable or fungible with debts, preferred shares, or any equity for entities other than Companies, the bank shall entitle hereunder.

On 27/07/2023G, the Company sent a letter to Banque Saudi Fransi to inform it that the Company is in the process of reducing its capital and then increasing it. On 27/07/2023G, the Company received the bank's acknowledgment of letter receipt.

9.6.8.7 Credit Facilities Agreement with Emirates NBD

On 21/04/1444H corresponding to 15/11/2022G, the Company made and entered into a credit facilities agreement with Emirates NBD with a credit limit of SAR 100,000,000.

Terms & Conditions

- The current assets to the current liabilities' ratio shall not be less than 1:1.
- The total debts to the net tangible equity ratio shall not be less than 1:4.
- The income (Bank's share of income) and the total amount of facilities given by the bank shall be proportionate.
- The bank shall be immediately informed of any accident or circumstance with a material adverse effect. For the purpose of this clause, the material adverse effect means, at the sole discretion of the bank, an accident or circumstance that has a material adverse effect on your material status or the material status of any grantor for the performance or compliance with any of obligations under this Facility Offer Letter and/or Facilities Agreement.

The following documents shall be provided by the authorized signatories to the bank as a precondition to paying the facilities amount:

1. A Facility Offer Letter (this document)
2. A promissory note with an amount of SAR 100,000,000
3. General terms and conditions
4. A guarantee and authorization letter related to the trade finance instructions through Fax/e-communications
5. A good sale and purchase agreement (TAWARRUQ)
6. A corporate guarantee (with a specified amount) made by M/s. Al- Othman Holding Company – A Public Joint Company with amount (SAR 100,000,000) that is confirmed with the appropriate authorization of the Company's authorized signatory.
7. Promotion for the assignment of sales proceeds from 2 of the Company's main clients (Almarai, NADEC, and Al Safi Danon).
8. Legal documents authorizing the authorized signatories to sign the aforementioned documents and related documents on behalf of the Company.

Documents Annexed to the Contract:

- A guarantee from Al- Othman Holding Company with an amount of SAR 100M.
- A promissory note with an amount SAR 100,000,000 issued on 21/04/1444H (corresponding to 15/11/2022G) by Takween Advanced Industries Co. - Public Joint Company.

9.6.8.8 Facilities Agreement with ANB Bank - Murabaha

- On 11/03/2015G, the Company made and entered into a murabaha agreement with ANB Bank. On 11/05/2020G, both parties agreed to amend the basic agreement and reschedule the balance SAR 429,400,000 to improve cash flows and statement of finance and the finance period after rescheduling may be 5 years ended on 11/09/2024G.

Terms & Conditions

- The Company shall not be entitled to assign or transfer any of its interests hereunder unless otherwise stated in the Murabaha documents.
- SMAA has the jurisdiction to consider any dispute arising hereof or related hereto.
- All information related to the obligation or Murabaha facility documents that are known by the participant herein is considered confidential.
- Each of the finance parties shall agree to maintain the confidentiality of all confidential information and not to disclose it to any person.
- The Company's financial statements and the structure of the Group and subsidiaries are reviewed.
- A copy of the executed purchase and sale agreement and approval of the General Authority for Competition on the Company's acquisition of Saudi Arabia Plastic Packaging Systems Company (Saudi Packaging) with 2 of its subsidiaries (Al Sharq Plastic Industries Co. Ltd. & New Marina for Plastic Industries Company).
- The Company or any member of the Group may not acquire the business, shares, or equity interests, except for the agreed acquisition of Saudi Arabia Plastic Packaging Systems Company. If the Group will make any other acquisition, it shall obtain the pre-approval of the bank.
- There is no litigation/arbitration, administrative procedures, or other procedures to settle disputes of the Company or its subsidiaries before an arbitration tribunal or adversely threatened.
- When the bank receives a notice with acceptance of the offer, the good ownership shall be transferred to the Company and all good risks shall be transferred to the purchaser.
- The Company shall inform the bank upon making any change in the position of the Company or any of the shareholders owning a share not less than 20% after the signature (Art. 22).
- The bank shall be informed of any adverse situation caused to the Company.

Guarantees

- A signed promissory note
- An in-kind guarantee provided by Al- Othman Holding Company (Related Party)
- A mortgage registered within the Unified Center for Mortgage Registration as follows:
 1. A mortgage of the Takween proceeds account based on the assignment and proceeds mortgage contract dated 11/03/2015G.
 2. Transfer of proceeds of the sale agreement that was entered into between Takween and Al Othman Agricultural Production and Processing Company (Nada).
 3. The mortgage of 33,897,600 shares owned by Takween in the PLASTICO capital based on the mortgage agreement dated 05/05/2015G.
 4. A mortgage of the Al Sharq Plastic proceeds account based on the assignment and proceeds mortgage contract dated 05/05/2015G.
 5. A mortgage of the Ultrapak proceeds account based on the assignment and proceeds mortgage contract dated 05/05/2015G.
 6. A mortgage of the PLASTICO proceeds account based on the assignment and proceeds mortgage contract dated 05/05/2015G.
 7. Transfer of proceeds of the supply agreements of PLASTICO based on the agreement of the assignment of the contracts that was made on 05/05/2015G.

*According to the agreement made with ANB Bank, the client shall undertake to inform the bank of any adverse situation caused to the Company.

On 29/12/1444H (corresponding to 17/07/2023G), the Company sent a letter to ANB Bank to inform it that the Company is in the process of reducing its capital and then increasing it.

9.7 Company Properties

- As of the date of this Prospectus, there are no property instruments owned by the Company.

9.8 Assets & Properties

9.8.1 Fixed Assets

- According to the financial statements ended on 31/12/2021G, the book value of the Company's fixed assets is SAR 543,120,000 against SAR 451,086,000 on 31/12/2022G, including the value of lands, properties, improvements, factory, machines, and equipment.
- The Group's production buildings and facilities are built on land in AHSA owned by a sister Company. Aloyoun factory is built on land leased from Saudi Authority for Industrial Cities and Technology Zones (MODON) for 20 years from 27/01/1436H (corresponding to 24/11/2014G).

9.8.2 Movable Assets

- According to the financial statements ended on 31/12/2021G, the book value of the Company's movable assets, including cars, furniture, fixtures, office equipment, and right-of-use assets, SAR 12,044,000 against SAR 30,141,000 on 31/12/2022G.
- As of 31/12/2022G, some properties, machines, and equipment are mortgaged as a guarantee for some credit facilities. For more information, kindly refer to the most prominent loans and facilities within subsection 9.6.8 "**Loans and Facilities**" of this section.





9.8.3 Trademarks & IP Rights

The Company has Takween & Plastico trademarks using them in its transactions. These trademarks are registered as trademarks within the Ministry of Commerce and Investment. The authority of trademark registration is later transferred to SAIP under class (16), one of the trademark classes specialized in paper, cardboard, products made from these materials and not mentioned in other classes, prints, bookbinding materials, photos, stationery, an adhesive application used in the stationery or for domestic purpose, artists' materials, paint brushes, color brushes, typewriters, office supplies (except for furniture), guidance and teaching materials (except for plants), plastic packaging materials (not mentioned in other classes), print, card games, baby diapers made from plastic and cellulose, garbage bags, and under class 17, one of the trademark classes specialized in rubber, gatabarsha, glue, asbestos, meca, products made from these materials and not mentioned in other classes, extrusion plastics for manufacturing use, packaging materials, filling materials, insulation materials, and flexible non-metal pipes.

This will enable the Company to put its name and logo on its products and façade of the building, offices, or shops operated by the Company as the Company registered the trademark and the required legal protection is given to the Company under the Trademark Law.





The below table mentions the details of these trademarks of the Company that are registered in Saudi Arabia.

Table No. (97): The Company's Trademarks

S/N	Date of Registration	Owner	Start Date of Protection	Date of Protection Expiry	Class	Trademark
143107738	04/07/1432H (corresponding to 06/06/2011G)	Takween Advanced Industries Co.	29/07/1441H (corresponding to 24/03/2020G)	28/07/1451H (corresponding to 05/12/2029G)	16	
143107737	04/07/1432H (corresponding to 06/06/2011G)	Takween Advanced Industries Co.	29/07/1441H (corresponding to 24/03/2020G)	28/07/1451H (corresponding to 05/12/2029G)	17	
1436017493	16/08/1436H (corresponding to 03/06/2015G)	Takween Advanced Industries Co.	16/08/1436H (corresponding to 03/06/2015G)	15/08/1446H (corresponding to 13/02/2025G)	17	
1436017492	16/08/1436H (corresponding to 03/06/2015G)	Takween Advanced Industries Co.	15/08/1436H (corresponding to 02/06/2015G)	14/08/1446H (corresponding to 13/02/2025G)	16	

Source: The Company

Table No. (98): The Company's Trademarks

S/N	Registration No.	Date of Registration	Owner	Start Date of Protection	Date of Protection Expiry	Class	Trademark
1	141806507	22/06/1419H (corresponding to 13/10/1998G)	Al Sharq Plastic Industries Co. Ltd.	16/11/1438H (corresponding to 13/11/2017G)	15/11/1448H (corresponding to 22/04/2027G)	21	
2	142905869	22/09/1432H (corresponding to 22/08/2011G)	Ultrapak Manufacturing Co. Ltd.	27/05/1439H corresponding to 13/02/2018G	26/05/1449H (corresponding to 26/10/2027G)	21	
3	141806509	22/06/1419H (corresponding to 13/10/1998G)	Al Sharq Plastic Industries Co. Ltd.	16/11/1438H (corresponding to 13/11/2017G)	15/11/1448H (corresponding to 22/04/2027G)	20	
4	141806510	22/06/1419H (corresponding to 13/10/1998G)	Al Sharq Plastic Industries Co. Ltd.	16/11/1438H (corresponding to 13/11/2017G)	15/11/1448H (corresponding to 22/04/2027G)	16	

- It shall be noted that the Company and its subsidiaries haven't any non-tangible assets, except for its trademark as the date hereof.
- The Company did not register its website within Saudi Network Information Center as it is not legally required, while the Company provides security for its website through a programmable security system from Computer World International Co. Ltd. resulting in the security, non-violation, and use of the website from third parties that may seek to use similar scope and violate the Company rights in this regard only by adding (sa).

9.9 Insurance

- The Company and its branches and subsidiaries have a number of insurance policies for risk protection and for its assets and properties, including:

9.9.1 Health Insurance

Takween Advanced Industries Co. has a health insurance agreement with Walaa Cooperative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (ME1/23/800/00665) from 27/09/2023G to 28/09/2024G including 72 members.

- This policy covers the healthcare through the providers' network appointed by the Company provided that the case shall be included within insurance coverage. This coverage shall include the following:

Current/new employees in the payroll under the client sponsorship – Employees' wives or children legally residing in Saudi Arabia – Current employees' newborns – Single sons legally residing in Saudi Arabia and not employed (up to 25 years) – Single sons and daughters that are not employed, including widows and divorcees – Orphans with foster families – Husband of Saudi female employee if he works in the government sector within an institution exempted from compulsory health insurance, works in another sector not providing compulsory insurance or unemployed. The coverage shall include sons of Saudi female employees provided that they are unemployed and single (up to 25 years) and single daughters who are unemployed, including widows and divorcees.

- Council of Cooperative Health Insurance and the committee established under the resolution of the Head of Council of Cooperative Health Insurance to consider the breaches of provisions of Cooperative Health Insurance Law and have the jurisdiction to settle all conflicts and disputes arising and related hereto according to clause (14) of the mentioned law.

- **Al Sharq Plastic Industries Co. Ltd.**

- The subsidiary has a health insurance agreement with Walaa Cooperative Insurance Co., a Company licensed to engage in Saudi Arabia, for 12 months, from 27/09/2023G to 28/09/2024G including 345 members.

- **Saudi Arabia Plastic Packaging Systems Company – ALOYON**

- The subsidiary has a health insurance agreement with Walaa Cooperative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (ME1/23/800/00654) from 29/09/2023G to 28/09/2024G including 381 members.

- **Saudi Arabia Plastic Packaging Systems Company – AL JARN**

- The subsidiary has a health insurance agreement with Walaa Cooperative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (ME1/23/800/00655) from 29/09/2023G to 28/09/2024G including 366 members.

- **Saudi Arabia Plastic Packaging Systems Company – Jeddah**
 - The subsidiary has a health insurance agreement with Wala Cooperative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (ME1/23/800/00656) from 29/09/2023G to 28/09/2024G including 327 members.
- **Saudi Arabia Plastic Packaging Systems Company – Riyadh**
 - The subsidiary has a health insurance agreement with Wala Cooperative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (ME1/23/800/00653) from 29/09/2023G to 28/09/2024G including 105 members.

9.9.2 All-Risk Insurance

- **Takween Advanced Industries Co.**
 - The Company has the All-Risk Insurance Policy entered into with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (PAR/5827233) from 28/05/2023G to 27/05/2024G. The insurance coverage shall include, but not be limited to, all risks of material damages or property damages, including all real estate/personal properties of any type and description, improvements on buildings and warehouses, lease contracts, decorations, etc.

The total insurance amount is SAR 4,785,779.
- **Al Sharq Plastic Industries Co. Ltd.**
 - The Company has the All-Risk Insurance Policy entered into with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (PAR/5823828) from 28/05/2023G to 28/05/2024G. The insurance coverage shall include, but not be limited to, all risks of material damages or property damages, including all real estate/personal properties of any type and description, improvements on buildings and warehouses, lease contracts, decorations, etc.

The total insurance amount is SAR 1,400,000,000.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The Company has the All-Risk Insurance Policy entered into with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (PAR/5823604) from 28/05/2023G to 28/05/2024G. The insurance coverage shall include, but not be limited to, all risks of material damages or property damages, including all real estate/personal properties of any type and description, improvements on buildings and warehouses, lease contracts, decorations, etc.

The total insurance amount is SAR 1,616,715,830.

9.9.3 Fidelity Guarantee Insurance

- **Al Sharq Plastic Industries Co. Ltd.**
 - The Company has the Fidelity Guarantee Insurance Policy signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (FGI/5806120) from 28/05/2023G to 28/05/2024G. The limit amount insured totals SAR 1,337,000 for 13 employees.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The Company has the Fidelity Guarantee Insurance Policy signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (FGI/5806138) from 28/05/2023G to 28/05/2024G. The limit amount insured totals SAR 2,617,000 for 13 employees.

9.9.4 Machinery Breakdown Insurance Policy (Profit Loss & Deterioration of Stock

- The subsidiary has the MACHINERY BREAKDOWN INSURANCE POLICY signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under Policy No. (MBD/5802491) from 28/05/2023G to 28/05/2024G.

9.9.5 Contractors Plant & Machinery Insurance Policy

- **Al Sharq Plastic Industries Co. Ltd.**
 - The subsidiary has the Contractors Plant & Machinery Insurance Policy signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under Policy No. (PES/5808407) from 28/05/2023G to 28/05/2024G. The limit amount insured totals SAR 1,921,640.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The subsidiary has the Contractors Plant & Machinery Insurance Policy signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under Policy No. (PES/5807847) from 28/05/2023G to 28/05/2024G.

9.9.6 Open Cover Insurance Policy – Marine Cargo Plus

- **Al Sharq Plastic Industries Co. Ltd.**
 - The subsidiary has the Open Cover Insurance Policy – Marine Cargo of the Company signed with Al-Etihad Co-operative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (874/23/1/30/1/1/1) from 28/05/2023G to 28/05/2024G. The limit amount insured totals SAR 1,921,640. The policy includes any road/marine carrier, air cargo, or railway cargo. The limit amount of insurance totals SAR 1,000,000.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The Company has the Open Cover Insurance Policy – Marine Cargo of the Company and its facilities signed with Al-Etihad Co-operative Insurance Co., a Company licensed to engage in Saudi Arabia, under No. (875/23/1/30/1/1/1) from 28/05/2023G to 27/05/2024G. The money insurance amount per trip totals SAR 500,000.
 - The subsidiary has the Open Cover Insurance Policy – Marine Cargo of the Company and its facilities signed with Al-Etihad Co-operative Insurance Co., a Company licensed to engage in Saudi Arabia, under Policy No. (868/23/1/30/1/1/1) from 28/05/2023G to 27/05/2024G. The money insurance amount per trip totals SAR 250,000.

9.9.7 Money Insurance Policy

- **Al Sharq Plastic Industries Co. Ltd.**
 - The Company has the Money Insurance Policy of the Company and its facilities signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (MON/5810254) from 28/05/2023G to 28/05/2024G. “The money insurance amount for monies in a safe place (for example, treasury) within/outside working hours is totaling SAR 3,000,000”.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The Company has the Money Insurance Policy of the Company and its facilities signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under No. (MON/5810247) from 28/05/2023G to 28/05/2024G.
 - The money insurance amount for monies in a safe place (for example, treasury) within/outside working hours is totaling SAR 2,500,000.

9.9.8 Liability Insurance Policy

- **Al Sharq Plastic Industries Co. Ltd.**
 - The subsidiary has the Liability Insurance Policy of the Company and its facilities signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under Policy No. (CGL-5806203-2022) from 28/05/2023G to 28/05/2024G. The limit amount is totaling SAR 10,000,000.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The subsidiary has the Liability Insurance Policy of the Company and its facilities signed with Mediterranean and Gulf Insurance and Reinsurance Co. (Medgulf), a Company licensed to engage in Saudi Arabia, under Policy No. (CGL/5806179) from 28/05/2023G to 28/05/2024G.

9.9.9 Vehicle Insurance Policy

- **Takween Advanced Industries Co.**
 - The Company has the Vehicle Insurance Policy signed with Al-Etihad Co-operative Insurance Co., a Company licensed to engage in Saudi Arabia, under No. (667/23/1/29/1/1/1) from 28/05/2023G to 27/05/2024G.
The insurance coverage shall include the compensation of the insured Company against losses/damages in the insured vehicles and spare parts installed in them. The maximum limit for the insurance Company liability per accident towards third parties for physical and material damages is SAR 10,000,000, including 4 vehicles.
 - According to the MOI report (TAMM) issued on 24/05/2023G, the report states that there are 4 vehicles having valid insurance and 4 vehicles not having valid insurance.
- **Al Sharq Plastic Industries Co. Ltd.**
 - The Company has the Vehicle Insurance Policy signed with Al-Etihad Co-operative Insurance Co., a Company licensed to engage in Saudi Arabia, under No. (661/23/1/29/1/1/1) from 28/05/2023G to 27/05/2024G. The policy includes 4 vehicles.
 - According to the MOI report (TAMM) issued on 22/03/2023G, the report refers that there are 9 vehicles having valid insurance and 10 vehicles not having insurance.
- **Saudi Arabia Plastic Packaging Systems Company**
 - The Company has the Vehicle Insurance Policy signed with Al-Etihad Co-operative Insurance Co., a Company licensed to engage in Saudi Arabia, under No. (724/23/1/29/1/1/1) from 01/06/2023G to 31/05/2024G. The policy includes 6 vehicles.
 - There are no vehicles recorded in the main registry of the Company so the Company did not obtain a TAMM report.

9.10 Litigation

- As of the date of publication of this Prospectus, the Company (and its subsidiaries) are not parties to any existing or potential proceeding, lawsuits, complaints, claims, arbitrations, administrative proceedings, or combined or individual investigations that exist or can be later on, that may have a material adverse effect on the Company's business or its financial position. The Company's management has not become aware of the existence of any currently pending or potential fundamental legal disputes or facts combined or individual that could create an imminent risk related to a fundamental dispute except for the following:

9.10.1 Lawsuits of the subsidiary Al Sharq Plastic Industries Company Limited in its capacity as a Plaintiff

1. Summary of the Lawsuits of the Subsidiary: Al Sharq Plastic Industries Company Limited in its capacity as a Plaintiff:

Defendant	Lawsuit Status	The judgment	Original value of the Lawsuit	The amount of the judgment in favor of the Company	Amount paid
AlJammaz	There are negotiations with the customer to pay the amount	Enforcement against the client	243,490.00	0.00	0.00
Altarouf factory	The judgment was quashed and the warehouse management of Al Sharq Company is required to send evidence of delivery of the goods to the client due to lack of consistency	Court of first instance	378,881.00	0.00	0.00
Al- TADAMON AL-ARABI factory	The judgment has been enforced on the client	Enforcement against the client	78,874.00	0.00	0.00
Shamsan Group	The judgment was in favor of the Company and it has been enforced on the client	Enforcement against the client	165,900.00	165,900.00	0.00
Zamani Company	Final judgment and client services have been suspended	Enforcement against the client	16,288.00	16,288.00	0.00
Al Bayariq Company	The judgment has been enforced.	Enforcement against the client	48,580.00	48,580.00	0.00

Defendant	Lawsuit Status	The judgment	Original value of the Lawsuit	The amount of the judgment in favor of the Company	Amount paid
Saudi Oger	The Company has been confiscated	Enforcement against the client	3,227,479.00	3,227,479.00	0.00
Black Arrow	The judgment has been enforced.	Enforcement against the client	60,208.00	60,208.00	0.00
Saudi Readymix	Final judgment and client services have been suspended	Enforcement against the client	433,678.00	433,678.00	0.00
Alkhatbia	The judgment has been enforced and the Company's services have been suspended	Enforcement against the client	65,608.00	65,608.00	0.00
Atyaf	Final judgment and client services have been suspended	Commercial Court	51,564.00	-	0.00
Total			4,770,550	4,017,741	0.00

Source: The Company

9.10.2 Lawsuits of Saudi Arabia Plastic Packaging Systems Company in its capacity as a Plaintiff:

2. Summary of the Lawsuits of Saudi Arabia Plastic Packaging Systems Company in its capacity as a Plaintiff:

Defendant	Lawsuit Status	Judgment	Original value of the Lawsuit	The amount of the judgment in favor of the Company	Amount paid
Najdiah	The judgment has been enforced on the client and services have been suspended	Enforcement against the client	333,297.00	333,297.00	0.00
Hada Water	The judgment has been enforced on the client and services have been suspended	Enforcement against the client	141,137.00	141,137.00	0.00
Leen Water factory	The judgment has been enforced on the client and services have been suspended	Enforcement against the client	311,562.00	311,562.00	0.00
Loaloat Al Safa factory	The lawsuit was dismissed, and work is underway to bring the competent employee to the site to file a petition to the judgment	Enforcement against the client	109,968.00	0.00	0.00
Al-Saqiah Factory for Bottled Water	The judgment has been enforced on the client and services have been suspended	Enforcement against the client	435,095.00	435,095.00	0.00
Dala	The client filed a petition and it has been dismissed and the judgment will be sealed for enforcement and filing	Enforcement against the client	1,146,954.00	1,146,954.00	0.00
Hamad Ibrahim Al-Saif (Dom)	The judgment has been enforced on the client and services have been suspended	Enforcement against the client	242,921.00	242,921.00	0.00
Ertwaa	Final judgment in favor of the Company, it has been enforced on the client, and services have been suspended	Enforcement against the client	459,874.41	459,874.41	0.00
Total			3,234,808.41	3,124,840.41	0.00

Source: The Company

- The Company has allocated an amount of SAR (59,773,000) as of 31 March 2023G, which constitutes the allocation for impairment of the commercial accounts receivable value and includes covering any requirements that may result from these lawsuits and to mitigate the level of risks that may arise out of them.

9.11 Key Information that has Materially Changed since the Authority's Approval of the last Prospectus

The last Prospectus was issued on 24/12/1437H (corresponding to 25/09/2016G), approving an increase in the Company's capital from three hundred and fifty million Saudi riyals (SAR 350,000,000) to nine hundred and fifty million Saudi Riyals (SAR 950,000,000) through offering Rights worth (SAR 600,000,000) by the entitlement of Rights of the shareholders registered in the Company's records. The main changes occurred since the Authority's approval of the last Prospectus are:

- Increasing the capital through offering Rights at a percentage of (171.42%) of the capital, i.e., from (SAR 350,000,000) to (SAR 950,000,000), by offering Rights worth (SAR 600,000,000). By raising capital, the Company aims to strengthen the

- Company's capital structure and reduce the current debts, by virtue of the approval of the Extraordinary General Assembly on 20/12/1437H (corresponding to 21/09/2016G).
- Moving the Company's general management headquarters to the new location in AL Othman Office Tower, at the sixteenth floor, King Saud Road, Al-Khobar City on 03/06/1438H (corresponding to 02/03/2017G).
 - Amending some clauses of the Company's articles of association, and updating the Company's governance system, which includes the regulation of the audit committee, the regulation of the nomination and remuneration committee, the regulations of the nominations and remuneration Committee, and the remuneration policies for members of the Board of Directors and members of the committees emanating from it, in addition to the standards and procedures of membership in the Board of Directors, by virtue of the resolution of the Extraordinary General Assembly dated 10/04/1439H (corresponding to 28/12/2017G).
 - Using the Company's statutory reserve to extinguish losses during the fiscal year 2018G, by virtue of the resolution of the Ordinary General Assembly of Shareholders dated 01/08/1439H (corresponding to 17/04/2018G).
 - Resigning of the CEO, Mr. Azhar Mohiuddin Kenji on 15/04/2018G, and appointment of Mr. Jameel Abdullah Al-Molhem in its capacity as CEO of the Company as of 17/04/2018G.
 - On 25/09/2018G, the Board of Directors decided to appoint Mr. Khalid bin Abdul Rahman Al Rajhi in its capacity as the Chairman of the Company's Board of Directors, as of today 25/09/2018G until the end of the Board's term, which ends on 21/11/2019G.
 - The value of the Company's accumulated losses reached (SAR 216,535,000), i.e. (22.8%) of the Company's capital as of 24/04/1440H (corresponding to 31/12/2018G). The main reasons for these accumulated losses are the decrease in sales and the increase in raw material prices.
 - Electing members of the Board of Directors for the session that began on 21 January 2020G, for a period of three calendar years, in addition to composing an audit committee for a period of three calendar years ending with the end of the Board's session. It was also approved to update the remuneration policy for the Board of Directors, committees, and executive management.
 - On 22/01/2020G, the Board of Directors approved the appointment of Eng. Ali bin Hassan Al-Jamil in its capacity as the CEO of the Company as of 02/02/2020G, due to the end of the period of assigning Mr. Jameel Abdullah Al-Molhem for the duties of CEO to be dedicated for the duties of the managing director.
 - On 27/05/1441H (corresponding to 22/01/2020G), the Board of Directors decided to appoint a President, Vice President, and a managing director of the Company. Furthermore, a nominations and remuneration Committee was composed, and an executive committee and an audit Committee, in addition to appointing a Secretary to the Board of Directors and a representative of the Company at the Capital Market Authority (the Authority), at the Saudi Stock Exchange Company (Tadawul), and at the Securities Depository Center Company (Edaa).
 - Increasing the number of audit committee member seats from (3) to (4) seats, so that the number of the audit committee members becomes (4) members, by appointing an independent member (member of the audit committee as of the date of the Assembly's approval until the end of the current committee's term on 20/01/ 2023G).
 - Transfer of (70) % of the Company shares in Advanced Fabrics Factory Company to JOFO Nonwoven Company (a Chinese company), so that Takween Company's current ownership percentage became (30) % of the Company's capital, and Advanced Fabrics Factory Company has been classified as an associate company.
 - Resigning of the CEO, Engineer/ Ali bin Hassan Al-Jamil, from the position of CEO and the resignation has been acceptance by the Board of Directors on 12/05/1443H (corresponding to 16/12/2021G). The Board of Directors also agreed, based on the recommendation of the nominations and remuneration committee, to suffice with the position of managing director for Mr. Jameel bin Abdullah Al-Molhem, to carry out all executive work at Takween Company as of 02/02/2022G.
 - Electing members of the Board of Directors for the current session, which began on 21 January 2023G for a period of three calendar years ending on 20 January 2026G, by virtue of the approval of the Ordinary General Assembly on 11/06/1444H (corresponding to 04/01/2023G).
 - Appointing the Chairman of the Board of Directors and Vice-Chairman and composing the committees for the new session of three calendar years starting as of on 21 January 2023G and ending on 20 January 2026G, and composing the executive committee, the nominations and remuneration committee, and the audit committee.
 - Appointing Mr. Majed Mazen Nofal in its capacity as the CEO of the Company as of 09/01/2023G, by virtue of the Board of Directors' resolution dated 15/06/1444H (corresponding to 08/01/2023G).
 - On 21/08/1444H (corresponding to 13/03/2023G), the Board of Directors decided to recommend to the Extraordinary General Assembly to reduce the Company's capital and then increase it by canceling (45,959,700) shares of the Company's shares, with the reduction percentage being (48.38) % - Provided that the capital after the reduction becomes (490,403,000) after it was (SAR 950,000,000).
 - Submitting a file requesting approval to reduce the capital to the Capital Market Authority on 28/10/1444H (corresponding to 18/05/2023G).
 - On 28/10/1444H (corresponding to 18/05/2023G), the Board of Directors decided to amend the Board's recommendation to the Extraordinary General Assembly regarding reducing the Company's capital and then increasing the Company's capital by issuing Rights, as the Board's previous recommendation announced on 21/10/1444H (corresponding to 11/05/2023G) was to reduce the Company's capital from nine hundred and fifty million Saudi riyals (SAR 950,000,000) to four hundred and sixty-four million, six hundred and forty-six thousand Saudi riyals (SAR 464,646,060), so that the Board's recommendation after

amendment became to reduce the Company's capital from nine hundred and fifty million Saudi riyals (SAR 950,000,000) to four hundred and sixty-four million, six hundred and forty-six thousand Saudi riyals (SAR 464,646,060), without changing the previous recommendation regarding increasing the Company's capital by offering Rights at a value of three hundred million Saudi riyals (SAR 300,000,000).

- Amending the Company's bylaws to comply with the new Companies Law, and rearranging the articles of the Company's bylaws and numbering them to comply with the proposed amendments, pursuant to the resolutions of the Extraordinary General Assembly held on 08/01/1445H (corresponding to 26/07/2023G).
- Reducing the Company's capital by percentage of (51.09%), i.e., from (SAR 950,000,000) to (SAR 464,646,060), through canceling forty-eight million five hundred and thirty-five thousand three hundred and ninety-four (48,535,394) shares of the Company's issued shares, i.e., at a cancellation ratio (1) One share to every (1,957) shares, in order to extinguish (99.99%) of the total accumulated losses and then increase the Company's capital, approving the amendment of Article Seven and Article Eight of the Company's bylaws related to capital and subscription to shares, and the resignation of Mr. Jameel bin Abdullah Al-Molhem as of 18/05/2023G from the position of managing director of the Company.
- Accumulated losses have been decreased to (8.48%) of the capital on 13/01/1445H (corresponding to 31/07/2023G).
- On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors decided to remove the current Secretary of the Board of Directors, Mr. Ahmed Ali Al-Zayyat, from his position and appoint Mr. Mohammad Faik Mustafa in its capacity as the new Secretary of the Board, as of 27/09/ 2023G.
- On 12/03/1445H (corresponding to 27/09/2023G), the Board of Directors decided to appoint Mr. Khalid bin Nasser Al-Muammar (a member of the Board of Directors) and Mr. Mohammad Faik Mustafa (one of the senior executives) as representatives of the Company in the Capital Market Authority and the Saudi Stock Exchange Company (Tadawul).
- On 16/03/1445H (corresponding to 01/10/2023G), the Board of Directors decided to accept the resignation of Board Member Mr. Jameel Abdullah Al-Mulhem, as of 28/09/2023G.

9.12 Directors' Declarations Pertaining to Legal Information

In addition to the other declarations referred to in this Prospectus, the members of the Board of Directors shall 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 (9.10) "**Litigation**" 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 thirty million (30,000,000) ordinary shares, at a price of SAR (10)/share, with a total value of three hundred million SAR (300,000,000) representing 100% of the Rights being offered for subscription (“Underwriting Agreement”).

10.1 Underwriter

Wasatah Capital

Riyadh - Olaya Main Street, building No. 7459
Secondary Number 2207 Al Muruj District, Postal code 12283
Saudi Arabia
Phone: +966 11 4944 067
Fax: +966 11 4944 205
Website: www.wasatah.com.sa
Email: info@wasatah.com.sa

wasatah capital
وساطة كابيتال



10.2 Summary of Underwriting Agreement

In accordance with 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. Information Relating to the Shares and 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

The offering is considered an increase in the Company's capital through the issuance of Rights of thirty million (30,000,000) new ordinary shares, at an offering value of SAR (10) ten per share, with a nominal value of SAR (10) ten, at a total offering value of SAR three hundred million (300,000,000), in order to increase the Company's capital from SAR four hundred and sixty-four million six hundred and forty-six thousand and sixty (464,646,060) to SAR seven hundred and sixty-four million six hundred and forty-six thousand and sixty (764,646,060).

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. 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 Bylaws 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 subscribe 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 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 amount 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 Monday 09/08/1445H (corresponding to 19/02/2024G) and ends on Sunday 22/08/1445H (corresponding to 03/03/2024G), 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 Monday 09/08/1445H (corresponding to 19/02/2024G) and ends on Tuesday 17/08/1445H (corresponding to 27/02/2024G), from ten (10:00) am to three (3:00) pm.

The Extraordinary General Assembly held on 03/08/1445H (corresponding to 13/02/2024G), approved the recommendation of the Board of Directors to increase the Company share capital through Rights Issue. Under this Prospectus, thirty million (30,000,000) ordinary shares will be offered for subscription to Rights shares, representing approximately (64.57%) of the Company's capital before the subscription, at an offering price of SAR (10) ten per share, including a nominal value of SAR (10) Ten per share, with a total offering value of three hundred million SAR (300,000,000). 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 03/08/1445H (corresponding to 13/02/2024G), 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 Monday 03/08/1445H (corresponding to 13/02/2024G).
2. **Trading Period and Subscription Period:** The Trading Period and Subscription Period starts three (3) business days after the Extraordinary General Assembly's approval of the capital increase on Monday 09/08/1445H (corresponding to 19/02/2024G) and will end on Tuesday 17/08/1445H (corresponding to 27/02/2024G), while the Subscription Period will continue until the end of Sunday 22/08/1445H (corresponding to 03/03/2024G). 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 Wednesday 25/08/1445H (corresponding to 06/03/2024G) at 10:00 am until the following day at 5:00 pm on Thursday 26/08/1445H (corresponding to 07/03/2024G). 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 subscribe 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 rump 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 Monday 06/10/1445H (corresponding to 15/04/2024G).
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 a bank account in which the proceeds of the Subscription 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 rump 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 Monday 06/10/1445H (corresponding to 15/04/2024G). Knowing that investors who did not subscribe or sale their rights, and Fractional Shares holders will not receive compensation during the Rump Offering Period. Excess unsubscribed Shares shall be purchased by and allocated to the Underwriter.

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 Tuesday 02/09/1445H (corresponding to 12/03/2024G).

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 Monday 06/10/1445H (corresponding to 15/04/2024G).

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 may 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 approximately (0.6456) rights for every (1) share owned by the registered shareholder on the eligibility date. Accordingly, if a registered shareholder owns one thousand (1,000) shares on the eligibility date, (645) rights will be allocated to him 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 may 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 Six hundred forty-five (645) rights considering that each share has (0.6456) rights approximately for every (1) share owned by the registered shareholder in the. Due date, accordingly, five hundred and sixteen (516) rights will be deposited in the portfolio of (A) and One hundred and twenty-nine (129) 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. It shall be noted that the investor may not receive any consideration if the sale is made in the rump 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 Help:

In case of any queries, please contact the Company at: info@takweenai.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) "**Information Relating to the Shares and Offering Terms and Conditions**" and the remaining information contained herein.

12.10 Resolutions and Approvals under Which Shares are Offered

On 21/08/1444H (corresponding to 13/03/2023G), the BOD of the Company recommended to increase the Company's capital by offering Rights of Three hundred million SAR (300,000,000) so that the capital after the increase becomes SAR seven hundred and sixty-four million six hundred and forty-six thousand and sixty-six. (764,646,060). This is to purchase new assets to develop current production lines, purchase new assets to produce new products, repay loans with high profit rates, and finance the working capital.

On Tuesday 03/08/1445H (corresponding to 13/02/2024G), the EGA of the Company approved to increase the Company's capital through the issuance of Rights ("**Subscription**"). The subscription consists of offering thirty million (30,000,000) 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 offering of SAR Three hundred million (300,000,000), to increase the Company's capital from SAR four hundred and sixty-four million six hundred and forty-six thousand and sixty-six (464,646,060 to SAR seven hundred and sixty-four million six hundred and forty-six thousand and sixty-six (764,646,060).

Tadawul approved the Company demand to list the new shares on 18/02/1445H (corresponding to 03/09/2023G), as well as this Prospectus and all the supporting documents requested by the authority on the day of announcement on the CMA website on 28/06/1445H (Corresponding to 10/01/2024G).

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 (20.08); it is expected to reach SAR (16.12) in the opening session of the next day. The change represents a decrease of (19.72%). 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 bylaws.
- 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 Monday 06/10/1445H (corresponding to 15/04/2024G). 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 Tuesday 02/09/1445H (corresponding to 12/03/2024G).

14.3 Saudi Stock Exchange (Tadawul)

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.

The approval of 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 Al Khobar, P.O. Box 2500 Al Khobar 31952 kingdom of Saudi Arabia, during the official business days from Sunday to Thursday, during the official working hours between 8:00 a.m., and 5:00 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:

Constituent Documents relating to Company's incorporation and Bylaws

- Company's CR
- Company's Articles of Association
- Company's bylaws

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 dated 03/08/1445H (corresponding to 13/02/2024G).

Reports, letters and documents:

- Underwriting Agreement and Underwriting Management Agreement.
- Written consents by the Financial Advisor (the financial brokerage Company "Wasatah Capital"), the Lead Manager (Al Nefae Investment Group), the Underwriters Advisor (the financial brokerage Company "Wasatah Capital"), and the Legal Advisor (Gulf Legal Consultants Company) and the auditors (PKF Al-Bassam & Partners, chartered accountants), and (AlKharashi & Co. Certified Accountants and Auditors) to use their names, logos and statements in the Prospectus.
- Financial professional diligence report.
- Legal professional diligence report.

