الماجد للعود
Al majed oud

The Offering Period: One Day,

On Sunday 12/03/1446H (corresponding to 15/09/2024G)

Al Majed for Oud Company Prospectus

A Saudi joint-stock company registered under Commercial Registration No. 1010045397, dated 15/09/1402H (corresponding to 07/07/1982G).

Offering of seven million five hundred thousand (7,500,000) Ordinary Shares representing 30% of Al Majed for Oud's share capital, through a public offering at a price of SAR (94) per share.

Al Majed for Oud Company (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi closed joint-stock company registered under Commercial Registration No. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia (the "**Kingdom**" or "**KSA**"). The head office of the Company is located at King Abdulaziz Street, Al Sahafa District, P.O. Box 85995 – Riyadh 13321, Kingdom of Saudi Arabia. As at the date of this Prospectus, the capital of the Company is two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into twenty-five million (25,000,000) fully paid ordinary shares, with a nominal value of ten (10) Saudi Riyals per share (the "**Share(s)**").

Mr. Ali bin Othman Al Majed started his business in 1956G, in the wholesale trade of Oud and saffron. Then the Company was established as a sole proprietorship under the name of "Al Majed for Oud Establishment" by its owner Saad Ali Othman Al Majed, with Commercial Registration No. 1010045397 on 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia, with a share capital of ten thousand (10,000) Saudi Riyals.

On 16/11/1431H (corresponding to 25/10/2010G), Al Majed for Oud Establishment was converted into a limited liability company with Commercial Registration No. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), with a capital of two hundred thousand (200,000) Saudi Riyals divided into two hundred (200) in-kind shares of an equal value of one thousand (1,000) Saudi Riyals per share, through the evaluation of the Establishment's net assets, and the entry of Mr. Khaled Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed and Mr. Majed Ali Othman Al Majed as Shareholders, each holding a share of 25% in the Company's share capital.

On 17/01/1440H (corresponding to 27/09/2018G), the Company's capital was increased from two hundred thousand (200,000) Saudi Riyals divided into two hundred (200) in-kind shares of an equal value of one thousand (1,000) Saudi Riyals per share to fifty million (50,000,000) Saudi Riyals, divided into fifty thousand (50,000) cash and in-kind shares of an equal value of one thousand (1,000) Saudi Riyals per share, through the capitalization of forty-nine million eight hundred thousand (49,800,000) Saudi Riyals from the retained earnings account.

On 18/09/1443H (corresponding to 19/04/2022G), the Company's capital was increased from fifty million (50,000,000) Saudi Riyals divided into fifty thousand (50,000) cash and in-kind shares of an equal value of one thousand (1,000) Saudi Riyals per share, to two hundred and fifty million (250,000,000) Saudi Riyals, divided into two hundred and fifty thousand (250,000) fully paid cash shares of an equal value of one thousand (1,000) Saudi Riyals per share, by converting two hundred million (200,000,000) Saudi Riyals from the Company's retained earnings to the Company's capital, and the entry of Mr. Badr bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed as partners in the Company, through the assignment by each of Mr. Khaled Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed of 2.5% of the shareholding of each of them without consideration (a total of 25,000 shares) in the Company's share capital post-increase to Mr. Bader bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed equally.

On 29/08/1444H (corresponding to 21/03/2023G), the Company was converted from a limited liability company to a closed joint-stock company with a capital of two hundred and fifty million (250,000,000) Saudi Riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares with a nominal value of ten (10) Saudi Riyals per share. (for more information, please refer to Section 4.6 ("**Overview of the Company Structure and Growth of its Capital**") of this Prospectus).

The initial public offering (hereinafter referred to as the "**Offering**") consists of the offering of seven million five hundred thousand (7,500,000) ordinary shares (hereinafter referred to as the "**Offer Shares**", and each an "**Offer Share**"), with a paid-up nominal value of ten Saudi Riyal (SAR 10) per ordinary share, at an offer price of ninety four Saudi Riyals (SAR 94) (hereinafter referred to as the "**Offer Price**"), representing thirty percent (30%) of the share capital of the Issuer.

The Offering shall be restricted to the two following groups of investors (hereinafter referred to as the "**Investors**"):

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the Book Building Process in accordance with the Instructions for Book Building Process and Allocation Method in Initial Public Offerings, as issued by the Capital Market Authority (hereinafter referred to as the "**CMA**") (the Instructions shall hereinafter be referred to as the "**Book Building Instructions**"), (said investors shall be collectively referred to as the "**Participating Parties**" and each as a "**Participating Party**") (For further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus). The number of Offer Shares to be allocated to Participating Parties effectively participating in the Book Building Process is seven million five hundred thousand (7,500,000) ordinary shares, representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors (as defined under Tranche (B) below), the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of six million (6,000,000) ordinary shares, representing eighty percent (80%) of the total Offer Shares. Initially, two million two hundred fifty thousand (2,250,000) Shares will be allocated to public funds, representing 30% of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Financial Advisor may reduce the number of shares allocated to public funds to (1,800,000) Shares as a minimum, representing 24% of the total number of Offer Shares, after completion of Subscription by Individual Investors. The Financial Advisor, in coordination with the Company, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, through the optional allocation method, after completion of Subscription by Individual Investors.

Tranche (B): Individual Investors: This tranche includes Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council (the "**GCC**"), in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a capital market institution (collectively, the "**Individual Investors**", and each an "**Individual Investor**"). Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of one million five hundred thousand (1,500,000) ordinary shares, representing twenty percent (20%) of the Offer Shares, shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for thereby.

Current Company shareholders (hereinafter referred to as the "**Current Shareholders**") own the entirety of the Company's Shares prior to the Offering. All Offer Shares will be sold by the selling shareholders (hereinafter referred to as the "**Selling Shareholders**") in accordance with Table 12.3 ("**Shareholding Structure**"). The Current Shareholders, whose names appear on page (xi) of this Prospectus and who collectively own one hundred percent (100%) of the Shares prior to the Offering, shall own seventy percent (70%) of the Company's share capital following the Offering, and will continue to hold the controlling interest in the Company. (For more information, please refer to Table 4.5 ("**The Company's ownerships structure as at the date of this Prospectus**") of this Prospectus).

The Substantial Shareholders, Khaled Ali Othman Al Majed, Saad Ali Othman Al Majed, Suleiman Ali Othman Al Majed, and Majed Ali Othman Al Majed, whose names are listed on page (xi) of this Prospectus, will be subject to a Lock-Up Period during which they are prohibited from trading or pledging their shares for a period of six (6) months (referred to hereinafter as the "**Lock-Up Period**") from the date when the Company's shares commence trading on the Saudi Stock Exchange (hereinafter referred to as "**Tadawul**", the "**Exchange**" or the "**Saudi Capital Market**"). After the Lock-Up Period, Substantial Shareholders are entitled to dispose of their shares. Details of the shareholding of each of the Substantial Shareholders are set out in Table 1.2 ("**Substantial Shareholders of the Company Pre- and Post-Offering**") of the "**Summary of the Offering**" on page (x).

The Offering proceeds (the "**Offering Proceeds**") shall be distributed to the Selling Shareholders after deduction of the Offering expenses (hereinafter referred to as the "**Net Offering Proceeds**") in proportion to the number of Offer Shares to be sold by each of them. The Company shall not receive any part of the Offering Proceeds. (For further details, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus). The Underwriter shall fully underwrite the Offering (For further information, please refer to Section 13 ("**Underwriting**") of this Prospectus).

The Offering period will commence on Sunday 12/03/1446H (corresponding to 15/09/2024G), and will remain open for a period of one day only (hereinafter referred to as the "**Offering Period**"). Subscription Applications may be submitted to the receiving agents (hereinafter referred to as the "**Receiving Agents**") listed on page (ix) during the Offering Period. (For further details, please refer to page (xv) ("**Key Dates and Subscription Procedures**") of this Prospectus). Individual Investors can register their application to subscribe to the Offer Shares through the Receiving Agents during the Offering Period, and Participating Parties can register their application to subscribe to the Offer Shares through the Bookrunners (defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus) during the Book Building Process taking place prior to the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Ordinary Shares. The maximum number of Ordinary Shares that can be subscribed to is two hundred and fifty thousand (250,000) Ordinary Shares per Individual Investor. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds one hundred fifty thousand (150,000) Investors, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made in accordance with the recommendations of the Issuer and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Receiving Agents. Announcement of the final allocation by Thursday 16/03/1446H (corresponding to 19/09/2024G) and refund of subscription monies, if any, will be made maximum by Tuesday 21/03/1446H (corresponding to 24/09/2024G) (For further details, please refer to "**Key Dates and Subscription Procedures**" on page (xv) and Section 17 ("**Offering Terms and Conditions**") of this Prospectus).

The Company has one class of Ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (hereinafter referred to as a "**Shareholder**"), regardless of the number of Shares held thereby, has the right to attend and vote at Shareholders' general assembly meetings of the Company (hereinafter referred to as the "**General Assembly**"), but they will not be entitled to any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as "**Prospectus**") and for subsequent fiscal years (For more information, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia (hereinafter referred to as "**KSA**" or the "**Kingdom**") or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All supporting documents have been submitted to the CMA and all requirements have been satisfied, including those pertaining to listing the Company on the Exchange, with all approvals required to conduct the Offering granted, including approvals pertaining to this Prospectus (hereinafter referred to as the "**Prospectus**"). It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (For further details, please refer to "**Key Dates and Subscription Procedures**" on page (xv) of this Prospectus). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in any of the GCC countries as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to the CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Non-Saudi individuals living outside the Kingdom and institutions registered outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will have the right to acquire an economic benefit in the Shares by entering into Swap Agreements with Capital Market Institutions licensed by CMA to conduct securities business to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. The Capital Market Institutions will remain the legal owners of the Shares subject to the Swap Agreements.

Subscription to the Offer Shares can potentially entail risks and uncertainties. Those wishing to subscribe to the Company's Shares should carefully read and review this Prospectus in full and consider the ("**Important Notice**") Section on page (i) and Section 2 ("**Risk Factors**") of this Prospectus, before making any decision to invest in the Offer Shares.

Financial Advisor, Lead Manager, Bookrunner and Underwriter

BSF Capital

Receiving Agents

BSF

مصرف الراجحي
alrajhi bank

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

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

This Prospectus is dated 26/11/1445H (corresponding to 03/06/2024G).

الماجد للعود
Al majed oud

Since 1956

Important Notice

This Prospectus contains detailed information relating to the Company and Offer Shares. When submitting a Subscription Application for the Offer Shares, investors, whether Participating Parties or Individual Investors, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which may be obtained from the Company, the Lead Manager, or the Receiving Agents, and are available by visiting the websites of the CMA (www.cma.org.sa), the Saudi Exchange (www.saudiexchange.sa), the Company (www.almajed4oud.com), or the Financial Advisor, Lead Manager, Bookrunner, and Underwriter (www.bsfcapital.sa).

In respect to the Offering, the Company has appointed Saudi Fransi Capital as Financial Advisor (hereinafter referred to as the "**Financial Advisor**"), Lead Manager (the "**Lead Manager**"), Bookrunner (the "**Bookrunner**") and Underwriter (the "**Underwriter**").

This Prospectus includes information provided in accordance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the CMA, as well as the Listing Rules of the Saudi Exchange. The Directors, whose names appear on page (iv), collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication,a substantial portion of the information in this Prospectus relevant to the market and industry in which the Company operates is derived from external sources. Despite the fact that none of the Company, the Financial Advisor, nor any of the Company's other advisors whose names appear on pages (vii), (viii), and (ix) of this Prospectus (hereinafter referred to as the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

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

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the Book Building Process in accordance with the Book Building Instructions (for further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Investors: this includes Saudi Arabian nationals, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares in their name(s) for the mothers' own benefit, provided she submits proof of their marital status and motherhood, in addition to GCC nationals who are natural persons and non-Saudi Arabian nationals who reside in the Kingdom under legal residency permits and have, or are permitted to open, investment bank accounts with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Financial Institutions or Foreign Investors, pursuant to Swap Agreements entered into with a Capital Market Institution, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to comply with such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own legal counsel, financial advisor, and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

Market and Industry Data

The information and data contained in Section 3 (“**Overview of the Market And Industry**”) of this Prospectus are derived from the market study report prepared for the Company by the Market Study Consultant, Euromonitor International Ltd. (the “**Market Study Consultant**”) and issued in August 2023G, in connection with the Oud and perfume sectors in the Kingdom of Saudi Arabia (“**Market Study**”). Euromonitor International Ltd. was founded in 1972G in London, Britain, and provides market studies and research and five-year forecasts about consumption patterns, consumer goods, commercial industries and demographic changes in the Kingdom of Saudi Arabia. Euromonitor International Ltd. began operations in Saudi Arabia in 2008G (For more information about Euromonitor International Ltd., please visit https://www.euromonitor.com/saudi-arabia).

The Market Study Consultant prepared the study report independently and objectively and was keen to ensure the accuracy and completeness of said report. The research was conducted from a broad sector perspective and may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Study Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholder.

It should be noted that the Market Study Consultant does not, nor does any of its subsidiaries, affiliates, partners, shareholders, directors or their relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Study Consultant has given and not withdrawn its written consent for the use of its name, logo, market information and data supplied thereby to the Company in the manner and format set out in this Prospectus.

Financial Information

The Company’s audited financial statements for the fiscal years ended 31 December 2021G, 2022G, and 2023G were prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants (“**SOCPA**”). The financial statements for the fiscal years ended 31 December 2021G, 2022G, and 2023G were audited by the Company’s independent auditor, Dr. Mohamed Al-Amri & Co. - Chartered Accountants. These financial statements are included in Section 19 (“**Financial Statements and Auditor’s Report**”) of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

The financial information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof. Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies estimated at one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to “year” or “years” means Gregorian years.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company’s business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute “**forward-looking statements**”. Such statements can generally be identified by their use of forward-looking words such as “plans”, “estimates”, “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “expected”, “would be” or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance, whereby many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 (“**Risk Factors**”) of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company’s actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Under the OSCOs' requirements, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

A. there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or
B. significant additional issues have arisen whose inclusion in this Prospectus is necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Definitions and Abbreviations

For further details on the terms used in this Prospectus, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus.

Corporate Directory

In accordance with the Company's Bylaws, the Company shall be managed by a Board of Directors consisting of five members, as shown in the following table:

Table (1.1): Members of the Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Majed Ali Othman Al Majed	Chairman	Saudi	Non-Executive	29/08/1444H (corresponding to 21/03/2023G)	22.5%	15.75%	-	-
2	Thamer Saad Ali Al Majed	Vice Chairman	Saudi	Executive	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-
3	Waleed Khaled Ali Al Majed	Board Member	Saudi	Executive	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-
4	Ahmed Ibrahim Abdulaziz AlSenaidi	Board Member	Saudi	Independent	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-
5	Yasser Zoman Saad AlZoman	Board Member	Saudi	Independent	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-

Source: the Company

Company Address and Representatives and the Board Secretary

Company Address	
Al Majed for Oud Company 8279 Al-Hofuf Street - Al-Sahafa District Riyadh 4299 – 13321 Unit No. 2 Kingdom of Saudi Arabia Zip Code: 13321 P.O. Box: 85995 Tel: +966 920000480 Website: www.almajed4oud.com Email: IR@almajed4oud.com	الماجد للعود Al majed oud
Company's Representatives	
Waleed bin Khaled bin Ali Al Majed Managing Director / CEO 8279 Al-Hofuf Street - Al-Sahafa District Riyadh 4299 – 13321 Unit No. 2 Kingdom of Saudi Arabia Zip Code: 13321 P.O. Box: 85995 Tel: +966 920000111 Website: www.almajed4oud.com Email: w.almajed@almajed4oud.com	**Yasser bin Zoman Saad Al-Zoman** Board Member 8279 Al-Hofuf Street - Al-Sahafa District Riyadh 4299 – 13321 Unit No. 2 Kingdom of Saudi Arabia Zip Code: 13321 P.O. Box: 85995 Tel: +996 920000116 Website: www.almajed4oud.com Email: yalzoman@ay-cpa.sa
Secretary of the Board	
Omar Mahmoud Mohammed Attia 8279 Al-Hofuf Street - Al-Sahafa District Riyadh 4299 – 13321 Unit No. 2 Kingdom of Saudi Arabia Zip Code: 13321 P.O. Box: 85995 Tel: +966 920000480 Website: www.almajed4oud.com Email: o.attia@almajed4oud.com	

Stock Exchange	
Saudi Exchange Company King Fahad Road - Olaya 6897 Unit No. 15 P.O. Box: 3388 Riyadh 12211 Kingdom of Saudi Arabia Tel: +966 92 000 1919 Fax: +966 11 218 9133 Website: www.saudiexchange.sa Email: csc@saudiexchange.sa	تداول السعودية Saudi Exchange
Securities Depository Center Company (Edaa) King Fahad Road - Olaya 6897 Unit No. 11 P.O. Box: 3388 Riyadh 12211 Kingdom of Saudi Arabia Tel: +966 920026000 Website: www.edaa.sa Email: cc@edaa.com.sa	ايداع Edaa من مجموعة تداول السعودية From Saudi Tadawul Group

Financial Advisor, Lead Manager, Bookrunner and Underwriter
Saudi Fransi Capital King Fahd Road 8092 P.O. Box: 23454 Riyadh 3735-12313 Kingdom of Saudi Arabia Tel: +966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa Email: Almajed.IPO@bsfcapital.sa

Legal Adviser to the Issuer
Baker McKenzie Law Firm Al Olayan Complex, Tower II, Third Floor Al-Ahsa Street, Al-Malaz P.O. Box: 69103 Riyadh 11547 Kingdom of Saudi Arabia Tel: +966 11 265 8900 Fax: + 966 11 265 8999 Website: www.bakermckenzie.com Email: legaladvisors@bakermckenzie.com

Legal Advisor to the Financial Advisor, Lead Manager, Bookrunner and Underwriter
STAT Law Firm and Legal Consulting Sky Towers North Tower, Second Floor 8899 King Fahd Road, Olaya P.O. Box: 230020 Riyadh 11321 Tel: +966 (11) 272 0003 Fax: +966 (11) 237 0005 Website: www.statlawksa.com Email: capitalmarkets@statlawksa.com

Financial Due Diligence Advisor
PricewaterhouseCoopers (PwC) - Public Accountants Kingdom Tower, 21st Floor P.O. Box: 8282 Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 (11) 211 0400 Fax: +966 (11) 211 0250 Website: www.pwc.com.sa Email: khalid.mahdhar@pwc.com

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Market Study Consultant
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Independent Auditor for the Financial Years Ended 31 December 2021G, 2022G, 2023G, and the three month period ended on 31 March 2024G
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Note: *All the above-mentioned Advisors and independent Auditors have provided, and have not withdrawn, their written consent, as at the date of this Prospectus, to the publication of their names, logos and statements attributed to them in the context in which they appear in this Prospectus. Moreover, they do not themselves nor does any of their employees working with the team on providing services to the Company, nor any of their relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which may affect their independence.*

Receiving Agents

Banque Saudi Fransi King Saud Road - Al-Maather District P.O. Box: 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 112826666 Website: www.bsf.com.sa Email: Fransiplusadmin@alfransi.com.sa	BSF
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Summary of the Offering

This Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Therefore, this summary should be read as an introduction to this Prospectus, and prospective investors should carefully consider the "**Important Notice**" on page (i), Section 2 ("**Risk Factors**"), as well as all information set forth herein prior to making any investment decision in the Offer Shares and said decision should not be solely based on this Summary. In particular, it is important that prospective investors review and carefully consider the "**Important Notice**" on page (i) and Section 2 ("**Risk Factors**"), prior to making any investment decision in the Offer Shares.

Company's Name, Description and Incorporation	Al Majed for Oud Company (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi closed joint-stock company established under commercial registration no. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia, and having its head office on King Abdulaziz Road, Al-Sahafa District, P.O. Box 85995, Riyadh 13321, Kingdom of Saudi Arabia. As at the date of this Prospectus the current share capital of the Company is SAR 250,000,000 divided into 25,000,000 Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyal (SAR 10) per share (the "**Shares**" or a "**Share**"). Mr. Ali bin Othman Al Majed started his business in 1956G, in the wholesale trade of Oud and saffron. Then the Company was established by its owner, Saad Ali Othman Al Majed, as a sole proprietorship under the name of "Al Majed for Oud Establishment", with Commercial Registration No. 1010045397 on 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia, with a share capital of SAR 10,000. On 16/11/1431H (corresponding to 25/10/2010G), Al Majed for Oud Establishment was converted into a limited liability company with Commercial Registration No. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), with a capital of SAR 200,000 divided into 200 in-kind shares of an equal value of SAR 1,000 per share, through the evaluation of the Establishment's net assets, and the entry of Mr. Khaled Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed and Mr. Majed Ali Othman Al Majed as Shareholders, each holding a share of 25% in the Company's share capital. On 17/01/1440H (corresponding to 27/09/2018G), the Company's capital was increased from SAR 200,000 divided into 200 in-kind shares of an equal value of SAR 1,000 per share to SAR 50,000,000, divided into 50,000 cash and in-kind shares of an equal value of SAR 1,000 per share, through the capitalization of SAR 49,800,000 from the retained earnings account. On 18/09/1443H (corresponding to 19/04/2022G), the Company's capital was increased from SAR 50,000,000 divided into 50,000 cash and in-kind shares of an equal value of SAR 1,000 per share, to SAR 250,000,000, divided into 250,000 fully paid cash shares of an equal value of SAR 1,000 per share, as a result of the conversion of SAR 200,000,000 from the Company's retained earnings to the Company's capital, and the entry of Mr. Badr bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed as shareholders in the Company, through the assignment, without consideration, by each of Mr. Khaled Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed of 2.5% of their respective share (a total of 25,000 shares) in the Company's capital post-increase to Mr. Bader bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed equally. On 29/08/1444H (corresponding to 21/03/2023G), the Company was converted from a limited liability company to a closed joint-stock company with a capital of SAR 250,000,000, divided into 25,000,000 fully paid Ordinary Shares with a nominal value of SAR 10 per share. (For more information. Please refer to Section 4.6 ("**Overview of the Company Structure and Growth of its Capital**") of this Prospectus).
Company's Activities	In accordance with its Bylaws, the Company's activities are as follows: 1. Manufacturing industries. 2. Construction. 3. Agriculture, forestry and fishing. 4. Mining and quarrying. 5. Electricity, gas, steam and air conditioning supply. 6. Water supply; sewerage, waste management and remediation activities. 7. Wholesale and retail trade; repair of motor vehicles and motorcycles. 8. Transportation and storage. 9. Accommodation and food services activities. 10. Information and communication. 11. Professional, scientific and technical activities. 12. Education. 13. Human health and social work activities. 14. Real estate activities.

Company's Activities

15. Administrative and support service activities.
16. Arts, entertainment and recreation.
17. Other service activities.

Pursuant to its commercial register, the Company's activities are as follows:

1. Retail sale of nuts, coffee, spices and apothecary
2. Retail sale of Oud and incense.
3. Retail sale of perfumes.
4. Land transportation of goods.
5. Cosmetics stores.
6. Storage in warehouses of grain silos, flour and agricultural products

The Company's current activity consists of the production and retail sale of perfumes, Oud, incense, essential oils, plant products, accessories and gifts.

Substantial Shareholders and Number of Shares held by them Pre- and Post-Offering

The following table sets out the names, as well as pre-Offering and post-Offering ownership percentages, of Substantial Shareholders.

Table (1.2): Substantial Shareholders of the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Direct Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Par Value (SAR)
Khaled Ali Othman Al Majed	5,625,000	22.5%	56,250,000	3,937,500	15.75%	39,375,000
Saad Ali Othman Al Majed	5,625,000	22.5%	56,250,000	3,937,500	15.75%	39,375,000
Suleiman Ali Othman Al Majed	5,625,000	22.5%	56,250,000	3,937,500	15.75%	39,375,000
Majed Ali Othman Al Majed	5,625,000	22.5%	56,250,000	3,937,500	15.75%	39,375,000
Bader Ali Othman Al Majed*	1,250,000	5%	12,500,000	875,000	3.50%	8,750,000
Mohammed Ali Othman Al Majed*	1,250,000	5%	12,500,000	875,000	3.50%	8,750,000
Total	**25,000,000**	**100%**	**250,000,000**	**17,500,000**	**70%**	**175,000,000**

Source: the Company

* *Mr. Bader Ali Othman Al Majed and Mr. Mohammed Ali Othman Al Majed will no longer be considered as Substantial Shareholders in the Company post-Offering.*

Company's Capital	SAR 250,000,000
Total Number of Issued Shares	25,000,000 fully paid-up Ordinary Shares.
Offering	Offering of 7,500,000 Ordinary Shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, at an offer price of ninety four Saudi Riyals (SAR 94), representing 30% of the share capital of the Company.
Total Number of Offer Shares	7,500,000 Ordinary Shares
Nominal value per Share	Ten Saudi Riyal (SAR 10) per Share.
Percentage of Offer Shares to the Company's Share Capital	The Offer Shares represent 30% of the Company's Share Capital.
Offer Price	SAR 94 per Share.
Total value of Offer Shares	SAR 705,000,000.

Use of Offering Proceeds	The Net Proceeds from the Offering amounting to approximately SAR 680,000,000 (after deducting the Offering expenses estimated at 25,000,000 Saudi Riyals) will be distributed to the Selling Shareholders in proportion to the number of Offer Shares to be sold by each of them. The Company will not receive any part of the Offering Proceeds (for further details, please refer to Section 8 ("**Use of Proceeds**") of this Prospectus).
Number of Shares Underwritten	7,500,000 Ordinary Shares
Total Underwritten Offering Amount	SAR 705,000,000.
Categories of Targeted Investors	Subscription for the Offer Shares is restricted to the following groups of investors: **Tranche (A): Participating Parties:** This tranche comprises investors eligible to participate in the Book Building Process in accordance with the Instructions for Book Building Process, including investment funds, qualified foreign companies and institutions, GCC investors with legal personality and other foreign investors under Swap Agreements. **Tranche (B): Individual Investors:** This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any non-Saudi Arabian natural person who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council (the "**GCC**"), in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted.
Total Offer Shares Available for each Targeted Investor Category	
Number of Shares Offered to Participating Parties	7,500,000 Ordinary Shares representing 100% of Offer Shares. In the event there is sufficient demand by Individual Investors, and the Participating Parties subscribe for all the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, may decide to reduce the number of Shares allocated to Participating Parties to a minimum of 6,000,000 Ordinary Shares, representing 80% of the total Offer Shares. Initially, 2,250,000 Shares will be allocated to public funds, representing 30% of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Financial Advisor may reduce the number of shares allocated to public funds to 1,800,000 Shares as a minimum, representing 24% of the total number of Offer Shares, after completion of Subscription by Individual Investors.
Number of Shares Offered to Individual Investors	A maximum of 1,500,000 Offer Shares, representing 20% of the total Offer Shares. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties are entitled to apply for subscription, by filling the Bid Forms that will be provided to them by the Bookrunner during the Book Building Process. After the initial allocation, the Lead Manager will provide Participating Parties with Subscription Application Forms, which they must fill out in accordance with the instructions described in Section 17 ("**Offering Terms and Conditions**") of this Prospectus.
Subscription method for Individual Investors	Subscription Application Forms will be provided to Individual Investors during the Offering Period by the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions described in Section 17 ("**Offering Terms and Conditions**") of this Prospectus. Individual Investors can also subscribe through the internet, telephone banking or automated teller machines ("**ATMs**") of any of the Receiving Agents that offer any or all such services to their customers, provided that the following requirements are satisfied: (a) the Individual Investor must have a bank account at a Receiving Agent which offers such services, and (b) there have been no changes in the personal information or data of the Individual Investor since such person's subscription to the most recent initial public offering.
Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	50,000 Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	10 Shares.
Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	SAR 4,700,000.

Minimum Subscription Amount for Individual Investors	SAR 940.
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	1,249,999 Shares. With respect to public funds only, the number of Offer Shares shall not exceed the maximum number of Offer Shares which has determined for each participating public fund, pursuant to the Book Building Instructions.
Maximum Number of Offer Shares to be Applied for by Individual Investors	250,000 Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	SAR 177,499,906.
Maximum Subscription Amount for Individual Investors	SAR 23,500,000.
Allocation and Refund Method for each Category of Targeted Investors	
Allocation of Offer Shares to Participating Parties	Final allocation of the Offer Shares to the Participating Parties will be made through the Lead Manager following subscription by Individual Investors, as the Financial Advisor deems appropriate in coordination with the Issuer, using the discretionary share allocation mechanism. It is thus possible that certain Participating Parties will not be allocated any shares. The number of Offer Shares to be initially allocated to Participating Parties is 7,500,000 Shares representing 100% of the Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Financial Advisor may decide, in coordination with the Issuer, to reduce the number of Shares allocated to Participating Parties to a minimum of 6,000,000 Ordinary Shares, representing 80% of the Offer Shares. Initially, two million two hundred fifty thousand (2,250,000) Shares will be allocated to public funds, representing 30% of the total number of Offer Shares, noting that if there is sufficient demand by Individual Investors to subscribe to the Offer Shares, the Financial Advisor may reduce the number of shares allocated to public funds to 1,800,000 Shares as a minimum, representing 24% of the total number of Offer Shares, after completion of Subscription by Individual Investors.
Allocation of Offer Shares to Individual Investors	The allocation of the Offer Shares for Individual Investors is projected to be completed no later than Thursday, 16/03/1446H (corresponding to 19/09/2024G), with the minimum allocation per Individual Investor amounting to 10 Offer Shares, and the maximum allocation per Individual Investor amounting to 250,000 Offer Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Investor to the total number of subscribed for shares. In the event that the number of Individual Investors exceeds 150,000 Investors, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and the Financial Advisor, in coordination with the Company.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded without any charge or withholding by the Lead Manager or relevant Receiving Agent. Notification of the final allotment and refund of subscription monies, if any, will be made maximum by Tuesday, 21/03/1446H (corresponding to 24/09/2024G). For further details, see "**Key Dates and Subscription Procedures**" on page (xv) and Section 17 ("**Offering Terms and Conditions**") of this Prospectus.
Offering Period	The Offering will commence on Sunday, 12/03/1446H (corresponding to 15/09/2024G) and will remain open for a period of one day only.
Distribution of Dividends	The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus).
Voting Rights	The Company has only one class of Ordinary Shares, which do not carry any preferential voting rights. Each Share grants its holder the right to one vote, and each Shareholder has the right to attend and vote in the Company's General Assembly meetings. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors, to attend General Assembly meetings (for further details, please refer to Section 12.14 ("**Rights of Shareholders**") of this Prospectus).

Share Restrictions (Lock-Up Period)	Substantial Shareholders are subject to a Lock-Up Period of six months starting from the commencement of trading of the Company's Shares on the Exchange, during which Substantial Shareholders whose names appear on page (xi) of this Prospectus, i.e. Khaled Ali Othman Al Majed, Saad Ali Othman Al Majed, Suleiman Ali Othman Al Majed, and Majed Ali Othman Al Majed, are prohibited from disposing of their shares. Following the Lock-Up Period, Substantial Shareholders may dispose of their shares. In addition, the Company may not list shares of the same class of the Offer Shares for a period of six months from the date of commencement of trading the Shares on the Exchange. Shares shall also be subject to the general restrictions applied to listed shares in the Kingdom.
Listing and Trading of Shares	Prior to the Offering, the Company's Shares have never been listed in any stock market either in the Kingdom of Saudi Arabia or elsewhere. Applications have been submitted by the Company to the Capital Market Authority for the registration and offering of the Shares in accordance with the OSCOs, and the Exchange for the listing of the Shares in accordance with the Listing Rules. All relevant approvals to conduct the Offering have been granted and all CMA and Tadawul required documents submitted, and all requirements have been met, including those pertaining to the listing of the Company on the Exchange. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares.
Risk Factors	There are certain risks related to investing in the Offer Shares. Such risks can be classified as follows: (a) risks related to the Company and its operations; (b) risks related to the market; and (c) risks related to the Shares. These risks are described in Section 2 ("**Risk Factors**") and the "Important Notice" in the preamble hereof, and should be carefully considered prior to making a decision to invest in the Offer Shares.
Offering Expenses	The Selling Shareholders shall bear all expenses and costs related to the Offering, estimated at SAR 25,000,000. These expenses include the fees of the Financial Advisor, Lead Manager, Bookrunner, Underwriter, Legal Advisor, Auditor, Receiving Agents, Market Study Consultant, and other Advisors, in addition to marketing, printing and distribution expenses, as well as other related expenses. These expenses will be deducted from the Offering Proceeds.
Financial Advisor, Lead Manager, Bookrunner and Underwriter	**Saudi Fransi Capital** King Fahd Road 8092 P.O. Box: 23454 Riyadh 3735-12313 Kingdom of Saudi Arabia Tel: +966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa Email: almajed.IPO@bsfcapital.sa

Note: *Page (i) ("**Important Notice**") and Section 2 ("**Risk Factors**") of this Prospectus must be carefully studied before making any decision regarding investing in Offer Shares under this Prospectus.*

Key Dates and Subscription Procedures

Table (1.3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book Building Period	A period of five days, starting from 21/02/1446H (corresponding to 25/08/2024G) and closing at the end of 25/02/1446H (corresponding to 29/08/2024G).
Deadline for submission of Subscription Forms by Participating Parties based on the provisional allocation of Offer Shares	On Sunday, 05/03/1446H (corresponding to 08/09/2024G).
Submission Period for Individual Investors	A period of one day only, on Sunday, 12/03/1446H (corresponding to 15/09/2024G).
Deadline for payment of subscription money by Participating Parties based on their provisional allocation of Offer Shares	On Tuesday, 07/03/1446H (corresponding to 10/09/2024G).
Deadline for submission of Subscription Application Forms and payment of the subscription monies by Individual Investors	On Sunday, 12/03/1446H (corresponding to 15/09/2024G).
Announcement of final Offer Shares allotment	On Thursday, 16/03/1446H (corresponding to 19/09/2024G).
Refund of excess subscription monies (if any)	On Tuesday, 21/03/1446H (corresponding to 24/09/2024G).
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Saudi Exchange website (www.saudiexchange.sa).

Note: *The above timetable and dates therein are indicative. Actual dates will be communicated through announcements on the Tadawul website (https://www.saudiexchange.sa), the Company's website (www.almajed4oud.com) and the website of the Financial Advisor (www.bsfcapital.sa)..*

How to Apply for Offer Shares

The Offering shall be restricted to the following two groups of investors:

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the Book Building Process in accordance with the Book Building Instructions (for further information, please refer to Section 1 ("**Definitions and Abbreviations**") and Section 17 ("**Offering Terms and Conditions**") of this Prospectus).

Tranche (B): Individual Investors: This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any national of countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), in each case who has a bank account with a Receiving Agent and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Set out below is an overview of how the Participating Parties and Individual Investors can subscribe to the Offer Shares:

Participating Parties:

Participating Parties can obtain the Bid Forms to participate in the Book Building from the Bookrunner during the Book Building Period, and obtain the Subscription Application Form from the Bookrunner following the initial allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to Participating Parties only during the Book Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which shall also include the Individual Investors, according to the terms and conditions detailed in the Subscription Application Forms. A signed and stamped Subscription Application Form shall be submitted to the Bookrunner, with such Subscription Application Form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

Individual Investors:

Subscription Application Forms for Individual Investors will be available during the Offering Period at all Receiving Agents. Individual Investors who have participated in previous initial public offerings can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents offering any or all such services to Individual Investors, provided that the following requirements are satisfied:

- the Individual Investor must have a bank account at the Receiving Agent which offers such services; and
- there have been no changes in the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his family) since such person last participated in an initial public offering.

Each applicant is required to fill out the Subscription Application Form according to the instructions described in Section 17 ("**Offering Terms and Conditions**") of this Prospectus. Each applicant must complete all the relevant sections in the Subscription Form. The Company reserves the right to reject any Subscription Form, in part or in whole, if any of the subscription terms and conditions are not met. The Subscription Form cannot be amended or withdrawn once submitted. Furthermore, the Subscription Form shall, upon submission, be considered to be a legally binding agreement by the relevant investor to the Selling Shareholders (for further information, please refer to Section 17 ("**Offering Terms and Conditions**") of this Prospectus).

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the Bookrunner or relevant Receiving Agent. Excess subscription monies shall not be refunded in cash or to third-party accounts.

Summary of Key Information

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the ("**Important Notice**") on page (i) and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares.

Overview of the Company

Overview of the Company and its Business Activities

Al Majed for Oud Company is a Saudi closed joint-stock company registered under Commercial Registration No. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia. The head office of the Company is located at King Abdulaziz Street, Al Sahafa District, P.O. Box 85995 – Riyadh 13321, Kingdom of Saudi Arabia. As at the date of this Prospectus, the capital of the Company is SAR 250,000,000, divided into 25,000,000 fully paid Ordinary Shares, with a nominal value of SAR 10 per share. The Company's current activity consists of the production and retail sale of perfumes, Oud, incense, essential oils, plant-based products, accessories and gifts.

In accordance with its Bylaws, the Company's activities are as follows:

1. Manufacturing industries.
2. Construction.
3. Agriculture, forestry and fishing.
4. Mining and quarrying.
5. Electricity, gas, steam and air conditioning supply.
6. Water supply; sewerage, waste management and remediation activities.
7. Wholesale and retail trade; repair of motor vehicles and motorcycles.
8. Transportation and storage.
9. Accommodation and food services activities.
10. Information and communication.
11. Professional, scientific and technical activities.
12. Education.
13. Human health and social work activities.
14. Real estate activities.
15. Administrative and support service activities.
16. Arts, entertainment and recreation.
17. Other service activities.

Pursuant to its commercial register, the Company's activities are as follows: retail sale of nuts, coffee, spices and apothecary; retail sale of Oud and incense; retail sale of perfumes; land transportation of goods; cosmetics stores; and storage in warehouses of grain silos, flour and agricultural products.

Mr. Ali bin Othman Al Majed commenced his business in the wholesale trade of Oud and saffron in 1956G. The Company was then established by its owner, Saad Ali Othman Al Majed, as a sole proprietorship under the name of "Al Majed for Oud Establishment", with Commercial Registration No. 1010045397 on 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia.

On 16/11/1431H (corresponding to 25/10/2010G), Al Majed for Oud Establishment was converted into a limited liability company with Commercial Registration No. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), with a capital of SAR 200,000 divided into 200 in-kind shares of an equal value of SAR 1,000 per share, through the evaluation of the Establishment's net assets, and the entry of Mr. Khaled Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed and Mr. Majed Ali Othman Al Majed as Shareholders, each holding a share of 25% in the Company's share capital.

On 17/01/1440H (corresponding to 27/09/2018G), the Company's capital was increased from SAR 200,000 divided into 200 in-kind shares of an equal value of SAR 1,000 per share to SAR 50,000,000, divided into 50,000 cash and in-kind shares of an equal value of SAR 1,000 per share, through the capitalization of SAR 49,800,000 from the retained earnings account.

On 18/09/1443H (corresponding to 19/04/2022G), the Company's capital was increased from SAR 50,000,000 divided into 50,000 cash and in-kind shares of an equal value of SAR 1,000 per share, to SAR 250,000,000, divided into 250,000 fully paid cash shares of an equal value of SAR 1,000 per share, as a result of the conversion of SAR 200,000,000 from the Company's retained earnings to the Company's capital, and the entry of Mr. Badr bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed as shareholders in the Company, through the assignment, without consideration, by each of Mr. Khaled Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed of 2.5% of their respective share (a total of 25,000 shares) in the Company's capital post-increase to Mr. Bader bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed equally.

On 29/08/1444H (corresponding to 21/03/2023G), the Company was converted from a limited liability company to a closed joint-stock company with a capital of SAR 250,000,000, divided into 25,000,000 fully paid Ordinary Shares with a nominal value of SAR 10 per share. (For more information, please refer to Section 4.6 ("**Overview of the Company Structure and Growth of its Capital**") of this Prospectus).

Vision and Mission of the Company

Company's Vision

The Company aspires to be the leader in the Oud and perfume industry in the Middle East and the world, through the creation and/or development of distinguished fragrance products that suit the tastes of its customers and enable them to express their originality.

Company's Mission

To innovate, develop and produce the best and finest types of perfumes, and to import the finest types of Oud by setting high standards as per the international industry standards to gain customer confidence and satisfaction and aspirations.

Strengths and Competitive Advantages of the Company

The key strengths and competitive advantages of the Company are as follows:

1. **Regional leader in the field of perfumes with expertise in offering the finest types of fragrances**

   The Company is a leading manufacturer and developer of perfume and Oud products in the Kingdom and, increasingly, within the region as the Company continues to expand geographically within the GCC. Well-known in the fragrance sector for its longevity (more than 60 years of expertise) and widespread presence within Saudi Arabia and neighboring countries, the Company's strength in these markets is founded in its broad portfolio of high quality and diverse Oud products, perfumes, essential oils, plant-based products and accessories and gifts, as well as its deep understanding of market demand that the Company has amassed from its longstanding experience and presence in the perfume and fragrance sector in the region.

2. **Well-known brand with a distinguished customer base**

   Through its longstanding presence that stretches over decades, and its state-of the-art business structure, the Company is well-established in the market and is poised to further solidify its position as the fragrance powerhouse in the region. As at 31 December 2023G, the Company offered over 650 high-quality products under 132 brands through its network of 286 Al Majed for Oud branded stores, through its online store and through third-party e-commerce websites (amongst others), and had top-of-mind recall among consumers in Saudi Arabia, with strong brand recognition. The Company focuses on a competitive pricing strategy and maintaining product quality and an opulent appearance in order to attract a large proportion of customers, including millennials, who now account for a significant share of the Kingdom's population and who are increasingly financially independent with more disposable income for luxury purchases.

3. **Strong value proposition in the perfume and fragrance sector, offering a wide range of perfume and fragrance products, focused on customer satisfaction**

   Since its founding in 1982G, the Company has gained a strong reputation for market adaptability in the region, focusing on the development of new scents, which has contributed to the Company's growth and maintaining consumer loyalty. The Company has developed a consumer-centric business model with a focus on thoroughly researching and understanding market trends and an unwavering commitment to product development in order to ensure a continuous supply of innovative and captivating fragrances. The Company has created more than a thousand products that have top-of-mind recall in the world of perfumes and appeal to the tastes of all consumers. As at 31 December 2023G, the Company offered 675 products in six categories to its customers, adding 24 new products in 2020G, 29 in 2021G, 65 in 2022G and 87 in 2023G, as well as others in the pipeline expected to be launched in 2024G.

The Company's focus on customer satisfaction by offering products at diverse price levels for all customer segments, high product quality and competitive prices has helped drive referrals of new customers and repeat sales, keeping the business self-reinforcing.

4. The Company employs multiple and cohesive channels, supported by a wide range of stores, backed by its strategic locations throughout the Kingdom and GCC countries

The Company's omnichannel and extensive store network allows it to maximize customer outreach, in Saudi Arabia and across the GCC region. This efficient and well-established distribution network strengthens the Company's competitive position, putting the Company in a leading position to become the dominant player.

As at 31 December 2023G, the Company owned and operated 237 stores throughout the Kingdom, as well as 49 outside the Kingdom in the UAE, Bahrain and Oman. The Company deems that its market leadership in terms of the number and spread of stores contributes to achieving growth by offering products to new customer bases, in addition to maintaining existing customers.

The Company also expects to benefit from the Saudi government's focus on promoting tourism in the context of Vision 2030G, which has helped to attract large numbers of tourists to key retail locations, including the Central, Western and Southern Provinces, where the Company has a strong presence. The government is aiming to attract 100,000,000 visitors to the Kingdom by 2030G, which is anticipated to increase demand for products including fragrances with authentic scents, as these are frequently purchased as gifts.

In addition to its store network, the Company has increased its focus on developing electronic sales platforms (i.e., the mobile application and the website) in order to keep pace with changes in customer behavior patterns and their increased reliance on online shopping. The Company also sells its products through third-party e-commerce websites such as Amazon, Golden Scent, and Nice One, enabling it to further expand its market penetration.

5. **Access to a large and expansive market, supported by several favorable catalysts set to drive sustainable growth**

The fragrance market is constantly experiencing significant growth, driven by, inter alia, increasing consumer preferences, rising disposable income, expansion of the tourism sector and growing digital adoption. According to the Market Study, the fragrance market in Saudi Arabia grew by CAGR of 3.5% between 2018G-2022G to reach SAR 7,800,000,000 in 2022G.

The fragrance market is projected to increase at a CAGR of 11.3% between 2023G and 2027G, reaching SAR 13,400,000,000 in 2027G, according to the Market Study. This expansion is expected to be driven primarily by rising disposable income, women empowerment, and rising recreational tourism, as well as Hajj and Umrah. In addition, technological advancements like 3D printing of personalized perfume bottles, or the use of artificial intelligence to create niche and personalized scents, are anticipated to stimulate future development, and social media influencers and celebrities are likely to drive the growth of e-commerce and drive the growth of fragrances in the market. The Company is well-positioned to capitalize on this trend and leverage its strong customer base to further expand its market share.

6. **Strong financial position driven by a growth-focused strategy**

Strong top-line performance over the years has been a key focus for the Company, driven by self-growth, portfolio expansion and expanding its geographic footprint in the long term. The Company's revenues have grown consistently over the last several years, from SAR 442,465,485 in 2021G to SAR 767,023,097 in 2023G, a CAGR of 31.7%. The Company has managed this growth while maintaining its margin profile, with its gross margin increasing from 61.7% in 2021G to 64.1% in 2022G, and further increasing to 66.6% in 2023G.

The Company has consistently delivered strong free cash flow throughout its history and this has become an important strength in the market place. To date, the Company has pursued a disciplined capital policy and has developed its business without resorting to substantial debt financing. Furthermore, its balance sheet strength has provided it with enhanced optionality when appraising growth and investment opportunities and allows the Company to pursue growth and its other strategic objectives with speed and flexibility, whilst ensuring that its liquidity and balance sheet strength is not compromised.

7. **Visionary founders and experienced management team**

The Company's business was founded by individuals with deep understanding of the fragrance sector and is managed by a highly experienced management team with extensive experience in the sector and includes members of the founding family who continue to ensure a family-led culture. The management team is highly skilled and with strong knowledge of the Kingdom and regional fragrance sector, including market trends and the competitive environment. The management team is also well-equipped to lead the Company through its plans for future growth and expansion, having successfully opened more than 173 stores since 2019G, and penetrated key new markets including Kuwait, the UAE, Bahrain and Oman. Furthermore, they oversee the entire value chain of the Company's activities, and have focused strongly on operational efficiency throughout. This leadership, which has a clear vision for the Company's growth, provides organizational continuity that supports the Company's sustainability into the future.

8. **Importation expertise and distinctive strategic relationships with suppliers and manufacturers**

The Company works with over 70 suppliers and manufacturers as part of its efforts to provide varied products to its customers. Due to the Company's long-standing history, extensive experience and sector leadership in the Kingdom in terms of market share, it enjoys strategic relationships with leading international suppliers of perfume and fragrance materials, including the five largest global companies in the field of fragrance and flavor ingredients, enabling it to drive innovation, enhance product quality, and ensure the Company's continued success in the highly competitive fragrance industry. Because the Company sources a significant majority of its raw materials and packaging from international sources (approximately 94% in 2023G), the Company has developed significant expertise around the sourcing and importation of the specialized ingredients and components necessary for the creation of fragrances, which enables the Company to manage its operations efficiently and flexibly.

Company Strategy

1. Expansion in the Kingdom and abroad

The Company intends to continue developing its store and electronic platforms to keep pace with developments and customer expectations and to be a major outlet for sales. Within the Kingdom, the Company intends to continue its strong track record of store openings, maintaining its focus on quality of growth by identifying premium locations for future stores in strategic or underpenetrated areas where the Company can better meet demand, thereby increasing its market share. In addition, the Company will continue to strategically build its online sales channel through its online store and app, as well as strategic third-party e-commerce sites, further building its customer base and market share.

Outside the Kingdom, the Company aims to continue to expand in the GCC, as well as to North Africa, Europe and North America, targeting international exhibitions, in accordance with the strategic plan for international expansion adopted by the Board of Directors. This expansion may be effected by various means, according to the management team's assessment of the potential return on investment, including through the opening of stores directly owned by the Company, franchising rights or business-to-business transactions.

2. Product portfolio diversification

The Company plans to enhance and develop its product portfolio to satisfy customer tastes and needs on the back of its extensive and deep internal expertise in the perfume and fragrance industry and its external partnerships with leading global scent manufacturers by diversifying its product offering based on customer needs, adding products compatible with customer segments and their preferences. This product diversification also reflects the Company's vision of continuing to develop distinguished fragrance products that suit the tastes of its customers and enable them to express their originality. The Company seeks to focus on the customer to create a better experience by placing customer needs and desires at the core of its central goals to create a sustainable partnership.

3. Maintain focus on efficiency

The Company plans to continue efficiently managing its operations by optimally utilizing all resources, maintaining output levels, and reducing inputs without compromising quality. The Company also aims to enhance shareholder value by providing a higher level of financial and operational transparency, increasing its efficiency in decision-making due to a clear understanding of the impact of decisions on the Company's value and profitability. The Company will do this in compliance with its environmental sustainability strategy by committing to environmental conservation through contractual partnerships with environmentally friendly companies.

Key Developments of the Company since Establishment

The key developments achieved in relation to the Company and its business since its establishment are summarized as follows:

Table (1.4): Key Developments of the Company since Establishment

Year	Event/Development
1956G	Mr. Ali bin Othman Al Majed started his business in the wholesale trade of Oud and saffron.
1982G	The establishment was founded as a sole proprietorship registered under the name of Al Majed for Oud Establishment.
1990G	The Company commenced working in the retail sector by opening its first store in Riyadh. The Company expanded its product portfolio to include perfumes, incenses, essential oils, accessories and gifts.
2007G	The Company focused its business on the retail sector and ceased its wholesale business.
2010G	The Al Majed for Oud Establishment was converted into a limited liability company under the name of Al Majed for Oud LLC.
2012G	The Company established a factory in Riyadh for the production of perfumes, essential oils and incenses, capable of producing up to 5,000 units per day.
2018G	The Company expanded its sales operations, opening a store in Kuwait and launching its online store.
2019G	The Company expanded its Riyadh factory, increasing its production capacity to 50,000 units per day.
2020G	The Company opened its 100th store.
2021G	The Company opened its first stores in the UAE.
2022G	– The Company opened its first store in Bahrain. – The Company opened its 200th store. – The Company acquired the assets of Khalta Perfumes Company, which added 41 stores to the Company's portfolio.
2023G	– The Company was converted into a closed joint-stock company. – The Company established its first stores in Oman.

Source: the Company

Market Overview

Saudi Arabia's strong economic outlook suggests that purchasing power is likely to improve among consumers of beauty and personal care products such as perfumes.

Saudi Arabia's GDP reached SAR 4.2 trillion (USD 1.1 trillion) in 2022G, making it the largest economy in the MENA region. GDP jumped by 27.6% between 2021G and 2022G thanks to reforms aimed at enhancing private sector participation and rising crude oil prices. Local demand in the retail sector for cosmetics and personal care products in the Kingdom also increased from SAR 19.756 million (USD 5,268 million) in 2018G to SAR 23.439 million (USD 6.250 million) in 2022G as a result of the expansion of the spread of e-commerce, growth in income, and the increase of women's contribution to the labor market. The manufacturing, wholesale, retail and hospitality industries are expected to push the Kingdom's GDP to SAR 5.0 trillion (USD 1.3 trillion) by 2027G, achieving a compound annual growth rate of 3.8% during the forecast period. The budget surplus resulting from the growth of oil revenues may increase government revenues and enhance the Kingdom's financial resources, in addition to the protection against fluctuations that may occur in the future. Per capita disposable income is expected to rise at a CAGR of 2.4% to reach SAR 45,742 (USD 12,198) in 2027G in light of low inflation, which contributes to raising the rate of consumer spending. It is also expected that some cosmetics and personal care products, such as perfumes, along with many categories of fast-moving consumer goods, will achieve strong growth in the period from 2023G to 2027G, as this growth shall be supported by positive trends at a macroeconomic level.

GCC markets are experiencing economic growth that supports their expansion and provides ample opportunities for the fast-moving consumer goods (FMCG) categories of cosmetics and personal care products.

The GDP in the GCC region increased by 5.2% to reach SAR 7.868 trillion (USD 2.010 trillion) between 2018G and 2022G. In 2022G, the Kingdom of Saudi Arabia accounted for 53% of the region's GDP, followed by the United Arab Emirates 23%, Qatar 11%, Kuwait 7%, Oman 5%, and Bahrain 2%. Despite fear of inflation, the GCC countries achieved economic growth supported by post-pandemic recovery in global trade, rising oil prices, a recovering tourism sector, and increased public and private spending. The economic outlook for the GCC market from 2022G to 2027G indicates a rise in GDP at a CAGR of 4.4% to reach SAR 9.739 trillion (USD 2.597 trillion) by 2027G. The budget surplus resulting from rising non-oil revenues is expected to increase government revenues, strengthen the fiscal position of the GCC market, and create a buffer against future volatility. Per capita disposable income is expected to increase at a CAGR of 3.5% during this period to reach SAR 59,760 (USD 15,936) in 2027G, in conjunction with a steady decrease in inflation, which is likely to stimulate consumer spending. The fragrance sector is expected to grow at a CAGR of 7.5% during 2023G-2027G, which will benefit the cosmetics and personal care products sector as a whole.

The strong relationship between a fragrance and a person's identity is one of the most important factors bolstering demand for perfumes in the Kingdom of Saudi Arabia.

The fragrance market in Saudi Arabia grew at a CAGR of 3.5% between 2018G to 2022G, to reach SAR 7,821 million (USD 2,086 million) in 2022G. The expansion of this market is primarily influenced by the cultural and social customs and traditions of the Kingdom. Oriental fragrances have long maintained their position among locals who consider them their favorite choice especially on social occasions; however, there has been a recent increase in demand for French unisex perfumes, which is partially based on women's empowerment efforts and rising disposable income. The perfume category and the hair and body products category achieved the two fastest growth rates among sub-categories in the perfume industry sector between 2018G and 2022G, as the first recorded a CAGR of 3.7%, while the second recorded 6.2%. Since both men and women use perfumes to express their individual identity, style and personality, in 2022G, perfume manufacturers have consistently innovated popular fragrances for both genders in 2022G, constituting 56.0% of the total perfume market share compared to 30.0% for women's perfumes and 14.0% for men's perfumes. The unisex fragrance market is expected to grow at a compound annual growth rate of 11.7% between 2023G and 2027G, as younger consumers show less interest in the traditional classification separating women's and men's fragrances. The perfume market as a whole is expected to grow at a CAGR of 11.3% between 2023G and 2027G, reaching SAR 13,375 million (USD 3,560 million) in 2027G, noting that forecasts indicate that this growth will be based primarily on rising disposable income, women's empowerment, booming leisure tourism, and the Hajj and Umrah seasons.

The Kingdom's Oud and incense perfume traditions are likely to continue to support market growth during the forecast period

Oud chip sales in the Kingdom decreased by 0.4% between 2018G and 2022G to reach SAR 1,094 million (USD 291.7 million) after recording SAR 1,107 million (USD 295.1 million) in 2018G. This is due to the decline in gatherings to a large extent due to the restrictions imposed to mitigate the spread of the Covid-19 virus until 2021G. Oud as a fragrance will continue to appeal to younger audiences thanks to social media influencers discussing their cultural appreciation for Oud. The growth of the Oud chip sector depends largely on the steady increase in the number of households and weddings (from SAR 6,303 in 2018G to SAR 6,572 in 2022G), especially as people exchange Oud as housewarming gifts. The high disposable income of Saudis has contributed to enhancing their ability to purchase very luxurious types of Oud products, especially innovative technologies such as electronic Oud incense burners that use electricity instead of coal. Social media campaigns encouraging innovation have also contributed to enhancing the popularity of smart Ouds and rotating Oud rollers as an alternative to Oud incense burners. The tourism boom also plays an important role in increasing the consumption of Oud. Tourists are attracted to cultural products such as Oud and thus actively contribute to the growing demand in the market. The sales environment has also witnessed many developments, and Oud chips are no longer limited to traditional markets. Today's modern consumers can even shop at branded Oud stores and purchase Oud products easily via e-commerce platforms.

The Oud category is expected to grow at a compound annual rate of 4.0% between 2023G and 2027G to reach SAR 1,332 million (USD 352 million). The growth of this sector will remain stable as long as the traditions of using Oud and incense continue during the forecast period. Innovation in the category of home fragrance diffusers (such as spray diffusers, app-controlled diffusers, or sensor-operated diffusers) will also have a positive impact on this category, with demand for Oud expected to remain stable between 2023G and 2027G.

Fragrances in the region are of cultural importance among residents, expatriates and tourists and thus provide ongoing opportunities for perfume manufacturers in the GCC region.

The GCC fragrance market was valued at SAR 13.5 billion (USD 3.6 billion) in 2022G, having recorded a CAGR of 3.1% from 2018G to 2022G. The Kingdom of Saudi Arabia contributed the largest percentage to this increase in market value in the region, followed by the United Arab Emirates, Kuwait, Qatar, Oman and Bahrain. The fragrance market in the GCC is influenced by a number of factors, including the availability of different varieties and types of fragrances at varying prices, as well as the culture of generosity and self-expression through fragrance, the increased demand for natural ingredients, and the influx of tourists. The perfume market in the Gulf region is expected to grow at CAGR of 8.7% between 2023G and 2027G, reaching SAR 20.4 billion (USD 5.4 billion) by 2027G. The Kingdom of Saudi Arabia is also expected to be the largest contributor by value to the GCC market between 2023G and 2027G, recording a CAGR of 13.0%, followed by the United Arab Emirates (with a CAGR of 4.3%), Qatar (with a CAGR of 5.0%), Kuwait (with a CAGR of 6.3%), Oman (with a CAGR of 6.1%), and Bahrain (with a CAGR of 6.5%). With an increasing number of young people who are tech-savvy and in search of unique experiences, global brands are likely to focus more on adapting their strategies to reflect and suit local tastes. The market is also greatly driven by the demand for perfumes made from natural ingredients, reasonable prices, in addition to the continued cultural importance of perfumes in the region.

Al Majed for Oud strengthens its position in the fragrance industry in the Kingdom and the Gulf region by relying on its wide portfolio of high-quality fragrances, competitive prices, and the distribution networks of which it is proud.

Domestic sales accounted for 96.0% of the Company's total sales (retail price excluding taxes) in 2022G, while exports to GCC countries accounted for 4.0%, achieving a strong annual increase of 60% (from SAR 16.4 million in 2021G to SAR 25.64 million in 2022G according to the retail price excluding taxes). Al Majed for Oud is one of the leading companies in the Kingdom's fragrance market, achieving a significant revenue increase of 32.1% in 2022G. These revenues jumped from SAR 426 million (USD 114 million) in 2021G to SAR 563 million (USD 150 million) in 2022G (retail price excluding taxes). Since its establishment in 1982G, the Company has gained a strong reputation for its ability to adapt to the region's market, with a focus on creating new fragrances, which has contributed to its growth and maintained customer loyalty. The Company has innovated a large and diverse group of well-known products in the market that adapt to consumer tastes and preferences, including oriental perfumes (such as Dahn Al Oud and Al Mabsous Al Fakher), Western perfumes (such as Prestige Ruby and Rannan VIP Red), perfume oils, Oud and incense, in addition to household fresheners. It is noteworthy that Company adheres to strict international quality standards in manufacturing its products with a daily production capacity of around 50,000 products. The Company is an important contributor at the national, regional and international level with a large manufacturing capacity and a wide network of warehouses and retail stores. Its strong performance, which it is expected to achieve during the period from 2023G to 2027G, will likely contribute to its growth within the Kingdom, as well as the growth of its exports to GCC countries and the expansion of its international operations. The Company's position as a fast-growing competitor in the fragrance market is also likely to be strengthened thanks to its focus on manufacturing a diverse range of high-quality products at competitive prices.

Summary of Financial Information

The financial information and KPIs set out below should be read in conjunction with the Company's audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G. The selected financial information and the Company's KPIs below should be also read in conjunction with the information presented in Section 2 "**Risk Factors**", and Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus and the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G, prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia (IFRS-KSA) and other standards and pronouncements issued by the Saudi Organization for Certified and Public Accountants (SOCPA), which were included Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus and other financial statements contained in any other part of this Prospectus.

Table (1.5): Summary of Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in 000s	FY21G Audited	FY22G Audited	FY23G Audited
Revenues	442,465	588,383	767,023
Cost of Revenue	(169,468)	(210,957)	(256,384)
Gross Profit	272,997	377,425	510,640
Selling and Distribution Expenses	(141,575)	(210,410)	(311,078)
General and Administrative Expenses	(22,018)	(29,298)	(39,967)
Operating Profit	109,405	137,717	159,595
Financing Costs	(6,237)	(7,634)	(12,252)
Other Revenues	3,940	2,860	9,566
Net Profit for the Year Before Zakat	**107,107**	**132,943**	**156,909**
Zakat Expenses	(6,140)	(7,596)	(8,232)
Net Profit for the Year	100,968	125,347	148,677
Other Comprehensive Income			
Other Comprehensive Income Items Not to Be Subsequently Reclassified to Profit or Loss:			
Foreign Currency Translation Differences	36	(204)	(94)
Change in the Fair Value of Financial Assets at Fair Value through Other Comprehensive Income	(68)	33	804
Actuarial Re-Measurements of End of Service Benefits	**(300)**	**604**	**(383)**
Total Other Comprehensive Income for the Year	**(331)**	**432**	**327**
Total Comprehensive Income for the Year	100,636	125,779	149,004
Statement of Financial Position			
Total Non-Current Assets	251,169	350,114	372,069
Total Current Assets	247,636	282,915	399,685
Total Assets	498,806	633,029	771,754
Total Non-Current Liabilities	134,121	168,985	156,993
Total Current Liabilities	74,707	146,287	187,500
Total Liabilities	208,828	315,272	344,493
Total Equity	289,978	317,757	427,261
Total Equity and Liabilities	498,806	633,029	771,754

SAR in 000s	FY21G Audited	FY22G Audited	FY23G Audited
Statement of Cash Flows			
Net Cash Flows from Operating Activities	167,695	236,822	169,277
Net Cash Flows Used in Investing Activities	(19,958)	(59,346)	(58,324)
Net Cash Flows Used in Financing Activities	(154,890)	(161,708)	(79,641)
Cash and Cash Equivalent at the Beginning of the Year	14,141	6,989	22,758
Net Increase (Decrease) in Cash and Cash Equivalents	(7,152)	15,768	31,312
Cash and Cash Equivalent at the End of the Year	6,989	22,758	54,070
Key Performance Indicators (KPIs)			
Gross Profit Margin (%)	61.7%	64.1%	66.6%
Net Profit Margin (%)	22.8%	21.3%	19.4%
Revenue Growth Rate	7.2%	33.0%	30.4%
Return on Assets	20.2%	19.8%	19.3%
Return on Equity	34.8%	39.4%	34.8%
Trade Rate	331.5%	193.4%	213.2%
Total Liabilities to Equity Rate (1)	0.72	0.99	0.81
Current Liabilities to Equity Rate (2)	0.26	0.46	0.44

Source: the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G.

(1) Total liabilities to equity rate were calculated using total liabilities/ total equity as of 31 December 2021G, 2022G and 2023G.

(2) Current liabilities to equity rate were calculated using current liabilities/ total equity as of 31 December 2021G, 2022G and 2023G.

Summary of Risk Factors

Prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 ("**Risk Factors**").

A. Risks Related to the Company's Operations

1. Risks Related to a Decline in Consumption Levels and Changes in Consumer Preferences
2. Risks Related to the Company's Ability to Maintain the Reputation of "Al Majed" and "Al Majed 4 Oud" Brands
3. Risks Related to the Impact of Marketing Campaigns on the Company's Sales
4. Risks Related to Inventory Management
5. Risks Related to the Company's Supply Chain
6. Risks Related to Accounting Errors in Financial Statements
7. Risks Related to the Company's Reliance on its Key Suppliers
8. Risks Related to the Concentration of the Company's Revenues in its Perfume and Oud Product Categories
9. Risks Related to Seasonal Factors
10. Risks Related to Expanding the Company's Stores Network
11. Risks Related to Finding and Leasing Locations for the New Branches under Acceptable Commercial Terms
12. Risks Related to the Company's Strategy
13. Risks Related to the Regulatory Requirements imposed by the SFDA and other Regulators
14. Risks Related to the Concentration of Revenue in Specific Geographic Areas inside the Kingdom
15. Risks Related to the Impact of Increasing Costs and Operating Expenses on the Company's Business
16. Risks Associated with Permits, Licenses and Approvals Necessary for the Company's Business
17. Risks Related to the Company's Smartphone Applications, Online E-commerce Platform, and Related Internet Advertising Activities
18. Risks Related to Product Reputation and Quality
19. Risks Related to Leasing and Non-Ownership of the Properties on Which the Company's Branches Are Located
20. Risks Related to the Renovation and Redevelopment of the Company's Branches
21. Risks Related to Research and Development Activities for New Products
22. Risks Related to Unforeseen Business Interruptions
23. Risks Related to Exporting the Company's Products
24. Risks Related to Patent Infringement Actions
25. Risks Related to the Company Protecting its Unregistered Trademarks
26. Risks Related to the Company's Related Party Transactions
27. Risks Related to the Company's Reliance on its Senior Management and Key Personnel
28. Risks Related to Employee Misconduct and Errors
29. Risks Related to the Company's Implementation of the Newly Adopted Corporate Governance Manual
30. Risks Related to Management's Limited Experience in Managing a Publicly Listed Company
31. Risks Related to the Adequacy of Insurance Coverage
32. Risks Related to Interruptions in the Company's IT Systems
33. Risks Related to Litigation Involving the Company
34. Risks related to Zakat and Tax
35. Risks Related to the Company's Existing Financing Arrangements
36. Risks Related to Bank Guarantees Provided to the Company
37. Risks Related to Cash Management, Theft, and Security
38. Risks Related to Reliance on Third-Party Service Providers

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1. Definitions and Abbreviations

Term	Definition
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
SWAP Agreements	Type of agreement through which non-Saudi individual investors residing outside the Kingdom or institutions registered outside the Kingdom, agree with a Capital Market Institution licensed by the CMA to invest indirectly to acquire the economic benefits of shares by acquiring the economic benefits of shares.
Bid Form	Application form used by the Participating Parties to apply for the Offer Shares during the Book Building Period. This term includes (as the case may be) the supplementary application form when the price range is changed.
Offer Shares	7,500,000 Ordinary Shares, representing 30% of the Company's capital.
Secretary	The secretary of the Board of Directors.
Temporary Kiosks	One of the Company's sales channels. Kiosks are created and operated in trade fairs and festivals in which the Company participates within the Kingdom and GCC countries. The duration of the exhibitions usually ranges between 3 and 10 days, and the duration of the Temporary Kiosks ranges between 1 and 3 months.
Management	The executive directors and Senior Executives of the Company.
Listing	Listing of all the Company's Shares on the Saudi Stock Exchange in accordance with the Listing Rules.
Shares	Any Ordinary Share of the Company's capital with a nominal value of SAR 10 per share.
Relatives	A "relative" includes the husband, wife and minor children. For purposes of the Corporate Governance Regulations, a "relative" includes any of the following: – Fathers, mothers, grandfathers, grandmothers and ascendants thereof; – Children, grandchildren and descendants thereof; – Brothers, sisters and half-siblings; and – Husbands and wives.
Government	Government of Saudi Arabia, with "**Governmental**" being interpreted accordingly.
Acting in Concert	Actively co-operating, pursuant to an agreement or understanding (whether formal or informal) between persons, to control a company (whether directly or indirectly, excluding indirect ownership through a swap agreement or an investment fund in which the unitholder does not have any right to its investment decisions) through the acquisition by any of them (through direct or indirect ownership) of voting right in the Shares in such company. The term "Persons Acting in Concert" shall be construed accordingly.
General Assembly	Both the Extraordinary General Assembly and the Ordinary General Assembly of the Company's Shareholders.
Ordinary General Assembly	Shareholders Ordinary General Assembly Meeting convened in accordance with the Company's Bylaws.
Extraordinary General Assembly	Shareholders Extraordinary General Assembly Meeting convened in accordance with the Company's Bylaws.
Public	Persons other than the following: 1. Affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors and Senior Executives of the affiliates of the Issuer; 5. Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6. Any relative of persons described at 1, 2, 3, 4 or 5 above; 7. Any company controlled by any persons described at 1, 2, 3, 4, 5, or 6 above; and 8. Persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
Receiving Agents	The Receiving Agents whose names are stated on Page (ix).
CEO	The Company's Chief Executive Officer.
Zakat	Zakat imposed on Muslims under the relevant laws.

Term	Definition
Saudization	Saudization requirements applicable in the Kingdom regarding the labor market.
Financial Year/Fiscal Year	The Company's financial year commencing from January 1 to December 31 of each Gregorian year.
FY21G	The period commencing 01 January 2021G and ended 31 December 2021G.
FY22G	The period commencing 01 January 2022G and ended 31 December 2022G.
FY23G	The period commencing 01 January 2023G and ended 31 December 2023G.
Main Market	The market in which shares that have been registered and offered in accordance with Chapter Four of the OSCOs have been traded.
Control	Pursuant to the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority, Control means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% of more of the members of the governing body, and a "**controller**" shall be construed accordingly.
Company or Issuer	Al Majed for Oud
Offering	Initial Public Offering of 7,500,000 Ordinary Shares, representing 30% of the Company's capital under the conditions set out in this Prospectus.
Participating Parties	Parties eligible to participate in the Book Building Process, in accordance with the Book Building Instructions, namely: 1. Public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in accordance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book Building Instructions; 2. Capital Market Institutions licensed by CMA to deal as principal, in accordance with the Prudential Rules when submitting the Subscription Application Form; 3. Clients of a Capital Market Institution authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book Building Instructions; 4. Legal persons allowed to open an investment account in the Kingdom and an account with the Securities Depository Center (Edaa), including foreign legal persons who are allowed to invest in the Exchange in which the shares of the Issuer are to be listed, subject to the investment requirements of companies listed on the security market, as stipulated in the CMA's Circular No. 6/05158 dated 11/08/1435H (corresponding to 09/06/2014G) based on the Capital Market Authority's board resolution No. 9-28-2014 dated 20/07/1435H (corresponding to 19/05/2014G); 5. Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Securities Depository Center (Edaa); 6. Companies owned by the Government, directly or through a private portfolio manager; and 7. GCC companies and GCC funds if the terms and conditions of the fund so permit.
Board of Directors or Board	The Company's board of directors.
Independent Auditor	Dr. Mohamed Al-Amri & Co – Chartered Accountants.
Directors or Board Members	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5.1 ("**Board Members and Secretary**") of this Prospectus.
Shareholder(s)	Any holder of shares in the Company.
Current Shareholders	All Current Shareholders in the Company whose names and shareholding percentages are shown in Table 4.5 ("**The Company's ownerships structure as at the date of this Prospectus**"), namely: – Majed Ali Othman Al Majed – Khaled Ali Othman Al Majed – Suleiman Ali Othman Al Majed – Saad Ali Othman Al Majed – Badr Ali Othman Al Majed – Mohammed Ali Othman Al Majed

Term	Definition
Substantial Shareholder(s)	Any person holding 5% or more of the Company's Shares, namely: – Badr Ali Othman Al Majed. – Khaled Ali Othman Al Majed. – Saad Ali Othman Al Majed. – Suleiman Ali Othman Al Majed. – Majed Ali Othman Al Majed. – Mohammed Ali Othman Al Majed.
Selling Shareholders	Current Shareholders.
QFI	A qualified foreign investor in accordance with the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities to invest in listed securities. Qualification Applications are submitted to a Capital Market Institution to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Financial Advisor	Saudi Fransi Capital
International Financial Reporting Standards (IFRS)	The International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia and other standards and publications that are endorsed by SOCPA, and other standards and pronouncements that are approved by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
SOCPA	The generally accepted accounting standards in the Kingdom and other standards and publications that are endorsed by SOCPA.
Head Office	The Company's head office in Riyadh.
Subscriber(s)	Participating Parties and Individual Subscribers.
Individual Subscribers	Saudi natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe in her name and the names of her minor children, on the condition that she proves that she is the mother of her minor children, in addition to any non-Saudi natural person, who is a resident or a GCC national and has a bank account with a Receiving Agent and is entitled to open investment accounts with a Capital Market Institution.
Kingdom or KSA	The Kingdom of Saudi Arabia.
Prospectus	This document prepared by the Company in relation to the Offering.
Bylaws	The Company's Bylaws, as approved by the General Assembly.
ZATCA	The Zakat, Tax and Customs Authority (formerly known as the General Authority of Zakat and Tax).
CMA	The Capital Market Authority in Saudi Arabia
GAC	The General Authority for Competition of Saudi Arabia
SFDA	The Saudi Food & Drug Authority.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Tadawul, Saudi Exchange or Exchange	The Saudi Stock Exchange (Tadawul).
Book Building Instructions and Allocation Method in Initial Offerings	Book Building Instructions and Allocation Method in Initial Public Offerings (IPOs) issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA resolution number 1-103-2022 dated 02/03/1444H (corresponding to 28/09/2022G), and amendments thereto.
Market Study	Market study prepared by the Market Study Consultant regarding the perfumes and Oud sectors in August 2023G.
Chairman	The Chairman of the Company's Board of Directors.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official currency of Saudi Arabia
Offer Price	SAR 94.
Person	Any natural or legal person recognized by the Kingdom laws as such.

Term	Definition
Khalta Perfumes Company	Khalta Perfumes Company is a limited liability company and is one of the sister companies of the Company, which was the distribution agent for the Company in the Kingdom of Saudi Arabia until 2022G.
VAT	Value Added Tax, also known as Goods and Services Tax.
Related Party(ies)	In this Prospectus and pursuant to the Glossary of Defined Terms Used in the Regulations and Rules of the CMA, a "Related Party" or "Related Parties" include(s) any of the following: 1. Affiliates of the Issuer, except for companies wholly owned by the Issuer; 2. Substantial Shareholders of the Issuer; 3. Members of the Board of Directors and Senior Executives of the Issuer; 4. Members of the Board of Directors of the affiliates of the Issuer; 5. Members of the Board of Directors and Senior Executives of Substantial Shareholders of the Issuer; 6. Any relatives of persons described at 1, 2, 3, 4 or 5 above; 7. Any company or other institution controlled by any person described at 1, 2, 3, 4, 5 or 6 above. For purposes of Clause 6 herein, Relatives include father, mother, husband, wife and children.
Branch	Company branch registered in the commercial registry as an independent branch, through which profits are collected.
Lock-up Period	The six-month period during which the Substantial Shareholders, namely: Khaled Ali Othman Al Majed; Saad Ali Othman Al Majed; Suleiman Ali Othman Al Majed, and Majed Ali Othman Al Majed may not dispose of any of their Shares starting from the commencement of trading of the Company's Shares on the Exchange.
Offering Period	The Offering Period starts on Sunday, 12/03/1446H (corresponding to 15/09/2024G), and will remain open for a period of one day only.
Listing Rules	The Listing Rules of Tadawul issued by the Board of the CMA pursuant to resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended pursuant to resolution No. 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G), and amendments thereto.
OSCO Rules	The Rules on the Offer of Securities and Continuing Obligations issued by the Board of the CMA pursuant to resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by resolution No. 3-6-2024 dated 05/07/1445H (corresponding to 17/01/2024G), and amendments thereto.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012 dated 17/02/1434H (corresponding to 20/12/2012G), as amended pursuant to resolution No.1-129-2022 dated 04/06/1444H (corresponding to 28/12/2022G), and amendments thereto.
Senior Executive	Any natural person tasked with assuming management and supervision roles, alone or jointly with others, upon the request of the Board of Directors or a member of the Board of Directors of the Company. A Senior Executive may report to the Board of Directors directly, a member of the Board of Directors, or the CEO.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) as amended by Resolution No 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), and amendments thereto.
Nomination and Remuneration Committee	The Company's Nomination and Remuneration Committee.
Audit Committee	The Company's Audit Committee.
G	Gregorian.
Underwriter	Saudi Fransi Capital
Store(s)	The Company's stores and Permanent Kiosks through which the Company conducts most of its sales with its own brands, from which profits are collected.
Lead Manager	Saudi Fransi Capital
Market Study Consultant	Euromonitor International Ltd.
Capital Market Institution	A person authorized by the CMA to carry out securities business.
Key Suppliers	The Company's top ten suppliers based on the total purchases of the Financial Year ended 2023G.
Cosmetics and Personal Care Products	Cosmetics and Personal Care is a collection of bath and shower products, deodorants, hair care, makeup, men care products, oral hygiene, perfumes, skin care, depilatories and sunscreen products. This does not include black market and retail sales to travel customers. Data are provided based on retail price.

Term	Definition
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 02/06/1424H (corresponding to 31/07/2003G), and amendments thereto.
Companies Law	The Companies Law, issued under Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G), and amendments thereto.
Labor Law	The Saudi Labor Law issued pursuant to Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G), and amendments thereto.
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/6/1440H (corresponding to 06/03/2019G), and amendments thereto.
Subscription Application Form	The Subscription Application Form that Subscribers must fill in to subscribe to the Offer Shares
H	Hijri.
MoI	The Ministry of Investment in Saudi Arabia.
MoC	The Ministry of Commerce in Saudi Arabia.
MOMRAH	The Ministry of Municipal, Rural Affairs and Housing in the Kingdom of Saudi Arabia
MIM	The Ministry of Industry and Mineral Resources in Saudi Arabia.
MHRSD	The Ministry of Human Resources and Social Development in Saudi Arabia.
Business Day	Any business day for Receiving Agents in Saudi Arabia (with the exception of Fridays, Saturdays and official holidays).

2. Risk Factors

Prospective Investors should carefully consider the following risk factors, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares; noting that the risks and uncertainties described below are those that the Company currently believes may affect it and any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially or adversely affect the Company's business, results of operations, financial position and prospects. As a result of such risks, the price of the Shares may decline, the Company's ability to pay dividends may be impaired, and investors may lose all, or part of, their investment.

As a result of these risks and other factors that may affect the Company's business, events and circumstances anticipated in the future and described in this Prospectus may not occur in the manner anticipated by the Company or the Directors, or may not occur at all. Accordingly, investors should consider all forward-looking statements contained in this Prospectus taking into account the above interpretation and should not rely on such statements without verification (for more information, please refer to Section ("**Important Notice**") on page (i) of this Prospectus).

Moreover, the Directors confirm that, to the best of their knowledge and belief, there are no other material risks as at the date of this Prospectus - other than as disclosed in this Section - that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks related to the Company's Offer Shares and the Offering in general and the economic and regulatory environment in which the Company operates.

Investment in the Offer Shares is only suitable for investors who are capable of assessing the investment risks and merits, and who have sufficient resources to bear any loss which might result from such investment. Prospective Investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA regarding investing in the Offer Shares.

The risks stated below are not arranged in order of importance or expected impact on the Company. Other risks unknown to the Company may also occur, or risks which the Company considers immaterial at the present time may have the same effects or consequences mentioned in this Prospectus. Accordingly, the risks described in this Section or in any other section of this Prospectus may not: (a) include all risks that might affect the Company or its operations, activities, assets, or the markets in which it operates, or (b) include all of the risks relating to investment in the Offer Shares.

2.1 Risks Related to the Company's Operations

2.1.1 Risks Related to a Decline in Consumption Levels and Changes in Consumer Preferences

The Company's revenues depend on the volume of sales of natural Oud products, perfumes, perfume oils, plant-based products and accessories and gifts, in addition to consumer spending levels. Accordingly, the success of the Company is subject to general risks related to the performance of the retail sector. Retail sales are subject to rapid and sometimes unexpected changes in consumer behavior, influenced by general economic conditions and variables that include available disposable income, tax levels (including VAT, which rose from 5% to 15% on 1 July 2020G), consumer spending, the general confidence in the economy and changes in consumer preferences. Therefore, the continued success of the Company depends on its ability to anticipate market trends and changes in consumer preferences, as well as its capacity to respond quickly and economically to such changes. In particular, the Company must continue to introduce new products that significantly appeal to consumers. The Company must also maintain and continually enhance its brand reputation, as well as develop marketing and sales strategies for its products. Consumer acceptance of a product depends on many factors including prevailing economic conditions, disposable income, varying global lifestyles, price, use and others. Some of the Company's products may not be widely appealing to consumers. Demand may also decrease, and consumer behavior may change. Demand for the Company's products increases during the discount promotions seasons. Thus, the Company's sales during the discount promotions seasons represented 65.2%, 63.7% and 62.8% of the Company's total revenues for the periods ended 31 December 2021G, 2022G and 2023G, respectively. If the Company fails to anticipate market trends, changes in consumer preferences, or does not respond appropriately or in a timely manner to these changes, or if consumers no longer prefer the Company's product range and opt for alternatives that may be less expensive, the latter could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.2 Risks Related to the Company's Ability to Maintain the Reputation of "Al Majed" and "Al Majed 4 Oud" Brands

The success of the Company depends on its ability to maintain the quality and reputation of its "Al Majed" and "Al Majed 4 Oud" brands. Any negative campaigns relating to the quality, suitability, and safety of the Company's products, whether real or perceived, may damage its brands, potentially causing customers to refrain from purchasing its products and prefer those of competitors, which would lead to the Company losing customers, market share, and revenue.

Furthermore, the reputation of the "Al Majed 4 Oud" brand may be negatively impacted by any actions that violate the quality, health and safety standards set by regulatory authorities as a result of the Company's operations (for more information, please refer to Section 2.1.13 ("**Risks Related to the Regulatory Requirements imposed by the SFDA and other Regulators**") of this Prospectus).

Furthermore, "Al Majed 4 Oud" brand may be significantly and adversely affected by factors beyond the Company's control, including legal actions, regulatory investigations, fines, and penalties imposed or levied on the Company in relation to its products or to inappropriate and unlawful behavior by the Company's employees, suppliers, external traders, and other business partners. Additionally, negative advertising campaigns (whether real or perceived) resulting from the actions of the Company's Board members, Shareholders, Management, Related Parties, suppliers, employees, contractors, or agents (such as quality control issues or non-compliance with regulations) can materially and negatively impact the reputation of "Al Majed 4 Oud" brand. Such negative advertising can spread quickly and widely, particularly with the increased use of social media, making it challenging for the Company to address.

Damage to the Company's reputation and its brand as a result of any of these or other factors may lead to a negative perception of the Company's products and services by consumers, external traders, regulatory authorities, and other business partners, which could materially and adversely affect the Company's business, results of operations, financial position and prospects.

2.1.3 Risks Related to the Impact of Marketing Campaigns on the Company's Sales

As the Company operates in a competitive environment, and in line with its strategy, the Company runs marketing and promotional campaigns, which led to an increase in its marketing expenses, which amounted to SAR 22,584,254 in 2021G (representing 5.1% of total revenues), and increased to SAR 31,019,818 in 2022G (representing 5.3% of total revenues), and further increased to SAR 64,431,466 in 2023G (representing 8.4% of total revenues). This had a significant impact on the growth of the Company's revenues in 2023G compared to 2022G, by a rate of 30.4%.

The Company does not guarantee the success of future marketing and promotional campaigns or the sustainability of sales growth as a result of such campaigns. Therefore, the Company may not be able to achieve the expected investment returns, and may have to review its marketing strategy. The Company's profitability may also decrease if expenses related to marketing and promotional campaigns increase. If any of the above risks materialize, this will have an adverse and material impact on the Company's business, results of operations, financial position and prospects.

2.1.4 Risks Related to Inventory Management

The Company must maintain sufficient inventory levels to successfully manage its operations, relying on its expertise in managing its branches and understanding demand for its products to manage its raw materials and final product inventory. The total value of the Company's inventory was SAR 215,511,867, SAR 227,350,199 and SAR 302,629,733, representing 43%, 36% and 39% of the Company's total assets for the for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. The Company has allocated provisions of SAR 12,654,484, SAR 17,800,170 and SAR 12,445,031 for the same periods, respectively. Inventory wastage rates (damaged inventory) amounted to 0.30%, 0.95%, and 0.40% of the Company's total inventory in the fiscal years ended 31 December 2021G, 2022G, and 2023G, respectively. Inventory shrinkage rates (provision for slow-moving inventory) amounted to 2.25%, 2.26%, and 0% of the Company's total inventory for the same periods, respectively.

Management regularly assesses slow-moving inventory through the analysis of historic sale trends of its products and sets inventory provisions on the basis of sales. Accordingly, and pursuant to the policy of assessing provisions for slow-moving product inventory, the Company sets aside provisions of 100% of the inventory balance for the products not sold within six months in a given financial year, after deducting any previously-made provisions, and of 30% of the inventory balance for the products not sold within three months in a given financial year, after deducting any previously-made provisions. A percentage of 100% is also assessed as a provision from the inventory balance of products discontinued from sale after deducting any previously-made provisions. As of 31 December 2023G, this approach resulted in a provision of SAR 12,445,031 for poor performance products.

It should be noted that the Company's provisioning policy is limited to finished goods (i.e. the goods that are readily available for sale) and do not take into account raw material obsolescence. According to Management, raw materials have a long shelf life (up to several years) and may be used in the production of various products; thus, there is no need to make provisions therefor.

The Company incurred losses due to inventory waste (damaged inventory) amounting to SAR 640,628, SAR 2,159,463 and SAR 1,197,151 for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. The Company also incurred losses due to inventory shrinkage (provision for slow-moving inventory) amounting to SAR 4,858,284 and SAR 5,145,686 for the fiscal years ended 31 December 2021G and 2022G, respectively. These losses occurred due to excess inventory levels, which prevented the Company from selling its products as expected, in addition to inventory spoilage in stores. The Company did not incur any losses due to inventory shrinkage in the fiscal year ended 31 December 2023G.

The following table sets out the shelf-life of finished goods as at 31 December 2023G:

SAR in 000s	As at 31 December 2023G (Management's Information)
0-90 days	75,591
91-180 days	41,280
181-270 days	15,786
271-365 days	10,273
365+ days	12,070
Total	**155,000**

Source: Management's Information

The Company may not be able to accurately forecast product demand. There can be significant changes in product demand contrary to expectations and demand may be affected by the introduction of new products to market, pricing, changes in customer spending patterns, new competitors entering the market, and other factors. As a result, customer demand for the Company's products may decrease. Therefore, if the Company fails to accurately estimate customer demand, or manage inventory appropriately, or does not maintain optimal inventory levels and monitor inventory regularly, this will lead to inventory accumulation or insufficient availability of desired products in the Company's inventory, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.5 Risks Related to the Company's Supply Chain

The Company ability to develop and produce perfumes and Oud depends on its ability to procure raw materials used in the production of these products and specialized packaging materials, ensuring that they meet the necessary specifications set by the Saudi Standards, Metrology, and Quality Organization, the Ministry of Health in Kuwait and Bahrain, the Ministry of Industry and Technology in the UAE, and the Ministry of Commerce, Industry, and Investment in Oman. Raw materials represented 86.63%, 85.76% and 87.14% of the Company's total cost of revenue for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. The availability of raw materials and their costs are subject to variations. In the event that the Company is unable to obtain an adequate supply of raw materials in a timely manner or under acceptable terms, or if there is a significant increase in the cost of these materials, this will lead to the cessation of the Company's manufacturing operations, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects. It is worth noting that perfumes are the Company's largest product category. Therefore, the Company is exposed to the risk of sourcing raw materials from limited foreign suppliers. In case of any unexpected disruption of the supply chain, the Company cannot guarantee continuous production of required products. Many external factors may result in the disruption of supply chains, such as the COVID-19 pandemic and responses to curtail the pandemic, which have disrupted global supply chains, adversely impacting the Company's supply chain. Said disruption led to increased logistic costs, longer lead times for raw material supplies, and a significant rise in shipping costs. Additionally, the Company imports the majority of its raw materials from outside the Kingdom. Consequently, the Company's imports may be affected by factors beyond its control that are difficult to predict, such as the imposition of new tariffs or fees on the Company, political instability, and currency fluctuations. Lastly, raw material prices may experience significant fluctuations over time. Therefore, if any of the mentioned factors above occur, they will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.6 Risks Related to Accounting Errors in Financial Statements

The Company may encounter accounting errors resulting from incorrect application of accounting standards and exemptions, which could affect the accuracy of presentation and disclosure – both quantitatively and qualitatively – in the financial statements, margins, notes and complementary tables in a timely manner, making the financial statement misleading and inappropriate for third-party users who do not have access to the Company's detailed books and records. Figures have been reclassified for the financial year ended 31 December 2021G to match the current financial statements as at 31 December 2022G, to include a restatement of prepaid expenses, retained earnings, actuarial reserve, trade payables, receivables and other expenses, including:

1. Prepaid expenses and other current assets: adjustment amount SAR 291,000
2. Cash and cash equivalents: adjustment amount SAR 396,000
3. Retained earnings: adjustment amount SAR 41,000
4. Actuarial reserve for employee benefit obligation: adjustment amount SAR 21,000
5. Fair value reserve: adjustment amount SAR 1,000
6. Trade payables: adjustment amount SAR 122,000
7. Other receivables and payables: adjustment amount SAR 17,000
8. Revenues: adjustment amount SAR 3,000
9. Revenue cost: adjustment amount SAR 1,700,000
10. Sale and marketing expenses: adjustment amount SAR 624,000
11. General and administrative expenses: adjustment amount SAR 2,400,000

The error committed in the calculation of the depreciation of improvements to leased assets for the six-month period ended 30 June 2023G due to a technical error in the system and resulting in depreciation for the period in excess of SAR 6,393,101 was also corrected. Post-correction, profits increased by the same amount, i.e. SAR 6,393,101. An error was also discovered and fixed in the settlement of the exemption of a warehouse lease contract, which resulted in a loss, and then, post-correction, led to an increase in the net profits amounting to SAR 2,583,523 for the same period. The overall increase in profits as a result of correcting the aforementioned errors amounted to SAR 8,976,624. There can be no guarantee that any previous accounting errors which would affect the accuracy of the presentation and disclosure of financial information won't be repeated or discovered in the future, which would have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.7 Risks Related to the Company's Reliance on Key Suppliers

The Company heavily relies on third-party suppliers to purchase raw materials used to produce its products. The main raw materials used in production include Oud and packaging materials. The Company's ten largest Key Suppliers (in terms of purchase value) for the financial years ended 31 December 2021G, 2022G, and 2023G represented 72%, 62% and 64%, respectively, of the Company's total purchases (for more information, please refer to Section 4.8.4.1.2 ("**Key Suppliers**") of this Prospectus).

Furthermore, the Company has not entered into supply contracts with 5 of its 10 Key Suppliers, and purchases raw materials therefrom based on purchase orders and invoices. Consequently, it may be challenging for the Company to ensure the continuity of its business with these suppliers, and the Company's operations could be adversely affected if any of these Key Suppliers terminate their business with the Company in the future, reduce the quantity of materials supplied to the Company due to supply shortages, change their supplier strategy, or due to other reasons. Should the Company fail to maintain long-term relationships with Key Suppliers or its current privileges provided by these Suppliers; if the terms and conditions under which the Company purchases goods and products from any of such Suppliers change or become unfavorable for the Company, or if any Supplier fails to adequately fulfill its obligations under the supply agreements, the Company would then be obliged to find an alternative supplier, which would affect its ability to maintain its productivity level, resulting in production disruptions and delays in the delivery of the Company's products to meet the changing market demand. Moreover, the new suppliers of these materials may raise prices, which would adversely affect the Company's financial results. It is worth noting that the Company did not enter into any official agreements with the Key Suppliers of raw materials granting it exclusive and intellectual property rights with regard to the perfume formulas. Thus, the Company does not officially own the exclusive and intellectual property rights over the scents and fragrances used in its perfumes. In absence of such official agreements, the Company will be unable to control competitor or third-party unauthorized use of scents and fragrances designed for its products, which would have a material and adverse impact on the Company's business, results of operations, financial position and prospects.

The Company concluded five (5) agreements with two Key Suppliers for the supply of packaging materials, which do not provide the Company with any basic protection. For example, these agreements do not contain any provisions on the prices of supplied products, payment, product quality, inspection, liability for product defects and compensation by the Company's supplier. Without such provisions, the Company would be unable to protect its rights, such as the official right of return and the contractual right to compensation, in case of damaged or non-compliant products. In addition to the lack of protection of the Company's interests, the absence of such provisions could also give rise to disputes between the parties in the future. Moreover, there is no guarantee that the contracting parties would be able to fulfill their contractual obligations or wouldn't violate them for any reason whatsoever.

Accordingly, any supply failure or delay, termination of contracts or relationships with Key Suppliers, or disruption in the raw material Supply Chain would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.8 Risks Related to the Concentration of the Company's Revenues in its Perfume and Oud Product Categories

The Company's products are classified under six categories, most notably the perfume category. Revenues derived from the sales of perfumes amounted to SAR 254,525,663 for fiscal year 2021G, then increased to SAR 369,650,808 in fiscal year 2022G and to SAR 490,526,439 in fiscal year 2023G, representing 57.5%, 62.8% and 64.0% of the Company's total revenues during the corresponding years. The other product categories, such as Oud, incense, perfume oils, accessories and gifts generated collectively SAR 187,939,822, SAR 218,731,771 and SAR 276,496,658 in 2021G, 2022G and 2023G, respectively. These figures account for 42.5%, 37.2% and 36.0% of the Company's total revenues during the corresponding years.

Revenues generated by the sale of the seven (7) best products increased from SAR 46,731,296 in 2021G accounting for 10.6% of the total revenues to SAR 87,406,991 in 2022G and to SAR 161,550,556 in 2023G, accounting for 14.9% and 21.1%, respectively, of the total revenues. Six (6) perfumes among the seven (7) best-selling products accounted for around 7.6%, 12.6% and 19.1% of the total revenues in 2021G, 2022G and 2023G, respectively, which represents an amount of SAR 33,800,458, SAR 74,052,854 and SAR 146,502,475 for the financial years ended 31 December 2021G, 2022G and 2023G, respectively.

One of the Company's perfumes represented the highest sale percentage, with sales generating SAR 16,505,043, SAR 29,958,174 and SAR 40,833,947 in the periods ended 31 December 2021G, 2022G and 2023G, respectively. These figures represented 3.7%, 5.1% and 5.3% of the Company's total revenues during the corresponding periods. As a retailer of perfume products, the Company is exposed to risks related to changes in consumer preferences; to disruption in the supply of raw materials by foreign suppliers and all related potential challenges; to any unexpected disruption of the supply chain which may affect the continuous production of required products (for more information, please refer to Section 2.1.5 ("**Risks Related to the Company's Supply Chain**" of this Prospectus); and to branding challenges. Thus, the Company seeks to further diversify its products portfolio by adding new perfume products. However, the Company's ability to maintain or achieve a higher level of diversification of its product portfolio; maintain its revenues from the best-selling perfume products and category; or diversify its revenues to include other products or sectors is not guaranteed. A decrease in revenues from the best-selling perfume products and category may have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.9 Risks Related to Seasonal Factors

The Company's revenues are subject to seasonal fluctuations. Generally, the number of visitors and sales volume peak during discount promotions, special offers, and public occasions, such as the holy month of Ramadan, Hajj and Umrah seasons, Eid al-Fitr, Eid al-Adha, and national holidays. During these times, the Company runs special promotional campaigns, offering discounts up to 56% approximately. The holy month of Ramadan and Eid al-Fitr, along with the end-of-year promotions (which last for 90 to 120 days) contributed to more than half of the Company's annual revenues and to more than half of its annual sales. In fact, the Company's sales during promotions accounted for 65.2%, 63.7% and 62.8% of its total revenues in the periods ended 31 December 2021G, 2022G and 2023G, respectively. In general, the Company experiences higher levels of purchases during discount promotions. Purchases increase in all regions during discount promotions and special offers. On the other hand, sale levels decrease during non-promotional days. The Company may not be able to accurately predict these seasonal fluctuations in visitor numbers and sales. This seasonal concentration poses a risk to the Company's operations and to the sector in general.

As a result of these factors, the average daily sales tend to decrease during fiscal years, resulting in lower average daily sales for the whole year. However, the average daily sales in 2021G and 2022G, compared to 2023G, indicate a cannibalization which translates into a decrease of the average daily sales in the main portfolio stores in KSA - with the exception of the western region – and in GCC branches.

2.1.10 Risks Related to Expanding the Company's Store Network

The Company opened 22, 38 and 77 new stores in the financial years ended 31 December 2021G, 2022G and 2023G, respectively. In addition, in the financial year ended 31 December 2022G, the Company purchased assets consisting of 41 stores which were previously managed by one of its distributors. The opening of these stores led to cannibalization, reducing therefore the average daily sales in the main portfolio stores in all GCC and KSA regions, with the exception of the Western Region which hosts the exceptionally located stores in Mecca. It is noteworthy that the average daily sales, in addition to online and other channel sales amounted to SAR 2,436,749 in the financial year ended 31 December 2023G, exceeding the average daily sales for the entire financial years (amounting to SAR 1,373,338 and SAR 2,072,133 in the financial years ended 31 December 2021G and 2022G, respectively), given that the discounts and promotions periods (the holy month of Ramadan, Eid al-Fitr, Hajj and Umrah seasons and Eid al-Adha) occurred mainly during the financial year ended 31 December 2023G (for more information about the seasonal factors, please refer to Section 2.1.9 ("**Risks Related to Seasonal Factors**") of this Prospectus). The table below illustrates the average daily sales of the main store portfolio (the existing stores only) in each financial year, per region:

Province*	31 December 2021G (SAR 000's)	31 December 2022G (SAR 000's)	31 December 2023G (SAR 000's)
Western Province	9.8	10.4	10.6
Central Province	9.8	10.0	9.7
Northern Province	9.9	10.1	10.1
Southern Province	11.1	11.7	11.7
Easter Province	10.2	10.0	9.3
Al-Qassim Province	8.7	8.4	8.1
GCC	8.0	8.3	9.4
Total Average Daily Sales	9.7	9.8	9.6

Source: The Company.

**The figures included in the above table do not include the online sales.*

The table below shows the online store sales for each financial year:

Province*	31 December 2021G (SAR 000's)	31 December 2022G (SAR 000's)	31 December 2023G (SAR 000's)
Online Store	10,810	20,586	31,777

Below is the evolution of the number of the Company's branches in each financial year, per region:

Province*	31 December 2021G (SAR 000's)	31 December 2022G (SAR 000's)	31 December 2023G (SAR 000's)
Western Province	11	64	69
Central Province	29	63	75
Northern Province	9	13	14
Southern Province	13	27	35
Easter Province	13	21	28
Al-Qassim Province	8	14	16
GCC	5	11	49

The Company regularly evaluates its expansion plans, including opening new branches. However, these expansions come with potential risks, such as the Company's ability to efficiently manage the expansion, effectively respond to market trends in terms of cost and timing, and attract and train key managers and employees to oversee the Company's branches. Therefore, the Company's operations may be adversely affected if any of these factors result in delays or hindrances in opening new showrooms and benefiting from the associated advantages. Particularly, if the Company fails to breakeven or cannot achieve the expected level of profitability within the expected timeframe, it may decide to close some stores. The Company cannot guarantee that any of the new stores will generate profits, or that they will achieve the expected return on investment. While the complexity of the Company's operations increases in terms of type and volume, any future expansion of the Company's operations will lead to increased complexity in its administrative, operational, financial, and human resources, and it may also become evident that the current workforce, systems, procedures, and controls are insufficient to support the Company's future operations. There is no guarantee that the Company will be able to effectively manage its growth or successfully implement all these systems, procedures, and control measures, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.11 Risks Related to Finding and Leasing Locations for the New Branches under Acceptable Commercial Terms

The Company's performance depends largely on the location of its branches and stores. Thus, when selecting the location of any new store or branch, the Company considers many criteria including population density in cities, potential population growth, purchasing power in each region, proximity of any new location to the existing Company's stores to manage cannibalization, accessibility for customers and proximity to competitors and their performance.

The Company secures locations by virtue of lease agreements. The majority of showroom lease agreements which represent 25% of the Company's revenues are short to mid-term leases. It is worth noting that the Company is unable to renew lease agreement no. 1/20551459369 for Riyadh branch (Rahmaniyah District, Takhassusi Street) which expired on 08/08/2022G, due to the lawsuit currently pending before the court between the heirs of the property's owner. Failing to renew any lease agreement, the Company will have to secure new locations that are consistent with its objectives, which could not be commercially feasible or could not be available at all. Therefore, any challenges faced by the Company to find appropriate locations in line with its strategy will have an adverse effect on its growth, which would also materially and adversely affect the Company's business, results of operations, financial position and prospects.

By virtue of Council of Ministers Decision No. 292 dated 16/05/1438H (corresponding to 13/02/2017G), any lease contract which is not electronically registered shall not be deemed administratively, legally and judicially enforceable. Ejar platform was launched in cooperation between the Ministry of Justice and Ministry of Housing on 17/05/1439H (corresponding to 03/02/2018G), followed by the issuance of the Ministry of Justice circular on the registration of all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G) on Ejar. It is worth noting that the lease contract concerning storage unit no. 50079 was not registered online (for more information about the main lease contracts which represent 25% of the Company's revenues, please refer to Section 12.5.2 ("**Lease Agreements**") of this Prospectus).

The Company's failure to abide by the terms of the lease agreements may give rise to disputes which could result in withdrawing the leased premises or failing to obtain or renew some municipal licenses, disrupting therefore the Company's business at the concerned branch and compelling it to incur additional costs to select new appropriate locations and relocate its business thereto. Should any of these events materialize, it would then have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.12 Risks Related to the Company's Strategy

The Company's future performance depends on its ability to successfully implement its strategy as outlined in section 4.4 ("**Company Strategy**") of this Prospectus. However, there can be no assurance the Company will be successful in implementing its strategy, as it depends on several factors, including:

- The Company's ability to successfully expand its current product portfolio and introduce new products that meet market demand while enhancing the Company's revenues and profitability.
- The competition from existing and new competitors in the Company's current and new product sectors.
- The Company's ability to maintain relationships with suppliers and negotiate satisfactory terms.
- The Company's ability to efficiently adapt to and cope with the new consumer trends, marketing trends and business models.
- The Company's ability to attract, train and retain key managers and employees.
- The efficiency of the Company's marketing campaigns.
- The Company's ability to oversee the new operations, control the costs, and preserve services quality and effectiveness.

As a result of these factors, the Company may not achieve the same growth rate as in previous periods, and it may incur costs without realizing the expected revenues from expansion plans. Therefore, in case any of the aforementioned factors materialize, they will have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.13 Risks Related to the Regulatory Requirements imposed by the SFDA and other Regulators

The SFDA is the authority responsible in the Kingdom for regulating, monitoring, and supervising the production of perfumes and Oud, whether imported or locally produced. The Company's production processes in the Kingdom are subject to periodic inspection by the SFDA to ensure that the Company's production methods, facilities, and controls in the production, processing, packaging, and storing of its products comply with Good Manufacturing Practices (GMP) and other relevant regulatory requirements. Through its regulatory processes, the SFDA may notify the Company of any matters that it deems to be non-compliant with relevant Good Manufacturing Practices or other regulatory requirements. After conducting an inspection, the SFDA may issue warnings to the Company, prompting the Company to make adjustments to some of its activities identified during inspections. In case the Company does not adhere to the specified standards, it may be subject to a fine or the revocation of its license, both of which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.14 Risks Related to the Concentration of Revenue in Specific Geographic Areas inside the Kingdom

The Company generates the majority of its revenue from sales achieved in six regions within the Kingdom in which its branches are located, where revenues from each of these regions constituted 87.75%, 90.16%, and 84.26% of the Company's total revenues in the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. The Central Province generated the highest sales revenues among the regions, with SAR 135,837,020, SAR 176,423,666 and SAR 196,283,385, representing 30.7%, 30.0% and 25.6% of the Company's sales for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. There is no guarantee that the Company can continue to grow its sales revenues in these six regions. If the revenues generated from any of these regions decreased substantially, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.15 Risks Related to the Impact of Increasing Costs and Operating Expenses

The Company's operating expenses could increase as a result of a number of factors (for more information about the Company's financial and operational performance, please refer to Section 6 ("**Management Discussion and Analysis of Financial Position and Results of Operations**") of this Prospectus), particularly, sales and marketing expenses, as well as labor costs and lease costs as a fixed cost not related to the decrease of revenues. Prolonged periods of cost inflation may also have a negative impact on the Company's profit margins and earnings to the extent such cost increases are not translated into increase in prices; noting that many of the countries from which the Company imports its materials, including the Kingdom, have experienced an acceleration and increase in inflation rates, similar to many other countries and economic regions, which has led to a noticeable increase in the Company's costs for raw materials and shipping. Additionally, prices of fuel, water, electricity, and labor costs have risen in recent years. Furthermore, any increase Saudization requirements within the Company will lead to an increase in the Company's operating expenses (for more information, please refer to Section 2.2.6 ("**Risks related to Saudization, non-Saudi Employees, and other Labor Law Requirements**") of this Prospectus). The Company's operating costs and expenses amounted to 36.97%, 40.74% and 45.77% of the Company's total revenues for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. Any increase in the Company's costs and operating expenses will result in reduced cash flows, profit margins, and available funds for conducting and expanding its operations, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.16 Risks Associated with Permits, Licenses and Approvals Necessary for the Company's Business

The Company is required to obtain and maintain the necessary regulatory permits, licenses and approvals from relevant government authorities in each country in which it operates for its business operations and activities. In the Kingdom, these permits, licenses and approvals include, but are not limited to, commercial registration certificates for the Company issued by the MoC, operating licenses issued by Modon, civil defense permits, environmental permits issued by the National Centre for Environmental Compliance (NCEC), membership certificates with the relevant chambers of commerce, trademark registration certificates, as well as Saudization and GOSI certificates. Additionally, as a producer of perfumes and Oud, the Company is required to obtain several licenses issued by the SFDA, along with Oud importation and re-exportation permits issued by the Department of Permits and Regulations at the National Center for Wildlife Development in the Kingdom of Saudi Arabia, given that Oud is considered as a rare and endangered substance in accordance with the CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) to which the Kingdom is party (for more information, please refer to Section 12.4 ("**Material Governmental Approvals, Permits and Licenses**") of this Prospectus).

Moreover, in order to operate a new branch, the Company must obtain various permits, licenses, certificates and other approvals from the relevant authorities. These include, commercial registration certificates, MoMRAH licenses and civil defense permits, where each approval is dependent on the satisfaction of certain conditions. The Company may encounter problems in obtaining government approvals or in fulfilling the conditions required for obtaining these approvals, or it may not be able to comply with the conditions required to obtain such licenses, or comply with the new laws, regulations or policies that may come into effect from time to time in general, or the particular processes with respect to the granting of required approvals.

Furthermore, most of the current licenses held by the Company are subject to conditions under which these licenses may be suspended or revoked if the Company fails to comply with the specified terms. Additionally, the Company cannot guarantee obtaining approval from the relevant authority when applying for the renewal or modification of any license. In the event of approval for renewal, said authority may impose new conditions that could negatively impact the Company's performance.

It is worth noting that the municipality license for one of the Company's main stores in Riyadh (King Fahd Road, Alowais Markets 1), and the civil defense licenses for the Company's main stores located in Najran (Haifa District, King Abdulaziz Road), Khamis Mushait (Prince Sultan Road), Riyadh (King Fahd Road, Alowais Markets 1), Riyadh (Rahmaniyah District, Takhassusi Street) are all expired. The Company is also unable to obtain the civil defense license for the Company's branch in Riyadh (Rahmaniyah District, Takhassusi Street), since the branch lease agreement expired and was not renewed due to the lawsuit currently pending before the court between the heirs of the property's owner.

It is worth noting that the civil defense license for the Company's warehouse licensed by the SFDA for the storage of final products in Jeddah is expired. The operation license of the Company's factory in Riyadh issued by the Saudi Authority for Industrial Cities and Technology Zones (MODON) has expired.

If the Company does not obtain or fails to renew a license necessary for its operations, or if any of its licenses expires or is suspended or renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially or will be subject to fines issued by the relevant Saudi governmental authorities, including fines totaling SAR 30,000 from the Civil Defense, or SAR 5,000 from MoMRAH for each infringing location. Additionally, the Company may be subject to sanctions issued by the National Center for Environmental Compliance, if it does not obtain an environmental license or permit, including fines up to SAR 20,000,000 or the suspension of the license or permit for a period not exceeding six months for each infringing location, or the cancellation of such license or permit; which will interrupt or delay the Company's operations and cause the Company to incur additional costs, which would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.1.17 Risks Related to the Company's Smartphone Applications, Online E-commerce Platform, and Related Internet Advertising Activities

To sell its products to customers online, the Company uses the e-commerce platform "Al Majed4Oud" and the smartphone application "Al Majed4Oud" over the internet. The Company achieved 2.44%, 3.50% and 4.14% of its total revenues for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively, through sales on the e-commerce platform "Al Majed4Oud" and the "Al Majed4Oud" application together.

The Company's products are also sold on other e-commerce websites selling many other brands. The Company partnered first with two of the biggest specialized perfumes and beauty websites in the Gulf in 2021G. The partnership then expanded in 2022G to cover two additional websites and one last website was added in 2023G, bringing the total to five (5) websites. Thus, the sales of the other websites accounted for 0.33%, 0.90% and 0.70% of the Company's sales for the financial years ended 31 December 2021G, 2022G and 2023G, respectively.

In addition, the Company relies on a variety of other means for promotional activities, including social media (such as X, formerly known as Twitter, Facebook, Snapchat, Instagram, and TikTok), as well as national television advertising campaigns to promote its brand.

Despite the recent growth of the Company's online sales platforms, smartphone applications and e-commerce, there is no guarantee that the Company will be able to achieve similar results or grow at the same rate as in the past, or achieve any results or growth at all.

Operating smartphone applications and internet platforms pose risks for the Company. In particular, there is no guarantee that the Company will be able to obtain the necessary technical support for operating smartphone applications and internet platforms, or that such technical support will remain in place on acceptable business terms. Additionally, the e-commerce sector is experiencing rapid growth in the Kingdom, making it susceptible to various risks, including the possibility of new regulatory restrictions on online business activities under the E-commerce Law and Implementing Regulations thereof. The Company may not be able to comply with these regulations in a timely manner, which could expose it to regulatory penalties and fines, such as warnings, financial penalties, or temporary or permanent suspension of the Company's operations. If any of these risks materialize, they will materially affect the Company's business, results of operations, financial position and prospects.

2.1.18 Risks Related to Product Reputation and Quality

The Company cannot guarantee that its products will not cause side effects or previously unknown safety issues. In the event of unexpected side effects of any of the Company's products, the Company may be required to withdraw such products from the market and cease their sale. Additionally, these potential side effects may raise concerns among consumers, and these concerns, whether justified or not, may have a negative impact on the Company's sales and reputation. Furthermore, the Company's operational controls and employee training programs may not be effective in preventing product manipulation or other safety and quality-related issues. Fears concerning the safety of the Company's products or concerns about the safety and quality of the Company's supply chain may lead customers to avoid purchasing certain products from the Company or seek alternative products, even if those concerns are beyond the Company's control. The prevalence of such concerns, whether based on genuine claims or not, and whether affecting the Company's products or not, may lead some customers to refrain from purchasing the Company's products, which can damage its reputation.

In addition to the foregoing, should claims arise that the Company's products are causing illnesses, bear unauthorized names or trademarks, are counterfeit, or violate any regulatory requirements, the Company may be compelled to withdraw these products from the market, either voluntarily or upon regulatory authorities' request. The Company may also, at its discretion, withdraw products it deems non-conforming with quality standards to protect its brand and reputation. If the Company withdraws any of its products in the future, this could result in substantial and unexpected expenses, inventory loss, damage to the Company's reputation, and decreased sales due to the unavailability of the affected product for a period of time. In the future, incidents related to the safety and quality of products, or the components used in these products may occur, which could lead to claims regarding the Company's product liability, recalls of these products from the market, or negative media campaigns.

Should any of these events materialize, this would materially affect the Company's business, results of operations, financial position and prospects.

2.1.19 Risks Related to Leasing and Non-Ownership of the Properties on Which the Company's Branches Are Located

As at the date of this Prospectus, the Company owns five (5) pieces of real estate through which it conducts its operations, including the Company's head office in Riyadh and the Jeddah warehouse, in addition to plots of land in Jeddah on which the Company established warehouses to serve its operations.

The Company leases all the land and real estate on which its branches and employee housing are located, whereby the Company currently manages a portfolio of more than (370) medium to long-term leases, mainly related to various store locations, as well as employee housing facilities.

Collectively, these lease arrangements represent a lease obligation of SAR 218,524,305 as of 31 December 2023G. The average lease contract term was 6.1 years. It is worth noting that 102 store lease contracts will expire or be renewed by 30 December 2024G and 63 store lease contracts by 30 December 2025G. Moreover, the Company's lease contract no. 1/20551459369 concerning one of its showrooms in Riyadh also expired (for more information on the main lease contracts which represented 25% of the Company's revenues for 2023G, please refer to Section 12.5.2. ("**Lease Agreements**") of this Prospectus). This issue warrants serious consideration of the possible increase of annual rents of such store locations, which demonstrates the great difficulty of effectively managing and planning for the expiring or renewable lease contracts and the potential consequences of the rent increase.

It is worth noting that during the year ended 31 December 2023G, the Company's Management made amendments to some lease contracts, which resulted in an increase in the right-of-use assets by an amount of SAR 11,271,158 and in lease contract liabilities by an amount of SAR 9,817,915, resulting in turn in differences amounting to SAR 1,453,243 that were settled, and leading to an increase in the net profits for said period by SAR 1,453,243 during the year. Moreover, the Company entered into a lease contract for one of the Company's raw-material warehouses that is shared with a number of other warehouses in one financial dimension that was excluded. Therefore, during the exclusion process of said lease, and since the calculation was carried out manually using Excel, a loss amounting to SAR 2,583,523 has been incurred. However, after adopting the new accounting system for lease contracts on the Company's accounting system, it turned out that the previous accounting treatment was wrongly conducted. The error was duly fixed by adopting the appropriate treatment, and this has resulted in a profit from the disposal of the asset amounting to SAR 2,583,523. It should be noted that lease contracts are currently processed through the Company's accounting system. Accordingly, the above resulted in an increase in the Company's net profits by SAR 4,036,766 for the same period.

According to Paragraph 56 (d) of IAS 16, in determining the useful life of an asset, an entity should consider any legal or similar limits on the use of the asset, such as the expiry dates of related leases. The useful life (i.e. depreciation period) of the improvements to the leased premises is generally expected to be equal to the lease term defined under IAS 16. Accordingly, the Company reassessed in 2022G the estimated useful life of the improvements to the leased premises and modified it to ten (10) years to match the related lease contract term, given that the average useful life of lease contracts was in general 6.6 years in 2022G. This modification resulted in the increase of the depreciation fees throughout 2022G (compared to 2021G), as a direct result of adopting a shorter useful life (the average lease term was around 6.6 years, while the useful life of furniture and fixtures was 10 years).

These lease agreements may be terminated in the event of any default or force majeure event. If these contracts are terminated or not renewed upon their expiration, the Company will no longer have the right to enter or use the property or the related facility, which means that the Company would be compelled to abandon its assets without any compensation. It is worth noting that the Company's inability to renew lease agreements (without any changes to the contractual provisions) may result in an increase in rent upon renewal, leading to the Company incurring unexpected additional obligations, which would compel the Company to cease using the properties or suspend its operational activities in the related facility, potentially leading to a disruption or suspension of the Company's operations. In that event, the Company may need to find an alternative for these branches, which could be costly and time-consuming, as it may not be feasible to relocate all property and equipment to new locations. Therefore, all the aforementioned factors would have a material adverse effect on the Company's business, results of operations, financial position, cash flows and prospects.

2.1.20 Risks Related to the Renovation and Redevelopment of the Company's Branches

The Company should carry out continuous renovation, expansion and upgrading or redevelopment of its current branches to maintain their attractiveness and to constantly meet the customers' demand. In general, the Company undertakes renovation and maintenance of its branches throughout the year and carries out full renovation only when the latter is expected to have a material positive impact on the revenues of the concerned store. Customer expectations, tastes and preferences may change. The Company's existing branches may not be able to retrofittable to meet such expectations. Moreover, any renovation works may temporarily lead to a partial decrease in the company's revenues during the renovation period. Additionally, increased costs may result in a reduction in the Company's operating income, which could have a material adverse impact on the Company's business, results of operation, financial position and prospects.

2.1.21 Risks Related to Research and Development Activities for New Products

The Company's ability to significantly continue growing its business relies on the success of its research and development activities (for more information, kindly refer to Section 4.8.3 ("**Product Conception and Development**") of this Prospectus). The Company aims at innovating new products, whether through internal Company resources or collaboration with external parties, known as the Big Five, which are the largest perfume suppliers in the world. The Company cooperates with the Big Five to innovate products based on their advanced research to create sustainable high-quality products made of safe and eco-friendly ingredients. However, the Company cannot guarantee its ability to launch new and attractive products. For example, there is no guarantee that it would be granted the approval of regulatory authorities for products under development or their commercial success or satisfactory return rates; therefore, the Company may not achieve the expected return on investment or any return at all, which may require the Company to reevaluate its research and development strategy, which can have a significant negative impact on its business, results of operations and financial position. Additionally, the Company's profitability and growth prospects may decrease if new regulations lead to increased costs for licensing and maintaining a new product, or restrict its economic value and limit it to the creator thereof, which would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.22 Risks Related to Unforeseen Business Interruptions

The Company's success largely depends on the continuous operation of its manufacturing facility without hindrances. The Company's production facility requires continuous electrical power for its different operations and operates for eight hours per day, six days per week. Therefore, in the event that any temporary or permanent power outage occurs, the Company is unable to provide alternative energy source timely and at a reasonable cost, or the electricity cost increases substantially, this will hinder the Company's production operations, resulting in increased expenses.

The Company's operations are fraught with risks, including physical damage to buildings, power failures, equipment breakdowns, IT system failures, mechanical malfunctions, potential business interruptions, criminal incidents, civil unrest, natural disasters, fires, operational errors, regulatory changes affecting land use for the facilities, general increase of traffic on roads or any disruption or delay in ports and various shipping services in general. The occurrence of any of these events or similar incidents may lead to disruptions in the Company's operations, which could materially impact its business, results of operations, financial position and prospects.

Moreover, the products may not be delivered to the Company's store branches for various reasons, including governmental restrictions aimed at protecting public health – such as curfews or bans affecting the Company's delivery drivers – failure to appropriately implement operational rules at the Company's branches; poor handling; traffic congestion, to mention a few. Any of these factors could lead to products being delayed or undelivered, or to inventory spoilage, therefore disrupting the supply chain of these products. In case of supply chain disruption, the Company's revenues may decrease because of loss or cancellation of significant orders due to shortages or unavailability of certain products required by the customers; which in turn may hinder the product availability and available inventory management once these products are sold or used, leading to decreased sales or increased costs. This could have a material adverse impact on the Company's business, results of operations, financial position and prospects.

Accordingly, should any such event occur undermining the Company's factory or branches operations whether for technical reasons (such as the power outage) or due to any emergency or incident out of the Company's control, and affecting the business continuity – temporarily or permanently – this could have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.23 Risks Related to Exporting the Company's Products

The Company's cross-border sales constitute a significant portion of its total sales. The Company's sales outside KSA accounted for 3.98%, 4.92% and 10.46% of its total sales for the financial years ended 31 December 2021G, 2022G and 2023G, respectively. Within the context of its expansion strategy and plans, the Company plans to expand the sale of its products to include more countries, which will result in an increase in export operations outside the Kingdom. Export operations are subject to some risks, including but not limited to:

- inadequate protection of intellectual property;
- fluctuations in currency exchange rates or the imposition of restrictions on foreign currency exchange;
- difficulties and costs related to compliance with a wide range of local and foreign regulations, laws, and treaties, some of which may be subject to change or modification from time to time;
- uncertainty surrounding certain legal aspects related to customs procedures, definitions, import and export licensing requirements, and other trade barriers, as well as delays associated with any of the above;
- differences in preferences for local products and their requirements compared to those in the Kingdom;
- difficulty of collecting overdue or unpaid amounts;
- product damage or loss during sea transport or delays in delivery due to transportation-related issues; and
- differing tax regimes in the relevant countries.

The above-mentioned risk factors, whether individually or collectively, could have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.24 Risks Related to Patent Infringement Actions

Third parties may bring lawsuits against the Company, alleging that it infringed upon their patents or proprietary rights. In such cases, the Company would be compelled to defend itself. If the Company is found to have violated the intellectual property rights of others, it could potentially lose its right to develop, produce, or sell certain products, or it may be required to pay financial compensation or licensing fees to use the relevant intellectual property rights. Patent infringement actions could force the Company to redesign, alter, or delay the launch of its new products, which could adversely impact its revenues and profitability. The outcomes of patent infringement actions are uncertain and costly, diverting the attention of technical and managerial staff from their regular duties. Any of these factors could have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.25 Risks Related to the Company Protecting its Unregistered Trademarks

The Company has registered 89 trademarks related to its 173 products. In addition, the Company has 3 registered trademarks for its marketing activities related to specific advertising campaigns, in addition to 9 registered industrial models for its product and package designs.

The Company also registered its trademark "Al Majed 4 Oud" in the Kingdom and 17 other countries and registers the most important products as trademarks and industrial models according to the requirements of the Saudi Authority for Intellectual Property. The Company relies on these trademarks in its operations, and their details have been provided in Section 12.10.1 ("**Trademarks**") of this Prospectus. The Company did not register the trademark of its perfume "Noir" which may result in unauthorized use of said trademark by others due to lack of protection by the competent authorities under the laws in force in the concerned countries; therefore, the Company may initiate costly judicial procedures, diverting the efforts of some of its technical and administrative employees to these judicial procedures. In the event the Company is unable to register or renew its trademarks, or in the event a third-party objected to the registration of a trademark, this would materially affect the Company's business, results of operations, financial position and prospects. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

In the event of infringing on the Company's intellectual property rights related to its trademarks, including unauthorized use by third parties or a lack of protection by the relevant authorities in accordance with the regulations in the relevant countries, the Company may need to initiate costly legal proceedings and divert the efforts of some of its technical and administrative staff to these legal actions. In addition, as a result of any dispute relating to its trademarks, the Company may be forced to enter into franchise or license agreements with respect to any such trademarks, which may be on terms unfavorable to the Company or may not be feasible at all. Any of the above could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.26 Risks Related to the Company's Related Party Transactions

The Company has entered into specific agreements with Related Parties regarding certain aspects of its operations. As of the date of this Prospectus, the Company has 21 agreements concluded with Related Parties, six of which are still valid. (For more information, please refer to Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus). In particular, the Company has entered into contracts with Related Parties, including lease contracts and packaging contracts. It is worth noting that the Company had previously transactions which were not subject to contracts but were carried out on the basis of sale invoices or return invoices or transactions for the purchase of the Company's warehouses in Riyadh and Jeddah and of the Company's management headquarters in Riyadh (for more information, please refer to Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus). As at the date of this Prospectus, all the Company's transactions with Related Parties are carried out by virtue of official contracts. However, in case any of the contracts and transactions with Related Parties is not documented and carried out by virtue of official written agreements, this could negatively affect the costs incurred by the Company and its revenues, which will have a material adverse impact on the Company's business, results of operations, financial position and prospects.

The transactions and contracts with Related Parties were approved by the General Assembly of the Company's Shareholders on 25/4/1445H (corresponding to 12/12/2023G) and on 13/7/1445H (corresponding to 25/1/2024G).

The total value of transactions entered into with Related Parties amounted to SAR 8,032,416, SAR 26,810,222 and SAR 4,209,915 for the financial years ended 31 December 2021G, 2022G and 2023G, respectively.

The table below details the balances due to and from Related Parties as of 31 December 2021G, 2022G and 2023G:

	As of 31 December 2021G	As of 31 December 2022G	As of 31 December 2023G
Balances of transactions due from Related Parties (in SAR)	8,032,416	857,627	4,209,915
Balances of transactions due from Related Parties as a percentage of the Company's assets	1.6%	0.1%	0.5%
Balances of transactions due to Related Parties (in SAR)	-	27,667,849	-
Balances of transactions due to Related Parties as a percentage of the Company's liabilities	-	8.8%	-

As at the date of this Prospectus, all of the Company's transactions with Related Parties have been conducted on a purely arm's length basis. However, if the Company were to enter into contracts with any of the Related Parties on terms that are not on a purely arm's length basis or if any undue benefits were conferred upon Related Parties, the latter could have a negative impact on the Company's expenses and revenues, which, in turn, could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

There can be no guarantee that the Company will be able to renew its contracts with Related Parties upon their expiration. Therefore, if any of the Related Parties do not renew agreements with the Company, or if these agreements are renewed under terms that do not align with the Company's objectives, this would adversely affect the Company's business. In accordance with Article 71 of the Companies Law, any agreements in which a Company Board member has an interest, must be presented to the General Assembly for approval. It is prohibited for any Board member with an interest in such transactions to participate in discussions related to their approval.

If the contracts with Related Parties are not renewed when expired because the Board or General Assembly do not agree to renew these contracts, or otherwise the Related Parties do not agree to renew them under the current terms or under terms that are commercially viable to the Company, then the Company might not be able to enter into other contracts on the same terms or on terms favorable thereto. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.27 Risks Related to the Company's Reliance on its Senior Management and Key Personnel

The success of the Company depends on the continued service of its Senior Management and other key employees. The Company has made significant efforts to develop its Senior Management team, and relies on several key individuals in its Senior Management team (for more information, please refer to Section 5.3.1 ("**Overview of the Senior Management**") of this Prospectus) who have valuable experience in the perfume and Oud sector and have significantly contributed to the development and expansion of the Company's operations. There is intense competition for top executives in the perfume and Oud sector, and the Company cannot guarantee its ability to retain its employees, attract appropriately qualified new employees, or ensure that its key employees, including those recently appointed, will not leave the Company to join similar or competing businesses.

The Company may need to invest significant financial and human resources to attract and retain new Senior Management members and/or employees, which investments may not yield returns. The loss of the services of members of the Company's Senior Management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert Management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business efficiently and effectively. Each member of Senior Management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key Senior Management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial position and prospects.

2.1.28 Risks Related to Employee Misconduct and Errors

Company employees may engage in actions or make mistakes that negatively impact the Company's operations, such as engaging in unlawful activities, misusing information, disclosing confidential information, spreading misleading information, or violating the Company's internal controls, which may result in a breach of applicable Saudi regulations or laws, resulting in regulatory penalties imposed on the Company by the competent authorities. The severity of these penalties can vary depending on the extent of misconduct or errors committed by the employees, potentially resulting in the Company being held financially liable or damaging its reputation. The Company may not be able to prevent its employees from engaging in inappropriate behavior, as there is no guarantee that employees will comply with the Company's internal policies, which can lead to losses, fines, financial burdens, or damage to the Company's reputation. The Company's internal policies related to governance and compliance (including sanctions, trade restrictions, anti-bribery and corruption, employee conduct, and violation reporting policies) may not be sufficient to protect it from any mistakes committed by its employees. Any fines, penalties, or claims can affect the Company's profitability, and negative publicity regarding employee misconduct can harm the Company's reputation and revenue. In the event of any misconduct or errors committed by the Company's employees, this will materially and adversely affect the Company's business, results of operations, financial position and prospects.

2.1.29 Risks Related to the Company's Implementation of the Newly Adopted Corporate Governance Manual

The corporate governance manual was approved during the General Assembly held on 21/1/1445H (corresponding to 8/8/2023G). It includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in properly implementing the corporate governance rules and procedures will depend on the extent of the comprehension and understanding of these rules, as well as the proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regard to the formation of the Board and its committees, independence requirements, as well as rules related to conflict of interests and Related Party Transactions.

Article 23 of the Corporate Governance Regulations also requires the adoption of a written and detailed policy, defining the powers delegated to the executive management, and the preparation of a matrix clarifying such powers. On 10/10/1444H (corresponding to 30/4/2023G), the Board of Directors approved the authority matrices governing the specialization and delegation of powers and authorities between the Board and the Senior Executives. Failure to comply with the governance rules, especially the mandatory rules derived from the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties.

The Ordinary General Assembly approved the Committees Charter on 21/1/1445H (corresponding to 8/8/2023G). This Charter was also approved by the Board in its session held on 4/12/1444H (corresponding to 22/6/2023G). On 4/12/1444H (corresponding to 22/6/2023G), the Board of Directors formed the Audit Committee, consisting of four (4) members including at least one independent Board member, provided that neither the Board Chairman nor any of the Board's executive members may be members of said Committee. However, the Audit Committee shall have a member specialized in accounting and financial affairs. On 4/12/1444H (corresponding to 22/6/2023G), the Board of Directors formed the Nomination and Remuneration Committee. It is noteworthy that as at the date of this Prospectus, the Nomination and Remuneration Committee has one vacant position. (For further details, please refer to Section 5.2 ("**Company and Board Committees**") of this Prospectus). Failure by members of these committees to perform their duties and adopt a work methodology that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements, and the Board's ability to monitor the Company's business through these committees.

Any inability of such committee members and independent members to carry out the tasks assigned thereto and follow a work methodology that ensures the protection of the interests of the Company and the Shareholders may affect the implementation of Governance Regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees, which may expose the Company to potential non-compliance with OSCOs requirements on the one hand, and to operational, administrative and financial risks on the other hand. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.30 Risks Related to Management's Limited Experience in Managing a Publicly Listed Company

The Senior Executives have limited experience in managing Tadawul-listed joint-stock companies and complying with the laws and regulations pertaining to such companies. In particular, the internal and/or external training that the Senior Executives will receive in managing a Saudi Arabian Tadawul-listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.31 Risks Related to the Adequacy of Insurance Coverage

The Company maintains insurance policies covering all risk property, medical insurance, car insurance, public liability insurance and liability for products (for more information about insurance policies maintained by the Company, please refer to Section 12.9 ("**Insurance**") of this Prospectus). There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claim with regard to a certain liability or loss according to the insurance policies in effect due to insurance coverage exclusions or conditions, or if the Company failed to meet certain insurance criteria in respect of a particular claim, which could cause the Company to be liable for paying for accident-related losses.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against them at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's current insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would have a material adverse effect on the Company's business, prospects, results of operations, financial position and prospects.

2.1.32 Risks Related to Interruptions in the Company's IT Systems

The Company's operations, including research, development, manufacturing, accounting, storage and delivery, are highly dependent on its information technology systems. The Company depends on these systems to facilitate the manufacture and distribution of a high number of inventory items to and from the Company's facilities and to manage the accurate accounting and payment to and from suppliers and customers.

External and internal risks, such as malware, code anomalies, attempts to penetrate the Company's networks, unavailability of required updates or modifications, data leakage and human error all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen "force majeure" events or power outages. These types of adverse events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third-party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant. In addition, the Company's IT systems need regular upgrading to accommodate expansion of the Company's business and maintain the efficiency of its operations. If the Company faces a breakdown in its systems, it could experience significant business and operational delays across its businesses. In particular, any breakdown in the Company's IT systems could result in disruptions of the Company's research, development, manufacturing, accounting and billing processes.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of consumers, employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company. In addition, this could adversely affect the Company's performance due to judicial proceedings or claims initiated against the Company in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential customer behavior in a way that would impact the Company's ability to retain current customers or attract new customers.

Any disruption to the internet or the Company's IT infrastructure, including those impacting the Company's computer systems, or the occurrence of any of the aforementioned risks, could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.33 Risks Related to Litigation Involving the Company

The Company, its Directors or officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, regulatory authorities, consumers or owners of lands leased to the Company for its operations.

Any unfavorable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations, or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.34 Risks related to Zakat and Tax

The Company is subject to Saudi zakat and tax requirements. Any increase in the zakat and/or tax requirements applicable to the Company may have a detrimental effect on its profitability. The Kingdom adopted the Value Added Tax (VAT) Law, which came into effect on 14/04/1439H (corresponding to 01/01/2018G), which imposes a 5% VAT on a range of products and services, including the Company's products. On 17/09/1441H (corresponding to 10/05/2020G), in response to the economic impact of the COVID-19 pandemic, the Kingdom announced a VAT increase to 15%, which came into effect on 10/11/1441H (corresponding to 01/07/2020G). Due to its nature, the end consumer bears VAT, which has led to an increase in the selling price of the Company's products. This increase, or any future increase in Zakat liabilities or tax requirements as applied to the Company, may negatively affect its profitability. The application of VAT is relatively new, and the Company could make errors when implementing the regulatory requirements, noting that some of the B2B sale and purchase invoices for 2021G, 2022G and 2023G were not compliant with the VAT Implementing Regulations in KSA and the e-billing regulations. This would lead to facing penalties imposed by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law, which, in turn, would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The Company has consistently submitted its Zakat declarations since its inception and for the fiscal years ended 31 December 2021G, 2022G and 2023G, and has settled all zakat liabilities promptly. The Company obtained final Zakat assessments from the Zakat, Tax and Customs Authority for 2021G, 2022G and 2023G. Apart from auditing the aforementioned assessments, the Zakat, Tax and Customs Authority has not initiated any audits for 2019G to 2022G, which remain pending.

However, there is a risk of the Zakat, Tax and Customs Authority revisiting any of the previous five (5) years in case of a lack of Zakat assessment and if the Zakat, Tax and Customs Authority challenges the declarations submitted in accordance with the Implementing Regulations for Zakat Collection issued by Ministerial Decision No. 2217 dated 07/07/1440H (corresponding to 14/03/2019G). The Company may be required to pay additional Zakat amounts, and the Company will bear any differences in Zakat calculations. Consequently, any discrepancies in the assessment made by the Zakat, Tax and Customs Authority regarding the Company's Zakat may have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The Company should also ensure compliance with all tax obligations in force in some GCC countries, including Kuwait, the UAE and Bahrain.

Pursuant to accounting laws, the Company allocated Zakat provisions to cover any shortfall that may be detected when the final Zakat assessment is received from the Zakat, Tax and Customs Authority. The Zakat provision is set aside in accordance with the Zakat, Tax and Customs Authority regulations and instruction. The Company did not add the fees related to certain provisions to the adjusted income subject to Zakat for the fiscal year ended 31 December 2021G and did not also add the balance of some allocations dating back to more than one year to the zakat base for the fiscal year ended 31 December 2021G. The Company did not add as well some of the obligations dating back to more than one year and amounting to SAR 40,000 to its Zakat base. The Company's zakat provisions was SAR 7,928,047 as of the fiscal year ended 31 December 2023G. In the event that the Zakat provision is insufficient to cover any additional Zakat obligations that may be imposed by the Zakat, Tax and Customs Authority, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.35 Risks Related to the Company's Credit and Financing Arrangements

The Company entered into a SAR 100,000,000 loan agreement with Bank AlJazira dated 7 December 2021G. The financing amounts were SAR 49,000,000 for the year ended 31 December 2022G which were paid in full in the same period, and SAR 119,000,000 for the year ended 31 December 2023G of which SAR 74,000,000 were paid in the same period. This agreement was renewed on 27/12/2023G.

The Bank AlJazira facility contains provisions that restrict the Company's ability to make changes in its ownership structure or control. Under these provisions, the Company shall be required to obtain the prior approval from Bank AlJazira to change its legal form, failing which the Bank shall have the right to cancel its obligations and expedite the settlement of all due amounts. The Company obtained Bank AlJazira approval on the change of its legal form and its non-objection to commence the Company's filing procedures with the Capital Market Authority and relevant authorities to convert the Company into a public joint-stock company, and to complete the legal procedures and obtain the necessary approvals and meet the registration and offering requirements on 10/5/1445H (corresponding to 24/11/2023G). However, in the event of non-compliance with the provisions contained herein, Bank AlJazira shall be entitled to take any necessary measure to preserve its rights, such as the expedited settlement of all due amounts and the termination of the loan agreement.

It should be noted that under the loan agreement concluded with Bank AlJazira Bank, the latter shall have the right to increase, decrease, amend or cancel the financing ceiling, at its own discretion. Moreover, the Bank shall be under no obligation to renew, extend, increase or reallocate the available facilities under the financing ceilings, and may also request settlement at any time.

Additionally, the Company may require future financing from commercial banks, government lenders, or other financiers to meet working capital requirements or implement future growth plans. The Company's ability to obtain loans and facilities at lower costs or under favorable terms depends on its future financial position, global economic conditions, market conditions, interest rates, and the availability of credit from banks or external lenders, as well as the lenders' faith in the Company. The Company may not be able to obtain such financing at all or under reasonable terms for various reasons, such as restrictions being imposed on current financing, lenders' perceptions of the Company, or future results of the Company's operations and financial position. Borrowing at variable interest rates may also expose the Company to increases in interest rates and/or commissions, which can be significantly influenced by factors beyond the Company's control, such as monetary and tax policies, global economic and political conditions. The Company cannot guarantee its ability to obtain such financing under reasonable terms or at all when necessary. Any bank-applied increase in interest rates and commission rates, whether fixed or variable, will lead to higher financing costs borne by the Company, negatively impacting its future profits and its ability to meet its obligations to lenders. Consequently, the Company may not be able to take advantage of business opportunities, such as acquisition opportunities, or respond to changes in market or sector conditions. The occurrence of any of the above-mentioned scenarios will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.36 Risks Related to Bank Guarantees Provided to the Company

The Company's obligations under the Facility Agreement concluded with Bank AlJazira dated (for more information about the Loan Agreement concluded with Bank AlJazira, please refer to Section 2.1.35 ("**Risks Related to the Company's Credit and Financing Arrangements**" of this Prospectus) are secured by a joint payment and performance bond signed by Majed Ali Othman Al Majed, Khaled Ali Othman Al Majed, Saad Ali Othman Al Majed, Mohammed Ali Othman Al Majed, Suleiman Ali Othman Al Majed, and Bader Ali Othman Al Majed ("**Guarantors**") (in an amount equal to SAR 110,000,000) As at the date of this Prospectus, Bank AlJazira has not waived the guarantee provided by the Guarantors.

In the event the Company fails to cancel the guarantees provided by the Guarantors post-Offering, then said guarantees will remain in effect, and related breaches will remain enforceable. If any or all Guarantors withdraw the guarantees provided thereby, or fail to renew them (when requested by Bank AlJazira), or if the validity of these guarantees expires for any reason and Bank AlJazira does not agree to the Company providing alternative guarantees (such as pledging assets or other forms of collateral typically accepted by banks for listed joint-stock companies in lieu of guarantees), this will constitute non-compliance by the Company with its obligations under the Loan Agreement concluded with Bank AlJazira, resulting in Bank AlJazira's right to demand immediate payment from the Company of the remaining balance on the relevant facilities. In such a scenario, the Company may not be able to obtain sufficient alternative sources of financing to repay those debts. Any of these factors will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.37 Risks Related to Cash Management, Theft, and Security

The Company operates through stores, which involve the daily handling of cash. As of the fiscal year ended 31 December 2023G, approximately 16.43% of the Company's store customers have conducted their transactions in cash. The Company then collects cash from all stores and deposits it into its bank account on a daily basis through its employees. The cash amounts received by the Company in its stores are susceptible to theft, either by its employees working in the stores or by external parties. Any incident of theft or similar cash-related losses will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.38 Risks Related to Reliance on Third-Party Service Providers

The Company relied on outsourced and part-time employees in the fiscal years ended 31 December 2021G, 2022G and 2023G and encountered some restrictions imposed on the issuance of work permits and visas due to Covid-19 restrictions and Saudization requirements. As a result, the Company hired employees through third-party service providers, such as Maharah Human Resources Company, SMASCO and others. These are full-time employees under the sponsorship of third-party service providers. However, it is the Company that pays their salaries and accommodation, transportation and other allowances. In addition, the Company pays the fees imposed by the service providers for each employee, amounting to SAR 3,307,037, SAR 2,763,336 and SAR 1,269,974, representing 2%, 1.2% and 0.4% of the Company's total operating expenses for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively. The Company started relying less on third-party service providers to hire full-time employees. Accordingly, the number of outsourced full-time employees decreased from 136 in the fiscal year ended 31 December 2021G to 105 in the fiscal year ended 31 December 2022G, and to 53 in the fiscal year ended 31 December 2023G. The monthly average cost per employee amounted to SAR 5,600, SAR 7,000 and SAR 7,400 for the corresponding periods. Apart from the outsourced employees appointed from third-party service providers, the Company started in the fiscal year ended 31 December 2021G to hire part-time employees, mainly during the seasonal promotional periods (holy month of Ramadan, Hajj, end-of-year promotions and others). The number of these part-timers was 88, 93 and 130 employees for the fiscal years ended 31 December 2021G, 2022G and 2023G, respectively, with an average monthly cost per employee of SAR 3,500, SAR 3,300 and SAR 2,800 for the corresponding periods. This approach allows the Company to meet increased demand during these periods, while avoiding full-year financial expenses related to full-time employment. Reliance on third-party service providers results in expenses incurred by the Company with regard to the fees paid to such providers, which could adversely affect the Company's profit margins and could have therefore a material adverse impact on the Company's operations, results of operations, financial position and prospects.

2.1.39 Risks Related to the Competitive Landscape

The Company operates in a competitive environment and there is no guarantee that it will remain capable of effectively competing with other companies on the market. In fact, the Company may face a strong competition, in terms of products and prices, which could result in increased costs and expenses, including but not limited to the cost of advertising and marketing, future sales, research and development, discounts, product exchange, provided services, marketing support and product-related continuous services. Moreover, the pricing policies of the Company's competitors affect its financial performance. The increased supply of products manufactured by the Company as a result of demand will lead to lower prices. The Company's competitiveness depends on the extent of distinction of its products from other products offered on the market. Thus, should the current or future competitors of the Company offer higher-quality or better-priced products, the Company might not be able to keep pace with the evolving industry trends or changing market requirements, which could have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.40 Risks Related to the Reclassification/Classification of Financial Statements (comparative figures for FY2022G)

During the fiscal year ended 31 December 2022G, the Company reassessed the estimated useful life of leasehold improvements and modified it from 10 years to match the related lease contract term, given that the average useful life of lease contracts was in general 6.6 years in FY2022G. This modification resulted in the increase of the depreciation fees throughout the FY2022G (compared to FY2021G), as a direct result of adopting a shorter useful life (the average lease term was around 6.6 years, while the useful life of furniture and fixtures was 10 years).

In addition, the depreciation cost increased from SAR 7.4 million in FY2021G to SAR 19.7 million in FY2022G as a result of the modification in the estimated useful life. This had an adverse impact on the Profit and Loss Statement due to the increase in expenses incurred during the year. Such reclassification had no impact on 2023G financial statements.

2.2 Risks Relating to the Market, Industry and Regulatory Environment

2.2.1 The Impact of Political and Economic Risks on the Company's Operations

The majority of the Company's operations are located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the Saudi GDP. Fluctuations in oil prices may occur, and adversely affect the economy of the Kingdom. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions will have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial position, results of operations, and future prospects.

Fluctuations in economic factors, such as the availability of credit for consumers, interest rate levels, unemployment rates, salary levels and tax rates, cost of water and electricity consumption, partial or full removal of subsidies provided by the Saudi Arabian government for certain materials, may affect consumer spending and demand for products offered by the Company. If the Company is unable to respond to market changes, the Company's business, results of operations, financial position, and future prospects would be negatively and materially affected. In addition, many countries in the Middle East suffer from political or security instability at the present time. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial position and future prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia, other countries in the Middle East, or the countries from which the Company sources its products, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments.

Moreover, the significant changes in tax or trade policies, tariffs or trade relations between Saudi Arabia and other countries or any changes in their local policies, such as the imposition of unilateral tariffs on imported products, any negative sentiments towards Saudi Arabia in response to increased import tariffs and other changes in Saudi Arabia's trade regulations, would result in significant increases in the Company's costs, restrict the Company's access to suppliers and depress economic activity. The occurrence of any of the above factors could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.2 Risks Related to the Increasing Competition in the Industry in which the Company Operates

The perfume and Oud sector in the Kingdom is highly competitive, and the Company expects this competition to intensify in the future. The Company faces competition from other domestic and international producers, which may have greater financial, technical, research and development, marketing, distribution, retail and other resources than the Company. They may also have longer operating experience, a larger customer base or broader and deeper market coverage. As a result, the Company's competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than the Company and may have the ability to initiate or withstand significant regulatory changes and industry evolvement. Furthermore, as the Company expands into other markets, it will face competition from new competitors, domestic or foreign, who may also enter markets where the Company currently operates or will operate.

Any significant increase in competition may have a material adverse effect on the Company's revenue and profitability, as well as on its business and prospects. There can be no assurance that the Company will be able to continually distinguish its products and services from those of its competitors, or increase or even maintain its existing market share. The Company may lose market share, and its financial position and results of operations may deteriorate significantly if it fails to compete effectively. The occurrence of any of these events could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.3 Risks Related to the Fluctuation of Currency Exchange Rates

Some of the Company's transactions are in currencies other than the Saudi Riyal, especially US Dollars. Therefore, the Company is exposed to the risks associated with foreign exchange rate fluctuations pertaining to its obligations and expenses related to currencies other that the Saudi Riyal. The Company's imports represent 92.3%, 83.6%, and 95.7% of the total purchase volume for the financial years 2021G, 2022G, and 2023G, respectively. As part of the Kingdom's policy, the Saudi Riyal, as of the date of this Prospectus, is pegged to the US Dollar at an exchange rate of 3.75 Saudi Riyals to one (1) US Dollar. It is worth noting that the proportion of dollar transactions out of the total non-SAR transactions accounted for 95% during the period ended 31

December 2023G. However, there are no guarantees of the stability of the exchange rate of the Saudi Riyal against the US Dollar, and, conversely, the exchange rate of the Saudi Riyal against the Euro is subject to supply and demand factors and is exposed to fluctuations at any time. Therefore, fluctuations in the value of the Saudi Riyal against foreign currencies (especially the US Dollar) could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.4 Risk Related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G) and Implementing Regulations thereof issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices (including agreements or contracts made between entities, irrespective of whether they are written or oral, express or implied) with anti-competitive objectives or effects, including practices such as fixing the prices of goods, service fees, or terms of purchase and sale. Should GAC decide to lead an investigation into the Company, or otherwise conclude that the Company is in breach of the applicable Competition Laws, it may impose on the Company a fine of up to 10% of the total annual sales value which is the subject of the violation or no more than SAR 10,000,000 where it proves impossible to estimate such value. Moreover, GAC may, at its discretion, impose a fine of up to three times the revenues made as a result of the breach and order the (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated breach. The occurrence of any of the above risks could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.5 Risks Related to Changes in Laws and Government Policies in the Company's Key Markets

The Company is subject to a range of laws and regulations in the markets in which it operates, which in many cases are applied by governmental authorities in accordance with government policies or directives (For more information, please refer to Section 2.1.13 ("**Risks Related to the Regulatory Requirements imposed by the SFDA and other Regulators**") of this Prospectus)). Demand for the Company's products and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in the Company's key markets.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations may involve uncertainty. There can be no assurance that future changes in laws, regulations and governmental policies (including the promulgation of new laws, changes in existing laws or the interpretation or enforcement thereof) will be favorable to the Company, which may result in uncertainty regarding the legal protection available to the Company and its shareholders, the Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.6 Risks related to Saudization, non-Saudi Employees, and other Labor Law Requirements

The Saudization and Nitaqat programs were adopted pursuant to the Ministerial Resolution no. 4040 dated 12/10/1432H (corresponding to 10 September 2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi nationals. Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies carrying out business in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The ratio of Saudi workers varies on the basis of a Company's activities and the professions specifically targeted with Saudization resolutions. The Company, the factory and Al Rass Branch have been classified under the platinum category; which means that the Company complies with current Saudization requirements and will be able to secure work visas and transfer sponsorships. Based on the Company's compliance with Saudization requirements, it received Saudization certificates from the Ministry of Human Resources and Social Development. It is worth noting that all the Company's non-Saudi employees are under its sponsorship, with the exception of third-party service providers who are sponsored by third-party recruiting companies through the Ajeer program.

Under the Saudi Labor Law, foreign employees are only permitted to work for the corporate entity which sponsors them in Saudi Arabia or through the Ajeer program. The Company employs a number of non-Saudi employees who are sponsored by third-party recruiting companies and other Related Parties. The fees for transferring employees from one company to another are between SAR 2,000 and SAR 6,000 (depending on the number of times an employee has transferred their sponsorship in the past). (For further information on the employees, please refer to Section 4.11 ("**Employees**") of this Prospectus)). The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer notices, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations.

In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his/her Iqama. The penalties for entities hiring employees whose actual job function does not correspond with the job function appearing on their Iqama include, for a first-time violating entity, a fine of SAR 10,000 for each employee working in violation of the law, and these penalties increase in case of repeat violations. It is worth noting that the job titles of a number of the Company's non-Saudi employees do not match their actual professions listed on their residency permits. The Company also employs non-Saudis in professions limited to Saudis, for which the Company was fined SAR 20,000. Under the Social Insurance Law, the Company must register all its employees with the General Organization for Social Insurance, failure to comply may result in the Company incurring fines imposed by the General Organization for Social Insurance, which will have a material and negative impact on the company's business, results of operations, financial position and future prospects.

The Company may not be able to fulfil current or amended Saudization or other Labor Law requirements in the future, or that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the requirements pertaining to Saudization or non-Saudi employees, the Company could face sanctions by governmental authorities. In addition, the Company may be unable to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers without incurring additional costs, if at all, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects. (For further details, please refer to Section 4.12 ("**Saudization Strategy**") of this Prospectus).

2.2.7 Risks Related to Changes in Import/Export Laws and Regulations

The Company imports into the Kingdom raw materials and packaging materials required for the manufacture of its products and exports finished products from its factory located in Riyadh to foreign markets. Therefore, import/export regulations in the Kingdom, export laws in the countries from which the company imports materials or from which its suppliers source the materials used in its operations, as well as export regulations in the countries where the Company sells products that were produced elsewhere, have a tangible impact on the Company's operations. The imposition of legal requirements or new regulations, such as the Saudi Government's recent decision to increase customs tariffs to 20%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, it is possible that will affect the prices of raw materials and other products imported by the Company, which in turn would materially and adversely affect the Company's business, results of operations, financial position and prospects. In addition, if importation regulations become more restrictive towards the materials that the Company purchases from vendors or certain sanctions or embargos are imposed on these jurisdictions by the United Nations, other supranational organizations or other governments, this could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.8 Risks Related to the Imposition of Additional Fees or New Taxes

The Company is currently subject to Zakat, VAT, and withholding tax (given that some of the Company's transactions are with foreign parties not registered in the KSA). However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this would adversely and materially affect the Company's business, financial position, results of operations and future prospects.

For example, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.9 Risks Related to Changes in the Calculation of Zakat and Income Tax

The Zakat, Tax and Customs Authority issued Circular No. 6768/16/1438 dated 05/03/1438H (corresponding to 05/12/2016G), which obliges Saudi listed companies to calculate income and Zakat on the basis of shareholder nationality and the ratio of actual ownership between Saudi and Gulf citizens and others as stated in the "Tadawulaty" system at the end of the year. Prior to the issuance of said circular, listed companies were generally subject to the payment of Zakat or tax on the basis of the ownership held by their founders in accordance with their bylaws, and the impact of listed shares was not taken into account in determining the Zakat base. This circular was to come into effect for the financial year ended 31/12/2016G and subsequent years. However, the Zakat, Tax and Customs Authority issued Letter No. 12097/16/1438 dated 19/04/1438H (corresponding to 17/01/2017G), which postponed the implementation of said circular until the financial year ended 31/12/2017G and subsequent years.

Until the Zakat, Tax and Customs Authority issues directives regarding the mechanisms and procedures for implementing this circular, the implementation thereof, including final requirements that must be met, are still under study, as are the rules imposing income tax on all non-Gulf residents who are shareholders in Saudi listed companies subject to withholding tax on dividends paid to non-resident shareholders, regardless of their nationalities. In the event that the financial impact of this circular, if applied, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, such occurrences could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.10 Risks Related to VAT

The Company has submitted all its VAT declarations (since its registration on 01/01/2018G until the date of this Prospectus), by the statuary deadlines. The Company also paid all liabilities owed to the Zakat, Tax and Customs Authority by the statuary deadlines.

The Zakat, Tax and Customs Authority notified the Company of its approval of Company submitted VAT declarations since its registration until the date of this Prospectus. However, the Zakat, Tax and Customs Authority reserves the right to revisiting any of the previous five years from the end of the filing deadline and demand the Company to pay additional taxes.

Given that the VAT has been implemented relatively recently, the Company could make errors when implementing the regulatory requirements, which would lead to facing penalties imposed by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law, which would have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.11 Risks Related to Data Protection and Cybersecurity

The Company collects and processes personal data and other information from its current and potential customers through its stores or its online store. The Company uses this information to provide services and products to its customers, manage invoices and support, expand and enhance its business, and communicate and recommend products and services through its marketing and advertising channels. As a result, the Company must comply with local laws and regulations, such as data protection and cybersecurity requirements in the Kingdom, including the Personal Data Protection Law issued under Royal Decree No. M/19 dated 09/02/1443H (corresponding to 16/09/2021G). Globally, new and evolving regulations related to data protection, cybersecurity, and other standards governing the collection, processing, storage, transfer, export, disclosure, and use of personal data impose additional burdens on the Company due to increased compliance standards that may restrict the use of the Company's online store and electronic operations. Future regulations, standards, and other obligations and changes in the interpretation of current regulations and standards may result in additional compliance costs and restrict the Company's business operations. If the Company is unable to comply with the applicable data privacy laws and regulations, or with cybersecurity controls and standards, the latter may affect the Company's ability to operate its business successfully and achieve its business objectives.

The Company's inability to comply with applicable laws and regulations, and to protect said data may lead to enforcement actions against the Company, including fines, penalties, and compensation claims by affected customers and individuals, as well as damage to the Company's reputation. This, in turn, would harm the Company's business, financial results, and prospects. Compliance costs and other burdens imposed by laws, regulations and standards may restrict the use and adoption of the Company's online store, or result in fines, penalties, or significant liabilities due to non-compliance. Therefore, each of the factors mentioned above will have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.12 Risks Related to Cost of Energy, Electricity, Water, and Related Services

The Council of Ministers issued its Decision No. 95 dated 17/03/1437H (corresponding to 28/12/2015G) to increase energy prices (including fuel), electricity, water, and sewage tariffs for residential, commercial, and industrial sectors. This was part of the Kingdom's policies aimed at rationalizing government subsidies. The Ministry of Energy issued a statement on 24/03/1439H (corresponding to 12/12/2017G) regarding the financial balance achievement plan to improve energy product prices. As a result, the prices of gasoline 91, gasoline 95, industrial and facility diesel, transport diesel, and kerosene increased as of 14/04/1439H (corresponding to 01/01/2018G).

The Company's expenses for water and electricity amounted to SAR 1,758,209, SAR 2,437,507, and SAR 3,284,416 for the financial years ended 31 December 2021G, 2022G, and 2023G, respectively. The increases in the prices mentioned above, along with any potential future increases, may lead to a decrease in the estimated expenditure or available income for customers in general. Consequently, the Company's sales in its stores may be negatively affected, and the Company's operating expenses may increase, resulting in a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.13 Risks Related to Floods, Earthquakes, Other Natural Disasters, or Sabotage

The occurrence of natural disasters or acts of sabotage beyond the control of the Company can have a negative impact on the Company's stores or its employees. Any damage to the Company's stores resulting from floods, earthquakes, storms, or other natural disasters, or as a result of sabotage, such as terrorist attacks, can lead to significant costs and/or the suspension of the Company's operations, which, in turn, can result in increased expenses and reduced revenues. The occurrence of any of these events may have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.2.14 Risks Related to the Outbreak of Infectious Diseases or Other Serious Public Health Concerns, including the Continuing Global Spread of COVID-19

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Coronavirus (COVID-19) in the Middle East will have a materially negative impact on the Kingdom's economy and business operations of the Company.

Following the outbreak of COVID-19, the Saudi Government implemented a range of precautionary containment measures in response to the outbreak, including travel restrictions or mandatory quarantine measures on international travelers and on residents within cities, regions or provinces of certain countries.

As a result of the COVID-19 pandemic, the Company's sales for the financial year ended 31 December 2020G decreased by 22.3% Year-over-year, which is equivalent to SAR 118,343,253. This, in turn, led to a 24.5% decrease in the cost of goods sold, equivalent to SAR 45,988,154. Consequently, the Company's overall profit decreased by 21%, equivalent to SAR 72,355,099.

In the event of further increase in the spread of the COVID-19 virus, it would be difficult to estimate the potential impact on the economies of the Company's key markets and its operations. The Company may face risks of business disruptions, which could lead to suspensions, delays, or negative effects on the supply of some raw materials and other items the Company purchases, or the Company's ability to export its products to other markets. There can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks in the Kingdom or in the Company's key markets. Moreover, it is likely that any containment measures (as outline above) will have a material and adverse effect on the economy and investor and business confidence to an extent difficult to predict, which would materially and adversely affect the Company's business, results of operation, financial position, and future prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Actual Control by Substantial Shareholders on the Interests of the Company and other Shareholders

Following completion of the Offering, the current Shareholders will collectively hold (directly or indirectly) 70% of the issued Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws. The interests of the Substantial Shareholders may differ from those of the Company's other Shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in distribution of dividends, which may adversely affect the value of the Shares. Such powers might be used in a manner that could have a material adverse effect on the Company's business, results of operations, financial position and future prospects.

2.3.2 Risks related to the Absence of a Prior Market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares would be negatively affected, which would adversely and materially affect Subscribers' anticipated returns, or result in the loss of all or a portion of institutional or individual investment in the Company, which may materially and adversely affect the Company's business, results of operation, financial position, and future prospects.

2.3.3 Risks Related to Future Sales and Share Offers

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, will adversely affect the market price of the Shares. Upon the successful completion of the Offering, Substantial Shareholders will be subject to a lockup period of six months during which they may not dispose of any Shares owned thereby. The sale of a substantial number of Shares by any of the Substantial Shareholders following their six-month lock-up period will have an adverse effect on the market for the Shares, and may result in a lower market price. The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares would cause the value of the Shares to drop. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company, which could materially and adversely affect the Company's business, results of operation, financial position, and future prospects.

2.3.4 Risks Related to Fluctuation in the Market Price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the forecasts for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at or above the Offer Price, or may not be able to sell them at all.

The stock market in general experiences from time to time extreme price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company, which could materially and adversely affect the Company's business, results of operation, financial position, and future prospects.

2.3.5 Risks Related to the Company's Ability to Distribute Dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial positions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing entities, some of which requiring their written approval prior to making dividend payments to Shareholders. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. (For further details regarding the dividends policy of the Company, please refer to Section 7 ("**Dividend Distribution Policy**") of this Prospectus), which could materially and adversely affect the Company's business, results of operation, financial position, and future prospects.

2.3.6 Risks Related to the Failure of Publishing Research or the Publishing of Unfavorable Research about the Company

After listing, the Company's shares will be influenced by the research and reports published by analysts about the company or the sector in which it operates. If one or more of the analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the latter could lose visibility on Tadawul, which in turn could cause its share price or trading volume to decline. Moreover, if the Company's operating results do not meet investor expectations, one or more of the analysts who cover the Issuer may change their recommendations regarding the Company, and its share price could decline as a result, which could materially and adversely affect the Company's business, results of operation, financial position, and future prospects.

3. Overview of the Market And Industry

3.1 Overview of the Market

3.1.1 Introduction

The information below is based on an independent market study prepared by Euromonitor, which has given its written consent to the use of its name, logo, data and market information as well as the data provided thereby to the Company in the manner and form contained in this Prospectus, which consent has not been withdrawn as of the date of this Prospectus. Euromonitor does not itself, nor any of its subsidiaries, affiliates, partners, shareholders, employees or their relatives, own any shares or interest of any kind in the Company.

The Company and its Board of Directors consider the information and data contained in this Prospectus as obtained from third parties, including the information and data provided by the Market Study Consultant, to be reliable.

The Market Study Consultant has prepared this study independently and objectively, ensuring the accuracy and completeness of the report. Extensive sector-wide research was conducted; however, this does not necessarily reflect the performance of individual companies in the sector. The report does not include any evaluative or legal advice and does not constitute legal or investment advice. The conclusions in this section are the result of best professional practice by the Market Research Consultant. The estimates and forecasts in this section (sector and market data) are based on market research study prepared by Euromonitor and include research estimates based on various sources of information such as Euromonitor's "Passport" database and Euromonitor's commercial surveys of a sample of key competitors in both the primary and secondary markets.

3.1.2 Research Methodology

All data, analysis, and research-based estimates in this Section are based on research conducted from May 2023G to August 2023G, including: (i) Desk research to collect publicly available secondary data sources such as statistics related to macroeconomic indicators and demographic characteristics issued by entities such as the General Authority for Statistics (GaStat), the Saudi Central Bank, Euromonitor International's "Passport" internal database, commercial press articles about companies, and reports issued by other parties; (ii) Analysis of commercial surveys to gauge the opinions and viewpoints of a sample of fragrances companies; and (iii) Auditing and analyzing all sources to achieve consensus in the sector's views on market size and historical trends.

It should be noted that Al Majed for Oud has provided its audited sales data for the period extending from 2018G to 2022G, which was used to estimate its market share. The Company's share in key markets has been calculated based on the Company's audited sales data compared to the total market size as estimated by Euromonitor International under the Sector and Market Data section.

3.1.3 Basis for Projections and Assumptions

Euromonitor based its report on the following assumptions: (a) the socio-economic and political environment in Saudi Arabia is expected to remain stable during the period extending from 2022G-2027G; (b) no external shocks such as a financial crises will impact supply and demand in the sector during the same period; and (c) the key drivers affecting growth and demand during 2018G-2022G and 2022G-2027G include: Growth of the target demographic, inflation, GDP, disposable income, female labor force participation, and growth of the Cosmetics and Personal Care Products market. Noting that the report takes the COVID-19 pandemic into account with regard 2020G and 2021G estimates, as necessary.

3.2 Macroeconomic and Demographic Overview

3.2.1 Kingdom of Saudi Arabia

In 2022G, the Kingdom of Saudi Arabia achieved a gross domestic product (GDP) of 4.2 trillion Saudi Riyals, maintaining its position as the largest economy in the MENA region[1]. Economic reforms aimed at encouraging private sector participation accelerated, leading to a 27.6% increase in GDP between 2021G and 2022G[2], supported by rising crude oil prices.

In October 2021G, Saudi Arabia established the National Infrastructure Fund to finance privatized transportation facilities, small and medium-sized enterprises, energy, telecommunications, education, and digital infrastructure projects. The fund will invest SAR 200 billion by the end of the decade in a variety of infrastructure initiatives that support its goals. The Kingdom is also focused on realizing Vision 2030, planning to inject SAR 10.4 trillion into the local economy over the next 10 years, relying on investments from a variety of sources, including the Public Investment Fund, prominent Saudi companies, and foreign investors. The Kingdom succeeded in achieving strong annual real GDP growth of 8.7% between 2021G and 2022G, underpinned by a strong recovery in oil prices and economic diversification activities, including expansion of the tourism sector, privatization of government-owned assets, as well as government and foreign investments.

Local demand for Cosmetics and Personal Care Products in the retail sector has witnessed a significant increase, rising by 21.1% from SAR 18,903.5 million in 2018G to reach SAR 22,900.0 million in 2022G[3]. This increase was attributed to several factors, including general economic growth, increased e-commerce penetration, and improved income levels and employment rates for women. Two leading distribution channels have emerged: health and beauty outlets and e-commerce, which in 2022G accounted for 46.8% and 8.9% of the market's retail sales value, respectively. In 2022G, more than 330 new outlets specializing in health and beauty were opened, marking a 2% increase compared to 2021G.

The digital economy is a component of the government's Vision 2030 strategy, which seeks to increase the percentage of cashless transactions to reach 70% by 2025G[4]. As cash is no longer the preferred method of payment in Saudi Arabia, online shopping has become simpler for consumers, in parallel with shifts in the retail environment in brick-and-mortar stores, which has led to an increase in online sales across many consumer goods categories, including Cosmetics and Personal Care Products, with e-commerce sales of Cosmetics and Personal Care Products reaching SAR 2,096 million in 2022G, representing 8.9% total retail sales of Cosmetics and Personal Care Products, up from 2.3% in 2018G.

When analyzing other key macroeconomic indicators, inflation in the Kingdom declined to 2.47% in 2022G from 3.07% in 2021G.

In 2022G and in light of the efforts focused on women's empowerment that are part of Vision 2030, women accounted for 37.0% of the workforce. This percentage came thanks to a variety of programs, including the "Tamheer" program, which provides on-the-job training for Saudi graduates, in addition to building training facilities. The program helped 7,000 women find employment by 2021G. The standard of living of families has also improved thanks to increased disposable income. The contribution of women to the Kingdom's labor force is likely to increase disposable income and total consumer spending. Disposable income per capita is expected to increase at a CAGR of 2.4% between 2022G and 2027G, reaching SAR 45,742 per capita, while total consumer spending is expected to increase at a CAGR of 3.7% in the same period to reach SAR 1,851 billion.[5]

The Kingdom has developed a long-term plan towards urbanization that has increased the percentage of the population living in cities from 83.7% in 2018G to 84.5% in 2022G (among the highest rates in the MENA region), as well as increasing the demand for retail stores, such as health and beauty outlets, to meet the needs of the urban population. The National Transformation Program (NTP) also contributed to the increase in urbanization and the development of the retail sector[6]. In 2016G, the program decided to focus on the development of the retail sector as a key objective. Major cities have seen an increase in retail activity, creating new business opportunities for international brands and their local competitors, including beauty and personal care companies. Megaprojects have also contributed to a thriving retail market in Riyadh, Al-Ahsa, Taif, Khobar, Dammam, Jizan, Jeddah, and Tabuk, where the quantity and quality of retail services, including Cosmetics and Personal Care Products, are improving.

Among the macroeconomic indicators analyzed, tourism stands out as one of the most important factors driving the Saudi economy. The number of Hajj and Umrah pilgrims increased in 2022G as the Saudi government allowed one million pilgrims from inside and outside the Kingdom to participate in Hajj rituals for the first time in two years. The COVID-19 restrictions had a major impact on tourism, which is a major source of fragrance sales. However, once restrictions were lifted in 2022G, the

1 Euromonitor International. (2022G). Passport database, using the average Passport exchange rate in 2020G of US$1 = SAR 3.75
2 General Authority for Statistics (2022G), Quarterly GDP and growth rates in current and constant prices
3 Euromonitor International: Retail in Saudi Arabia, Cosmetics and Personal Care, 2023G
4 Saudi Arabia, Vision 2030
5 Euromonitor analysis based on primary and secondary research
6 2021G National Transformation Program Achievements Report

sector was able to fully recover to pre-pandemic sales levels in terms of retail sales volume.[7] The government also refocused on promoting domestic and international tourism in 2022G, as part of its Vision 2030 strategy. These efforts included Saudi seasons such as Riyadh, Jeddah, Eastern Province, and Taif, along with the new e-tourist visa. All of this has had a positive impact on retail in 2022G, helping to attract large numbers of local and international tourists to key retail destinations. In light of the increase in visitor numbers in 2022G, Saudi Arabia has decided to attract 100 million visitors to the Kingdom by 2030G. Demand for Cosmetics and Personal Care Products, including fragrances, is expected to benefit, as these products are typically sold as gifts.

The Kingdom's economic outlook from 2022G to 2027G indicates a CAGR 3.8% GDP increase to reach SAR 5.0 trillion by 2027G, primarily due to growth in the manufacturing sector, wholesale and retail trade activities, and hospitality. The budget surplus resulting from higher oil revenues is expected to increase government revenues, strengthen the country's fiscal position, and creating a buffer against significant fluctuations in the future. Disposable income per capita is expected to increase at a CAGR of 2.4% during this period to reach SAR 45,742 per capita in 2027G, with the gradual decline in inflation encouraging consumer spending in general. Demand for Cosmetics and Personal Care Products and other consumer goods categories is expected to continue its strong growth during the period extending from 2022G to 2027G, supported by the expected positive macroeconomic landscape outlined above.

Table (3.1): Key Macroeconomic Indicators in Saudi Arabia – 2018G, 2020G, 2022G, 2023G and 2027G

Category	Data Type	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
GDP per capita	SAR	90,658	76,493	114,136	108,971	128,372	5.9%	2.4%
Real GDP growth	%	2.80	(4.30)	8.47	8.70	2.90	-	-
Per capita disposable income	SAR	34,269	33,742	40,610	40,311	45,742	4.3%	2.4%
Inflation	%	2.5	3.4	2.5	2.6	2.0	-	-
Unemployment	%	6.0	7.7	5.6	5.6	5.4	-	-
Total Consumer Spending	SAR billion	1,248	1,267	1,540	1,551	1,851	5.4%	3.7%
Cosmetics and Personal Care Products (retail price)	SAR million	18,903	18,122	22,299	24,594	34,698	4.2%	9.2%
Women's participation in the labor force	%	23.0	24.4	26.7	27.2	27.8	-	-
Percentage of urban population	%	83.72	84.11	84.48	84.67	85.38	-	-
Gross Domestic Product	SAR billion	3,175	2,754	4,156	4,026	5,006	7.0%	3.8%

Source: Euromonitor estimates from United Nations, World Bank, International Monetary Fund, General Authority for Statistics, Ministry of Education, Ministry of Health, Saudi Central Bank and Euromonitor's Economies and Consumers database.

The population of Saudi Arabia increased at a CAGR of 1.0% between 2018G and 2022G, reaching 36.4 million by the end of said period.[8] The percentage of Saudi citizens increased to 65.4% of the total population of the Kingdom in 2022G, up from 62.2% in 2018G. The percentage of citizens is expected to reach 64.8% of the Kingdom's total population by 2027G.

In 2022G, the 19 to 64 age group represented 67.3% of the Kingdom's population, which is the ideal demographic targeted by many consumer goods companies and campaigns, including Cosmetics and Personal Care Products. This demographic, which has increased by 1% since 2018G to reach 25.479 million, is partly responsible for the introduction of innovative products in the beauty and personal care categories. On the other hand, the elderly population (aged 65 years and above) is expected to increase to 4.3% of Saudi Arabia's total population in 2027G, up from 2.8% in 2022G.

Over the longer term, the rising disposable income of Saudi consumers coupled with favorable demographics is likely to drive demand and affordability of Personal Care Products including perfumes, which are increasingly being reviewed and rated on social media platforms, with intensive marketing activities driving sales.

7 Ibid.
8 Euromonitor data on population statistics, based on national statistics, Issue 2023G.

Table (3.2): Key Demographic Indicators in Saudi Arabia – 2018G, 2020G, 2022G, 2023G and 2027G

Category (Thousand)	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
Total population	30,196	31,533	32,175	32,813	35,400	1.6%	1.9%
Age group 0-18 years	9,463	9,626	9,674	9,739	9,839	0.6%	0.3%
19-64 years old	22,837	23,560	23,754	24,110	25,479	1.0%	1.4%
Age group 65 years and above	676	727	862	950	1,421	6.3%	10.5%
Male segment	18,581	19,279	19,679	20,069	21,660	1.4%	1.9%
Female segment	11,615	12,274	12,497	12,744	13,739	1.8%	1.9%
Citizens	17,086	17,979	18,792	19,205	20,859	2.4%	2.1%
Expatriates	13,111	13,574	13,383	13,608	14,541	0.5%	1.7%

Source: Euromonitor estimates from United Nations, World Bank, International Monetary Fund, General Authority for Statistics, and Euromonitor's Economies and Consumers database.

Note: Aggregate population data corresponds to the latest statistics released by the General Authority for Statistics (GASTAT)

3.2.2 GCC States

The GCC market's GDP grew at a CAGR of 5.2% between 2018G and 2022G, reaching SAR 7.868 trillion. Saudi Arabia alone contributed 53% of this GDP in 2022G, followed by the UAE at 23%, Qatar at 11%, Kuwait at 7%, Oman at 5%, and Bahrain at 2%. Despite inflation concerns, the GCC's economic development has been supported by a post-pandemic recovery in global trade, rising oil prices, a recovering tourism sector, and increased public and private spending.

At the GCC level, the UAE has made efforts to support small and medium-sized enterprises (SMEs), which are considered the main engines of development. These efforts have emerged as one of the most important contributors to the country's economic growth. In 2022G, the UAE government launched a number of initiatives to support SMEs, including the second phase of the "The Entrepreneurial Nation" initiative, which aims to develop more than 8,000 SMEs and startups by 2030G.

On the other hand, the energy crisis caused by the conflict in Ukraine led to an increase in Qatar's natural gas exports, making it the world's largest LNG exporter, exporting 80 million tons of LNG in 2022G. This also contributed to positive economic development and a rise in non-oil exports. Qatar has also relied on tourism and entertainment, as its hosting of the 2022G FIFA World Cup contributed to the growth of the economy, with more than 1.4 million tourists visiting Qatar exclusively for the tournament.[9]

Saudi Arabia and the UAE have also seen a resurgence in tourism, which has played a crucial role in boosting consumer spending on various categories of consumer goods, including Cosmetics and Personal Care Products. Saudi Arabia prioritized medical tourism and Hajj and Umrah, while the UAE attracted consumers looking to splurge on luxury goods. Dubai welcomed 14.4 million international tourists in 2022G, a 97% increase from 7.3 million in 2021G.[10] This contributed to the Dubai Economic Agenda (D33) goal of establishing Dubai as one of the top three travel and business destinations.

In contrast, in 2022G, GCC economies faced the challenges of rising prices exacerbated by over-reliance on imported goods. However, the proactive policies of regional governments and subsidies for food and energy kept inflation relatively low. Inflation in GCC markets rose from 2.2% in 2021G to 3.5% in 2022G, although this is still low compared to the global inflation rate of 8.8% in 2022G. Despite the increase in inflation, per capita disposable income in the GCC region remained strong between 2018G and 2022G, rising at a CAGR of 3.2% to reach SAR 50,286 between 2018G and 2022G. The rising level of disposable income in the UAE has increased the price gap between Cosmetics and Personal Care Products in the general market and their counterparts in the luxury segment. In the past, luxury beauty products were approximately 70% more expensive than their general market counterparts, but this disparity has since increased to 80%, indicating that consumers are willing to pay more for products made with high-quality, effective ingredients, unique formulas, and a luxurious experience. As a result, many beauty companies are expanding their high-end product lines to meet this growing demand. Fragrance manufacturers are also diversifying their offerings to capitalize on the demand for premium products. For example, fragrance manufacturers are expanding into the category of unique fragrances made with sustainable ingredients, some of which contain 97% natural ingredients without any sulfates or preservatives. Online shopping continued to maintain its popularity in the GCC region in 2022G, with e-commerce transactions peaking at SAR 3,037 million in 2022G after achieving a CAGR of 34% between 2018G and 2022G, especially since they offer local consumers a variety of options.

9 FIFA World Cup 2022G, NewsHub: Qatar to welcome more than 1.4 million visitors during FIFA World Cup.
10 Dubai Government and Media Office: Dubai welcomes 14.36 million international visitors.

The economic outlook for the GCC market from 2022G to 2027G indicates a rise in GDP at a CAGR of 4.4% to reach SAR 9,739 trillion by 2027G. The budget surplus resulting from rising non-oil revenues is expected to increase government revenues, strengthen the fiscal position of the GCC market, and create a buffer against future volatility. Per capita disposable income is expected to increase at a CAGR of 3.5% during this period to reach SAR 59,760 in 2027G, in conjunction with a gradual decrease in inflation, which is likely to stimulate consumer spending, thus benefiting categories such as Cosmetics and Personal Care Products, while the fragrance sector is expected to grow at a CAGR of 7.5% during 2022G-2027G.The fragrance sector is expected to grow at a CAGR of 7.5% during 2022G-2027G.

Table (3.3): Key Macroeconomic Indicators in the GCC – 2018G, 2020G, 2022G, 2023G and 2027G

Category	Data Type	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
GDP	SAR billion	6,416	5,417	7,868	7,763	9,739	5.2%	4.4%
GDP per capita	SAR	111,620	92,555	133,031	129,687	155,159	4.5%	3.1%
Real GDP growth	%	-	4.68	6.94	2.61	3.21	-	-
Per capita disposable income	SAR	44,354	41,546	50,286	51,333	59,760	3.2%	3.5%
Inflation	%	2.18	1.01	3.47	2.81	2.05	-	-
Unemployment	%	5.13	6.55	5.03	5.01	4.84	-	-
Total Consumer Spending	SAR billion	2,294	2,213	2,697	2,776	3,382	4.1%	5.1%
Cosmetics and Personal Care Products (retail price)	SAR million	34,966	34,751	40,324	43,657	58,150	3.6%	7.5%
Percentage of urban population	%	86	87	87	88	88	-	-

Source: Euromonitor estimates from United Nations, World Bank, International Monetary Fund, General Authority for Statistics, and Euromonitor's Economies and Consumers database.

The GCC population grew at a CAGR of 1.1% between 2018G and 2022G, reaching 54.1 million in 2022G. Saudi Arabia's population accounted for 59.4% of the total GCC population in 2022G, making it the largest contributor to the total population and population growth, followed by the UAE with 15.9% of the total population in 2022G.

The demographic makeup of the GCC countries includes significant numbers of expatriates, varying in proportion by country. Saudi Arabia, in particular, has the largest number of expatriates among the GCC countries, constituting 41.6% of the total population of GCC states in 2022G.

In 2022G, the 19 to 64 age group made up the majority of the GCC population, accounting for 70.6%. This target age group continues to be a key driver for many consumer products, including Cosmetics and Personal Care Products. Social media influencers and beauty bloggers have a significant impact on consumer behavior in the GCC, especially among younger generations, as they play an important role on social media platforms in promoting beauty products. Their testimonials and product reviews can play a significant role in consumers' purchasing decisions. Certain Cosmetics and Personal Care Product categories, such as fragrances, have also benefited from the purchasing power of younger generations in the UAE, who are looking for fragrances that reflect their individuality and personal sense of style.

Table (3.4): Key Demographic Indicators in the GCC – 2018G, 2020G, 2022G, 2023G and 2027G

Category (Thousand)	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
Total population	52,655	54,807	54,911	55,728	59,172	1.1%	1.5%
Age group 0-18 years	14,111	14,436	14,679	14816	15,034	1.0%	0.5%
19-64 years old	37,428	38,388	38,758	39,309	41,835	0.9%	1.5%
Age group 65 years and above	1,116	1,262	1,474	1,603	2,303	7.2%	9.3%
Male segment	33,452	34,213	34,607	35,074	37,080	0.9%	1.4%
Female segment	19,204	19,874	20,304	20,654	22,092	1.4%	1.7%
Citizens	23,088	24,301	25,424	26,000	28,202	2.4%	2.1%
Expatriates	29,567	29,785	29,487	29,728	30,970	(0.1%)	1.0%

Source: Euromonitor estimates from United Nations, World Bank, International Monetary Fund, General Authority for Statistics, and Euromonitor's Economies and Consumers database.

3.3 Fragrance Industry Overview

3.3.1 Fragrance Market in Saudi Arabia

The fragrance market in Saudi Arabia grew at a CAGR of 3.5% between 2018G and 2022G to reach SAR 7,821 million in 2022G.(11) The expansion of this market is primarily influenced by the cultural and social customs and traditions of the Kingdom. Oriental fragrances have long maintained their position among locals who consider them their favorite choice especially on social occasions; however, there has been a recent increase in demand for French perfumes, particularly for subtle and gentle fragrances.

The expansion of the tourism sector has had a positive impact on the fragrance industry and other businesses that have benefited from efforts to promote tourism, including easing visa requirements, especially during events like the Riyadh Season Festival. Some fragrances, particularly those containing Oud, are considered souvenir gifts, with increased demand during Hajj and Umrah seasons in regions like the Western Province, where dates, perfumes, prayer rugs, and other souvenirs are popular.

Fragrance sales through e-commerce channels grew at a CAGR of 43.2% between 2018G and 2022G, contributing 6.1% of total fragrance sales in 2022G.(12) While retail outlets specializing in cosmetic products dominate distribution, some physical retailers are also exploring opportunities through online channels, potentially diverting sales away from brick-and-mortar stores towards online transactions and purchases. Sephora, for example, has an online store that showcases all its best-selling fragrances and occasionally accompanies them with attractive discounts for short periods of time. Another example is Golden Scent, a popular e-commerce platform and app for Android and iPhone. Golden Scent offers more than 20,000 Arabian and Western fragrances, including incense and home fragrances. The platform offers discounts on products, making it easier for middle- and low-income earners to purchase luxury fragrances. With an increase in the number of active social media users, awareness of fragrance products among consumers in Saudi Arabia has increased due to the marketing strategies of brands, as well as the activity of social media influencers and celebrities who promote products and drive fragrance sales through e-commerce channels.

Perfumes and hair and body products were the two fastest growing subcategories of the fragrance industry between 2018G and 2022G, with the former registering a CAGR of 3.7% and the latter 6.2%.(13) Perfumes accounted for 85.0% of the fragrance market by value in 2022G, while hair and body products accounted for 10.0%.

Fragrances are popular among both men and women, expressing their individual identity, style and personality. Therefore, perfume manufacturers have consistently innovated popular fragrances for both genders in 2022G, constituting 56.0% of the total perfume market share. Women's fragrances represent 30.0%, while men's fragrances account for 14.0%.(14) The market for unisex perfumes is expected to grow at a compound annual growth rate of 11.7% between 2022G and 2027G, as younger generations show less interest in the traditional classification separating men's and women's fragrances. Saudi consumers prefer Oriental perfumes that rely on authentic scents like sandalwood, musk, Oud, and amber. Some perfume companies design gender-neutral fragrances to align with this trend. The category of women's perfumes is expected to grow at a CAGR of 11.0% between 2022G and 2027G, benefiting from some women's attraction to refreshing and light scents.

The growing popularity of authentic scents and pure, natural products with minimal ingredients is partly driving demand for other subcategories such as hair fragrances. Hair fragrances may offer a solution for customers who are looking for natural hair care products and want a scent that represents them and complements their natural hair care routine.

The cost of general market products ranged between SAR 20 and SAR 250 in 2022G, while the value of luxury fragrances was more than SAR 500.(15) The fragrance category was affected by the 15% VAT increase in 2020G. As a result, some brands have been selling perfumes in multi-packs, offering two for the price of one, or selling perfumes in lower capacity bottles in order to absorb the VAT increase and minimize the impact of the price increase on consumers.

Luxury fragrances dominate the Saudi fragrance market in terms of value, accounting for 86.0% of the total market share in 2022G, while popular fragrances accounted for 14.0% of the market share.(16) Luxury fragrances were valued at SAR 6,722.3 million after registering a CAGR of 11.6% between 2018G and 2022G. The market is expected to grow driven by the demand for luxury Arabian fragrances based on authentic scents such as musk, amber, and Oud, which will not only be driven by Saudi nationals, but also by the constant influx of expats and tourists who seek to fully immerse themselves in the region's culture. The value of popular fragrances reached SAR 1,235 million after registering a CAGR of 11.6% between 2018G and 2022G. Saudis tend to use a variety of fragrances, both luxury and popular, to create their own unique scent.

11 Euromonitor analysis based on primary and secondary research.
12 Euromonitor analysis based on primary and secondary research.
13 Euromonitor analysis based on primary and secondary research.
14 Euromonitor analysis based on primary and secondary research.
15 Euromonitor analysis based on primary and secondary research.
16 Euromonitor analysis based on primary and secondary research.

The value distribution between popular and luxury fragrances is expected to be similar to historical trends, with luxury fragrances expected to account for 87.0% of the Saudi fragrance market share between 2022G and 2027G, while popular fragrances will account for only 13.0%.[17] The expansion in this category is likely to be driven by the distinctive scents of luxury products that sell at a higher price range than other types of fragrances in the market.

The fragrance market is expected to grow at a CAGR of 11.3% between 2022G and 2027G, reaching SAR 13,375 million in 2027G.[18] This expansion is assumed to be primarily driven by rising disposable income, booming leisure tourism, and the Hajj and Umrah seasons. The development of the fragrance market in Saudi Arabia is expected to be driven by a number of catalysts, primarily technological developments such as 3D printing on personalized perfume bottles. Social media influencers and celebrities are likely to drive e-commerce and fragrance growth in Saudi Arabia. Finally, new product formats such as perfume bottles, car fragrances, and scent diffuser concepts may gain additional popularity in the forecast period, contributing more to the expansion of the fragrance sector than perfumes, hair sprays, body care products, and air fresheners, especially as Saudi citizens seek fragrant scents that can be used at home or while traveling.

Table (3.5): Perfumes Market Size and Product Categories in Saudi Arabia 2018G-2027G (SAR Million)

Category (SAR Million)	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
Perfume market as a proportion of the fragrance market	5,764.7	4,778.3	6,659.7	7,694.1	11,488.0	3.7%	11.5%
Hair and body products market as a proportion of the fragrance market	644.8	648.5	819.1	958.2	1,466.4	6.2%	12.4%
Home fragrances market size as a proportion of the fragrance market	407.3	342.1	342.2	358.7	420.5	(4.3%)	4.2%
Total fragrance market size	6,816.8	5,768.9	7,821.1	9,011.0	13,374.9	3.5%	11.3%

Source: Euromonitor calculations based on primary and secondary research

Table (3.6): Perfumes Market Size by Gender in Saudi Arabia 2018G-2027G (SAR Million)

Category (SAR Million)	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
Women's perfume market as a proportion of the fragrance market	2,065.8	1,799.7	2,378.2	2,725.0	4,010.7	3.6%	11.0%
Men's perfume market as a proportion of the fragrance market	982.6	795.3	1,071.3	1,230.0	1,778.8	2.2%	10.7%
Unisex perfume market as a proportion of the fragrance market	3,768.4	3,173.8	4,371.6	5,056.0	7,585.4	3.8%	11.7%

Source: Euromonitor calculations based on primary and secondary research

Table (3.7): Perfume Market Size by Price Indices in Saudi Arabia 2018G-2027G (SAR Million)

Category (SAR Million)	2018G	2020G	2022G	2023G	2027G	CAGR for the period 2018G-2022G	CAGR for the period 2022G-2027G
Luxury fragrance market size as a proportion of the fragrance market	5,867.9	4,846.8	6,722.7	6,722.7	11,640.5	3.5%	11.6%
Popular fragrances market size as a proportion of the fragrance market	948.9	922.1	1,098.3	1,098.3	1,734.4	3.7%	9.6%

Source: Euromonitor calculations based on primary and secondary research

17 Euromonitor analysis based on primary and secondary research.
18 Euromonitor analysis based on primary and secondary research.

3.3.2 Overview of the Oud Chips Market in Saudi Arabia

Oud chip sales in the Kingdom decreased by 0.4% between 2018G and 2022G to reach SAR 1,094 million by the end of 2022G.[19] Growth remained stable during 2018G-2022G, as the layering of different fragrances and perfuming with Oud and incense continued. With social media campaigns encouraging innovation, smart Oud[20] and rotating head perfume glasses have become an increasingly popular alternative to traditional Oud vaporizers. The popularity of Oud chips as an aromatherapy will continue to appeal to younger demographics who are looking for Oud varieties with subtle fragrances.

Oud consumption in Saudi Arabia is undergoing a major shift, influenced by a combination of factors, the most important of which is the increased demand for the product among younger demographics. This increase in interest is partly due to the role of social media influencers who emphasize the cultural significance of Oud chips. This shift represents a departure from the demographic that has traditionally consumed Oud, where Oud chips primarily favored by the older generation. Concurrently, the sales environment for Oud products has evolved significantly. While Oud chips were traditionally found mainly in traditional markets, consumers now shop through online stores and modern outlets across Saudi Arabia. The growth of tourism in the Kingdom has also played a pivotal role in boosting Oud consumption. Tourists have become a strong contributor to the Oud market, as they are often inclined towards culturally themed products such as Oud. The influx of tourists purchasing Oud chips as souvenir gifts reflecting Arabian culture has notably contributed to the increase in market demand.

In addition, wedding ceremonies in Saudi Arabia, which increased from 6,303 in 2018G to 6,572 in 2022G, contributed to an increase in the consumption of Oud chips, which are considered a staple of the occasion, as it is a tradition to gift the finest types of Oud chips on occasions such as weddings and moving into a new home, reflecting the cultural importance thereof and the tradition of welcoming prosperity into new households. As the number of new families increases, these practices grow, contributing to the prosperity of the Oud chip market.

The sale of Oud in popular markets stands out for its wide range of Oud chips, aromatic oils, and perfumes catering to various budgets and tastes. The value of the Oud market in popular and traditional markets is significant, with prices varying based on quality and rarity, ranging from affordable options to luxurious and expensive varieties. Estimates suggest that 8% of sales are effectuated in popular markets. While the traditional Oud market remains a cornerstone in this sector, it faces competition from online sales channels, which cater to a broader audience and offer convenience, but may lack the cultural and traditional aspects that characterize popular and traditional markets.

Between 2022G to 2027G, it is projected that companies specializing in cosmetic products will continue to garner 82% of the Oud market share, followed by e-commerce at 7%, traditional markets at 6%, and department stores at 5%.[21] E-commerce will provide manufacturers with opportunities to expand their operations and target more consumers, especially those increasingly seeking online offers and premium Oud varieties, as well as those who prefer shopping without leaving their homes.

Between 2022G and 2027G, the Oud sector is expected to grow at a CAGR of 4.0%, reaching 1,332 million Saudi Riyals.[22] The growth of this sector will remain stable as long as the traditions of using Oud and incense continue during the forecast period. Innovation in the category of home fragrance diffusers (such as spray diffusers, app-controlled diffusers, or sensor-operated diffusers) will also have a positive impact on this category, with demand for Oud expected to remain stable between 2022G and 2027G.

3.3.3 The Competitive Landscape of Fragrances and Al Majed for Oud's Position in the Market

The top five companies in the Saudi fragrances market accounted for 50% of the total sales value in 2022G[23], namely Arabian Oud Company (12.5%), Abdul Samad Al Qurashi Company (9.4%), Deraah Perfume Company (5.0%), the Company (5.2%), and Coty Inc. (2.5%). The fragrance market in 2022G was relatively fragmented, with the remaining competitors accounting for 64.3% of the total market share.

Arabian Oud Company

Arabian Oud Company is considered an international brand, owning 900 retail locations in 150 cities across 35 countries worldwide. The brand offers a wide range of products, including men's and women's perfumes, incense, Oud, and home fragrances. Its product distribution relies on highly limited wholesale distribution and licensing agreements, such as sales on airlines and franchising, in addition to its own retail outlets. Arabian Oud's focus is on designing its products and using high-quality ingredients to create distinctive and appealing fragrances for customers. It operates its own manufacturing facilities, allowing for quality control of its products. Additionally, the brand's retail outlets focus on promotional activities (such as a

19 Euromonitor analysis based on primary and secondary research.
20 Described as the modern evolution of Oud, it requires no charcoal, is quick and easy to light. It is referred to as the "smart" way to enjoy the fragrance of Oud.
21 Euromonitor analysis based on primary and secondary research.
22 Euromonitor analysis based on primary and secondary research.
23 Euromonitor analysis based on primary and secondary research.

50% discount on many occasions), high-quality products, packaging, and online marketing to attract younger demographics to its luxury perfumes. The company's best-selling products include oriental scents.

Abdul Samad Al Qurashi Company

Abdul Samad Al Qurashi has more than 500 locations around the world. The brand, established in 1932G, continues to introduce its traditional oriental perfumes, offering a diverse range of luxurious products in various forms, such as incense, perfumes, colognes, balms, hair and body products, focusing on essential scents like Oud, musk, sandalwood, frankincense, and a wide variety of flowers. Abdul Samad Al Qurashi is one of the leading Oud manufacturers in the Kingdom and offers a wide range of gift sets and other items suitable for special occasions. The company also provides perfume consultations, custom blending, and home delivery services, making it easier for customers to find fragrances that meet their requirements and suit their tastes. Abdul Samad Al Qurashi primarily targets financially affluent consumers in the Middle East, relying on its modern and contemporary fragrances to also appeal to younger consumers, often marketing these perfumes to millennials and post-millennials seeking distinctive and modern scents.

Deraah Perfume Company

With nearly 850 locations in 162 areas across the Kingdom, including city centers and outlying suburbs, such as the southern areas of Riyadh's Dar Al Bayda district, the company is the largest fragrance distributor in Saudi Arabia. The brand is characterized by its oriental, French, and Oud fragrances, as well as hair care products and other items that suit the market. Deraah owns 20 registered trademarks in 37 countries worldwide in its core activities, manufacturing its products in partnership with international expertise houses affiliated with global companies, especially those of French origin. The brand offers a variety of perfumes at different price points, along with year-round discounts aimed at attracting a larger customer base (middle social and economic segments) with varying budgets. Additionally, the company provides gift sets and samples to encourage customers to try multiple products, increasing the likelihood of repeat purchases.

Al Majed for Oud

The Company is renowned in the world of perfume manufacturing for its prestigious history spanning over 60 years of experience. It stands out for its extensive presence within the Kingdom of Saudi Arabia and its expansion into neighboring markets, extending to countries such as the United Arab Emirates and Bahrain, boasting ownership of more than 300 locations. The Company offers a wide range of oriental and western perfumes, focusing on adopting a competitive pricing strategy without compromising the quality of its products and luxurious appearance thereof, aiming to attract a large proportion of customers from various social segments. Al Majed for Oud holds a prestigious position among consumers in the Kingdom, with its brand well-known and distinguished by a solid distribution network. The Company's portfolio includes a diverse range of products such as Oud, incense, perfumes, and essential oils, in addition to hair and body sprays, and more. Overall, market experts view Al Majed for Oud as a strong brand with a rich track record. Al Majed for Oud also engages in public relations activities with other companies, in addition to organizing social responsibility events and participating in perfume exhibitions and marketing activities. In 2022G, Al Majed for Oud renovated the interior design of its stores to attract a wider base of consumers who show greater interest in innovative designs. The brand also encourages consumers to participate in promotional activities organized on online stores. It is expected that the company will increase its market share from 5.2% to over 7% by 2023G.

Coty Inc.

Coty Inc., a global beauty industry giant, is one of the largest cosmetics and perfume companies in the world, focusing on French perfumes rather than Oriental ones. Recently, it has added a range of Kylie Cosmetics products in Dubai. The luxury products division focuses on cosmetics, perfumes, and upscale skincare products. Coty, in collaboration with Chalhoub Group and Jashanmal Group, which specialize in the distribution of luxury goods in the UAE, announced the establishment of Coty Distribution UAE LLC., also known as Coty Middle East FZCO, a new joint venture formed in 2014G to strengthen Coty's operations in the UAE. The joint venture is part of the long-standing partnership between Coty and the Chalhoub Group and has allowed Coty to expand its capabilities in the UAE market and give consumers in the region the opportunity to shop Coty's range of brands.

Table (3.8): Market Share of Key Competitors in the Saudi Arabian Fragrance Market in 2022G

Company	Rank	Market Share	No. of Branches
Arabian Oud Company	1	12.7%	900
Abdul Samad Al Qurashi Company	2	9.4%	500+
Deraah Perfume Company	3	6.1%	850
Al Majed for Oud	4	5.2%	300+
Coty Inc.	5	2.5%	Not available
Other companies	-	64.3%	Not available

Source: Euromonitor calculations based on primary and secondary research. All market shares cover the revenues of named companies from their products that fall within the scope of this research.

3.3.4 GCC Fragrance Market

The GCC fragrance market was valued at SAR 13.5 billion in 2022G, having recorded a CAGR of 3.1% since 2018G.(24) Saudi Arabia was the largest contributor to the overall market value (58.0%), followed by the UAE (25.0%), Oman (5.5%), Kuwait (5.0%), Qatar (5.0%), and Bahrain (1.5%).

The fragrance market in the GCC is influenced by a number of factors, including the availability of different varieties and types of fragrances at varying prices, as well as the culture of generosity and self-expression through fragrance. Sales of fragrances are also affected by the increasing demand for fragrances based on natural ingredients, which include a blend of naturally derived essential oils, flower extracts, and plant-based aromatic components.

There is a strong cultural attraction towards luxury products and personal care items in the GCC countries. Consequently, consumers in these countries have become more selective in seeking out perfume brands with symbolic meanings and unique experiences. In addition to focusing on natural perfumes and product diversification (including scented body sprays, body mists, and cologne body sprays), limited editions have also become common. Urban residents in the GCC countries tend to use perfumes to express themselves and their personalities. Oriental and specialized perfumes have gained significant popularity in the Gulf Cooperation Council region in recent years because their distinctive and unique scents perfectly complement the hot and humid climate of the region. Tourists and expatriates in the region are also eager to acquire Oriental perfumes, either for personal use to showcase their integration into the region or as gifts for family and friends in their home countries to introduce them to Gulf culture.

The GCC fragrance market has witnessed significant shifts in consumer tastes, preferences, and buying patterns in recent years. During the period extending from 2018G to 2022G, consumers in the region have been heavily influenced by global trends and have shown a greater inclination towards international brands, partly evidenced by major global brands such as Chanel, which maintained a 1.6% share during the 2018G-2020G period in markets such as Saudi Arabia. However, GCC consumers, who are predominantly younger and more digitally savvy, are now shopping in more informed and research-oriented ways, whereby they place higher value on reviews and are more open to trying unconventional fragrances. In addition, the tech-savvy younger generation tends to buy fragrances online from online platforms such as Golden Scent, which has gained popularity for its diverse and comprehensive fragrance portfolio.

Saudi Arabia, as well as the UAE and Oman, have witnessed the construction of new shopping centers to meet the needs of consumers and the influx of tourists. The UAE, in particular, is currently building several new retail projects to accommodate the expected increase in inbound tourists. Expo 2020G Dubai has contributed to boosting the sector, while the growing demand has led to expansion in the sector in 2021G. In preparation for this major event, Dubai invested over 11.2 billion Saudi Riyals in infrastructure development, including the expansion and construction of malls, shopping centers, and entertainment venues.(25) In Oman, the pace of expansion in retail spaces has accelerated, with major development companies flowing into the Sultanate to establish stores primarily for retailers from the GCC, alongside large shopping complexes. As a result of the government's efforts to expand the retail sector, many new projects have emerged in other cities, such as Sohar, Nizwa, and Muscat. Majid Al Futtaim Real Estate launched Mall of Oman in Muscat in 2021G, with an investment cost of approximately 1.573 billion Saudi Riyals, making it the largest shopping center in the Sultanate.(26) The expansion of retail spaces in key GCC states, such as the UAE and Oman, is likely to attract specialized stores in cosmetics and perfumes.

24 Euromonitor analysis based on primary and secondary research.
25 Euromonitor analysis based on primary and secondary research.
26 Euromonitor analysis based on primary and secondary research.

Within the GCC, Saudi Arabia recorded the fastest CAGR of 4.1% between 2018G and 2022G, followed by the UAE with a CAGR of 3.5% in the same period.[27] Demand for fragrances in the UAE is primarily driven by the influx of tourists, specifically thanks to travel retail, which exempts tourists from customs duties in Dubai. The market is also benefiting from a young population, whose tastes are shifting and who constitute a significant purchasing power. The fragrance market in the UAE is highly competitive, with global brands shaping this competitive environment, introducing new products while local and regional fragrance manufacturers are constantly creating new scents and focusing on aggressive marketing (collaboration with influencers and brand ambassadors).

In Qatar and Kuwait, the fragrance markets have grown at similar rates, with a compound annual growth rate of 4.5% in Qatar and 1.8% in Kuwait.[28] The fragrance market in Kuwait is characterized by a mix of Western scents and Middle Eastern culture, and fragrance manufacturers have introduced new brands, creating a highly competitive market. To differentiate themselves, fragrance manufacturers are implementing innovative marketing campaigns, utilizing social media platforms to reach a wider audience, and restructuring supply chain strategies to improve operational efficiency. In Qatar, consumers have a higher preference for natural fragrances and ingredients than other GCC markets.[29] As a result, manufacturers are focusing on diversifying their product offerings in order to satisfy consumer appetite for innovative products with natural ingredients.

Oman's fragrance industry is deeply rooted in the Sultanate's cultural heritage. There is a growing interest in international fragrance brands, and traditional Arabic fragrances also play an important role. The Omani market is witnessing an influx of new competitors, which is intensifying competition and fostering innovation and marketing initiatives. Similarly, Bahrain's fragrance market combines traditional Arabic scents, such as Oud and musk, with the growing demand for international luxury brands. To appeal to local consumers, international brands are focusing on offering customized products, limited edition collections, exclusive offers, and first-time releases in the GCC. Local and international companies are facing stiff competition in the Bahraini market.

The fragrance market in the GCC region is expected to grow at a CAGR of 8.7% between 2022G and 2027G, reaching SAR 20.4 billion in 2027G.[30] Saudi Arabia is projected to be the largest contributor to the GCC fragrance market with a CAGR of 13.0% between 2022G and 2027G, followed by the United Arab Emirates (with a CAGR of 4.3%), then Qatar (with a CAGR of 5.0%), followed by Kuwait (with a CAGR of 6.3%), Oman (with a CAGR of 6.1%), and Bahrain (with a CAGR of 6.5%). It is likely that international brands will increasingly focus on adjusting their strategies to reflect local tastes, given the rise of digitally savvy young consumers seeking unique experiences. The market offers opportunities in demand for natural perfumes and reasonably priced fragrance products, alongside the cultural significance of perfumes in the region. Tourism, the traditional use of Arabian perfumes, and the innovation of new forms of perfumes, such as travel-friendly scents, are expected to drive the growth of the fragrance market in the GCC, with the largest impact on the market in Saudi Arabia, the largest market in the region.

3.4 Conclusion

3.4.1 Identifying Opportunities and the Company's Market Position

Al Majed Oud Company is a Saudi Arabian company whose domestic sales accounted for 95.6% of its total audited sales (retail price excluding taxes) in 2022G, while exports to the GCC accounted for the remaining 4.4%[31], noting that it recorded a strong increase of 52.9% from SAR 16.75 million in 2021G to SAR 25.62 million in 2022G (retail selling price excluding taxes). The Company is one of the major competitors in the local fragrance market in the Kingdom, achieving a significant revenue increase of 32.1%, from SAR 426 million in 2021G to SAR 563 million in 2022G (retail selling price excluding taxes). The majority of these revenues come from luxury perfumes at 63%, followed by other perfumes (including essential oils) at 22%, and then Oud at 15% of total revenues (retail selling price excluding taxes).

The Company seeks to strengthen and expand the presence of its products, especially as it capitalizes on the growing influx of tourists who buy oriental perfumes as souvenirs. The Hajj and Umrah season, as well as the Kingdom's seasons such as Riyadh and Jeddah, have boosted total sales including perfumes and Oud, which has encouraged the company to make new investments in locations and regions where tourism is booming and expand its presence there. Expanding the presence of Al Majed for Oud products has come either through the opening of new branches, or simply by participating in exhibitions and events. Al Majed for Oud has partnered with several charitable organizations and government sectors to enhance its role in terms of social responsibility.

Since its establishment in 1982G, the Company has gained a strong reputation for its ability to adapt to the region's market, with a focus on creating new fragrances, which has contributed to its growth and maintained customer loyalty. The Company has innovated over a thousand products that capture the imagination of customers in the world of perfumery, appealing to the

27 Euromonitor analysis based on primary and secondary research.
28 Euromonitor analysis based on primary and secondary research.
29 Euromonitor analysis based on primary and secondary research.
30 Euromonitor analysis based on primary and secondary research.
31 Euromonitor analysis based on primary and secondary research.

tastes of all consumers, including Oriental fragrances (Oud, luxury musk), floral fragrances, perfume oils, Oud and incense, as well as home fragrances.

The Company has more than 300 retail locations in Saudi Arabia and the GCC. But it has ambitions to expand its presence in the future, so it aims to expand its current operations in the Middle East and Southeast Asia, by increasing the number of branches in new commercial areas and leveraging its online platform to reach a younger demographic, which tends to seek adventure in discovering new fragrances.

The Company aspires to develop and create authentic fragrances that epitomize the essence of Saudi traditions and culture while aligning with global modernity trends, all without compromising on quality, and with a focus on providing products at competitive prices. The Company's extensive product line includes Oriental and floral fragrances for men, women, unisex, and children. The brand has also expanded into hair fragrances that complement existing fragrance lines. The Company has created a variety of alcohol-free, skin-friendly Oud oil fragrances known for their easy application and long-lasting stability, making them ideal for workplace environments. Offering a wide range of Oud and incense products, including Ma'amoul, Mabsous, and Dakhoun, a blend of sandalwood, amber, and Oud oil, as well as Oriental oils used in scent diffusers and home fragrances. Refreshing home fragrances complete the comprehensive range of Al Majed products, helping create aromatic indoor scents characterized by joyfulness and complementing incense-burning traditions. Finally, the company has set several goals to expand its local and regional presence, including enhancing its position in the fragrance industry through strategic partnerships and alliances with international suppliers and perfume houses.

The Company adheres to strict international quality standards in manufacturing its products with a daily production capacity of around 50,000 products. The brand is growing in popularity among millennials, who represent 27% of the Kingdom's population and are increasingly financially independent and have a greater level of disposable income to spend on non-essential purchases, positively impacting the demand for fragrances offered by local specialty brands. The most popular products among this age group are French fragrances with musky scents.

Finally, the Company is an important contributor at the national, regional and international level with a large manufacturing capacity and a wide network of warehouses and retail stores. The 2022G-2027G forecast period demonstrates the strength of the Company's performance, which is based firstly on the strength of its distribution through various channels, including rapidly growing e-commerce, and its introduction of new products. This strong performance is expected to contribute to the Company's growth domestically within the Kingdom, as well as the growth of its exports to GCC countries and the expansion of its international operations. Additionally, its position is expected to be strengthened due to its rapid rise as a leading company in the perfume industry, focusing on a diverse range of products and offering competitive prices while maintaining high product quality.

4. The Company

4.1 Overview of the Company and its Business Activities

Al Majed for Oud Company is a Saudi joint-stock company registered under Commercial Registration No. 1010045397 dated 15/09/1402H (corresponding to 07/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia. The Company operates under Saudi Food and Drug Authority License No. 01015-01-03 dated 16/03/1438H (corresponding to 15/12/2016G). According to its commercial registration, the head office of the Company is located in Riyadh, Postal Code 13321, P.O. Box 85995. The current capital of the Company is SAR 250,000,000, divided into 25,000,000 fully paid Ordinary Shares, with a nominal value of SAR 10 per share.

Presently, Al Majed for Oud Company operates in the retail sector for natural Oud products, perfumes, essential oils, plant-based products, accessories and gifts. Engaging in development, production, and marketing, the Company offers over 650 high-quality products to meet the diverse needs of its customers, ranging from Oriental to French products. The Company has a wide customer base concentrated in five countries in the GCC: Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Oman. Headquartered in the Kingdom, as at 31 December 2023G, the Company conducted its operations and sales primarily through 286 stores across Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Oman.

The Company operates a 4,000 square meters factory located in Riyadh with a production capacity of 50,000 products per day. The Company is recognized as one of the leading manufacturers and developers of perfume and Oud products in the Kingdom. According to the Market Study, the Company held a market share of 5.2% of total perfume sales in the Kingdom in 2022G.

The Company achieved total revenues of SAR 588,382,740 during FY22G, compared to SAR 442,465,485 during FY21G. Net income for FY22G was SAR 125,346,716, compared to SAR 100,967,833 during FY21G.

The Company's total revenues for the financial year ended on 31 December 2023G, amounted to SAR 767,023,097, compared to SAR 588,382,740 for the financial year ending on 31 December 2022G. Net income for the financial year ended on 31 December 2023G, was SAR 148,677,253, compared to SAR 125,346,716 for the financial year ending on 31 December 2022G.

As of the financial year ended on 31 December 2023G, the Company had 1,863 employees.

4.2 Vision and Mission of the Company

4.2.1 Company's Vision

The Company aspires to be the leader in the Oud and perfume industry in the Middle East and the world, through the creation and/or development of distinguished fragrance products that suit the tastes of its customers and enable them to express their originality.

4.2.2 Company's Mission

To innovate, develop and produce the best and finest types of perfumes, and to import the finest types of Oud by setting high standards as per the international industry standards to gain customer confidence and fulfill/meet aspirations.

4.3 Strengths and Competitive Advantages of the Company

The key strengths and competitive advantages of the Company are as follows:

4.3.1 Regional leader in the field of perfumes with expertise in offering the finest types of fragrances

The Company is a leading manufacturer and developer of perfume and Oud products in the Kingdom and, increasingly, throughout the region as the Company continues to expand geographically within the GCC. Well-known in the fragrance sector for its longevity (more than 60 years of expertise) and widespread presence within Saudi Arabia and neighboring countries, the Company's strength in these markets is founded in its broad portfolio of high quality and diverse Oud products, perfumes, essential oils, plant-based products and accessories and gifts, as well as its deep understanding of market demand that the Company has amassed from its longstanding experience and presence in the perfume and fragrance sector in the region.

4.3.2 Well-known brand with a distinguished customer base

Through its longstanding presence that stretches over decades, and its state-of the-art business structure, the Company is well-established in the market and is poised to further solidify its position as the fragrance powerhouse in the region. As at 31 December 2023G, the Company offered over 650 high-quality products under 132 brands through its network of 286 Al Majed for Oud branded stores and through its online store and third-party e-commerce websites (amongst others), and had top-of-mind recall among consumers in Saudi Arabia, with strong brand recognition. The Company focuses on a competitive pricing strategy and maintaining product quality and an opulent appearance in order to attract a large proportion of customers, including millennials, who now account for a significant share of the Kingdom's population and who are increasingly financially independent with more disposable income for luxury purchases.

4.3.3 Strong value proposition in the perfume and fragrance sector, offering a wide range of perfume and fragrance products, focused on customer satisfaction

Since its founding in 1982G, the Company has gained a strong reputation for market adaptability in the region, focusing on the development of new scents, which has contributed to the Company's growth and consumer loyalty. The Company has developed a consumer-centric business model with a focus on thoroughly researching and understanding market trends and an unwavering commitment to product development in order to ensure a continuous supply of innovative and captivating fragrances. The Company has created more than a thousand products that have top-of-mind recall in the world of perfumes and appeal to the tastes of all consumers. As at 31 December 2023G, the Company offered 675 products in six categories to its customers, adding 29 new products in 2021G, 65 in 2022G and 87 in 2023G, as well as others in the pipeline expected to be launched in 2024G.

The Company's focus on customer satisfaction by offering products at diverse price levels for all customer segments, high product quality and competitive prices has helped drive referrals of new customers, repeat sales, and maintaining a self-sustaining business.

4.3.4 The Company employs multiple and cohesive channels, supported by a wide range of stores, backed by its strategic locations throughout the Kingdom and GCC countries

The Company's omnichannel and extensive store network allows it to maximize customer outreach, in Saudi Arabia and across the GCC region. This efficient and well-established distribution network strengthens the Company's competitive position, putting the Company in a leading position to become the dominant player.

As at 31 December 2023G, the Company owned and operated 237 stores throughout the Kingdom, as well as 49 outside the Kingdom in Kuwait, the UAE, Bahrain and Oman. The Company deems that its market leadership in terms of the number and spread of stores contributes to achieving growth by offering products to new customer bases, in addition to maintaining existing customers.

The Company also expects to benefit from the Saudi government's focus on promoting tourism in the context of Vision 2030G, which has helped to attract large numbers of tourists to key retail locations, including the Central, Western and Southern Provinces, where the Company has a strong presence. The government is aiming to attract 100,000,000 visitors to the Kingdom by 2030G, which is anticipated to increase demand for products including fragrances with authentic scents, as these are frequently purchased as gifts.

In addition to its store network, the Company has increased its focus on developing electronic sales platforms (i.e., the mobile application and the website) in order to keep pace with changes in customer behavior patterns and their increased reliance on online shopping. The Company also sells its products through third-party e-commerce websites such as Amazon, Golden Scent, and Nice One, enabling it to further expand its market penetration.

4.3.5 Access to a large and expansive market, supported by several favorable catalysts set to drive sustainable growth

The fragrance market is continuously witnessing significant growth, driven by, inter alia, increasing consumer preferences, rising disposable income, expansion of the tourism sector and growing digital adoption. According to the Market Study, the fragrance market in Saudi Arabia grew by a CAGR of 3.5% between 2018G-2022G to reach SAR 7,800,000,000 in 2022G.

The fragrance market is projected to increase at a CAGR of 11.3% between 2023G and 2027G, reaching SAR 13,400,000,000 in 2027G, according to the Market Study. This expansion is expected to be driven primarily by rising disposable income, women empowerment, and rising recreational tourism, as well as Hajj and Umrah. In addition, technological advancements like 3D printing of personalized perfume bottles, or the use of artificial intelligence to create niche and personalized scents, are anticipated to stimulate future development, and social media influencers and celebrities are likely to drive the growth of e-commerce and drive the growth of fragrances in the market. The Company is well-positioned to capitalize on this trend and leverage its strong customer base to further expand its market share.

4.3.6 Strong financial position driven by a growth-focused strategy

Strong top-line performance over the years has been a key focus for the Company, driven by self-growth, portfolio expansion and expanding its geographic footprint in the long term. The Company's revenues have grown consistently over the last several years, from SAR 442,465,485 in 2021G to SAR 767,023,097 in 2023G, a CAGR of 31.7%. This growth comes in line with the Company's strategy and previously-established plans to increase revenues by increasing spending on marketing campaigns, as such spending cost amounted to SAR 22,584,254 in 2021G (representing 5.1% of total revenues), and increased to SAR 31,019,818 in 2022G (representing 5.3% of total revenues), and further increased to SAR 64,431,466 in 2023G (representing 8.4% of total revenues). In addition, the opening of a larger number of stores also led to revenue growth, as 22 new stores were opened in 2021G, 38 in 2022G, and 77 in 2023G. The Company has managed this growth while maintaining its margin profile, with its gross margin increasing from 61.7% in 2021G to 64.1% in 2022G, and further increasing to 66.6% in 2023G.

The Company has consistently delivered strong free cash flow throughout its history and this has become an important strength in the market place. To date, the Company has pursued a disciplined capital policy and has developed its business without resorting to substantial debt financing. Furthermore, its balance sheet strength has provided it with enhanced optionality when appraising growth and investment opportunities and allows the Company to pursue growth and its other strategic objectives with speed and flexibility, whilst ensuring that its liquidity and balance sheet strength is not compromised.

4.3.7 Visionary founders and experienced management team

The Company's business was founded by individuals with deep understanding of the fragrance sector and is managed by a highly experienced management team with extensive experience in the sector and includes members of the founding family who continue to ensure a family-led culture. The management team is highly skilled and with strong knowledge of the Kingdom and regional fragrance sector, including market trends and the competitive environment. The management team is also well-equipped to lead the Company through its plans for future growth and expansion, having successfully opened more than 173 stores since 2019G, and penetrated key new markets including Kuwait, the UAE, Bahrain and Oman. Furthermore, they oversee the entire value chain of the Company's activities, and have strongly focused on operational efficiency throughout. This leadership, which has a clear vision for the Company's growth, provides organizational continuity that supports the Company's sustainability into the future.

4.3.8 Importation expertise and distinctive strategic relationships with suppliers and manufacturers

The Company works with over 70 suppliers and manufacturers as part of its efforts to provide varied products to its customers. Due to the Company's long-standing history, extensive experience and sector leadership in the Kingdom in terms of market share, it enjoys strategic relationships with leading international suppliers of perfume and fragrance materials, including the five largest global companies in the field of fragrance and flavor ingredients, enabling it to drive innovation, enhance product quality, and ensure the Company's continued success in the highly competitive fragrance industry. Because the Company sources a significant majority of its raw materials and packaging from international sources (approximately 94% in 2023G), the Company has developed significant expertise around the sourcing and importation of the specialized ingredients and components necessary for the creation of fragrances, which enables the Company to manage its operations efficiently and flexibly.

4.4 Company Strategy

4.4.1 Expansion in the Kingdom and abroad

The Company intends to continue developing its store and electronic platforms to keep pace with developments and customer expectations, and to be a major outlet for sales. Within the Kingdom, the Company intends to continue its strong track record by opening stores and maintaining its focus on the quality of its business growth by locating its future stores in strategic areas and in areas it has not yet entered in order to better meet the demand, which will result in increasing its market share. In addition, the Company will continue to strategically build its online sales channel through its online store and app, as well as strategic third-party e-commerce sites, further building its customer base and market share.

Outside the Kingdom, the Company aims to continue its expansion in the GCC, as well as in North Africa, Europe and North America, targeting international exhibitions, in accordance with the strategic plan for international expansion adopted by the Board of Directors. This expansion may be effected by various means, according to the management team's assessment of the potential return on investment, including through the opening of stores directly owned by the Company, franchising rights or business-to-business transactions.

4.4.2 Product portfolio diversification

Utilizing its extensive internal expertise in the perfume industry and its external partnerships with leading international perfume manufacturers, the Company plans to enhance and develop its product portfolio to satisfy customer tastes and needs by diversifying its product offering in line with customer needs, adding products compatible with customer segments and the preferences thereof. This product diversification also reflects the Company's vision of continuing to develop distinguished fragrance products that suit the tastes of its customers and enable them to express their originality. The Company seeks to focus on the customer to create a better experience by placing customer needs and desires at the core of its central goals to create a sustainable partnership.

4.4.3 Maintain focus on efficiency

The Company plans to continue efficiently managing its operations by optimally utilizing all resources, maintaining output levels, and reducing costs without compromising quality. The Company also aims to enhance shareholder value by providing a higher level of financial and operational transparency, increasing its efficiency in decision-making due to a clear understanding of the impact of decisions on the Company's value and profitability; all the while doing so in compliance with its environmental sustainability strategy by committing to environmental conservation through contractual partnerships with environmentally friendly companies.

4.5 Key Developments of the Company since Establishment

The Company traces its roots back to Al Majed family, which entered the perfume and Oud industry in the Gulf in the 1950s, when Mr. Ali bin Othman Al Majed started his business in the wholesale trade of Oud, its derivatives, and saffron. By 2022G, it rose to become the fourth-largest Oud, perfume and fragrance company in the Kingdom, according to the Market Study Report. The Company was established in Riyadh as a sole proprietorship under the name Al Majed for Oud Establishment by its owner Saad Ali Othman Al Majed, under commercial registration No. 1010045397, dated 15/09/1402H (corresponding to 07/07/1982G). On 16/11/1431H (corresponding to 25/10/2010G), the Establishment, with all its rights and obligations, was converted into a limited liability company called Al Majed for Oud Limited Liability Company. On 29/08/1444H (corresponding to 21/03/2023G), the Company was converted into a closed joint-stock company.

The key developments achieved in relation to the Company and its business since its establishment are summarized as follows:

Table (4.1): Key Developments of the Company since Establishment

Year	Event/Development
1956G	Mr. Ali bin Othman Al Majed started his business in the wholesale trade of Oud and saffron.
1982G	The establishment was founded as a sole proprietorship registered under the name of Al Majed for Oud Establishment.
1990G	The Company commenced working in the retail sector by opening its first store in Riyadh. The Company expanded its product portfolio to include perfumes, incenses, essential oils, accessories and gifts.
2007G	The Company focused its business on the retail sector and ceased its wholesale business.
2010G	The Al Majed for Oud Establishment was converted into a limited liability Company under the name of Al Majed for Oud limited liability Company.
2012G	The Company established a factory in Riyadh for the production of perfumes, essential oils and incenses, capable of producing up to 5,000 units per day.
2018G	The Company expanded its sales operations, opening a store in Kuwait and launching its online store.
2019G	The Company expanded its Riyadh factory, increasing its production capacity to 50,000 units per day.
2020G	The Company opened its 100th store.
2021G	The Company opened its first stores in the UAE.
2022G	– The Company opened its first store in Bahrain. – The Company opened its 200th store. – The Company acquired the assets of Khalta Perfumes Company, which added 41 stores to the Company's portfolio.
2023G	– The Company was converted into a closed joint-stock company. – The Company established its first store in Oman.

Source: the Company

4.6 Overview of the Company Structure and Growth of its Capital

4.6.1 Growth of the Company Capital

The Company commenced its activities as a sole proprietorship established in Riyadh under the name of “Al Majed for Oud Establishment” by its owner Saad Ali Othman Al Majed, with Commercial Registration No. 1010045397 on 15/09/1402H (corresponding to 07/07/1982G). On 16/11/1431H (corresponding to 25/10/2010G), Al Majed for Oud Establishment, owned by Saad Ali Al Majed, was converted into a limited liability company named “Al Majed for Oud Limited Liability Company” with a capital of SAR 200,000 divided into 200 fully paid shares with a nominal value of SAR 1,000 per share. The shares of the Company were distributed as follows:

Table (4.2): Company’s Ownership Structure as of its Conversion into a Limited Liability Company

Name	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
Khaled Ali Othman Al Majed	50	1,000	50,000	25%
Saad Ali Othman Al Majed	50	1,000	50,000	25%
Suleiman Ali Othman Al Majed	50	1,000	50,000	25%
Majed Ali Othman Al Majed	50	1,000	50,000	25%
Total	**200**	**1,000**	**200,000**	**100%**

Source: the Company

On 17/01/1440H (corresponding to 27/09/2018G), the Company’s capital was increased from SAR 200,000 divided into 200 in-kind shares of an equal value of SAR 1,000 per share, to SAR 50,000,000, divided into 50,000 fully paid cash and in-kind shares of an equal value of SAR 1,000 per share, through the capitalization of SAR 49,800,000 from the retained earnings account. The following table illustrates the ownership structure of the Company after this capital increase:

Table (4.3): Company’s Ownership Structure as of 17/01/1440H (corresponding to 27/09/2018G)

Name	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
Khaled Ali Othman Al Majed	12,500	1,000	12,500,000	25%
Saad Ali Othman Al Majed	12,500	1,000	12,500,000	25%
Suleiman Ali Othman Al Majed	12,500	1,000	12,500,000	25%
Majed Ali Othman Al Majed	12,500	1,000	12,500,000	25%
Total	**50,000**	**1,000**	**50,000,000**	**100%**

Source: the Company

On 18/09/1443H (corresponding to 19/04/2022G), the Company’s capital was increased from SAR 50,000,000 divided into 50,000 cash and in-kind shares of an equal value of SAR 1,000 per share, to SAR 250,000,000, divided into 250,000 fully paid Ordinary Shares of an equal value of SAR 1,000 per share, by converting SAR 200,000,000 from the Company’s retained earnings to the Company’s capital, and the entry of Mr. Badr bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed as partners in the Company through the assignment by each of Mr. Khaled Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed of 2.5% of their respective share to Mr. Bader bin Ali bin Othman Al Majed and Mr. Mohammed bin Ali bin Othman Al Majed. The following table illustrates the ownership structure of the Company after this capital increase:

Table (4.4): Company's Ownership Structure as of 18/09/1443H (corresponding to 19/04/2022G)

Name	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
Khaled Ali Othman Al Majed	56,250	1,000	56,250,000	22.5%
Saad Ali Othman Al Majed	56,250	1,000	56,250,000	22.5%
Suleiman Ali Othman Al Majed	56,250	1,000	56,250,000	22.5%
Majed Ali Othman Al Majed	56,250	1,000	56,250,000	22.5%
Bader Ali Othman Al Majed	12,500	1,000	12,500,000	5%
Mohammed Ali Othman Al Majed	12,500	1,000	12,500,000	5%
Total	**250,000**	**1,000**	**250,000,000**	**100%**

On 29/08/1444H (corresponding to 21/03/2023G), the Company was converted from a limited liability company to a closed joint-stock company with a capital of SAR 250,000,000, divided into 25,000,000 fully paid Ordinary Shares with a nominal value of SAR 10 per share.

As at the date of this Prospectus, the ownership structure of the Company is as follows:

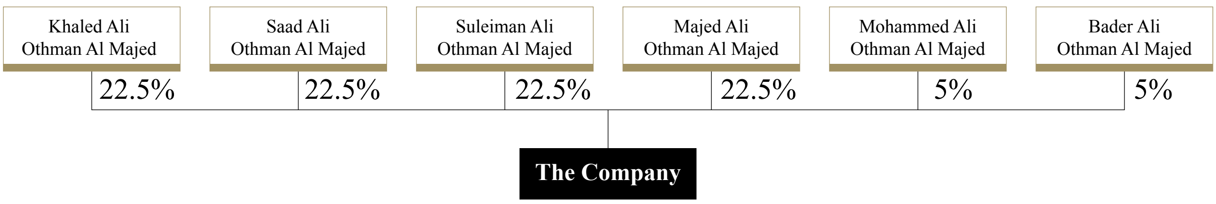
Table (4.5): The Company's ownerships structure as at the date of this Prospectus

Name	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
Khaled Ali Othman Al Majed	5,625,000	10	56,250,000	22.5%
Saad Ali Othman Al Majed	5,625,000	10	56,250,000	22.5%
Suleiman Ali Othman Al Majed	5,625,000	10	56,250,000	22.5%
Majed Ali Othman Al Majed	5,625,000	10	56,250,000	22.5%
Bader Ali Othman Al Majed	1,250,00	10	12,500,000	5%
Mohammed Ali Othman Al Majed	1,250,00	10	12,500,000	5%
Total	**25,000,000**	**10**	**250,000,000**	**100%**

4.6.2 Overview of the Company's Structure

The following chart illustrates the structure of the Company as at the date of this Prospectus:

Figure (4.1): The Company's Ownership Structure as at the date of this Prospectus



Source: the Company

4.6.3 The Company's Ownership Structure Pre- and Post-Offering

The Issuer's current number of existing shareholders is 6 (pre-IPO), collectively owning 25,000,000 fully paid Ordinary Shares as follows:

Table (4.6): The Company's Ownership Structure Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership	No. of Shares	Nominal Value (SAR)	Direct Ownership
Majed bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Suleiman bin Ali bin Othman Al- Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Saad bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Khaled bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Mohammed bin Ali bin Othman AlMajed	1,250,000	12,500,000	5.00%	875,000	8,750,000	3.5%
Bader bin Ali bin Othman Al- Majed	1,250,000	12,500,000	5.00%	875,000	8,750,000	3.5%
Public	-	-	-	7,500,000	75,000,000	30%
Total	**25,000,000**	**250,000,000**	**100%**	**25,000,000**	**250,000,000**	**100%**

Source: the Company

4.7 Subsidiaries

The Company does not own subsidiaries as at the date of this Prospectus.

4.8 Overview of the Company Business Activities

The Company operates in the retail sector for perfume and essential oils products, including French and Oriental perfumes, air and furniture fresheners, hair and body fragrances, as well as Oud, natural and synthetic woods, concentrated essential oils, and plant-based products such as saffron and frankincense. The Company also offers various types of incense, Oud accessories and gifts. It engages in the development, production, and marketing of over 600 high-quality products, catering to diverse customer needs in fragrance products.

The Company produces many of its products in its factory in Riyadh, which has a production capacity of 50,000 products daily. In addition to its own products, the Company also packages for third parties in its factory in order to maximize the utilization of its production lines and optimize its resources.

The Company has a wide customer base concentrated in five countries in the GCC: Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Oman. Headquartered in the Kingdom, as at 31 December 2023G, the Company conducted its operations and sales primarily through 286 stores across Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Oman, via its online store, as well as through various third-party operated online stores such as Amazon, Nice One, and Golden Scent (for more information, please refer to section 4.8.5.2 ("**Sales Channels**") of this Prospectus).

The Company is recognized as one of the leading manufacturers and developers of perfume and Oud products in the Kingdom. According to the Market Study Report, the Company held a market share of 5.2% of total perfume sales in the Kingdom in 2022G.

4.8.1 Company Products

4.8.1.1 Overview

As at 31 December 2023G, the Company offered 675 high-quality products in several categories: perfumes, Oud, incense, essential oils, plant-based products and accessories and gifts. These products are produced by the Company at its factory in Riyadh, or sourced from reputable outside suppliers.

The table below illustrates the main categories of products sold by the Company, including the number of brands, key brand names and the number of Stock Keeping Units (SKUs) in each product category:

Table (4.7): Company Product Categories as at 31 December 2023G

Product Category	Key Brands	Number of Brands	SKUs
Perfumes	Classic – Wood – Prestige - Jawak - Musk - Bodry – Haiba – Rasmi – Maany - Obq	85	199
Oud	Arien – Oud Al Bait – Kamlimantan - Indian	11	90
Incense	Maamoul Al Majed – Dokhoon Al Majed – Mabsous Al Majed	3	20
Essential oils	Dehn Oud Al Majed – Wood – Musk – Mukhallat Al Majed	31	76
Plant-based Products	Al Majed Saffron - Al Majed Gum	2	5
Accessories & Gifts	-	-	285
Total		**132**	**675**

Source: the Company

The table below illustrates the Company's revenues by product categories and the volume of each product category sold for the relevant financial periods:

Table (4.8): Company Revenues by Key Product Categories and the Volume of Products Sold

Product Category	FY21G			FY22G			FY23G		
	Number of units sold	Sales (SAR thousands)	% of total revenues	Number of units sold	Sales (SAR thousands)	% of total revenues	Number of units sold	Sales (SAR thousands)	% of total revenues
Perfumes	2,931,235	254,526	57.5%	3,822,169	369,651	62.8%	4,718,788	490,526	64.0%
Oud	1,082,364	67,160	15.2%	1,009,739	86,104	14.6%	1,315,222	109,793	14.3%
Incense	565,507	39,063	8.8%	692,600	50,968	8.7%	778,200	60,851	7.9%
Essential oils	198,840	27,000	6.1%	224,438	33,184	5.6%	382,732	47,041	6.1%
Plant-Based Products	210,758	11,688	2.7%	298,002	18,827	3.3%	304,464	12,871	1.7%
Accessories and Gifts	287,804	43,028	9.7%	34,924	29,649	5.0%	300,174	45,941	6.0%
Total	**5,276,508**	**442,465**		**6,081,872**	**588,383**		**7,799,580**	**767,023**	

Source: the Company

4.8.1.2 Perfumes

The Company started selling perfumes in 1990G when it offered four products, and has since expanded its perfume product range to 85 brands encompassing 199 SKUs as at 31 December 2023G.

The Company's perfume products may be made from natural or synthetic sources or from a combination of both materials. The Company offers a variety of perfume products, including:

- French perfumes in scents across six fragrance families: citrus, floral, fruity, woody, fougère and chypre. These include the following brands, Wood, Prestige, Bodry, Haiba, Rasmi, and Obq. French perfumes typically account for between 76% and 85% of the Company's revenues in the perfume category, and have the highest profit margin in the category.
- Oriental perfumes featuring Eastern ingredients such as Oud, rose, and amber, under brands such as Musk, Maany and Classic. Oriental perfumes typically account for between 10% and 13% of the Company's revenues in the perfume category.
- Hair and body care perfumes include body mists and fragrances suitable for direct use on hair and body under brands such as Wood. Hair and body care perfumes typically account for between 2% and 4% of the Company's revenues in the perfume category.
- Air fresheners suitable for scenting spaces under brands such as Jawak. Air fresheners typically account for between 3% and 7% of the Company's revenues in the perfume category.

The Company manufactures all of its perfume products in its Riyadh factory using top quality raw materials and formulas from leading local and international suppliers.

Perfumes constitute the largest product category for the Company, generating 64% of the Company's revenues for FY23G, 62.8% for FY22G, and 57.5% for FY21G.

4.8.1.3 Oud

Oud is a valuable material extracted from one of the rarest and most expensive woods in the world. Oud is used for personal use or to scent rooms or open spaces in various forms, including "natural" Oud, extracted from trees found mainly in East Asia without the addition of any other substances, and "synthetic" Oud, in which the tree wood also includes the addition of natural substances extracted from natural Oud.

The Company began selling Oud at its inception in 1982G, and has since expanded to 90 natural Oud SKUs and 2 synthetic Oud SKUs under 11 brands as at 31 December 2023G, sold in various weights, typically by the kilogram and ounce.

The Company imports its Oud products from 8 international suppliers, primarily from Indonesia where the Oud trees are harvested, and packages them in its Riyadh factory.

Oud constitutes the second-largest product category for the Company, generating 14.3% of the Company's revenues for the financial year ended 31 December 2023G, 14.6% for FY22G, and 15.2% for FY21G.

4.8.1.4 Incense

Incense is a blend of Oud and essential oils in various scents, including French and Oriental. Incense is offered in various forms, including:

- Dukhoon: Oud powder mixed with perfumed oils and burned in powder form to scent open spaces.
- Mabsous: Natural Oud chips mixed with perfumed oils and used to scent open spaces and personal use.
- Maamool: Higher quality Oud powder mixed with high quality perfumed oils and shaped into balls and intended for personal use.

The Company began selling incense in 1990G and offered 20 SKUs under 3 brands as at 31 December 2023G. The Company's incense products are sold in prepackaged containers ranging in weight from 28 grams up to 56 grams.

The Company imports the necessary materials for its incense products from 17 international suppliers. The Company manufactures all of its incense products in its Riyadh factory.

Incense constitutes the third-largest product category for the Company, generating 7.9% of the Company's revenues for the period ended 31 December 2023G, 8.7% for FY22G, and 8.8% for FY21G.

4.8.1.5 Essential Oils

Essential oils are concentrated, alcohol-free perfumed oils, and include Oriental oils (featuring Eastern ingredients such as rose, and amber), French oils based on the six fragrance families (citrus, floral, fruity, woody, fougère and chypre) and Oud oils extracted from natural Oud. Essential oils are intended for personal use and are more concentrated than the products in the perfume category.

The Company started selling essential oils in 1990G, initially offering 3 products, expanding its range to 31 brands encompassing 76 SKUs as at 31 December 2023G. Essential oils are sold in bottles with sizes ranging from 3 ml up to 12 ml, under brands such as Dehn Oud Al Majed, Wood, Musk and Dehn Mukhallat Al Majed.

The Company imports the necessary materials for its essential oils from 15 local and international suppliers. The Company manufactures all of its fragrance oil products in its Riyadh factory.

Essential oils generated 6.1% of the revenues for the period ended 31 December 2023G, 5.6% for FY22G, and 6.1% for FY21G.

4.8.1.6 Plant-Based Products

The Company also offers a selection of plant-based products, including natural saffron, the threads of which are extracted from the saffron flower, and which is used in perfumes and cuisine; and natural frankincense extracted from the frankincense tree, which is used in incense and cuisine.

The Company began selling plant-based products in 1982G, and as at 31 December 2023G, the Company offered 5 SKUs. The Company sources these products from 10 local and international suppliers.

Plant-based products generated 1.7% of the Company's revenues for the period ended 31 December 2023G, 3.3% for FY22G, and 2.7% for FY21G.

4.8.1.7 Accessories & Gifts

The Company began selling fragrance-related accessories and gifts in 1990G. These products include incense burners and gift boxes of the Company's products (perfumes, incense, Oud, essential oils).

The Company offered 285 SKUs in this category as at 31 December 2023G. Although many of the materials sold in the accessories and gifts category include the Company's own products, other materials for this category (e.g. packaging) are sold that are sourced from 13 local and international suppliers.

The accessories and gifts category generated 6.0% of the Company's revenues for the financial year ended 31 December 2023G, 5.0% for FY22G, and 9.7% for FY21G.

4.8.2 Key Performance Indicators

The following table sets forth the Company's key performance indicators for the financial years ended 31 December 2021G, 2022G and 2023G.

Table (4.9): Company's Key Performance Indicators

Financial Performance			
KPI	**FY21G**	**FY22G**	**FY23G**
Volume of sales (thousands)	442,465	588,383	767,023
Revenues (SAR millions)	442.47	588.38	767.02
Gross profit margin (%)	61.70%	64.15%	66.6%
Operating profit margin (%)	24.7%	23.4%	20.8%
Profit margin before zakat (%)	24.21%	22.59%	20.46%
Net profit margin (%)	22.82%	21.30%	19.38%
Non-Financial Performance			
KPI	**FY21G**	**FY22G**	**FY23G**
Number of products	662	666	675
Factory daily production capacity (number of units)	50,000	50,000	50,000
Factory production capacity (%)	32%	44%	70%
Number of stores	130	209	286
Countries with Company stores	Saudi Arabia, Kuwait, and UAE	Saudi Arabia, Kuwait, UAE, and Bahrain	Saudi Arabia, Kuwait, UAE, Bahrain, and Oman
Online store availability	Saudi Arabia and Kuwait	Saudi Arabia, Kuwait, UAE, and Bahrain	Saudi Arabia, Kuwait, UAE, Bahrain, and Oman

Source: the Company

4.8.3 Product Conception and Development

The Company's product management team works with the Company's research and development function in innovating new products or modifying existing products. The product development process includes the following stages:

- Initial Concept: This phase involves identification of new ideas, which may encompass the introduction of new products, updates to existing products, discontinuation of certain products, or the establishment of new product lines.
- Data Collection: Key departments within the Company convene to discuss and analyze the product data, including financial, marketing and expert data, as well as new market trends and comparative analyses on competitors.
- Design and Planning: The initial concepts are translated into tangible plans, providing financial estimates, presentation of marketing ideas, and the assembly and design of product samples.

- Testing: Rigorous testing and experimentation on product samples occur to ensure compliance with regulatory authorities and industry standards.
- Analysis: Future expectations are detailed, and alternative plans prepared.
- Launch: The trial product is launched to the market, allowing for real-world feedback and market response.
- Feedback and Report Preparation: Following the product's trial period, comprehensive information and statistics are collected. Observations and insights from this stage facilitate the decision-making regarding the continuation or discontinuation of the product, and are used to prepare the necessary reports to support these decisions.

With respect to perfume products, the Company works with the largest global companies in the field of fragrance and flavor ingredients to develop and adapt new and attractive fragrances, including Firmenich (Switzerland), Givaudan (Switzerland) – the Company's largest partner, IFF (International Flavors and Fragrances) (US/Netherlands), Symrise (Germany) and Mane (France). The Company collaborates with these global perfume experts and relies on them to create high-quality, sustainable fragrances using environmentally friendly ingredients that the Company can use as raw materials to manufacture its perfumes and other products at its factory in Riyadh.

The Company's R&D function plays a pivotal role in driving innovation, enhancing product quality, and ensuring the Company's continued success in the highly competitive fragrance industry. Its achievements include the successful introduction of some of the Company's top products and the development of innovative marketing strategies, all of which contribute to the Company's growth and success.

4.8.4 Supply and Production Chain

4.8.4.1 Suppliers

4.8.4.1.1 Overview of the Company's Key Suppliers

In this specialized field, suppliers play a pivotal role in providing the raw materials and components necessary for the creation of fragrances. These suppliers typically furnish essential ingredients such as essential oils, aroma chemicals, botanical extracts, and packaging materials.

The Company imports the necessary raw materials for its products such as from several suppliers in approximately 12 countries. Most of Al Majed's suppliers are located in Asia, Europe, and the Middle East, with the largest suppliers being Switzerland, France, China, and Indonesia. In the financial year ended 31 December 2023G, the Company sourced raw materials from over 70 suppliers. In the same period, approximately 94% of purchases by value were sourced from international suppliers.

The Company's strategy involves working with reliable and key suppliers worldwide to maintain high quality for the imported products. The Company deals with the top 5 suppliers of essential oils globally to develop its products, innovate excellent, and offer prestigious products that align with its customers' preferences. The Company has established strong relationships with its local and international suppliers in order to ensure the seamless production of high-quality products.

4.8.4.1.2 Key Suppliers

As at 31 December 2023G, the Company's 10 largest suppliers (in terms of purchase value) for the financial years 2021G, 2022G, and 2023G, represented 72%, 62%, and 63.7%, respectively, of the Company's total purchases.

The following table represents an overview of the Company's key suppliers:

Table (4.10): The Company's Ten Largest Suppliers (by Purchase Value) as at the Financial Years 2021G, 2022G and 2023G

No.	Supplier	Products Supplied	Supply Value	Supply Percentage of Total Purchases	Nature of Relationship
Transactions with the Company's Key Suppliers during the FY21G					
1.	Supplier 1	Oud	34,025,762	25%	Non-contractual (purchase orders)
2.	Supplier 2	Packaging materials	18,991,540	14%	Non-contractual (purchase orders)
3.	Supplier 3	Oud	4,651,823	3%	Non-contractual (purchase orders)
4.	Supplier 4	Packaging materials	4,677,859	3%	Non-contractual (purchase orders)
5.	Supplier 5	Packaging materials	7,973,846	6%	Non-contractual (purchase orders)

No.	Supplier	Products Supplied	Supply Value	Supply Percentage of Total Purchases	Nature of Relationship
6.	Supplier 6	Raw materials	11,351,150	8%	Contractual (purchase orders)
7.	Supplier 7	Packaging materials	6,778,769	5%	Non-contractual (purchase orders)
8.	Supplier 8	Raw materials	3,384,794	3%	Non-contractual (purchase orders)
9.	Supplier 9	Raw materials	3,185,924	2%	Non-contractual (purchase orders)
10.	Supplier 10	Packaging materials	2,351,890	2%	Non-contractual (purchase orders)
Transactions with the Company's Key Suppliers during the FY22G					
1.	Supplier 1	Oud	40,986,263	20%	Non-contractual (purchase orders)
2.	Supplier 2	Packaging materials	15,186,453	7%	Non-contractual (purchase orders)
3.	Supplier 3	Oud	12,174,789	6%	Non-contractual (purchase orders)
4.	Supplier 4	Packaging materials	12,075,419	6%	Non-contractual (purchase orders)
5.	Supplier 5	Packaging materials	6,925,356	3%	Non-contractual (purchase orders)
6.	Supplier 6	Raw materials	10,848,225	5%	Contractual (purchase orders)
7.	Supplier 7	Packaging materials	8,662,080	4%	Non-contractual (purchase orders)
8.	Supplier 8	Raw materials	7,652,639	4%	Non-contractual (purchase orders)
9.	Supplier 9	Oud	7,589,004	4%	Non-contractual (purchase orders)
10.	Supplier 10	Packaging materials	6,554,926	3%	Contractual (purchase orders) Non-contractual (purchase orders)
Transactions with the Company's Key Suppliers during the FY23G					
1.	Supplier 1	Oud	49,963,011	17.3%	Non-contractual (purchase orders)
2.	Supplier 2	Raw materials	22,537,019	7.8%	Contractual (purchase orders)
3.	Supplier 3	Packaging materials	19,845,241	6.9%	Contractual (purchase orders)
4.	Supplier 4	Packaging materials	18,454,389	6.4%	Contractual (purchase orders)
5.	Supplier 5	Packaging materials	18,025,573	6.2%	Contractual (purchase orders)
6.	Supplier 6	Oud	14,356,101	5%	Non-contractual (purchase orders)
7.	Supplier 7	Packaging materials	14,299,365	4.9%	Contractual (purchase orders)
8.	Supplier 8	Raw materials	10,149,041	3.5%	Non-contractual (purchase orders)
9.	Supplier 9	Oud	8,663,497	3%	Non-contractual (purchase orders)
10.	Supplier 10	Packaging materials	8,096,847	2,8%	Contractual (purchase orders)

Source: the Company

4.8.4.1.3 Standard Supply Terms

Transactions with the Company's suppliers are conducted through purchase orders, which include order numbers, dates, product descriptions, quantities, prices, weights, and delivery times. The terms and conditions are specified in agreements. (For more information about the terms of supply agreements and purchase orders with Key Suppliers, please refer to Section 12.5 ("**Material Agreements**") of this Prospectus).

4.8.4.2 Overview of Production Process

Among the Company's products, perfumes require particular expertise to manufacture, passing through many phases until they reach their final form and acquire their unique aroma. The stages of perfume production in the Company's factory include:

- **First: Mixing and homogenization:** the onset of the production process, starting with mixing and blending the ingredients used to make perfumes (such as alcohols, essential oils, preservatives, fixative agents, stabilizers, etc.) in deliberate ratios.
- **Second: Aging and fermentation**: perfumes are then aged by keeping them under low temperatures and distilling their alcohol content to help capture the highest quality of the essential oils and to ensure the stability of the perfumes upon use.

- **Third: Filtration**: this phase aims to remove any impurities from the perfumes. After chilling the mixture to up to (-5) degrees Celsius, impurities precipitate and are removed using high-efficiency filters, in preparation for the bottling and packing phase.
- **Fourth: Bottling and packaging**: the unit responsible for bottling and packaging the perfumes and selecting the package shape and size most suitable to each product, all by using state-of-the-art packaging machines, such as Coven, Swastik, Sina Ekato, etc. The bottling process is conducted in line with the standards of Good Manufacturing Practices (GMP), to confirm the size and quality of the bottles used, and is then followed by the packaging process, in which the products are packaged in their final form and transferred to the warehouses. Packaging is carried out using various machines according to the type of packaging needed, whether thermal or otherwise, such as Sollas, Vertipack, Brother, etc.

4.8.4.2.1 Company's Factory

The Company carries out its manufacturing operations in its Riyadh factory, observing international quality standards for the production and manufacture of perfume products and formulas. The Riyadh factory was inaugurated in 2012G and was primarily designed as an integrated and comprehensive facility capable of accommodating all production lines in one building. The factory was expanded in 2019G, currently covering a surface area of 4,000 square meters. It boasts a production capacity of 50,000 units per day and employs around 130 staff.

The Riyadh factory houses 3 production lines for all Company products. The production lines are capable of packaging some products automatically (e.g. perfumes), while the other products are packaged manually (Oud and incense).

The factory incorporates a well-equipped warehouse adhering to the highest storage standards to ensure the smooth flow of raw materials and finished products. The warehouse has the capacity for the storage of raw materials from suppliers pending the production process in respect of production line needs equivalent to 300,000 units, with the raw material storage capacity for 229,142 cartons of packaging materials, 100 tons of raw essential oils, and 10 tons of Dakhoun and Mabsous incense, in addition to the storage of finished products until they are sent to the main product warehouse.

The factory adheres to regulatory standards, including those of the Food and Drug Authority. The Company holds ISO 9001 certification for quality management systems, ensuring product quality and operational management in the factory. This standard primarily helps meet customer demands and expectations. The company also obtained Good Manufacturing Practices (GMP) certification, a system ensuring the continuous production of high-quality products in line with global quality standards. Additionally, the company holds Emirates Quality Mark (EQM) certification, confirming compliance with regional and international standards. Products are manufactured by a factory implementing an effective quality management system to ensure continuous adherence to quality standards. The goal is to apply leading global practices in production, storage, and transportation, enhancing the competitive ability of products locally and internationally.

4.8.4.2.2 Quality Assurance and Control

The Company implements an integrated quality management system based on international ISO standards, ensuring the adherence to quality control processes throughout all operational activities. The company has obtained ISO certifications for quality control, including ISO 9001, Good Manufacturing Practices (GMP), and Emirates Quality Mark (EQM). The quality systems followed guarantee full compliance with the requirements of the Food and Drug Authority, subject to continuous development.

The quality unit is responsible for verifying the alignment of the factory's activities and operations with globally approved quality processes. The quality team consists of qualified quality auditors, inspectors, supervisors, the quality manager, and the general manager of production. Quality tests are conducted according to strict instructions regarding sample size, sampling standards, and monitoring compliance with all work mechanisms. Verification of the application of agreed-upon systems is conducted according to the company's internal standards reflecting, for example, ISO 9001, EQM, GMP, and the standards of the Saudi Food and Drug Authority.

The main quality tests are conducted through two units. The Quality Control Unit ensures that all production inputs have undergone laboratory tests and experimentation to confirm their safety before commencing the manufacturing process. The Quality Assurance Unit ensures that the processes carried out during and following production observe the relevant standards.

4.8.5 Business Operations and Sales

4.8.5.1 Main Markets

The bulk of the Company's operations are located in the Kingdom, its home market. The Company expanded its operations internationally in 2018G with the establishment of stores in Kuwait, followed by further expansion to the United Arab Emirates in 2021G, to Bahrain in 2022G and to Oman in 2023G.

The following table sets out a geographic breakdown of the Company's products offered and sold during the indicated periods.

Table (4.11): Geographic Breakdown of Products Offerings and Sales

Country	FY21G		FY22G		FY23G	
	Number of SKUs Offered	Sales (SAR millions)	Number of SKUs Offered	Sales (SAR millions)	Number of SKUs Offered	Sales (SAR millions)
Saudi Arabia	662	425.71	666	562.76	675	691.98
Kuwait	405	16.74	376	19.46	397	31.33
UAE	169	0.02	231	4.22	306	32.17
Bahrain	-	-	205	1.95	278	1.91
Oman	-	-	-	-	230	9.63
Total	**-**	**442.47**	**-**	**588.38**	**-**	**767.02**

Source: the Company

4.8.5.2 Sales Channels

The Company's main sales channels include:

- Company stores, which consist of Permanent Kiosks and Stores.
- The Company's online store.
- Other third-party online stores such as Amazon, Nice One, and Golden Scent.
- Temporary Kiosks set up within trade fairs and exhibitions.
- Other sales, which include offline sales to companies, government entities and major individual customers.

The table below illustrates the Company's revenues by sales channel for the relevant financial periods:

Table (4.12): Breakdown of Sales by Sales Channel (as a % of total revenue)

Description	FY21G	FY22G	FY23G
Stores	90.8%	92%	92.6%
Online store	2.4%	3.5%	4.1%
Third-party e-commerce websites	0.3%	0.9%	0.7%
Temporary Kiosks	0.8%	2.9%	1.7%
Other sales and distribution	5.7%	0.8%	0.9%

4.8.5.3 Company Stores

4.8.5.3.1 Overview of the Company's Stores

The Company conducts most of its sales through its branded stores. As at 31 December 2023G, the Company operated 237 stores in the Kingdom, 15 in Kuwait, 26 in the UAE, one store in Bahrain and 7 stores in Oman.

The following figure illustrates the locations of the Company's stores as at 31 December 2023G:

Figure (4.2): Company Stores

Source: the Company

The number of Company stores has increased to 286 as at 31 December 2023G. The Company's stores increased in 2021G to 130 with the opening of new stores. Moreover, in 2022G, the Company's stores totaled 209 through the opening of new stores both within and outside the Kingdom, in new markets such as the UAE and Oman. Additionally, the Company acquired the assets of Khalta Perfumes Company, which owns 41 stores that were added to the Company's portfolio.

4.8.5.3.2 Strategy for Selecting and Designing Company Stores

The Company's strategy in selecting its stores relies on field surveys of different regions to identify targeted areas, and the selection process involves coordination between the Property Management and Sales departments. Additionally, the Company conducts a return on investment study to determine the profitability of the store and whether to proceed with it or not.

The Company takes various criteria into consideration when choosing a location, including:

- **Population density**: Assessing the population density in cities and the potential growth in the number of residents.
- **Purchasing power**: Evaluating the purchasing power in each region based on reports and open data provided by the Saudi Central Bank.
- **Proximity to existing stores**: Considering the distance of the location from any of the Company's existing stores to mitigate self-cannibalization.

- **Customer accessibility**: Ensuring ease of customer access to the store's location.
- **Proximity to competitors**: Evaluating the distance of the store from competitors and the performance thereof.

The Company also relies on modern and sophisticated designs in the development of its stores, in order to consistently align with the evolving needs and requirements of the market, taking into account a seamless and flexible shopping experience for customers, in harmony with the Company's established identity. The Company also conducts regular and annual performance reviews of its stores to monitor store performance and quality.

4.8.5.4 Online Store

In 2018G, the Company launched its online store in the Kingdom. In 2021G, the first external operations center (Fulfillment Center), which is a warehouse and place for the preparation of orders dedicated to serving the e-store, was opened in Kuwait. In 2022G, an online store was introduced in Bahrain and the United Arab Emirates, each with independent operations centers. In 2023G, the Company expanded by launching an online store in Oman, also with an independent operations center. In the same year, the Company inaugurated the "Al Majed Global" online store, serving countries where the Company does not have independent operations centers, including Qatar, Jordan, the United States, the United Kingdom, Germany, Spain, Italy, France, and the Netherlands.

The Company developed mobile applications internally and offers them on Apple Store, Google Play and Huawei's App Gallery.

The E-commerce Department is managed internally, covering operations, order storage and processing, software development, and technical support.

Online store sales constitute 2.4%, 3.5%, and 4.1% of the Company's total sales for 2021G, 2022G, and 2023G, respectively.

4.8.5.5 Sales via Third-Party E-Commerce Websites

The Company also sells its products through other e-commerce websites such as Amazon, Golden Scent, and Nice One. These websites specialize in e-commerce and do not focus on selling a single brand. The partnership started in 2021G with two of the largest fragrance and beauty e-commerce websites in the Gulf. The collaboration expanded to two additional websites in 2022G; and in 2023G, one more website was added, bringing the total to 5 e-commerce platforms.

Sales from these other e-commerce websites constituted 0.3%, 0.9%, and 0.7% of the Company's total sales for 2021G, 2022G, and 2023G, respectively.

4.8.5.6 Temporary Kiosks

In addition to sales through its regular sales channels which operate on an ongoing basis, the Company also sells its products in specialized Temporary Kiosks that are set up and operated in the context of trade fairs and exhibitions. These events take place throughout the year in the Kingdom and GCC countries, where the duration of exhibitions usually ranges from 3 to 10 days while the duration of the Temporary Kiosks ranges from 1 to 3 months.

Sales via these Temporary Kiosks constituted 0.79%, 2.89% and 1.67% of the Company's total sales for 2021G, 2022G, and 2023G, respectively.

4.8.5.7 Other sales

The Company sells its products in offline sales to businesses, government entities, and individual key clients, through its B2B Sales Department.

These sales constituted 0.05%, 0.61%, and 0.86% of the Company's total sales for 2021G, 2022G, and 2023G, respectively.

4.8.6 Overview of the Company's Warehouses and Distribution Network

4.8.6.1 Warehouses

The Company has 11 warehouses both inside and outside Saudi Arabia. Seven (7) of these warehouses are designated for finished products, located in Riyadh, the Southern Regional Warehouse in Khamis Mushait, and warehouses in Dammam, Jeddah, Muscat (Oman), Dubai (UAE), and Kuwait City (Kuwait), in addition to 4 raw material warehouses, 2 of which are owned by the Company, and 9 are leased.

Finished products are received in warehouses according to the Company's approved policies and procedures. The warehouses verify the accuracy of the inventory and compliance thereof with daily transactions, process transfer orders, prepare products in the required quantities and quality, as well as ensure storage according to best practices and the requirements of the Food and Drug Authority. The strategy of first in, first out (FIFO) is applied to avoid expiration dates, and the readiness of orders is ensured according to the delivery schedule. The highest level of service to the main stores is achieved under the supervision of the Production and Manufacturing Department, followed by distribution to various sales channels through the Supply Chain Department.

Warehouse management is overseen by the Warehouses and Stores Department, responsible for inspecting, receiving, and delivering materials such as finished products, packaging materials, and raw materials necessary for production and sales. All warehouses storing finished products are refrigerated, with temperatures not exceeding 26 degrees Celsius to maintain product quality.

4.8.6.2 Distribution Network

The Company manages the entirety of distribution operations inside and outside the Kingdom to distribute all of its products from the factory to the main warehouses and then to its stores through the Logistics and Fleet Services Unit at the Supply Chain Department in accordance with the targeted marketing and sales plan. The Company handles the distribution of products from its warehouses to its stores in house through a fleet of 23 trucks. Additionally, products sold through the Company's online store are delivered using order delivery companies both within and outside the Kingdom.

4.8.7 Marketing

4.8.7.1 Promotional Campaigns

The Company utilizes marketing activities to achieve optimal communication with current and potential customers, building and enhancing the brand through various marketing channels, and designing a distinctive shopping experience, whether at the stores or the online store.

The Company uses several types of marketing campaigns:

- **Major Campaigns**: which represent the major portion of the relative sales targets throughout the year. They are used when launching new products or campaigns for major sales seasons (Ramadan, National Day, year-end) using various marketing tools and channels.
- **Tactical Campaigns**: which execute marketing activities targeting global and local events such as Teacher's Day, Back to School, etc. Interaction with these campaigns occurs through a variety of marketing tools and channels.
- **Brand Awareness Campaigns**: which focus on increasing awareness of the brand and what it represents to improve recognition among the target audience.
- **Ad Hoc Campaigns**: which are spontaneous and unplanned campaigns that rely on the marketing team's flexibility to seize market opportunities that serve sales and brand objectives.

4.8.7.2 Customer Service

The Company employs various methods to measure customer satisfaction and gather feedback on their products and services. Periodic surveys are conducted by customer service representatives through calls with customers, where they use carefully crafted questionnaires to delve into customer opinions and preferences. The collected data is then analyzed to identify patterns and trends that assist with service enhancement. Additionally, customers can evaluate their experience through WhatsApp, offering a simple and convenient feedback channel. For complaints and concerns, customers can use various communication channels, such as the Company's direct line, WhatsApp, or through its social media outlets. Complaints are logged through the customer relationship management system, verified, and assigned to the relevant parties for resolution, with on-going monitoring and follow-up based on the issue classification. These practices help the Company maintain a strong customer-centric approach.

The Company also offers a loyalty program to its registered customers, providing them with points, discounts, and special offers. These customers earn points for purchases, which can be redeemed for free purchases from the Company.

4.9 Intellectual Property

In line with its strategy relating to the use of registered trademarks, the Company focuses on its most significant brands and designs on which it relies for the success of its business and to support its competitive position in the market.

The Company has registered its trademark "Al Majed 4 Oud" in the Kingdom and in 17 other countries. The Company also registers its most important products as trademarks and industrial designs in accordance with the regulations of the Saudi Authority for Intellectual Property. Currently, the Company has 89 registered trademarks for key brands that encompass 173 products. Additionally, the Company holds 3 registered trademarks for marketing activities relating to specific advertising and marketing campaigns. The Company also has 9 registered industrial designs relating to product and packaging designs.

4.10 Environment, Health and Safety

The Company is committed to environmental preservation and has established contractual partnerships with environmentally conscious companies for the management of solid and liquid waste products. Additionally, the Company's factory does not release prohibited gas emissions during the production process. The Company is currently in the process of implementing the ISO 14001 Environmental Management System.

Regarding safety, the Company's continuous educational and training programs for its workforce includes raising awareness of occupational hazards, emphasizing compliance with safety regulations, ensuring the safety of employees, and promoting their familiarity with the safe use of property and equipment. Additionally, the Company prioritizes the use of personal protective equipment to safeguard lives and property, making it one of the top priorities for the factory's management.

4.11 Employees

As at the period ended 31 December 2023G, the Company had a total of 1,863 employees, of whom 809 are Saudi nationals. The Company's Saudization rate was 45% in 2021G, 48% in 2022G, and 57.65% in 2023G for Company entities registered on the Qiwa platform (please refer to Section 4.12 ("**Saudization Strategy**") of this Prospectus). The table below illustrates the distribution of the Company's employees for the financial years ended 31 December 2021G, 2022G, and 2023G.

Table (4.13): Company Employees Number

Department	Number of Employees								
	FY21G			FY22G			FY23G		
	Total Number of Employees	Saudi Employees	Non-Saudi Employees	Total Number of Employees	Saudi Employees	Non-Saudi Employees	Total Number of Employees	Saudi Employees	Non-Saudi Employees
Senior Management	4	1	3	8	5	3	7	3	4
Internal Audit	3	0	3	4	0	4	5	0	5
Financial	35	14	21	44	19	25	48	21	27
International Sales and Operations	738	399	339	1,146	630	516	1,453	700	753
Supply Chain Management	71	4	67	106	5	101	136	6	130
Marketing	27	13	14	30	21	9	32	21	11
Product Development	6	3	3	6	2	4	9	3	6
Production and Manufacturing	66	2	64	63	2	61	79	1	78
Shared Services	23	4	19	38	12	26	43	16	27
Human Resources and Strategic Planning	43	32	11	52	38	14	51	38	13
Total	**1,016**	**472**	**544**	**1,497**	**734**	**763**	**1863**	**809**	**1,054**

Source: the Company

4.12 Saudization Strategy

Below is a table indicating the Saudization rate and Nitaqat category of the Company and its branches, as at the period ended 31 December 2023G.

Table (4.14): The Company Saudization Rate as at 31 December 2023G

Branch	Activity	Category	Saudization Rate
Headquarters - Riyadh	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Factory - Riyadh	Industries (Blending and Packaging of Perfumes, Oils, and Plants)	Platinum	43.75%
Company's Branch – Al Qassim	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Al Qassim	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Al Qassim	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Northern Borders Province	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch - Jazan	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch - Najran	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch - Tabuk	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Al Jouf	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Taif	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Eastern Province	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Al Bahah	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Al Jouf	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Mecca	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Abha	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Hail	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%
Company's Branch – Madinah	Wholesale and Retail (Retail Sales of Perfumes)	Platinum	57.65%

Source: the Company

4.13 Certificates and Awards

The Company has received several certificates and awards, including:

- ISO 9001:2015 Certification
- Good Manufacturing Practice (GMP) Certification from the Food and Drug Authority
- Emirates Quality Mark (EQM) Certification from the Ministry of Industry and Advanced Technology
- Best working environment from Best Work Place Institute Middle East in 2021G

4.14 Company Departments

The Company carries out its activities through various departments and centrally managed functions from its head office, as follows:

4.14.1 Senior Management

The Department responsible for setting future plans to achieve desired goals, monitoring the realization of these objectives, formulating policies and strategies, defining the overall goals of the Company, adopting the organizational structure, determining management levels, and distributing authorities.

4.14.2 Internal Audit

The main goal of the Internal Audit Department is to examine and evaluate the adequacy of the Company's risk management systems, control systems, policies, and organized procedures. It examines the Company's compliance with the systems, laws, and professional standards within which it operates and implements its strategic and operational plans. The Department provides appropriate recommendations for the development of internal audit systems, internal control systems, accounting and financial systems, and risk management in the company.

4.14.3 Finance

The Finance Department is responsible for recording all Company transactions, preparing financial reports in accordance with international standards for financial reporting, facilitating cash management operations, and developing the Company's financial budgets and forecasts. Its responsibilities include:

- Managing accounts and approving all financial operational processes, ensuring compliance with adopted policies and regulations.
- Ensuring the suitability and effectiveness of financial control points on operations to reduce operational risks.
- Financial planning for Company projects, and studying financial budgets.
- Endeavour to provide financial resources to the Company regularly and sufficiently to achieve the success thereof.

4.14.4 Sales

The Sales and Operations Department is responsible for monitoring Company sales, including sales in Saudi Arabia, international sales, and online store sales. The International Sales and Operations Department focuses on the following:

- developing and implementing operational procedures to increase internal efficiency.
- the Company's expansion in its business activities outside GCC countries and the rest of the world to achieve strategic goals through growth and market leadership, as well as supporting the brand.
- supporting the brand, reflecting business development plans, and reaching the largest audience globally through international sales management.
- the Company becoming a leader in retail sales in the field of perfumes and Oud, while achieving its strategic goals by increasing revenues in retail sales and reaching the largest customer base.

4.14.5 Marketing

The Marketing Department is responsible for developing the Company's marketing strategies, including the following departments: Public Relations; Customer Experience; Digital Marketing; Social Media; Design, and Creativity, tasked with the following responsibilities:

- Retaining current customers and attracting new ones to increase product sales.
- Conducting research to identify market trends and target customers, as well as developing marketing plans to increase brand awareness and knowledge.
- Planning events and conferences from start to finish according to requirements, target audience, and goals, as well as provide professional-level customer service.

4.14.6 Shared Services

The Shared Services Department includes Information Technology and Property Management. Its responsibilities are to:

- Organize, direct, and develop shared services for the Company to increase operational efficiency and ensure the provision of all Company support services, and providing leading information technology services.
- Lead technological innovation initiatives, with responsibility for the technological infrastructure of the Company, including applications, and maintaining the highest level of reliable service for the Company's customers.
- Ensure the optimal selection of Company stores, to achieve expansion and enhance the brand in the market, ensuring the accomplishment of strategic goals and sales objectives.

4.14.7 Product Development

The Product Management Department is responsible for developing and enhancing the Company's products, aiming to ensure that the Company achieves increased profits by developing new and innovative products that meet the changing needs of customers; and innovate and present ideas in a creative manner to enhance current product offerings.

4.14.8 Supply Chain

The Supply Chain Department is responsible for tasks related to procurement and storage, starting from planning to the storage and delivery stages at sales points (including the following departments: Planning; Logistics Transportation; Warehouse Management; Local Procurement; International Procurement), with the goal to:

- Ensure proper management of the flow of raw materials and goods to reach warehouses and production lines and then to the Company stores and customers anywhere in the world.
- Endeavor to reduce costs and improve added value, as well as strategically manage the warehouse according to the Company's policies and vision.
- Ensure the safety of storage in warehouses, the presence of fire safety measures, as well as provide the best service to sales showrooms by storing products according to the standards of relevant authorities and the requirements of the Food and Drug Authority.

4.14.9 Production and Manufacturing

The Production and Manufacturing Department is responsible for production and manufacturing, with the goal to:

- Ensure the manufacturing of Company products and implement best practices in manufacturing, production, and distribution to reach a larger customer base.
- Properly plan production by selecting the best conditions and necessary means for production, and develop a plan to achieve the same in the fastest time and with the least effort and cost.
- Study environmental factors in the internal environment, such as individual experiences and competencies, types of property and equipment, and identify alternatives through which goals can be achieved, such as expanding the production line or building a new line for the product.

4.14.10 Human Resources and Strategic Planning

The Human Resources and Strategic Planning Department is responsible for managing the Company's human resources through an innovative and flexible approach towards proper human resource management and strategy, achieved through the following core functions:

- **Recruitment:** This unit is responsible for searching for, reviewing the data of, examining, and selecting candidates for the Company, setting selection criteria to provide the Company with individuals who fit the job requirements in the right place and time, in addition to annual recruitment planning.
- **HR Operations:** This unit coordinates the relationship between the Company's management and employees and directs, plans, and organizes administrative procedures within the Company and outlines ways to hire and direct employees, focusing on developing administrative procedures and attempting to improve them to raise the morale and confidence of Company employees, as well as handles regular employee requests.
- **Administrative Affairs:** This unit manages all administrative transactions, communication and general correspondence management, asset management including facilities and vehicles, in addition to archiving, reception, meeting preparations, official events, contracting with support service companies, as well as license and records management with various government authorities.
- **Organizational Development:** This unit is responsible for the periodic review of the Company's current organizational structure, taking into account the Company's fixed and variable goals and the structural modifications necessary to achieve those goals. It assists in designing competency matrices and models according to the Company's values and the nature of the industry it operates in, in addition to the job requirements for each Company employee, including duties, responsibilities, tasks, knowledge, and skills. It also supports and implements the periodic or annual performance evaluation process.
- **Legal Affairs**: This unit is responsible for developing legal strategies and general policies for the Company to help reduce legal disputes. It also represents the Company before legal and external entities, undertakes internal investigations, and safeguards the Company's interests.

4.15 Business Continuity

The Board of Directors declares that there has been no suspension or interruption in the Company's business during the 12-month period preceding the date of this Prospectus which would affect or have a significant impact on the Company's financial position. The Board of Directors further declares that, as of the date of this Prospectus, the Company has no intention of making material changes to the Company or its activities in the future.

5. Organizational Structure and Corporate Governance

The organizational structure of the Company consists of the Board of Directors (the "Board of Directors" or "Board") and the Company Committees; namely the Audit Committee and the Nomination and Remuneration Committee. The Board is responsible for directing, supervising and general oversight of the Company and its executive management team.

The following figure illustrates the organizational structure of the Company, as at the date of this Prospectus.

Figure (5.1): The Company's Organizational Structure as at the date of this Prospectus

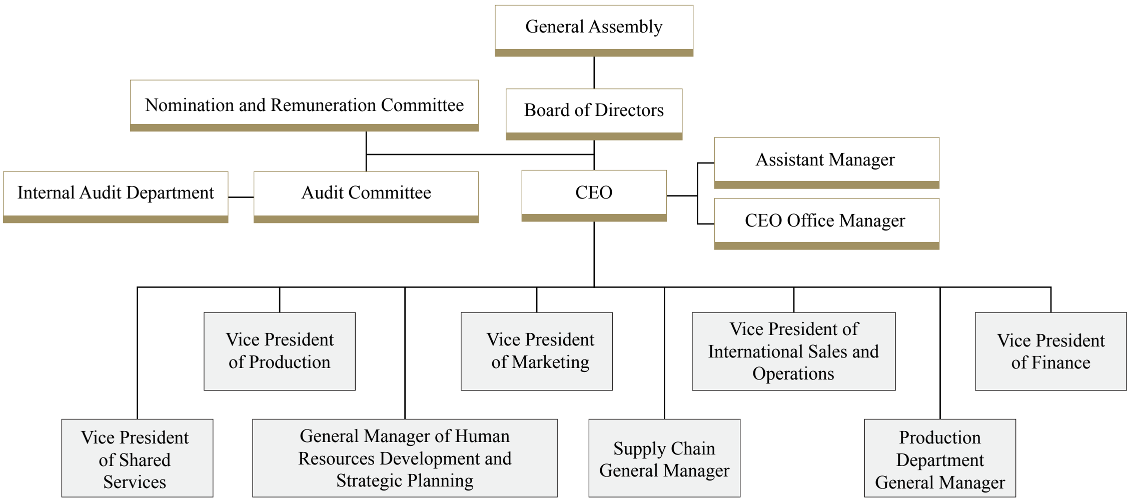


Table (5.1): The Company's Direct Ownership Structure Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership	No. of Shares	Nominal Value (SAR)	Direct Ownership
Majed bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Suleiman bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Saad bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Khaled bin Ali bin Othman Al Majed	5,625,000	56,250,000	22.50%	3,937,500	39,375,000	15.75%
Mohammed bin Ali bin Othman Al Majed	1,250,000	12,500,000	5.00%	875,000	8,750,000	3.50%
Badr bin Ali bin Othman Al Majed	1,250,000	12,500,000	5.00%	875,000	8,750,000	3.50%
Public	-	-	-	7,500,000	75,000,000	30%
Total	**25,000,000**	**250,000,000**	**100%**	**25,000,000**	**250,000,000**	**100%**

Source: the Company

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Under the Company's Bylaws, the Board of Directors shall be comprised of 5 members appointed by the Shareholders General Assembly. The Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Internal Corporate Governance Manual shall define the duties and responsibilities of the Board of Directors. The term of the Board of Directors, including the Chairman is for a maximum of 4 years.

As at the date of this Prospectus, the Board of Directors is comprised of 5 members.

The following table sets out the names of the Board members and other information related thereto, as at the date of this Prospectus:

Table (5.2): The Company's Members of the Board of Directors

Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
Majed bin Ali bin Othman Al Majed	Chairman of the Board of Directors	Saudi	Non-Executive Member	29/08/1444H (corresponding to 21/03/2023G)	22.5%	15.75%	-	-
Thamer bin Saad bin Ali Al Majed	Vice Chairman of the Board of Directors	Saudi	Executive Member	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-
Waleed bin Khaled bin Ali Al Majed	Managing Director of the Board of Directors	Saudi	Executive Member	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-
Ahmed bin Ibrahim bin Abdulaziz AlSenaidi	Member of the Board of Directors	Saudi	Independent	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-
Yasser bin Zoman bin Saad AlZoman	Member of the Board of Directors	Saudi	Independent	29/08/1444H (corresponding to 21/03/2023G)	-	-	-	-

Source: the Company

The current Company secretary is Omar Mahmoud Mohammed Attia, who does not own any shares in the Company.

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members and Secretary of the Board include the following:

5.1.2.1 Board of Directors

The Company's Board of Directors shall have the responsibility of supervising the Company's management and have a primary responsibility towards the Shareholders and works in their interest by directing and monitoring the Company's business and affairs. It must exercise the duties of care and loyalty in managing the Company. The Board of Directors is also responsible for approving the general strategic direction and general policy framework of the Company. The Board carries out this responsibility through its supervision of the Company's management. In all cases, if the Board delegates committees, entities or individuals to exercise some of its powers, the Board of Directors may not issue a general or indefinite proxies. Members of the Board of Directors shall, at all times, demonstrate honesty, integrity, and seriousness in accordance with the regulations to which the Company is subject, and shall act at all times in accordance with the relevant policies of the Company.

In accordance with the Company's Bylaws, and without prejudice to the powers vested with the General Assembly, the Board of Directors shall be vested with the broadest powers to manage the Company, set its policies, identify its investments, oversee its business and money, and discharge its affairs within and outside the Kingdom of Saudi Arabia, in order to achieve its objectives. Under the Board of Directors' work regulations, the powers of the Board of Directors shall include the following:

- All the necessary powers stipulated in the Bylaws to manage the Company.

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- Exercise duties of care and loyalty in managing the Company and all matters that would safeguard its interests, develop it and maximize its value.
- The Company's Board of Directors shall be responsible for its own work and may authorize committees, entities or individuals to exercise some of its powers. In all cases, the Board of Directors may not issue a general or indefinite proxies.
- Approve and amend the Company's organizational structure.
- Approve, amend and exclude general policies of the Company.
- Approve the formation of the Board committees and appoint their members.
- Approve the annual plans and Company strategy, supervise their implementation and review them periodically, and ensure the availability of human and financial resources necessary to achieve them.
- Approve the appointment of the Company's CEO, determine his remuneration, approve his annual performance indicators, evaluate him based thereon, and dismiss him.
- Approve, amend and exclude the CEO's work rules.
- Approve the salary scale and incentives for working in the Company and any amendments thereto.
- Establish laws and controls for internal control and generally supervise them.
- Supervise the Company's finances, cash flows, and financial and credit relationships with third parties.
- Approve the Company's annual budget.

Prepare the initial and annual financial statements and approve them before publishing.

- Prepare and approve the Board of Directors' report before publishing.
- Approve the works, contracts and projects in accordance with the table of powers.
- Notify the General Assembly when it convenes of the works and contracts in which a member of the Board has a direct or indirect interest. Such notification shall be accompanied by a special report from the Company's External Auditor.
- Make recommendations to the General Assembly regarding the use of the Company's contractual reserve in the event that it is not allocated for a specific purpose and propose a method for distributing profits.
- The Board may delegate certain tasks to any Board member for a specific period by a written decision issued in this regard. In all cases, the Board may review any of the decisions made based on such delegation.

5.1.2.2 Chairman of the Board of Directors

Pursuant to Article 21 of the Company's Bylaws, the Board of Directors shall appoint from among its members a Chairman. It shall not be permissible for a member to occupy concurrently the office of the Chairman and any executive position in the Company.

The Chairman shall have all the powers set forth under Article 21 of the Company's Bylaws, including the power to represent the Company in its relationship with third parties and before all government entities, companies, individuals, all courts of all levels and classes. Under the Corporate Governance Regulations, the main responsibilities of the Chairman of the Board of Directors shall include the following:

- Lead the Board, oversee its work and perform its duties effectively.
- Represent the Company before third parties in accordance with the regulations, Bylaws, professional conduct policy and business ethics.
- Encourage Board members to carry out their duties effectively, in the interest of the Company.
- Encourage constructive relations and effective participation between the Board and Executive Management.
- Approve the agenda for Board meetings, taking into account any issue raised by a member or auditor, and consult with Board members and the CEO when preparing the Board meeting agenda.
- Ensure that the Board discusses all issues on the meeting agenda in an effective and timely manner.
- Receive requests from members and chairs of the Board committees and their suggestions regarding the topics they deem to be included on the agenda of the Board meetings or any of the proposals related to the Company.
- Oversee the work of the Board Secretary.

5.1.2.3 Vice-Chairman

Pursuant to Article 21 of the Company's Bylaws, the Board of Directors may appoint from among its members a Vice Chairman of the Board of Directors. The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence.

5.1.2.4 Board Secretary

The Secretary of the Board of Directors is responsible for organizing Board meetings. Under the Board of Directors' work regulations, the main responsibilities of the Board Secretary include:

- Documenting Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date and times on which such meetings commenced and concluded, and recording the decisions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending Directors, and the Board Secretary.
- Retaining reports submitted to, and prepared by, the Board.
- Notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
- Presenting the draft meeting minutes to the Directors for their views before signing them.
- Ensuring that the members promptly obtain a complete copy of the meeting minutes, as well as information and documents related to the Company.
- Providing the members of the Board with an agenda, working papers, documents and information related thereto, and additional documents or information requested from the members related to the issues and topics on the agenda, after obtaining the approval of the Chairman.
- Ensuring compliance of the Board members with the procedures approved by the Board of Directors.
- Ensuring coordination between the Board members and providing support and advice.
- Preparing the disclosure record of the Board and Executive Management.

5.1.2.5 Managing Director

In accordance with Article 21 of the Company's Bylaws, the Board of Directors may appoint a Managing Director from among its members. The Managing Director (if appointed) shall have the powers determined by the Board of Directors and shall carry out the operations as directed by the Board of Directors.

5.1.2.6 CEO

The CEO is responsible for the Company's overall financial and operational performance, developing and implementing the Company's strategy, and implementing the Company's annual business plans approved by the Board of Directors. The CEO shall exercise his duties under the direct supervision of the Board of Directors. The CEO shall also be considered the main link between Management and the Board.

5.1.3 Biographies of the Members and Secretary of the Board

Overview of the experiences, qualifications, and current and previous positions of each member of the Board of Directors and the Secretary of the Board.

5.1.3.1 Majed Ali Othman Al Majed

Age:	59 years
Nationality:	Saudi
Current Position:	Chairman of the Board (Non-Executive)
Appointment Date:	29/08/1444H corresponding to 21/03/2023G
Academic Qualifications:	Emad Al-Din Elementary School in Riyadh in 1976
Current Executive Positions:	N/A
Other Current Memberships:	N/A
Previous Executive Positions:	General Manager of the Company, from 2018G until 2023G.
Previous Memberships:	Chairman of the Company, from 2010G until 2018G.

Source: the Company

5.1.3.2 Thamer Saad Ali Al Majed

Age:	35 years
Nationality:	Saudi
Current Position:	Vice Chairman (Executive)
Appointment Date:	29/08/1444H corresponding to 21/03/2023G
Academic Qualifications:	Bachelor’s degree in Accounting from Imam Mohammad Ibn Saud Islamic University, Riyadh, KSA, 2012G.
Current Executive Positions:	Vice President of Finance at the Company from 2019G
Other Current Memberships:	Board Member of SurePay, a closed joint-stock company engaging in FinTech, from 2021G.
Previous Executive Positions:	CEO of the Company, from 2013G until 2019G
Previous Memberships:	N/A

Source: the Company

5.1.3.3 Waleed Khaled Ali Al Majed

Age:	35 years
Nationality:	Saudi
Current Position:	Managing Director (Executive)
Appointment Date:	Board Member, from 29/08/1444H corresponding to 21/03/2023G, and was appointed as the CEO of the Company on 01/01/2022G
Academic Qualifications:	High School degree from Prince Sultan Educational Complex, Riyadh, 2004G.
Current Executive Positions:	CEO of the Company, from 01/01/2022G.
Current Memberships:	Member of the Incense and Perfumes Committee, at the Riyadh Chamber of Commerce, from 2021G.
Previous Executive Positions:	– Vice President of Oud Procurement and Director of the Property Management Department of the Company, from 2019G until 2022G – Vice President of Oud and Oud Derivatives International Procurement at the Company, from 2015G until 2019G. – Vice Director of the Property Management Department of the Company, from 2009G until 2015G.
Previous Memberships:	N/A

Source: the Company

5.1.3.4 Ahmed Ibrahim Abdulaziz AlSenaidi

Age:	38 years
Nationality:	Saudi
Current Position:	Board Member (Independent)
Appointment Date:	29/08/1444H corresponding to 21/03/2023G
Academic Qualifications:	– Fellowship of Management Accountants, from the American Institute of Accountants, USA, 2022G. – Fellowship of Saudi Accountants, from the Saudi Organization for Certified Public Accountants, KSA, 2016G. – Master's degree in accounting and finance from Bangor University, UK, 2013G. – Bachelor's degree of Accounting from King Saud University, KSA, 2008G.
Current Executive Positions:	– Director of the Financial Department of one of the subsidiaries of the Public Investment Fund, a company engaging in the field of real estate development, from 2021G. – CEO of Ahmed Ibrahim AlSenaidi Audit and Assurance Office, an individual institution, engaging in the field of audit, consulting and financial audit, from 2020G.
Other Current Memberships:	– Chairman of the Audit Committee of the Company, from 2023G. – Member of the Nomination and Remuneration Committee of the Company, from 2023G. – Member of the Audit Committee of Horizon Foods, a listed joint-stock company engaging in the field of food, from 2022G. – Chairman of the Audit Committee of Tabuk Agricultural Development Company, a listed joint-stock company engaging in the field of agriculture, from 2021G.
Previous Executive Positions:	– Director of the Financial Department of the Saudi Ports Authority, a government body, engaging in the field of ports and logistics, from 2020G until 2021G. – Director of the Financial Statements Consolidation Department, for special purpose companies of STC, a listed joint-stock company engaging in the field of communications and information technology, from 2016G until 2020G.
Previous Memberships:	Member of the Audit Committee of Tabuk Agricultural Development Company, a listed joint-stock company engaging in the field of agriculture, from 2018G until 2021G

Source: the Company

5.1.3.5 Yasser Zoman Saad AlZoman

Age:	40 years
Nationality:	Saudi
Current Position:	Board Member (Independent)
Appointment Date:	29/08/1444H corresponding to 21/03/2023G
Academic Qualifications:	– MBA,from Aston University, UK, 2012G – Saudi Fellowship for Chartered Accountants, from the Saudi Organization for Certified Public Accountants, KSA, 2010G – Bachelor’s degree of Accounting, from Qassim University, KSA, 2007G – Bankruptcy Trustee majored in bankruptcy procedures from the Bankruptcy Committee, Riyadh, KSA, 2019G. – Bankruptcy Expert, majored in accounting expert from the Bankruptcy Commission, Riyadh, 2021G
Current Executive Positions:	Director of AlSaleh & AlZoman & AlFahad CPA, a limited liability company engaging in the field of accounting and auditing, from 2016G
Other Current Memberships:	– Chairman of the Nomination and Remuneration Committee of the Company, from 2023G – Member of the Audit Committee of the Company, from 2023G – Independent Board Member and Member of the Audit Committee, Shore Information Technology, a listed joint-stock company engaging in the field of IT, from 2022G. – Chairman of the Audit Committee, Asas Makeen Company for Development and Real Estate Investment, a closed joint-stock company engaging in the field of real estate development, from 2022G. – Independent Board Member and Chairman of the Audit Committee, Watani Iron Steel, a listed joint-stock company engaging in the field of iron industry, from 2020G – Chairman of the Audit Committee, Al Daajan Holding Company, a closed joint-stock company engaging in the field of investment, from 2020G
Previous Executive Positions:	– CFO, Watani Iron Steel, a listed joint-stock company engaging in the field of iron industry, from 2015G until 2016G – Financial Director, Al-Tadrea Manufacturing, a limited liability company engaging in the field of manufacturing military vehicles, from 2013G until 2015G – CFO of Saudi Asateer, a closed joint-stock company engaging in the field of manufacturing prefabricated buildings, from 2013G
Previous Memberships:	Board Member, Women’s Business Oasis, a limited liability company engaging in the field of technology

Source: the Company

5.1.3.6 Omar Mahmoud Mohammed Attia

Age:	40 years
Nationality:	Egyptian
Current Position:	Board Secretary
Appointment Date:	30/04/2023G
Academic Qualifications:	Bachelor's degree, in Law from Tanta University in the Arab Republic of Egypt, 2004G
Current Executive Positions:	– Board Secretary of the Company from 2023G – Legal Advisor of the Company from 2017G
Other Current Memberships:	N/A
Previous Executive Positions:	– Director of the Legal Department, Saudi Swiss Iron, a limited liability company engaging in the field of manufacturing iron and steel, from 2014G until 2017G – Director of the Legal Department, Mohammed AlMudahish Steel, a limited liability company engaging in the field of manufacturing iron and steel, from 2013G until 2014G – Director and Founder, Omar Mahmoud Attia Law Firm and Legal Consulting, a private law firm engaging in the field of law and legal consulting in Egypt, from 2006G until 2013G.
Previous Memberships:	N/A

5.2 Company and Board Committees

The Board of Directors shall form committees in order to better run the Company. Each Committee shall have its own charter which determines the Committee's roles, responsibilities, and powers. The Committees shall periodically hold meetings for the purpose of carrying out the tasks entrusted thereto. These Committees comprise the Nomination and Remuneration Committee and the Audit Committee formed by the Company's Board of Directors.

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.2.1 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for approving risk management policies and procedures and reviewing risk assessment activities and risk mitigation plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by the CMA and the Company's Corporate Governance Manual. The Charter of the Audit Committee was approved and accepted to be presented to the General Assembly by the Company's Board of Directors in its meeting held on 04/12/1444H (corresponding to 22/06/2023G). Said Charter was also approved by the Ordinary General Assembly of the Company in its meeting held on 21/01/1445H (corresponding to 08/08/2023G). In its meeting held on 26/10/1445H (corresponding to 05/05/2024G), the Company's General Assembly also approved the updated Charter of the Audit Committee.

The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Roles and Responsibilites of the Internal Audit Department:
  - Overseeing the Department work, approving the annual internal audit plan, and taking whatever actions deemed appropriate by the Committee to enable the Department to achieve its goals, carry out its tasks, and ensure its independence.
  - Recommending to the Board of Directors to approve the necessary policies for internal audit in the Company.
  - Reviewing and approving the Department's organizational structure.
  - Recommending to the Board of Directors the appointment, dismissal, and substitution of a Director General of Internal Audit, and determining the remuneration thereof.
  - Determining the performance indicators of the Director General of Internal Audit, and evaluating him/her based thereon.

- Reviewing the Company's internal control, financial, disclosure, and IT systems, ensuring their adequacy in order for the Company to conduct its business, and submitting recommendations to the Board in that regard.

- Roles and Responsibilites related to the External Auditor:
  - Recommending to the Board of Directors to nominate, dismiss, determine the remuneration, and evaluate the performance of the auditors, after verifying their independence and reviewing the scope of their work and the terms of their contracts, before presenting the same to the General Assembly.
  - Verifying the auditor' independence, objectivity and fairness, and the effectiveness of auditing activities, taking into account relevant rules and standards; and considering and addressing any restrictions on the auditor's work that would affect the auditor's ability to carry out their work and tasks.
  - Reviewing and determining the scope of the plan and work of the Company's auditor, and ensuring that the auditor does not provide any technical, administrative, or consultancy works that are beyond the scope of auditing; ensuring the auditor's compliance with the scope of work entrusted thereto; and discussing with and responding to the auditor's queries.
  - Reviewing the auditor' report and notes on the financial statements and following up on actions taken in their regard.
  - Following up on the auditor's work, ensuring the auditor's compliance with the scope of work entrusted thereto; and discussing with and responding to the auditor's queries.
- Roles and Responsibilites related to Financial Statements and Financial Reports:
  - Analyzing the Company's interim financial statements before presenting them to the Board, providing its opinion thereon to ensure their integrity, fairness and transparency, and providing its recommentations thereon to the Board and the General Assembly.
  - Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
  - Verifying accounting estimates on material issues contained in the financial reports, and meticulously investigating any issues raised by the Company's CFO or any person assuming their duties or the Company's Compliance Officer or Auditor.
  - Examining the accounting policies followed by the Company and providing its opinion and recommendations thereon to the Board.
  - Submitting an annual report to the Board of Directors that includes the Committee's views on the adequacy of the Company's internal and financial control system and risk management system.
  - Reviewing the reports of the Internal Audit, External Auditor, and any other reports issued by the Company that fall under the responsibility of the Audit Committee, and following up on the implementation of corrective actions taken with regards to the comments contained therein.
- Roles and Responsibilites related to Risk Management and Compliance:
  - Verifying that the Company and its employees comply with the relevant laws and regulations, and recommending appropriate measures in the event of non-compliance.
  - Determining the acceptance criterion of the risks to which the Company is exposed and ensuring the effectiveness of the Company's procedures for the protection against legal claims and lawsuits from the risks of non-compliance with the relevant laws and regulations.
  - Considering any conflict of interest that may arise for any member of the Board of Directors and Board Committees, including reviewing the contracts and transactions proposed to be concluded between the Company and Related Parties, and expressing its opinion thereon to the Board of Directors.
  - Periodically reviewing the report of the Head of Risk and Compliance Department or any person assuming their duties, and making decisions with regard thereto.
  - Reporting to the Board any issues it deems necessary to take action thereon, and providing recommendations as to the procedures that should be taken.

The Audit Committee shall consist of at least three (3), and at most five (5) non-executive Board members to be appointed by the Board of Directors for a period of four (4) years, provided that the Committee shall include at least one (1) independent Board member as well as a competent member in financial and accounting affairs.

Subject to the requirements to be met by members of the Audit Committee, the Committee shall be formed pursuant to a resolution passed by the Board of Directors for a period of four (4) years. The Board shall take the necessary measures to enable the Committee to carry out its functions, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences or other matters that the Committee deems important to have access to.

The following members were appointed to the Audit Committee during the Board of Directors meeting held on 04/12/1444H (corresponding to 22/06/2023G).

Table (5.3): Audit Committee Members

No.	Name	Position
1.	Ahmed Ibrahim Abdulaziz AlSenaid	Chairman of the Audit Committee - Independent
2.	Faisal Mohammed Hammad AlObaid	Independent Member
3.	Naif Saad AbdulRahman AlQarni	Independent Member
4.	Yasser Zoman Saad AlZoman	Independent Member

Source: the Company

The following is a brief summary of the Members of the Audit Committee:

5.2.1.1 Ahmed Ibrahim Abdulaziz AlSenaid

Please refer to Section 5.1.3.4 for further details regarding the experience, and current and previous positions of Ahmed Ibrahim Abdulaziz AlSenaid.

5.2.1.2 Faisal Mohammed Hammad AlObaid

Age:	40 years
Nationality:	Saudi
Current Position:	Member of the Audit Committee (Independent)
Appointment Date:	22/06/2023G
Academic Qualifications:	– Certified by the Saudi Organization for Chartered and Professional Accountants, KSA, 2022G. – MBA from the Gulf University, Kingdom of Bahrain, 2012G – Bachelor’s degree of Accounting from King Saud University, KSA, 2007G
Current Executive Positions:	– Vice President for Investment, Strategy and Excellence of the Saudi Public Transport Company (SAPTCO), a listed joint-stock company engaging in the field of transportation, from 2018G
Other Current Memberships:	– Member of the Audit Committee, Watani Iron Steel, a listed joint-stock company engaging in the field of iron industry, from 2023G – Member of the Audit Committee, Takamol Business Solutions, a limited liability company engaging in the field of IT, from 2021G – Board Member, Capital Transport Company, a joint-stock limited liability company engaging in the field of transportation, from 2020G
Previous Executive Positions:	– Vice President of Investment, Meraas Holding Company, a limited liability company engaging in the field of investment, from 2016G until 2018G – Director of the Investment Sector, Al Rajhi Venture Capital, a limited liability company engaging in the field of investment, from 2012G until 2016G
Previous Memberships:	N/A

Source: the Company

5.2.1.3 Naif Saad AbdulRahman AlQarni

Age:	39 years
Nationality:	Saudi
Current Position:	Member of the Audit Committee (Independent)
Appointment Date:	22/06/2023G
Academic Qualifications:	– Saudi Fellowship for Chartered Accountants, Saudi Organization for Chartered and Professional Accountants, KSA, 2016G – MBA from Notre Dame de Namur University, USA, 2012G – Bachelor's degree of Accounting from King Saud University, KSA, 2005G
Current Executive Positions:	Vice President for Internal Audit, The Saudi Information Technology Company, a closed joint-stock company engaging in the field of IT, from 2022G
Other Current Memberships:	N/A
Previous Executive Positions:	– General Manager of the Internal Audit of the Operations and Information Technology, STC Channels Company, a closed joint-stock company engaging in the field of retail and distribution of telecommunications services, from 2018G until 2021G – Director of Internal Audit, Job Creation Commission, a government body engaging in the field of employment, from 2017G until 2018G – Acting Director of the Internal Audit Unit for the Operations, The Saudi Industrial Development Fund, a government financial institution engaging in the field of industrial development, from 2007G until 2017G
Previous Memberships:	N/A

Source: the Company

5.2.1.4 Yasser Zoman Saad AlZoman

Please refer to Section 5.1.3.5 for further details regarding the experience, and current and previous positions of Yasser Zoman Saad AlZoman.

5.2.2 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to determine the policies and procedures related to the nomination of the members of the Board, its Committees, and the Executive Team, and to determine the policies and procedures related to their remunerations. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Roles and Responsibilites related to Nominations:
  - Suggesting clear policies and standards for membership in the Board and the Executive Management.
  - Recommending nominees to the Board of Director pursuant to the approved policies and procedures, provided that no person who has been convicted of a felony involving breach of trust shall be nominated.
  - Setting out descriptions of the capabilities and qualifications required for the Board membership and for the Executive Management positions.
  - Determining the amount of time a Director shall allocate to the work at the Board of Directors.
  - Annually reviewing the necessary skills or experience required for Board membership and Executive Management positions.
  - Reviewing the structure of the Board of Directors and Executive Management and providing recommendations as to the changes that can be made thereto.
  - Annually verifying the independence of the independent members and that there is no conflict of interest in cases where a Director is also a board member in another company.
  - Developing job descriptions for executive, non-executive, and independent members, as well as Senior Executives.
  - Identifying the weaknesses and strengths of the Board of Directors and proposing solutions to address the same in line with the Company's interest.

- Establishing procedures to be followed in the event that the position of a Board member or Senior Executive becomes vacant.

- Roles and Responsibilites related to Renumerations:
  - Preparing a clear policy for the remuneration of the members of the Board of Directors, Board Committees, and Executive Management and submitting the same to the Board for consideration, before presenting it to the General Assembly for approval; provided that such policy shall follow standards related to performance, which standards shall be disclosed and the implementation thereof shall be verified.
  - Clarifying the relationship between the remunerations granted and the applicable remuneration policy, and indicating any material deviation from this policy.
  - Periodically reviewing the remuneration policy, evaluating its effectiveness in achieving the desired goals.
  - Recommending to the Board of Directors the remuneration of the members of the Board of Directors, Board Committees, and the Company's Senior Executives in accordance with the approved policy.

The Nomination and Remuneration Committee shall consist of at least three (3), and at most five (5) members to be appointed by the Board of Directors for a period of four (4) years.

Subject to the conditions to be met by the Members of the Nomination and Remuneration Committee, the Board of Directors shall appoint members of the Nomination and Remuneration Committee for a period of four (4) years. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including granting the Committee access to, without any restrictions, all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The Charter of the Nomination and Remuneration Committee was approved and accepted to be presented to the General Assembly by the Company's Board of Directors in its meeting held on 04/12/1444H (corresponding to 22/06/2023G). Said Charter was also approved by the Ordinary General Assembly of the Company in its meeting held on 21/01/1445H (corresponding to 08/08/2023G).

The following Members were appointed to the Nomination and Remuneration Committee during the Board of Directors meeting held on 04/12/1444H (corresponding to 22/06/2023G).

Table (5.4): Nomination and Remuneration Committee Members

No.	Name	Position
1.	Yasser Zoman Saad AlZoman	Chairman of the Nomination and Remuneration Committee - Independent
2.	Ahmed Ibrahim Abdulaziz AlSenaid	Independent Member
3.	Faisal Mohammed Hammad AlObaid*	Independent Member

Source: the Company

* *Faisal Mohammed Hammad AlObaid was appointed pursuant to Board Resolution dated 25/07/1445H (corresponding to 06/02/2024G).*

The following is a brief summary of the Members of the Nomination and Remuneration Committee:

5.2.2.1 Yasser Zoman Saad AlZoman

Please refer to Section 5.1.3.5 for further details regarding the experience, and current and previous positions of Yasser Zoman Saad AlZoman.

5.2.2.2 Ahmed Ibrahim Abdulaziz AlSenaid

Please refer to Section 5.1.3.4 for further details regarding the experience, and current and previous positions of Ahmed Ibrahim Abdulaziz AlSenaid.

5.2.2.3 Faisal Mohammed Hammad AlObaid

Please refer to Section 5.2.1.2 for further details regarding the experience, and current and previous positions of Faisal Mohammed Hammad AlObaid.

5.3 Senior Management

5.3.1 Overview of the Senior Management

The Company's Senior Management is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the Oud and perfume sector. The primary responsibility of the Chief Executive Officer (CEO) is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and Shareholders.

The Senior Management team currently consists of six (6) members, as set out in the table below:

Table (5.5): Senior Management Details

Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratios	
							Pre-Offering	Post-Offering
Waleed bin Khaled Ali Al Majed	Chief Executive Officer	01/01/2022G	Saudi	35	-	-	-	-
Muzamil AbdulWahab Sayed Ahmed Omar	Chief Financial Officer	20/05/2018G	Sudanese	49	-	-	-	-
Al-Hussein Bukhars	Supply Chain General Manager	29/11/2020G	French	43	-	-	-	-
AbdulRahman Khaled Ali Al Majed	Vice President of International Sales and Operations	12/12/2021G	Saudi	29	-	-	-	-
Thamer Saad Ali Al Majed	Vice President of Finance	11/04/2019G	Saudi	35	-	-	-	-
Muhammad Ibrahim Muhammad Al-Damegh	General Manager of Human Resources and Planning	01/04/2023G	Saudi	46	-	-	-	-

Source: the Company

5.3.2 Biographies of Senior Executives

The following is a brief overview of the experiences, qualifications, as well as current and previous positions of each Member of Senior Management:

5.3.2.1 Waleed bin Khaled Ali Al Majed

Please refer to Section 5.1.3.3 for further details regarding the experience, and current and previous positions of Waleed bin Khaled Ali Al Majed.

5.3.2.2 Muzamil AbdulWahab Sayed Ahmed Omar

Age:	49 years
Nationality:	Sudanese
Current Position:	Chief Financial Officer
Appointment Date:	20/05/2018G
Academic Qualifications:	– Master's degree of Accounting and Finance from Al-Zaiem Al-Azhari University, Sudan, 2012G – Bachelor's degree of Accounting from Al-Zaiem Al-Azhari University, Sudan, 2010G
Current Executive Positions:	CFO of the Company, from 2018G
Other Current Memberships:	N/A
Previous Executive Positions:	CFO, Khalta Perfumes Company, a saudi limited liability company engaging in the field of retail of Oud and perfumes, from 2013G until 2018G
Previous Memberships:	N/A

Source: the Company

5.3.2.3 Al-Hussein Bukhars

Age:	43 years
Nationality:	French
Current Position:	Supply Chain General Manager
Appointment Date:	29/11/2020G
Academic Qualifications:	– Master's degree of Engineering from the University of Lille, France, 2004G – Diploma of Mechanical and Production Engineering, France, 2001G
Current Executive Positions:	Supply Chain General Manager of the Company, from 2020G
Other Current Memberships:	N/A
Previous Executive Positions:	– Supply Chain Manager of Zohoor, a limited liability company engaging in the field of perfumes and cosmetics, from 2017G until 2019G – Head of Supply Chain of Alyasra Fashion, a limited liability company engaging in fashion, from 2015G until 2017G – Head of Logistics Services, Tadawi Medical, a limited liability company engaging in the field of pharmacy supplies, from 2012G until 2014G – Director of Logistics and Import Services, Al-Meera Company, a joint-stock company listed in the state of Qatar engaging in the field of food, from 2009G until 2011G
Previous Memberships:	N/A

Source: the Company

5.3.2.4 AbdulRahman Khaled Ali Al Majed

Age:	29 years
Nationality:	Saudi
Current Position:	Vice President of International Sales and Operations
Appointment Date:	12/12/2021G
Academic Qualifications:	High School Diploma, 2012G
Current Executive Positions:	– General Manager, Khaled Ali Al Majed for Real Estate Development Establishment, an individual institution engaging in the field of real estate development, from 2023G – General Director of the E-Commerce Department, (Acting) of the Company, from 2021G – Vice President of International Sales and Operations of the Company, from 2021G
Other Current Memberships:	N/A
Previous Executive Positions:	– Director of the Marketing Department (Acting), of the Company, from 2021G until 2022G – Regional Director of the State of Kuwait, of the Company, from 2018G until 2022G – Regional Director, of the Company, from 2014G until 2021G
Previous Memberships:	N/A

Source: the Company

5.3.2.5 Thamer Saad Ali Al Majed

Please refer to Section 5.3.2.5 for further details regarding the experience, and current and previous positions of Thamer Saad Ali Al Majed.

5.3.2.6 Muhammad Ibrahim Muhammad Al-Damegh

Age:	46 years
Nationality:	Saudi
Current Position:	General Manager of Human Resources and Strategic Planning Development
Appointment Date:	01/04/2023G
Academic Qualifications:	– Diploma of Qualification of the Director of Human Resources Department, from Riyadh Chamber of Commerce, KSA, 2004G – Bachelor's degree of German Language, from King Saud University, KSA, 2002G
Current Executive Positions:	– General Manager of Human Resources and Strategic Planning Development of the Company, from 2023G – General Director of Mais, a sole proprietorship engaging in the field of perfumes, from 2022G
Other Current Memberships:	N/A
Previous Executive Positions:	– Director of the Human Resources and Administrative Affairs Department, of the Company, from 2018G until 2023G – Director of the Human Resources Department, Abdullah Bin Saedan Company, a closed joint-stock company engaging in the field of real estate, from 2017G until 2018G – Director of Human Resources Department for Saudi Tambin Company, a company owned by Abdullah Abunayyan Group, a limited liability company which engages with the government and construction sectors in the construction, water, and treatment plant sectors, from 2015G until 2016G – Director of Human Resources Department for KSB Company, a company owned by Abdullah Abunayyan Group, a limited liability company operating in the pump manufacturing sector, from January 2016G until August 2016G. – Director of the Human Resources Department, Riyadh Development Company, a listed joint-stock company engaging in the field of government services and leasing, from 2009G until 2014G – Personnel Affairs Manager, Carrefour Company, a global company engaging in the field of retail, from 2006G until 2009G
Previous Memberships:	N/A

Source: the Company

5.4 Remuneration of Directors and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined in accordance with the relevant official decisions and instructions issued by the Ministry of Commerce, and within the provisions of the Companies Law and any other relevant supplementary laws. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions, and instructions applicable in the Kingdom, as determined by the competent entities.

Pursuant to the Company's Bylaws, remunerations of the Directors shall be subject to the limits provided for in the Company's Bylaws, the Companies Law and the regulations thereof. The Board's report to the Ordinary General Assembly shall contain a comprehensive statement of all renumerations, expense allowances and other benefits received by the Directors during a financial year. Such report shall also include a statement of the earnings of the Directors in their capacities as employees or executives of the Company and their earnings for any technical, administrative or advisory work provided for the Company. The report shall also include a statement of the number of meetings of the Board and the number of meetings attended by each Director.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Executives. The following table shows the remunerations of the Board of Directors and the top five (5) Senior Executives (including the CEO and the Vice President of Finance) for the FY21G, FY22G and FY23G.

Table (5.6): Remuneration of Board Members and Senior Executives

SAR	2021G	2022G	2023G
Board Members*	-	-	-
Committees*	-	-	-
Senior Executives	3,323,029	4,664,207	6,166,226

Source: the Company

**No remunerations have been paid thereto.*

5.5 Employment Contracts with Directors and Senior Executives

5.5.1 Employment Contracts with Directors

No employment contracts have been concluded between the Company and the Board members. However, the Directors receive their remuneration in accordance with the provisions of the Company's Bylaws in a manner that does not conflict with the statutory controls issued in this regard. The Directors were also appointed pursuant to the General Assembly Resolutions issued on the dates indicated in Section 5.1.3 ("**Biographies of the Members and Secretary of the Board**"). For further details, please refer to Section 5.4 ("**Remuneration of Directors and Senior Executives**") of this Section.

5.5.2 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the Senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below describes the key details of the employment contracts in question.

Table (5.7): Summary of Employment Contracts with the Company's Senior Management

No.	Name	Position	Job Commencement Date	Contract Commencement Date	Contract Termination Date
1.	Waleed Khaled Ali Al Majed	Chief Executive Officer	21/05/2011G	21/05/2023G	21/05/2024G Automatically renewable.
2.	Thamer Saad Ali Al Majed	Vice President of Finance	16/04/2012G	16/04/2012G	15/04/2013G Automatically renewable
3.	Muzamil AbdulWahab Sayed Ahmed Omar	Chief Financial Officer	20/05/2018G	20/05/2018G	19/05/2019G Automatically renewable

No.	Name	Position	Job Commencement Date	Contract Commencement Date	Contract Termination Date
4.	Al-Hussein Bukhars	Supply Chain General Manager	29/11/2020G	29/11/2022G	28/11/2023G Automatically renewable
5.	AbdulRahman Khaled Ali Al Majed	Vice President of International Sales and Operations	01/03/2013G	01/03/2013G	28/02/2014G Automatically renewable
6.	Muhammad Ibrahim Muhammad Al-Damegh	General Manager of Human Resources and Planning	01/02/2018G	01/02/2023G	31/01/2024G Automatically renewable

Source: the Company

5.6 Corporate Governance

5.6.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law, and corporate governance best practices in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, Shareholders and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of Shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness, and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations shall apply to the Company from the date of Listing. The Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

5.6.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies, and will comply, with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 39);
- Conflicts of interest (Articles 40 to 46);
- Company Committees (Articles 47 to 69); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 70 to 95).

5.6.3 Company Corporate Governance Manual and Internal Policies

On 21/01/1445H (corresponding to 08/08/2023G), the Company's Ordinary General Assembly approved the Company's Corporate Governance Manual and the following charters:

- Corporate Governance Regulations;
- Policies, standards and procedures for membership on the Board of Directors;
- Audit Committee Charter;
- Nomination and Remuneration Committee Charter; and
- Board of Directors, Board Committees, and Executive Management Remuneration Policy.

On 25/09/1445H (corresponding to 04/04/2024G), the Company's Ordinary General Assembly also approved by circulation the revised Board of Directors Charter and the Competition Standards and Controls.

On 04/12/1444H (corresponding to 22/06/2023G), the Company's Board of Directors also approved the following policies and rules:

- Disclosure and Transparency Policy;
- Code of Conduct and Ethics;
- Conflict of Interest Policy;
- Dividend Distribution Policy;
- Chief Executive Officer Charter; and
- Stakeholder Relation Policy.

In addition, the Company's Board of Directors approved by circulation the revised Conflict of Interest Policy on 24/09/1445H (corresponding to 03/04/2024G), and the revised Whistleblowing Policy on 12/10/1445H (corresponding to 21/04/2024G).

Moreover, in its meeting held on 26/10/1445H (corresponding to 05/05/2024G), the Company's General Assembly also approved the updated Charter of the Audit Committee.

5.6.4 Corporate Governance Compliance

The Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of five (5) Directors, are non-executive members and amongst the Board members are two (2) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide their voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate.

Pursuant to the provisions of the Corporate Governance Regulations, the Board of Directors formed the Audit Committee and the Nomination and Remuneration Committee on 04/12/1444H (corresponding to 22/06/2023G). Notably, the Audit Committee consists of four (4) independent members, whereas the Nomination and Remuneration Committee consists of three (3) members. The Ordinary General Assembly of the Company approved the charters of the Audit Committee and the Nomination and Remuneration Committee in its session held on 21/01/1445H (corresponding to 08/08/2023G).

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Article 71 of the Companies Law, Article 12 of the Implementing Regulations to the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for transactions with Related Parties, as set out in Section 12.7 ("**Transactions and Contracts with Related Parties**").

Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 42(a)(2)). The Companies Law sets out similar requirements to the effect that a Director, without prior consent from the Ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The Director also has an obligation to inform the Board of Directors of any personal interest he/she may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or Shareholder assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any Director has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor.

The Corporate Governance Regulations also provide that if a Board Member wishes to engage in a business that may compete with the Company or any of its activities, he/she must notify the Board of any project that could compete with the Company's business, and abstain from voting on the related decision in the Board meeting and general assemblies; the Chairman of the Board must inform the Ordinary General Assembly of the competing businesses that the Board Member proposes to be engaged in; and the authorization of the Company's General Assembly must be obtained for the Board Member to engage in the competing business. The Companies Law sets out similar requirements.

The Company complies with the mandatory governance requirements that apply to Saudi public joint-stock companies, excluding some provisions mandatory only with respect to listed companies, which the Company is not currently in compliance as the Company's shares are not currently listed on the Exchange, as follows:

- Paragraph (a) of Article 8 providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph (b) of Article 8 providing that voting in the General Assembly shall be confined to the Board nominees whose information have been announced as per paragraph (a) of Article 8.
- Paragraph (d) of Article 13 providing that the invitation to the General Assembly shall be published on the Exchange's, the Company's websites and in a daily newspaper published in the area where the Company's head office is located.
- Paragraph (c) of Article 14 relating to the availability of information concerning the items of the General Assembly of Shareholders through the Tadawul website and the Company's website and obtaining information related to the items on the General Assembly's agenda, especially the report of the Board of Directors, the auditor, the financial statements, and the Audit Committee report.
- Paragraph (e) of Article 15 providing that the Company shall announce to the public and inform the CMA and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
- Paragraph (d) of Article 17 providing that the Company shall notify the CMA of the names of the Board members and description of their memberships, as well as any changes that may affect their membership, within five (5) Business Days from such changes.
- Article 54 providing that the Audit Committee shall convene periodically, provided that at least four (4) meetings are held during the Company's financial year.
- Article 65 providing that the Company shall publish the Board nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

5.7 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Director or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies Law, which states that a Member of the Board shall not have any direct or indirect interest in the transactions and contracts conducted on behalf of the Company, except with the authorization of the Ordinary General Assembly, and in accordance with the controls set forth by the competent authority.

Pursuant to said Article, a Board Member must inform the Board of Directors of any personal interest he/she may have in the transactions and contracts made on behalf of the Company. The Chairman of the Board of Directors shall inform the General Assembly, when it convenes, of the transactions and contracts in which any Board Member has a personal interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Directors undertake to comply with the following:

- Complying with the provisions of Articles 27, 71, and 72 of the Companies Law and the provisions of Chapter Six of Part Three of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the Director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All future Related Party transactions shall be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

5.8 Direct and Indirect Interest of Directors, Board Secretary, and Executive Management

The Directors declare that there is no conflict of interest for any of the Board Members, Executive Management, Board Secretary, Senior Executives, nor any of their Relatives, and that they do not hold direct or indirect interests in the shares and debt instruments of the Company or otherwise any interest in another matter that may affect the operations of the Company, except for Majed Ali Othman Al Majed's direct ownership in the Company as set forth in Section 4.6.3 ("**The Company's Ownership Structure Pre- and Post-Offering**") and his brothers' respective ownerships, being amongst the Substantial Shareholders of the Company, as set forth in Table 1.2 ("**Substantial Shareholders of the Company Pre- and Post-Offering**"), as well as the ownership of the father of each of Substantial Shareholders and Board Members, Waleed Khaled Ali Al Majed and Thamer Saad Ali Al Majed as set forth in Table 1.2 ("**Substantial Shareholders of the Company Pre- and Post-Offering**"), and as disclosed in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus. All transactions are conducted on an arm's length basis. Additionally, as at the date of this Prospectus, the Board of Directors are not engaging in any similar or competing activities to the Company's. The following table sets out the details of agreements and transactions with Related Parties in which any of the Board Members has an interest.

As at the date of this Prospectus, all of the Company's transactions and contracts with Related Parties for 2023G as well as transactions and contracts in effect in 2022G were approved at the General Assembly Meetings held on 28/05/1446H (corresponding to 12/12/2023G) and 13/07/1445H (corresponding to 15/01/2024G) in accordance with the requirements of Article seventy-one (71) of the Companies Law.

Table (5.8): Details of Related-Party Agreements and Transactions in which a Board Member has an Interest

Related Party	Nature of Transaction	Interested Party	Value of Transactions during FY (SAR)		
			2021G	2022G	2023G
Khalta Perfumes Company	– Asset assignment agreement (to a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	(9,056,401)	-
	– Invoices issued for the sale of perfumes (from a Related Party)		28,650,982	19,759,360	-
	– Service invoices including advertising (from and to a Related Party)		3,329,035	(1,350,397)	-
	– Product return transactions carried out under the Commercial Agency Agreement terminated on 31/05/2022G (to a Related Party)		-	(16,766,461)	-
	– Payment of expenses and costs transactions incurred pursuant to the Asset Assignment Agreement (from a Related Party)		-	-	1,844,987
	Total		**31,980,017**	**(7,413,899)**	**1,844,987**
Turki Al Majid Foundation	– Assignment of Property Unit Lease Contract (to a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	(3,118,895)	-
	– Perfume return invoices (to a Related Party)		-	(117,241)	-
	Total		**-**	**(3,236,136)**	**-**
Mixed Perfumes for Trade Company (Mazeej Attri)	– Packaging Contract (from a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	185,304	654,731	929,917
Asos Al Aqar Company	– Cooperation Agreement (from a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	-	407,907
	– Perfume sale invoices (from a Related Party)		-	-	138,112
	Total		**-**	**-**	**546,019**

Related Party	Nature of Transaction	Interested Party	Value of Transactions during FY (SAR)		
			2021G	2022G	2023G
Suleiman, Khaled, Saad and Majed Ali Al Majed	– Transaction relating to the purchase of warehouses located in Al-Biriya district (to a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO – Thamer Saad Al Majed – Vice Chairman / Vice President of Finance	-	(9,132,072)	-
	– Transaction for the purchase of the general administration headquarters (to a Related Party)		-	-	(24,141,332)
	– Lease agreements (to a Related Party)		(2,770,435)	(2,562,405)	(809,805)
	Total		**(2,770,435)**	**(11,694,477)**	**(24,951,137)**
Majed Ali Othman Al Majed	– Lease contract (to a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO – Thamer Saad Al Majed – Vice Chairman / Vice President of Finance	(700,350)	(700,350)	(350,175)
Muhammad and Bader Al Majed	– Lease contracts (to a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	(27,000)	(199,500)
	– Transaction for the purchase of warehouses located in King Faisal Naval Base district (to a Related Party)		-	(6,116,307)	-
	Total		**-**	**(6,143,307)**	**(199,500)**
Ali Al Majed Sons Foundation	– Perfume sale invoices (from a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO – Thamer Saad Al Majed – Vice Chairman / Vice President of Finance	-	-	301,761
Khaled Ali Othman Al Majed Real Estate Development Foundation	– Lease contract for the Company's branch in Yasmeen District (to a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO	-	-	(423,600)

Source: the Company

Regarding Related-Party transactions for 2024G:

On 26/10/1445H (corresponding to 05/05/2024G), the Extraordinary General Assembly resolution was issued approving the following lease contracts:

- Lease contract for the Company's Branch on Al-Makaruna Street, Jeddah, concluded between the Company, Mr. Muhammad Ali Othman Al Majed and Mr. Bader Ali Othman Al Majed on 01/01/2024G for a period of one (1) year, in which the Chairman of the Board of Directors, Mr. Majed Ali Al Majed, has an indirect interest. The total value of this contract amounted to SAR 172,500; and
- Lease contract for the Company's Branch on King Abdulaziz Road, Al-Rabie, concluded between the Company, Mr. Majed Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed, and Mr. Khaled Ali Othman Al Majed on 01/01/2024G, for a period of three (3) years, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed have an indirect interest. The total value of this contract amounted to SAR 2,101,050.

On 21/11/1445H (corresponding to 29/05/2024G), the Ordinary General Assembly resolution was passed by circulation approving the contract concluded between the Company and CALMA Co. on 05/05/2024G, in which the Chairman of the Board of Directors, Mr. Majed Ali Al-Majid, has an indirect interest. This agreement pertains to a contract for the development and supervision of concrete and buildings for a plot of land owned by the Company in Al-Sahafa District, Riyadh. The total value of this contract amounted to SAR 4,140,000, excluding value-added tax.

These transactions were carried out in the normal course of business and under no preferential terms.

6. Management Discussion and Analysis of Financial Position and Results of Operations

6.1 Introduction

The Management's Discussion and Analysis of the Group's Financial Position section of this Prospectus provides an analysis of Al Majed for Oud's ("**Company**" or "**Al Majed**") operating performance and its financial position for the financial years ended 31 December 2021G, 2022G and 2023G. This Section and the accompanying notes have been prepared on the basis of the audited consolidated financial statements for the financial years ended 31 December 2021G, 2022G and 2023G, which have been prepared by the Company's management and audited by Dr. Mohamed Al-Amri & Co. (Chartered Accountants) in accordance with International Standards on Auditing as applicable in the Kingdom of Saudi Arabia.

The Company has applied the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA) to prepare the financial statements for the years ended 31 December 2021G, 2022G and 2023G.

Dr. Mohamed Al-Amri & Co. (Chartered Accountants) nor any of their affiliates, employees, and relatives, own any shares or interests of any kind in the Company that may affect their independence as at the date of the Independent Auditor's Report on the Financial Statements. As at the date of this Prospectus, Dr. Mohamed Al-Amri & Co. (Chartered Accountants) have given and not withdrawn their written consent to refer in this Prospectus to their role as the Company's independent auditor for the financial years ended 31 December 2021G, 2022G and 2023G.

The above-mentioned consolidated financial statements also form an integral part of this Prospectus, and this must be read along with these financial statements and the accompanying notes, which can be found in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus.

All amounts in this Section have been rounded to the nearest thousand SAR unless otherwise noted, and figures and ratios have been rounded to the nearest decimal. Therefore, the sum of these figures may differ from that shown in the tables. All ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures.

The financial information for the year ended 31 December 2021G has been derived from the comparative year financial information presented in the Company's audited financial statements for the year ended 31 December 2022G. The financial information for the year ended 31 December 2022G has been derived from the financial information for the comparative year presented in the Company's audited financial statements for the year ended 31 December 2023G.

This Section may include statements of a forward-looking nature related to the future capabilities of the Company, based on management's plans and expectations regarding the Company's growth, results of operations and financial position, as well as the risks and uncertainties associated therewith. The Company's actual results may differ materially from those anticipated as a result of numerous factors, risks and future events, including those discussed in this section of the Prospectus or elsewhere therein, particularly in Section 2 ("**Risk Factors**") of this Prospectus.

6.2 Directors' Declaration on the Financial Statements

The members of the Company's Board of Directors, to the best of their knowledge and belief, acknowledge the following:

1. The financial information contained in this section has been extracted without material change and is presented in accordance with the audited financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and accompanying notes thereto, which have been prepared in accordance with International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
2. The Company has sufficient working capital for the 12 months immediately following the date of publication of this prospectus.
3. There has been no material adverse change in the financial and commercial position of the Company during the three financial years immediately preceding the date of application for registration and offering of securities to the end of the period covered by the Auditor's Report and up to the date of approval of this Prospectus. The Directors confirm that all material facts relating to the Company and its financial performance have been disclosed in this Prospectus and that there are no other information, documents or facts which, if omitted, would make the statements contained in the Prospectus misleading.

4. There is no intention to make any material changes in the nature of the Company's activities.
5. The Company's operations have not ceased in any manner that could significantly affect or has already affected its financial position during the past 12 months.
6. The Board members declare that there were no reservations in the Auditor's Report on the financial statements of the Issuer for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus.
7. The Board members declare that no organizational changes have been made to the Issuer during the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus.
8. The Board members declare that there has been no material change in the accounting policies of the Issuer during the three (3) financial years immediately preceding the date of submission of the application for registration and offering of securities subject of this Prospectus.
9. The Board members declare that there has been no material change made to the audited and published financial statements for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus.
10. The Company does not have any assets including contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which would materially affect the assessment of the financial position.
11. That no commissions, discounts, brokerage fees, or non-cash compensation has been given by the Company to any directors, senior executives, officials in charge of the offering, or experts during the three (3) years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus in connection with the issuance or offering of any securities. This includes the names of any current or proposed members of the Board, executives, officials in charge of the offering, or experts who have received any such payments or benefits, or submitted a declaration to the contrary.
12. The Board members declare that the Company has not issued debt instruments, term loans, secured or unsecured, current or approved but unissued mortgages, and that the Company has no loans or other indebtedness including overdrafts from bank accounts and no guarantee obligations (including personal guarantees, unsecured, collateralized or uncollateralized), subordinated obligations, credit or hire purchase obligations except as disclosed in Section 12.8 "**Credit Facilities and Loans**", Section 2 "**Risk Factors**", Section 2.1.35 "**Risks Related to the Company's Credit and Financing Arrangements**", this Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**", Section 6.8 "**Statement of Financial Position**", and Section 6.9 "**Statement of Cash Flows**" of this Prospectus.
13. To the best of their knowledge, there are no liens, rights, encumbrances or charges on the properties of the Company as of the date of this Prospectus except as disclosed in Section 12.8 "**Credit Facilities and Loans**", Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" and Section 6.8 "**Statement of Financial Position**", and Section 6.9 "**Statement of Cash Flows**" of this Prospectus.
14. The Company's capital is not subject to options.
15. The Company has no contingent liabilities, guarantees or significant fixed assets to be purchased or leased other than as disclosed in Section 12.8 "**Credit Facilities and Loans**", Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" and Section 6.8 "**Statement of Financial Position**", and Section 6.9 "**Statement of Cash Flows**" of this Prospectus.
16. Except for the capital adjustment dated 17/09/1443H (corresponding to 18/04/2022G) as disclosed and described in Section 4.6 "**Overview of the Company Structure and Growth of its Capital**" of this Prospectus, the Board members declare that the Company has not made any capital adjustments during the three (3) years immediately preceding the date of submission of the application for registration and offering of securities subject of this Prospectus.
17. The Board members acknowledge that the Company is not aware of any governmental, economic, financial, monetary, political policies or any other factors that have materially affected or could materially affect (directly or indirectly) the operations of the Company except as disclosed in Section 2 "**Risk Factors**" and Section 6.4 "**Key Factors Affecting the Company's Performance**" of this Prospectus.
18. The Company's operations and revenues are affected by seasonal factors based on the change in consumption and demand between seasons. The Company's management seeks to minimize the seasonal impact by managing inventory to meet demand throughout the year. All seasonal factors are disclosed in Section 6.4 "**Key Factors Affecting the Company's Performance**" of this Prospectus.

6.3 Company Overview

Al Majed for Oud Company (the "Company") is an unlisted Saudi joint-stock company registered under Commercial Registration No. 1010045397, dated 15/09/1402H (corresponding to 02/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia.

On 29 Sha'ban 1444H (corresponding to 21 March 2023G), the shareholders unanimously approved the conversion of the Company from a limited liability company to an unlisted Saudi joint-stock company. This decision was noted in the Commercial Register on 27 Ramadan 1444H (corresponding to 18 April 2023G).

The Company's activities include wholesale and retail trade in Oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts and ornamental flowers. The Company's activities also include manufacturing room fresheners, deodorizing products, men's and women's perfumes, Oud oil, agarwood, incense, mixing and packaging of perfumes, oils and plants.

The Company's registered office is located at King Abdulaziz Road, Al Sahafa District, P.O. Box. 85995, Riyadh 13321, Saudi Arabia.

6.4 Key Factors Affecting the Company's Performance

Below is a discussion of the most important factors that have affected or are expected to affect the Company's business, its financial position, and the results of its operations. These factors are based upon the information currently available to the Company and may not represent all the factors that could affect the Company's business. Please refer to Section 2 ("**Risk Factors**") of this Prospectus.

6.4.1 Seasonal Factors

The Company's revenues are generally subject to seasonal fluctuations, with traffic and sales volumes at their highest levels during periods of sales, promotions, public holidays and events, such as, but not limited to, the holy month of Ramadan, the Hajj and Umrah seasons, Eid al-Fitr and Eid al-Adha, and national celebrations. The Company runs excellent promotional campaigns with discounts of up to 56% offered during promotions. Ramadan and Eid Al-Fitr, along with year-end promotions (which span 90-120 days) contribute to more than half of the Company's annual income and more than half of the Company's annual sales.

For more information on the risks related to seasonal factors, please refer to section 2.1.9 of this Prospectus.

6.4.2 Factors Related to the Concentration of the Company's Revenues in its Perfume and Oud Product Categories

The Company's products are classified into six categories, most notably the perfume category, where revenues amounted to (254,525,663) Saudi Riyals in 2021G representing 57.5% of total revenues, and increased to (369,650,808) Saudi Riyals in 2022G representing 62.8% of total revenues, while sales for the perfume category increased to (490,526,439) Saudi Riyals representing 64.0% of total revenue. Other product categories such as oud, Incense, Essential Oils, Accessories and Gifts achieved a combined total of (187,939,822) Saudi Riyals in 2021G representing 42.5% of the total revenue; (218,731,771) Saudi Riyals in 2022G representing 37.2% of total revenues, and (276,496,658) Saudi Riyals in 2023G representing 36.0% of total revenues.

Sales from the top seven products increased from (46,731,296) Saudi Riyals in 2021G representing 10.6% of total revenues, to (87,406,991) Saudi Riyals in 2022G representing 14.9% of total revenues. In 2023G, they reached (161,550,556) Saudi Riyals representing 21.1% of total revenues. Additionally, six fragrances among the top seven best-selling products contributed approximately 7.6% of total revenues in 2021G, 12.6% in 2022G, and 19.1% in 2023G, amounting to (33,800,458) Saudi Riyals, (74,052,854) Saudi Riyals, and (146,502,475) Saudi Riyals for the financial years ended 31 December 2021G, 2022G, and 2023G, respectively. As a retailer of perfume products, the Company faces risks associated with changes in consumer preferences, interruptions in the supply of raw materials obtained from foreign suppliers, potential challenges, and any unexpected disruptions in the supply chain to ensure continuous production of the required products

For more information on the risks related to the concentration of the Company's revenues in its perfume and Oud product categories, please refer to Section 2.1.8 of this Prospectus.

6.4.3 Factors Related to Expanding the Company's Stores Network

In line with management's strategy to increase sales and establish a stronger presence in the GCC and other international markets, the Company opened (20) new stores in the financial year ended 31 December 2020G, (22) new stores in the financial year ended 31 December 2021G, (38) new stores in the financial year ended 31 December 2022G and (77) new stores in the financial year ended 31 December 2023G. In addition, in the financial year ended 31 December 2022G, the Company purchased the assets of (41) stores previously operated by a distributor. The significant store openings during this period resulted in a significant decline in sales, as evidenced by the decline in average daily sales in the Company's existing core store network in all regions except for the Western Province, which hosts exceptionally located stores in Makkah.

For more information on the risks related to expanding the Company's stores network, please refer to Section 2.1.10 of this Prospectus.

6.4.4 Factors Related to Reliance on Third-Party Service Providers

The Company relied on outsourced and half-time employees in the fiscal years ended 31 December 2021G, 2022G and 2023G and encountered some restrictions imposed on the issuance of work permits and visas due to Covid-19 restrictions and Saudization requirements. As a result, the Company hired employees through third-party service providers, such as Maharah Human Resources Company, SMASCO and others, which allows the Company to meet increased demand during these periods, while avoiding full-year financial expenses related to full-time employment. Reliance on third-party service providers results in expenses incurred by the Company with regard to the fees paid to such providers, which could adversely affect the Company's profit margins.

For more information on the risks related to reliance on third-party service providers, please refer to Section 2.1.38 of this Prospectus.

6.4.5 Factors Related to Inventory Management

The Company must maintain sufficient inventory levels to successfully manage its operations, relying on its expertise in managing its branches and understanding demand for its products to manage its raw materials and final product inventory. Total Company inventory value was (215,511,867) Saudi Riyals, (227,350,199) Saudi Riyals and (302,629,733) Saudi Riyals, representing 43%, 36% and 39% of the Company's total assets for the financial years ended 2021G, 2022G and 2023G, respectively. The Company has allocated provisions of SAR 12,654,484, SAR 17,800,170 and SAR 12,445,031 for the same periods. The Company's policy is to strive to maintain the optimal level of inventory to control warehousing costs and increase working capital efficiency while ensuring timely delivery of goods and maintaining the quality and variety of goods available to customers. The Company also periodically reviews inventory control methods and procedures to minimize spoilage and overstocking of goods. The inventory loss rates (damaged inventory) were 0.30%, 0.95% and 0.40% of total Company inventory for the financial years ended 2021G, 2022G and 2023G, respectively, while the inventory shrinkage (provision for slow-moving inventory) rates were 2.25%, 2.26% and 0% of total Company inventory for the same periods.

For more information on the risks related to inventory management, please refer to Section 2.1.4 of this Prospectus.

6.4.6 Factors Related to Leasing and Non-Ownership of the Properties on Which the Company's Branches Are Located

As at the date of this Prospectus, the Company owns five (5) prices of real estate through which it conducts its operations, including the Company's head office in Riyadh and the Jeddah warehouse, in addition to plots of land in Jeddah on which the Company established warehouses to serve its operations.

As for the Company's branches, the land and real estate on which its branches and employee housing are located are leased, whereby the Company currently manages a portfolio of more than (370) medium to long-term leases, mainly related to various store locations, as well as employee housing facilities.

Collectively, these lease arrangements represent a lease obligation of SAR 218,524,305 as of 31 December 2023G. The average lease contract term was 6.1 years. It is worth noting that 102 store lease contracts will expire or be renewed by 31 December 2024G and 63 store lease contracts by 31 December 2025G.

For more information on the risks related to leasing and non-ownership of the properties on which the Company's branches are located, please refer to Section 2.1.19 of this Prospectus.

6.4.7 Factors Related to Accounting Errors in Financial Statements

The Company may encounter accounting errors resulting from incorrect application of accounting standards and exemptions, which could affect the accuracy of presentation and disclosure– both quantitatively and qualitatively – in the financial statements, margins, notes and complementary tables in a timely manner, making the financial statement misleading and inappropriate for third-party users who do not have access to the Company's detailed books and records. Figures have been reclassified for the financial year ended 31 December 2021G to match the current financial statements as at 31 December 2022G, to include a restatement of prepaid expenses, retained earnings, actuarial reserve, trade payables, receivables and other expenses.

For more information on the risks related to accounting errors in financial statements, please refer to Section 2.1.6 of this Prospectus.

6.5 Basis of Preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Wherever the phrase "International Financial Reporting Standards" is used in these notes, it refers to "International Financial Reporting Standards applicable in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by SOCPA.

The Company's financial statements have been prepared under the historical cost convention, except for employee severance pay liabilities and financial investments at fair value through comprehensive income, as described in the sections on the most significant accounting policies applied by the Company.

The Company's financial statements are presented in Saudi Riyals, which is the Company's functional currency and the financial statements presented are rounded to the nearest Saudi Riyal, unless otherwise stated. The Company's financial year starts from the beginning of January and ends at the end of December of each Gregorian year.

6.6 Accounting Policy Summary

The Company has applied the following accounting policies consistently to all periods presented in these financial statements, unless otherwise indicated. In addition, the Company has adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) effective 1 January 2023G, the amendments require disclosure of the "material" accounting policy instead of the "significant" accounting policies. Although the amendments did not result in changes in the accounting policy itself, they did affect the accounting policy information that was disclosed in some cases.

Below are the most significant accounting policies that have been applied by the Company in preparing the financial statements. These policies have been applied consistently to the years presented, unless otherwise indicated.

Current Versus Non-Current Classification

The Company presents assets and liabilities in the Company's statement of financial position based on current and non-current classification. An asset is current when:

- The Company expects to realize the asset or intends to sell or consume it within the normal operating cycle;
- The Company holds the asset primarily for the purpose of trading;
- The Company expects to realize the asset within twelve months following the financial year (period); or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial period.

All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the financial period; or
- The company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the financial period.

All other liabilities are classified as non-current.

Fair Value Measurement of Assets and Liabilities

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

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

The principal market (or most advantageous market) must be accessible by the Company at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation methods that are appropriate in the circumstances, and for which sufficient data are available to measure fair value, so that market information that can be monitored and observed is used whenever possible - and the use of inputs that cannot be monitored and observed is limited.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level One

Quoted (unadjusted) market prices traded in active markets for identical assets or liabilities;

Level Two

Asset or Liability inputs that can be observed or monitored, directly or indirectly, other than the quoted prices included in Level One.

Level Three

Asset or Liability inputs that are unobservable (not based on observable market information).

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

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, Classification, and Presentation

The Company recognizes financial assets or financial liabilities in the Company's statement of financial position when it becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments upon initial recognition.

The Company classifies its financial assets into the following categories:

A. Fair value (either through other comprehensive income or through profit or loss); and
B. Amortized cost.

The classification depends on the entity's business model for managing financial assets and the contractual terms of cash flows. The Company has classified all non-derivative financial liabilities at amortized cost.

Measurement

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus the transaction costs directly attributable to the acquisition financial assets and liabilities (except for financial assets and financial liabilities at fair value where transaction costs directly attributable to the acquisition or disposal of financial assets or financial liabilities are recognized directly in the statement of profit or loss and other comprehensive income).

Subsequent Measurement of Financial Assets

Subsequent measurement of non-derivative financial assets depends on their classification as follows:

Financial Assets Measured at Amortized Cost

Assets held to collect contractual cash flows where such cash flows represent only payments of principal. The interest is measured at amortized cost using the effective interest rate method. Interest income from these financial assets is included in financing income.

The Company's financial assets at amortized cost include cash and cash equivalents, trade receivables and other financial assets at amortized cost.

Trade Receivables

Most sales are made on normal credit terms, and receivables do not bear interest. As for goods sold to the customer on a short-term credit basis, debtors are initially recognized at the undiscounted amount of cash receivables, which is usually the invoice price for the item sold to the customer on interest-free credit. Receivables are initially recognized at the current value of the debtor, discounted using the prevailing interest rate in market for similar receivables, the receivables are then measured at amortized cost using the effective interest rate method. At the end of each reporting period, the carrying values of trade receivables are reviewed by management to determine whether there is any objective evidence that these amounts are unrecoverable. If such amounts are unrecoverable, an impairment loss shall be recognized directly in the income statement.

Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)

Financial assets measured at FVTPL are remeasured at fair value at each reporting date without deducting transaction costs that the Company may incur when selling or disposing of the financial asset in the future.

Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets measured at FVTOCI are remeasured at fair value at each reporting date.

The Company classifies its investments in Saudi Aramco, Almunajem Foods Company, Saudi Telecom Company, and Saudi Aramco Base Oil Company (Luberef) as a financial asset at FVTOCI.

When a financial asset is derecognized, the cumulative fair value adjustments recognized in other comprehensive income are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value profits and losses to profit or loss in the case of equity instruments.

The following table shows the recognition and presentation of profits and losses for each measurement category:

Table (6.1): Recognition and Presentation of Profits And Losses for Each Measurement Category

Measurement Category	Recognition and Presentation of Profits and Losses
Amortized cost	The following items are recognized in the statement of profit or loss: – Interest income using the effective interest method; – Expected credit losses and reversals; and – Foreign currencies exchange profits and losses. When a financial asset is derecognised, the profit or loss is recognized in the statement of profit or loss.
Fair value through other comprehensive income – debt instruments	Profits and losses are recognized in other comprehensive income, except for the following items, which are recognized in the statement of profit or loss in the same way as for financial assets measured at amortized cost: – Interest income using the effective interest method; – Expected credit losses and loss reversals; and – Foreign currencies exchange profits and losses.
Fair value through other comprehensive income – equity investments	Profits and losses are recognized in other comprehensive income. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment. Amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss	Profits and losses, whether on measurement or subsequent derecognition, are recognized in profit or loss.

Source: the audited financial statements for the financial year ended 31 December 2023G.

Subsequent Measurement of Financial Liabilities

A. Amortized Cost

After initial measurement, financial liabilities are measured at amortized cost calculated using the effective interest rate method, except for the following liabilities:

Liabilities measured at FVTPL.

1. This arises when the transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach.
2. The obligations related to providing a loan at a below-market interest rate and not measured at FVTPL.
3. The financial guarantee contracts.
4. Contingent consideration recognized by the purchaser in business mergers to which IFRS 3 applies. This contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Profits or losses relating to financial liabilities measured at fair value are recognized in the statement of profit or loss.

B. Financial Liabilities Measured at FVTPL

Financial liabilities that fall under this category include:

1. Liabilities held for trading; and
2. Liabilities classified as fair value through profit or loss.

After the initial measurement, the Company shall measure financial liabilities at fair value with changes recognized in the statement of profit or loss.

Profits or losses on financial liabilities classified as FVTPL are generally divided and presented as follows:

1. The amount of change in the fair value of a financial liability that can be attributed to changes in the credit risk of that financial liability shall be presented in other comprehensive income; and
2. The remaining amount of the change in the fair value of financial liabilities shall be presented in profit or loss.

Liabilities other than Financial Liabilities at FVTPL

Financial liabilities are measured at amortized cost using the effective interest rate method. The proceeds from debt issuance are adjusted over the life of the debt so that the book value at maturity is the amount payable thereat.

Impairment of Financial Instruments

The Company recognizes an allowance for expected credit losses for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due pursuant to the contract and all cash flows that the Fund expects to receive, discounted to approximately the original effective interest rate. Expected cash flows will include cash flows from the sale of guarantees held or other credit enhancements that are an integral part of the contractual terms.

Evaluation of the Expected Credit Loss Model for Trade Receivables

As at the end of the year, the Company has trade receivables as financial assets carried at amortized cost. For trade receivables, the Fund applies a simplified approach to calculating expected credit losses. Therefore, the Fund does not track changes in credit risk, instead, it recognizes a loss allowance based on the lifetime of expected credit losses at each reporting date. The Company has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Presentation of Impairment in Asset Value

Loss allowances for financial assets measured at amortized cost are deducted from the total carrying amount of the assets.

Impairment losses relating to lease receivables are presented separately in the statement of comprehensive income.

Impairment in Financial Assets

Impairment in financial assets

Impairment in a financial asset is recognized from the statement of financial position when the rights to receive cash flows from the financial asset have expired or have been transferred, or all of the risks and rewards of ownership have been substantially transferred. The difference in book value shall be recognized in profit or loss.

Impairment in Financial Liabilities

Financial liabilities are derecognized when the underlying obligations are terminated, discharged, dissolved, cancelled, expired or legally released.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Debtors and Other Debit Balances

Prepayments are recognized if payment is made in advance to obtain access to services and are measured in nominal amounts. Prepayments shall be derecognized and charged to profit or loss either over time or through use or depreciation.

Prepayments shall be included in current assets, except where the related goods or services are expected to be received and provided after more than twelve months following the end of the reporting period, in which case they are classified as non-current assets.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the weighted average method and consists of purchase cost and other costs incurred in bringing the inventory to its present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventory is reduced based on current market conditions, historical experience and the sale of merchandise of a similar nature. It can change significantly as a result of changes in market conditions. Excess inventory, obsolescence and declines in net realizable value are reviewed periodically and a provision is recorded against the inventory balances for any such decline.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes all costs directly associated with constructing or obtaining the asset at the location and in the condition necessary for it to be prepared for use for its intended purpose. Significant parts of property and equipment are depreciated separately from other parts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals are amortized over the remaining useful life of the related asset or until the date of the next major renewal, whichever is earlier. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

The following table shows the useful lives of property and equipment:

Table (6.2): Useful Lives of Property and Equipment

Asset	Years
Property and equipment	10
Buildings	20
Billboards	10
Computers and electronic devices	4
Means of transportation	4
Office furniture and equipment	10
Improvements to leased assets	According to the contract period

Source: the audited financial statements for the financial year ended 31 December 2023G.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indication exists and the carrying values exceed the estimated recoverable amount, the assets shall be impaired to their recoverable amount, which is higher than its fair value, less the costs of sale and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets are recorded in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

Useful lives are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives. The estimated useful life and amortization method are reviewed at the end of each financial year, taking into account the effect of any changes in estimates on a prospective basis.

Intangible assets with indefinite useful lives are not amortized but are tested annually for impairment. The useful life of intangible assets with indefinite lives are reviewed annually to confirm whether the assessment made for the useful life still exists, supports it and considers the effect of changing from a finite to an indefinite life as a future adjustment.

Derecognition of Intangible Assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Profits or losses on disposal of intangible assets are measured as the difference between the net sale proceeds and the carrying amount, and are recognized in the statement of profit or loss.

Lease Contracts – IFRS 16

The Company assesses whether a contract contains a lease, at the inception of the contract. For all of these lease arrangements, the Company recognizes right-of-use assets and lease liabilities excluding short-term leases and leases for impaired assets as follows:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement 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 at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized assets are depreciated on a straight-line basis over the shorter of estimated useful life and lease term. Right-of-use assets are subject to impairment.

Right to Use Obligations

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that are not based on an index or a rate are recognized as an expense in the period in which the event or condition triggering the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Decline in the value of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized by the amount by which the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of the future cash flows that can be derived from a given asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income within other expenses.

Non-financial assets that have been impaired are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount shall not exceed the carrying amount that would have been determined had there been no impairment loss recognized for the asset, or cash generating unit in prior years. The reversal of previously recorded impairment allowances is credited against the allowance account in the statement of profit or loss and other comprehensive income.

Creditors and Other Credit Balances

These amounts represent liabilities for services provided to the Company before the end of the financial year that have not been paid. Payments are not guaranteed and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is due within 12 months after the reporting period. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial fee.

Employee Benefits

The level of benefit provided depends on the length of service and earnings of the entitled person and is calculated in accordance with the rules stipulated in the Saudi Labor and Workmen Law.

The employee benefit obligation, as a defined benefit plan, is determined using the projected unit credit method with actuarial valuations performed at the end of annual reporting periods. The relevant liability recognized in the statement of financial position is the present value of the employee benefits liability at the end of the reporting period.

The discount rate applied to reach the present value of employee benefit obligations represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

Employee benefit liability costs are classified as follows:

1. Current service cost (the increase in the present value of employee benefit obligations resulting from an employee's service in the current period);
2. Interest expense (calculated by applying the discount rate at the beginning of the period to employee benefit obligations); and
3. Remeasurement.

Current service cost and interest expense arising from the employee benefit obligation are included in the same items in the statement of profit or loss as employee-related costs.

Remeasurements, which include actuarial profits and losses, are recognized in full in the period in which they occur, in other comprehensive income without recycling to profit or loss in subsequent periods. Amounts recognized in other comprehensive income are recognized directly in retained earnings.

Statutory Reserve

In accordance with the Companies law and Company's Bylaws, the Company must transfer 10% of its net income in each year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 30% of the capital. This reserve is not available for dividend distribution.

Revenues

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15, Revenue from Contracts with Customers:

- **Step 1:** Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out standards that must be met.
- **Step 2**: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- **Step 3**: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- **Step 4**: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- **Step 5**: Recognize revenue when (or as) the Company satisfies a performance obligation.

Revenues are recognized from the sale of Oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts and decorative flowers, at the time when the performance obligation is fulfilled when the goods are sold and delivered and control of the product is transferred to the customer considered at the point of sale, and payment is received at the same time.

Zakat

The Company is subject to Zakat in accordance with the Regulations of ZATCA. Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment will be calculated when determining these amounts.

The new standards, amendments and interpretations effective after 1 January 2023G, which have not been implemented early

The Company adopted the following new standards and amendments for the first time, effective 1 January 2023G:

Amendments to IAS 8:

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

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

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

Unimplemented Issued Standards:

The following is a statement of the new standards and amendments to the standards implemented for the years beginning on or after 1 January 2024G, with early implementation permitted, but the Company did not implement when preparing these financial statements. These amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 16 – Lease Obligations in Sale and Leaseback Transactions:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how a company accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are deemed to be payments that are highly likely to be affected by variable leases that depend on an index or a price.

Amendments to IAS 1 – Non-current liabilities with commitments and classification of liabilities as current or non-current:

These amendments clarify how compliance with the conditions that the Company must comply with during the twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information that the Company provides regarding the liabilities subject to said conditions.

6.7 Results of Operations for the Financial Years Ended 31 December 2021G, 2022G and 2023G

6.7.1 Statement of Profit and Loss and Other Comprehensive Income

The table below sets the Statement of Profit and Loss and Other Comprehensive Income for the Financial Years ended 31 December 2021G, 2022G and 2023G:

Table (6.3): Statement of Profit and Loss and Other Comprehensive Income for the Financial Years Ended 31 December 2021G, 2022G and 2023G

SAR in 000s	Financial year 2021G (Audited)	Financial year 2022G (Audited)	Financial year 2023G (Audited)	Annual Variance 2021G - 2022G	Annual Variance 2022G - 2023G	CAGR 2021G - 2023G
Revenues	442,465	588,383	767,023	33.0%	30.4%	31.7%
Cost of Revenue	(169,468)	(210,957)	(256,384)	24.5%	21.5%	23.0%
Gross Profit	272,997	377,425	510,640	38.3%	35.3%	36.8%
Sale and Marketing Expenses	(141,575)	(210,410)	(311,078)	48.6%	47.8%	48.2%
General and Administrative Expenses	(22,018)	(29,298)	(39,967)	33.1%	36.4%	34.7%
Operating Profit	109,405	137,717	159,595	25.9%	15.9%	20.8%
Financing Costs	(6,237)	(7,634)	(12,252)	22.4%	60.5%	40.2%
Other Revenues	3,940	2,860	9,566	(27.4%)	234.5%	55.8%
Net Profit for the Year Before Zakat	**107,107**	**132,943**	**156,909**	**24.1%**	**18.0%**	**21.0%**
Zakat Expenses	(6,140)	(7,596)	(8,232)	23.7%	8.4%	15.8%
Net Profit for the Year	100,968	125,347	148,677	24.1%	18.6%	21.3%
Other Comprehensive Income						
Other Comprehensive Income Items Not to Be Subsequently Reclassified to Profit or Loss:						
Foreign Currency Translation Differences	36	(204)	(94)	(666.8%)	(54.1%)	N/A
Change in the Fair Value of Financial Assets at FVTOCI	(68)	33	804	(148.1%)	2336.4%	N/A
Actuarial Re-Measurements of End of Service Benefits	(300)	604	(383)	(301.5%)	(163.5%)	13.1%
Total Other Comprehensive Income for the Year	(331)	432	327	(230.5%)	(24.5%)	N/A
Total Comprehensive Income for the Year	100,636	125,779	149,004	25.0%	18.6%	21.7%

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

The table below shows the Key Performance Indicators for the Financial Years ended 31 December 2021G, 2022G and 2023G:

Table (6.4): Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G

Key Performance Indicators	Financial year 2021G (Management Information)	Financial year 2022G (Management Information)	Financial year 2023G (Management Information)	Annual Variance 2021G - 2022G	Annual Variance 2022G - 2023G	CAGR 2021G - 2023G
As a percentage of revenues						
Gross Profit	61.7%	64.1%	66.6%	2.4	2.4	4.9
Sale and Marketing Expenses	32.0%	35.8%	40.6%	3.8	4.8	8.6
General and Administrative Expenses	5.0%	5.0%	5.2%	0.0	0.2	0.2
Operating Profit	24.7%	23.4%	20.8%	(1.3)	(2.6)	(3.9)
Financing Costs	1.4%	1.3%	1.6%	(0.1)	0.3	0.2
Other Revenues	0.9%	0.5%	1.2%	(0.4)	0.8	0.4
Net Profit for the Year Before Zakat	24.2%	22.6%	20.5%	(1.6)	(2.1)	(3.8)
Zakat Expenses	1.4%	1.3%	1.1%	(0.1)	(0.2)	(0.3)
Net Profit for the Year	22.8%	21.3%	19.4%	(1.5)	(1.9)	(3.4)
KPIs						
Number of Operating Stores	130	209	286	60.8%	36.8%	48.3%
Number of Other Stores(1)	17	56	71	229.4%	26.8%	104.4%
Total Revenue-Generating Stores	**147**	**265**	**357**	**80.3%**	**34.7%**	**55.8%**
Average Revenues Per Operating Store	**3,404**	**2,815**	**2,682**	**(17.3%)**	**(4.8%)**	**(11.2%)**
Company's full-time employees						
Number of employees -Company's full-time employees	849	1,184	1,679	335	495	830
Average monthly cost per Company's full-time employee (in 000s)	6.6	7.0	7.0	5.8%	0.1%	5.9%
Full-time (outsourced) employees						
Number of employees - full-time outsourced employees	136	105	53	(31)	(52)	(83)
Average monthly cost per full-time outsourced employee (in 000s)	5.6	7.0	7.4	25.3%	5.7%	32.5%
Part-time (seasonal) employees						
Number of employees - part-time employees	88	93	130	4	37	42
Average monthly cost per part-time employee (in 000s)	3.5	3.3	2.8	(4.1%)	(14.5%)	(18.9%)
Total employees	**1,073**	**1,382**	**1,862**	**308**	**480**	**789**

Source: Management information.

(1) The other stores include closed stores, head office and temporary exhibitions.

Revenues

The Company's revenues mainly relate to the sale of perfumes, Oud, incense, oils and other products. The Company achieves its revenues primarily through its 286 operated retail stores as at 31 December 2023G, including 237 stores in the KSA and 49 in Kuwait, the UAE, Oman and Bahrain. Revenues are also generated from temporary exhibitions in which the Company participates and other sale channels managed by the head office, such as the online store and e-commerce websites. It is worth noting that the Company acquired in the Financial Year ended 31 December 2022G the assets of Khalta Perfumes Company, including 41 distribution stores from Bader and Mohammed bin Ali Al Majed, the majority of which are located in Jeddah.

Revenues increased by 33.0% from SAR 442.5 million in FY21G to SAR 588.4 million in FY22G, driven by (1) revenues generated from 38 newly opened stores in FY22G which are mainly located in the Kingdom, amounting to SAR 58.0 million, (2) revenues generated by the already existing distribution shops, amounting to SAR 48.3 million and (3) revenues resulting from the newly added stores opened in FY21G, amounting to SAR 24.9 million, in addition to the increase in temporary exhibitions amounting to 47 in FY22G and product price increase.

Revenues increased by 30.4% from SAR 588.4 million in FY22G to SAR 767.0 million in FY23G, mainly as a result of (1) revenues amounting to SAR 62.1 million generated from 77 newly opened stores in FY23G, (2) increase in revenues generated from the 41 distribution stores acquired by the Company mid FY22G, by SAR 55.8 million, (3) increase in revenues by SAR 36.2 million generated from the 38 stores opened in FY22G and (4) temporary kiosks in FY23G (SAR 10.7 million increase).

Cost of Revenues

The cost of revenues consists primarily of the cost of goods sold representing around 87% of the total cost of revenues during the historical period, in addition to employee-related costs which accounted for 5% approximately of the total cost in FY21G-2023G.

The cost of revenues increased by 24.5% from SAR 169.5 million in FY21G to SAR 211.0 million in FY22G. This increase is attributed mainly to the increase in the cost of materials by SAR 34.1 million resulting primarily from the increase in the cost of all products categories, including perfumes, Oud and incense which form the Company's main product categories, accompanied by the growth of revenues by 33.0%, in addition to an increase of SAR 3.8 million in other costs, driven by the increase in consumable packaging materials including shopping bags and damaged goods in branches, in line with increased sales.

The cost of revenues increased by 21.5% from SAR 211.0 million in FY22G to SAR 256.4 million in FY23G, as a result of:

1. Increase in the cost of materials sold amounting to SAR 42.5 million and mainly related to the increase in the costs of all product categories, including perfumes, Oud and incense which represent the Company's main product categories, in line with the revenue growth by 30.4% during the year;
2. Increase in direct labor cost by SAR 5.6 million, resulting from the increase in the costs of the Company's full-time employees, which is attributed to the increase of number of employees from 94 in FY22G to 180 in FY23G; and
3. Increase in other costs by approximately SAR 4.8 million and relating to the cost of packaging, samples and damaged goods unsuitable for packaging, in line with the increased Company's total sales.

Gross Profit

Gross profit increased from SAR 273.0 million in FY21G to SAR 377.4 million in FY22G and SAR 510.6 million in FY23G, which represented 61.7%, 64.1% and 66.6% during the corresponding periods. This increase resulted from the increase in the products price at a rate higher than the rate of increase in the costs of materials, mainly with regard to the perfume products which contributed to the increase in the gross profit by SAR 92.5 million (an increase by 4.8% of the gross profit margin) in FY22G and by SAR 102.3 million (an increase by 2.0% of the gross profit margin) in FY23G.

Sale and Marketing Expenses

Sale and marketing expenses primarily consist of the direct labor employee-related costs, amortization of the right-of-use assets (related to the stores lease agreements) and advertising and marketing costs.

Sale and marketing expenses increased by 48.6% from SAR 141.6 million in FY21G to SAR 210.4 million in FY22G, mainly due to the increase in (1) the direct labor employees' costs by SAR 22.3 million, as a result of the additional increase in the number of employees due to the opening of new branches during this period; (2) amortization of the right-of-use assets amounting to SAR 18.6 million, in line with the increase in the lease agreements related to the newly opened branches during the same period and the impact of the agreements on the overall year compared to the previous period; (3) depreciation of properties and equipment by SAR 12.3 million, driven by the opening of new stores during the period and the increase in the improvement of related leased premises and (4) advertising and marketing costs by SAR 8.4 million as the Company used FY22G budget of SAR 30.0 million. This increase was partially offset by a decrease in the expected credit losses provision by SAR 5.6 million.

Sale and marketing expenses increased by 47.8% from SAR 210.4 million in FY22G to SAR 311.1 million in FY23G, mainly due to the increase in (1) advertising and marketing expenses by SAR 33.4 million following the Management decision to increase the marketing budget and focus more on social media and digital channels as part of its strategy to enhance sales; (2) direct labor cost by SAR 27.8 million as a result of the increase in direct labor employees number, the majority of whom are part-timers (seasonal employees) in line with the increased promotional periods and opening of new stores during this period, necessitating the increase of number of seasonal employees; (3) amortization of the right-of-use assets by SAR 17.8 million in line with the increase in lease agreements concluded for newly opened stores; and (4) depreciation of properties and equipment by SAR 4.8 million due to the opening of new stores during the year and additions to the leased premises improvements.

General and Administrative Expenses

General and administrative expenses mainly consist of costs related to head office administrative employees and IPO expenses.

General and administrative expenses increased by 33.1% from SAR 22.0 million in FY21G to SAR 29.3 million in FY22G due to employee-related costs increase by SAR 6.3 million, resulting from the increase in allowances and bonuses paid during the year, coupled with increased medical expenses, in line with the increased total number of employees.

General and administrative expenses increased by 36.4% from SAR 29.3 million in FY22G to SAR 40.0 million in FY23G, resulting mainly from the increase in direct labor costs by SAR 4.9 million, in line with the increase in the number of Al Majed Company full-timers from 87 employees in FY22G to 136 in FY23G, added to the IPO expenses incurred by the Company during the year and amounting to SAR 4.5 million.

Other Revenues

Other revenues relate to third-party operating income and lease concessions, among other non-operating income.

Other revenues decreased by 27.4% from SAR 3.9 million in FY21G to SAR 2.9 million in FY22G, mainly due to the decrease in lease agreements concessions by SAR 1.3 million and third-party operating income by SAR 1.2 million.

Other revenues increased by 234.5% from SAR 2.9 million in FY22G to SAR 9.6 million in FY23G, due to the increase in (1) lease agreement adjustment and exclusion profits by SAR 3.2 million resulting from excluding and closing 3 branches in FY23G; (2) third-party operating income (related to the packaging of perfumes and other products for other companies) (by SAR 1.9 million, in line with the increased demand and sale; and (3) lease concessions by SAR 1.3 million.

Financing Costs

Financing costs relate mainly to interests on lease agreements obligations in addition to interests on loans, advances and End of Service Benefits.

Financing costs increased by 22.4% from SAR 6.2 million in FY21G to SAR 7.6 million in FY22G, mainly due to the increased interest on lease agreement obligations by SAR 941,000 as a result of the conclusion of around 80 new agreements mainly in the KSA, partially offset by expired agreements during the same period. This was coupled by the fees of interest on bank loans amounting to SAR 336,000 related to the Company’s loans obtained and settled in full in FY22G.

Financing costs increased by 60.5% from SAR 7.6 million in FY22G to SAR 12.3 million in FY23G, as a result of the increased interests on lease agreements obligations amounting by SAR 2.7 million due to the conclusion of 90 new agreements. This was also coupled by an increased interest on bank loans amounting to SAR 2.0 million related to the Company’s loans obtained and fully settled in FY23G.

Zakat Expenses

Zakat expenses increased by 23.7% from SAR 6.1 million in FY21G to SAR 7.6 million in FY22G, in line with the increase in Zakat base resulting from increased income for the year.

Zakat expenses increased by 8.4% from SAR 7.6 million in FY22G to SAR 8.2 million in FY23G, in line with the increase in Zakat base resulting from increased income for the year.

Net Profit for the Year

Net profit for the year increased by 24.1% from SAR 101.0 million in FY21G to SAR 125.3 million in FY22G, in line with the increase in gross profit as a result of the increase in revenues from SAR 442.5 million to SAR 588.4 million, driven by revenues amounting to SAR 58.0 million and generated from the 38 stores which were newly opened in FY22 and are located mainly in the KSA, in addition to revenues achieved from the acquired distribution stores amounting to SAR 48.3 million. This was offset by the increase in sale and marketing expenses in line with the increased direct labor expenses by SAR 22.3 million resulting from the additional increase in the number of employees due to the opening of new stores during this period, coupled with an increase in amortization of the right-of-use assets by SAR 18.6 million, in line with the increase in the lease agreements of the newly-opened stores during the same period and the overall impact of the agreements compared to the previous period.

Gross profit for the period increased by 18.6% from SAR 125.3 million in FY22G to SAR 148.7 million in FY23G. However, the net profit margin decreased from 21.3% to 19.4% approximately during the same period, as a result of increased direct and indirect costs by a rate higher than the revenue growth rate, including the increase in direct labor costs by SAR 38.4 million in line with the increased number of employees, advertising and marketing costs by SAR 33.4 million and lease expenses by SAR 23.0 million as a result of the opening of new stores during the year.

6.7.1.1 Revenues

The following table sets out the revenues for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.5): Revenues for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G-2022G	Variance 2022G – 2023G	CAGR 2021G-2023G
Gross revenue	743,093	1,078,384	1,386,391	45.1%	28.6%	36.6%
Discounts	(300,628)	(490,002)	(619,368)	63.0%	26.4%	43.5%
Net revenue	442,465	588,383	767,023	33.0%	30.4%	31.7%
KPIs						
Discount ratio	40.5%	45.4%	44.7%	5.0	(0.8)	4.2

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

Gross Revenue

Gross revenues were mainly generated from the Company's branches located in various countries including the Kingdom of Saudi Arabia (which represented 90.2% of gross revenues in FY23G), Kuwait (4.1%), the United Arab Emirates (4.2%), Oman (1.3%), and Bahrain (0.2%).

Gross revenues increased by 45.1%, from SAR 743.1 million in FY21G to SAR 1.078 million in FY22G, driven by: (i) sales from 38 new branches opened in FY22G mainly present in KSA; (ii) sales from distribution stores whose assets were acquired; and (iii) the increase in FY21G branch openings, coupled with the increase in temporary exhibitions (which reached 47 exhibitions in FY22G). This was also coupled with an increase in the average selling price in all product categories, especially perfume which constitutes 61% of gross revenues.

Goss revenues increased by 28.6%, from SAR 1.078 million in FY22G to SAR 1.386 million in FY23G, driven by (i) sales from 77 new branches opened in FY23G, mainly present in KSA; (ii) the increase in revenues from branches opened in FY22G and from distribution stores whose assets were acquired in H2FY23G.

Discounts

In line with the Ministry of Commerce requirements, the Company runs a minimum of aggregate 90 days of overall discount promotions. Typically, these are centered around Ramadan, Eid Al Fitr, Hajj season and Eid Al Adha. In addition, the Company is further enhancing its marketing calendar by addressing other national events such as the Saudi Founding Day and Saudi National Day and running its own promotional campaigns such as Testahel Campaign and the End of Year promotions, all of which are largely in line with the promotional periods in the same sector. It is worth noting that promotional periods (90-120 days a year) contribute to more than half of the Company's annual sales.

Discount ratio increased by 63.0%, from SAR 300.6 million in FY21G to SAR 490.0 million in FY22G, in line with the promotional campaigns conducted by the Company. The discount ratio reached 45.4% in FY22G.

Discount ratio increased by 26.4%, from SAR 490.0 million in FY22G to SAR 619.4 million in FY23G, in line with the increase in sales. It is worth noting that the discount ratio reached 44.7% in FY23G, in line with previous years.

6.7.1.2 Net Revenues by Geographic Location

The following table sets out net revenues by geography for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.6): Net Revenues by Geographic Location for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G-2022G	Variance 2022G – 2023G	CAGR 2021G-2023G
Southern Province	71,304	88,913	104,972	24.7%	18.1%	21.3%
Eastern Province	54,699	66,184	76,387	21.0%	15.4%	18.2%
Northern Province	36,384	39,174	39,396	7.7%	0.6%	04.1%
Western Province	58,458	124,591	193,764	113.1%	55.5%	82.1%
Central Province	135,837	176,424	196,283	29.9%	11.3%	20.2%
Al-Qassim	31,585	35,212	35,490	11.5%	0.8%	6.0%
Store and other channels	36,600	28,934	40,528	(20.9%)	40.1%	5.2%
Abroad exhibitions - Qatar	845	3,328	5,158	293.8%	55.0%	147.1%
GCC Countries	16,754	25,623	75,044	52.9%	192.9%	111.6%
Total Net Revenues	**442,465**	**588,383**	**767,023**	**33.0%**	**30.4%**	**31.7%**
As a % of Total Net Revenues						
Southern Province	16.1%	15.1%	13.7%	(100.4%)	(142.6%)	(242.9%)
Eastern Province	12.4%	11.2%	10.0%	(111.4%)	(129.0%)	(240.3%)
Northern Province	8.2%	6.7%	5.1%	(156.5%)	(152.2%)	(308.7%)
Western Province	13.2%	21.2%	25.3%	796.3%	408.7%	1205.0%
Central Province	30.7%	30.0%	25.6%	(71.5%)	(439.4%)	(511.0%)
Al-Qassim	7.1%	6.0%	4.6%	(115.4%)	(135.8%)	(251.1%)
Store and other channels	8.3%	4.9%	5.3%	(335.4%)	36.6%	(298.8%)
Abroad exhibitions - Qatar	0.2%	0.6%	0.7%	37.5%	10.7%	48.1%
GCC Countries	3.8%	4.4%	9.8%	56.8%	542.9%	599.7%

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

Southern Province

The Company's revenues in the Southern Province increased by 24.7%, from SAR 71.3 million in FY21G to SAR 88.9 million in FY22G, mainly as a result of the Company opening 6 new branches in FY22G, in addition to the growth in the business of the branches opened during FY21G.

The Company's revenues in the Southern Province increased by 18.1%, from SAR 88.9 million in FY22G to SAR 105.0 million in FY23G, due to the Company opening 9 new stores in the Southern Province (including 3 in Abha and 2 in Najran) with revenues worth SAR 10.8 million.

Eastern Province

Eastern Province revenues increased by 21.0%, from SAR 54.7 million in FY21G to SAR 66.2 million in FY22G, mainly as a result of the Company opening 5 new branches in FY22G, including 3 branches in Dammam and 1 branch in each of Al-Ahsa and Hafar Al-Batin.

Eastern Province revenues increased by 15.4%, from SAR 66.2 million in FY22G to SAR 76.4 million in FY23G, in line with the opening of 7 new stores over the year (with revenues worth SAR 6.4 million), including 2 branches in Dammam and other branches across other cities such as Al-Khobar, Qatif, Al-Ahsa, and Dhahran.

Northern Province

Northern Province revenues increased by 7.7%, from SAR 36.4 million in FY21G to SAR 39.2 million in FY22G, mainly as a result of the improvement and increase in average daily sales in existing branches in the Northern Province.

The Company's revenues in the Northern Province increased by 0.6%, from SAR 39.2 million in FY22G to SAR 39.4 million in FY23G, in line with the opening of a branch in the Northern Region during the year (with revenues worth SAR 500,000).

Western Province

Western Province revenues increased by 113.1%, from SAR 58.5 million in FY21G to SAR 124.6 million in FY22G, mainly driven by the acquisition of Khalta Perfumes Company assets, which include 38 franchised stores in Jeddah, in addition to the Company opening 5 new branches in FY22G, including 3 branches in Mecca and 2 in Al-Madinah.

The Company's revenues in the Western Province increased by 55.5%, from SAR 124.6 million in FY22G to SAR 193.8 million in FY23G, in line with the increase in revenues from Khalta Perfumes Company assets which were acquired in H2FY22G, in addition to the opening of 8 new branches during the year, including 2 branches in Mecca, 2 in Jeddah, 2 in Taif and other cities.

Central Province

Revenues in the Central Province increased by 29.9%, from SAR 135.8 million in FY21G to SAR 176.4 million in FY22G, mainly as a result of the Company opening 15 new branches in Riyadh during FY22G, in addition to the Company's asset acquisition of 3 franchised stores in Riyadh.

The Company's revenues in the Central Province increased by 11.3%, from SAR 176.4 million in FY22G to SAR 196.3 million in FY23G, as a result of the Company opening 12 new stores in Riyadh, bringing the total number of stores in Riyadh to 70 stores (out of 75 stores in the Central Province).

Al-Qassim

Al-Qassim revenues increased by 11.5%, from SAR 31.6 million in FY21G to SAR 35.2 million in FY22G, mainly as a result of the Company opening 2 new branches in FY22G.

The Company's revenues in Al-Qassim region increased by 0.8%, from SAR 35.2 million in FY22G to SAR 35.5 million in FY23G, in line with the opening of 1 new branch in this region.

Store and Other Channels

Store and Other Channels revenues relate to revenues generated from website sales, in addition to corporate transaction sales registered under the Head Office sales.

Store and Other Channels revenues decreased by 20.9%, from SAR 36.6 million in FY21G to SAR 28.9 million in FY22G, mainly as a result of a decrease in revenues generated from distribution stores due to the Company's acquisition of the assets of those branches. This was offset by an increase in website sales.

The Company's revenues from Store and Other Channels increased by 40.1%, from SAR 28.9 million in FY22G to SAR 40.5 million in FY23G, in line with the increase in website sales by SAR 11.6 million.

Abroad Exhibitions - Qatar

The Company's revenues from abroad exhibitions taken place in Qatar increased by 293.8%, from SAR 845,000 in FY21G to SAR 3.3 million in FY22G, mainly as a result of the restoration of trade relations between the two countries, as the Company was back in business in Qatar in FY21G.

The Company's revenues from abroad exhibitions in Qatar increased by 55.0%, from SAR 3.3 million in FY22G to SAR 5.2 million in FY23G, in line with the increase in temporary exhibition sales.

GCC Countries

GCC revenues increased by 52.9%, from SAR 16.8 million in FY21G to SAR 25.6 million in FY22G, mainly as a result of the Company opening 3 new branches in the United Arab Emirates, 1 new branch in Kuwait, and another branch in Bahrain in FY22G.

The Company's revenues in the GCC countries increased by 192.9%, from SAR 25.6 million in FY22G to SAR 75.0 million in FY23G, in line with the opening of 28 new stores, including 22 stores in the UAE and 6 stores across Kuwait, Bahrain, and Oman.

6.7.1.3 Net Revenues by Month

The following table sets out net revenues by month for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.7): Net Revenues by Month for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G - 2022G	Variance 2022G – 2023G	CAGR 2021G - 2023G
January	16,979	20,639	22,025	21.6%	6.7%	13.9%
February	16,558	16,364	30,860	(1.2%)	88.6%	36.5%
March	34,887	73,227	127,725	109.9%	74.4%	91.3%
April	100,303	142,024	157,114	41.6%	10.6%	25.2%
May	81,422	21,927	16,768	(73.1%)	(23.5%)	(54.6%)
June	11,169	18,251	69,299	63.4%	279.7%	149.1%
July	19,440	49,902	37,568	156.7%	(24.7%)	39.0%
August	13,128	17,999	23,178	37.1%	28.8%	32.9%
September	51,346	66,670	60,261	29.8%	(9.6%)	8.3%
October	55,403	23,787	25,232	(57.1%)	6.1%	(32.5%)
November	22,365	44,433	82,754	98.6%	86.2%	92.4%
December	19,465	93,160	114,239	378.6%	22.6%	142.3%
Total Net Revenues	**442,465**	**588,383**	**767,023**	**33.0%**	**30.4%**	**31.7%**
As a % of Total Net Revenues						
January	3.8%	3.5%	2.9%	(0.1)	(0.2)	(0.9)
February	3.7%	2.8%	4.0%	(0.2)	0.4	0.3
March	7.9%	12.4%	16.7%	0.6	0.3	8.8
April	22.7%	24.1%	20.5%	0.1	(0.1)	(2.2)
May	18.4%	3.7%	2.2%	(0.8)	(0.4)	(16.2)
June	2.5%	3.1%	9.0%	0.2	1.9	6.5
July	4.4%	8.5%	4.9%	0.9	(0.4)	0.5

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G - 2022G	Variance 2022G – 2023G	CAGR 2021G - 2023G
August	3.0%	3.1%	3.0%	0.0	(0.0)	-
September	11.6%	11.3%	7.9%	(0.0)	(0.3)	(3.7)
October	12.5%	4.0%	3.3%	(0.7)	(0.2)	(9.2)
November	5.1%	7.6%	10.8%	0.5	0.4	5.7
December	4.4%	15.8%	14.9%	2.6	(0.1)	10.5

Source: Management information

During 2021G, April, May, July, September, and October are considered the main seasonal months, just as the main seasonal months of 2022G are March, April, July, September, November, and December, while the main seasonal months of 2023G are March, April, June, July, and September November and December.

The following table sets out the most prominent seasonal months for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.8): The Most Prominent Seasonal Months for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)
January	Testahel Campaign		
February			
March		Ramadan discounts	Ramadan discounts
April	Ramadan discounts	Ramadan discounts	Ramadan discounts
May	Ramadan discounts		
June			Hajj Season
July	Testahel Campaign	Testahel Campaign	Hajj Season
August			
September	September discounts	September discounts	September discounts
October	September discounts		
November		End-of-Year Season	End-of-Year Season
December		End-of-Year Season	End-of-Year Season

Source: Management information

In line with the Ministry of Commerce requirements, the Company runs a minimum of aggregate 90 days of overall discount promotions. Typically, these are centered around Ramadan, Hajj, and End of Year seasons. In addition, the Company is further enhancing its marketing calendar by addressing other national events such as the Saudi Founding Day and Saudi National Day and running its own promotional campaigns such as Testahel Campaign and the End of Year promotions, all of which are largely in line with the promotional periods of competitors in the same sector.

Total net revenues increased during the financial period 2021G-2022G, simultaneously with the promotional campaigns carried out by the Company, during which discount ratios reached 50%. Moreover, 60% of the Company's annual sales were concentrated during a period of 90-120 promotional days.

Total net revenues increased during the fiscal period 2022G-2023G, simultaneously with the promotional campaigns carried out by the Company, during which discount ratios reached 56%. Moreover, 60% of the Company's annual sales were concentrated during a period of 90-120 promotional days.

6.7.1.4 Net Revenues by Branch Classification

The following table sets out revenue by branch classification for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.9): Revenues by Branch Classification for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Existing branches	310,160	315,924	308,770	1.9%	(2.3%)	(0.2%)
2020G Openings	53,182	56,735	58,302	6.7%	2.8%	4.7%
2021G Openings	25,513	50,451	55,195	97.7%	9.4%	47.1%
2022G Openings	-	57,967	94,608	N/A	63.5%	N/A
2023G Openings	-	-	62,074	N/A	N/A	N/A
Asset-Purchased Distribution Stores	-	48,264	104,112	N/A	115.7%	N/A
Total operational branches	388,855	529,340	683,061	36.1%	29.0%	32.5%
Closed Branches*	12,792	11,533	5,868	(9.8%)	(49.1%)	(32.3%)
Head office	37,310	30,350	43,747	(18.7%)	44.1%	8.3%
Temporary exhibitions	3,510	17,160	23,630	388.9%	37.7%	159.5%
Temporary Kiosks	-	-	10,717	N/A	N/A	N/A
Total	**442,465**	**588,383**	**767,023**	**33.0%**	**30.4%**	**31.7%**
Number of operational branches						
Existing branches	88	88	88	-	-	-
2020G Openings	20	20	20	-	-	-
2021G Openings	22	22	22	-	-	-
2022G Openings	-	38	38	38	-	38
2023G Openings	-	-	77	-	77	77
Asset-Purchased Distribution Stores	-	41	41	41	-	41
Total number of operational branches	130	209	286	79	77	156
Number of other branches						
Closed Branches	7	8	3	1	(5)	(4)
Head office	1	1	1	-	-	-
Temporary exhibitions	9	47	47	38	-	38
Temporary Kiosks	-	-	20	-	20	20
Total number of other branches	**17**	**56**	**71**	**39**	**15**	**54**
Total number of branches	**147**	**265**	**357**	**118**	**92**	**210**

Source: Management information.

* *(Income-generating) branches that have been closed: the Company closed a total of 9 stores during the financial period 2021G-2023G (2 stores in FY21G, 4 in FY22G, and 3 in FY23G). The abovementioned number of branches closed refers to the number of revenue-generating stores in each of the respective periods.*

Existing Branches

The Company's existing branches consist of 88 stores, opened before 1 January 2020G and located in various regions of the Kingdom of Saudi Arabia.

Existing Branch revenues increased by 1.9%, from SAR 310.2 million in FY21G to SAR 315.9 million in FY22G, mainly due to the increase in revenues of (i) the Western Province by SAR 7.2 million, as one of the stores located in the Western Province was adversely affected by third-party construction work during the FY21G and got back to normal business in FY22G, in addition to increasing revenues generated from a store in Al Nakheel Plaza in Mecca after elimination of COVID-19 restriction during Hajj season that restored its fullest capacity during Hajj season; (ii) the Southern Province by SAR 1.5 million; and (iii) the Northern Province by SAR 1.5 million.

2020G Openings

20 new branches of the Company were opened during the FY20G. Revenues from these branches increased by 6.7%, from SAR 53.2 million in FY21G to SAR 56.7 million in FY22G, mainly due to the profit ramp up in the Southern Province, amounting to SAR 2.8 million. This was partially offset by a slight decrease in revenues from the Company's branches in the Eastern Province (Dammam) by SAR 340,000, as well as Riyadh branches by SAR 236,000 due to cannibalization.

The revenues of the branches opened in 2020G increased by 2.8%, from SAR 56.7 million in FY22G to SAR 58.3 million in FY23G, as a result of an increase in revenues in the Southern Province by SAR 1.3 million.

2021G Openings

22 new branches of the Company were opened during the FY21G, with revenues from these branches amounting to SAR 25.5 million in FY21G, which rose to SAR 50.5 million in FY22G, mainly driven by the full year impact, since only 13 out of the 22 stores opened during the first half of the year, with an average of 294 days in operation, while the other 9 opened during the second half of the year, with an average of 76 days in operation only. It is worth noting that the increase mainly stemmed from the increase in revenues of (i) Riyadh branches by SAR 9.9 million mainly as a result of the opening of 5 new branches; (ii) Khamis Mushait branches by SAR 3.9 million as a result of the opening of 1 new branch; (iii) Jubail branches by SAR 2.9 million as a result of the opening of 1 new branch; (iv) Mecca branches by SAR 2.5 million as a result of the opening of 1 new branch; and (v) Taif branches by SAR 2.3 million as a result of the opening of 2 new branches.

The revenues of the branches opened in 2021G increased by 9.4%, from SAR 50.4 million in FY22G to SAR 55.2 million in FY23G, as revenues from the UAE branches doubled (by 121.0%), in addition to an increase in revenue in all branches in the Western Province.

2022G Openings

38 new branches of the Company were opened during the FY22G, out of which 15 are in Riyadh, 3 in UAE, and 1 in Kuwait, while the rest are located across the Kingdom of Saudi Arabia. Moreover, the Company acquired the assets of Khalta Perfumes Company, which included 41 stores, previously managed by Khalta Perfumes Company, of which 3 stores are located in Riyadh, while the other 38 stores are located in Jeddah.

Branches opened in 2022G achieved revenues worth SAR 58.0 million in FY22G, which contributed to 9.9% of the total revenues for the FY22G. Revenues increased by 63.5% to SAR 94.6 million in FY23G as a result of a period of profit ramp up, as around 15 new branches were opened in the second half of the year.

2023G Openings

77 new branches of the Company were opened during the FY22G, out of which 10 branches are in Riyadh, 6 in UAE, and 3 in Abu Dhabi, while the rest are located across the Kingdom of Saudi Arabia.

Branches opened in 2023G achieved revenues worth SAR 62.1 million in FY23G, which contributed to 8.1% of the total revenues for the FY23G.

Asset-Purchased Distribution Stores

By mid-FY22G, the Company acquired Al Khalta Perfumes Company's assets, which included 41 stores ("Asset-Purchased Distribution Stores"), that were previously owned and operated by a franchisee mainly in Jeddah (38 out of the 41 stores are located in Jeddah). Asset-Purchased Distribution Stores contributed to 13.6% of FY23G total revenue. Revenues increased by 115.7% reaching SAR 104.1 million in FY23G as a result of the profit ramp up during the year.

The Company did not incur any re-operation or advertising costs related to the Asset-Purchased Distribution Stores, as these stores were already operated by Khalta Perfumes Company. However, the Company incurred a total of SAR 995,000 in FY21G related to pre-opening and advertising expenses for 38 new stores opened in FY22G.

Closed Branches

The Company closed a total of 9 stores over the FY21-23 period, (2 stores in FY21G, 4 stores in FY22G and 3 stores in FY23G).

Closed stores generated revenues of SAR 12.8 million, SAR 11.5 million, and SAR 5.9 million in FY21G, FY22G, and FY23G, respectively. Closed stores contributed to 0.8% of FY23G total revenue.

Head Office

The revenue streams that are not directly pertaining to specific operational stores such as distribution, online and B2B are managed by the Head Office.

Head Office revenues decreased by 18.7%, from SAR 37.3 million in FY21G to SAR 30.4 million in FY22G, mainly due to lower distribution revenues following the acquisition of managed distribution store assets from Khalta Perfumes Company. Whereas, under the Distribution Agreement between the Company and Khalta Perfumes Company, a service commission ranging between 5% to 20% was applied as a markup on the cost of goods sold to Khalta Perfumes Company. Moreover, the agreement did not entail any royalty, management or distribution-related charges. During the FY22G, the Company acquired the assets of Khalta Perfumes Company, and these stores were fully acquired by the Company according to the asset purchase transaction contract, hence distribution revenue winded down to SAR 926,000.

Head Office revenues increased by 44.1%, from SAR 30.4 million in FY22G to SAR 43.7 million in FY23G, as a result of an increase in revenues from the online store by SAR 11.2 million.

The Head Office generates online store sales revenues which pertain to sales via e-commerce platforms such as Amazon, among other platforms and sales managed by the head office. Online revenue increased from SAR 10.8 million in FY21G to SAR 20.6 million in FY22G and further to SAR 31.8 million in FY23G as part of the efforts made to increase online advertising and marketing campaigns and deliver products inside and outside the KSA market.

The Head Office generated sales revenues to other B2B clients related to the Company's sales to non-individual corporate clients including the Ministry of Defense, Golden Scent Co., NiceOne, among others. B2B sales revenues increased from SAR 1.4 million in FY21G to SAR 5.7 million in FY22G and SAR 6.5 million in FY23G, mainly on the back of the increase in number of clients including the Ministry of Defense, Golden Scent Co., and NiceOne, following Management's strategic decision to focus more on the B2B segment.

Head Office sales include miscellaneous sales, mainly out of store and export sales.

Temporary Exhibitions

Temporary exhibitions generated SAR 3.5 million, SAR 17.2 million, and SAR 23.6 million in FY21G, FY22G, and FY23G respectively. Temporary exhibitions exceptionally contributed to 3.1% of FY23G total revenue, however going forward, the Company does not expect to participate in the same number of exhibitions.

Temporary Kiosks

This relates to revenues generated from the 20 Temporary Kiosks, which generated SAR 10.7 million in FY23G, and which the Company opens strategically in malls. This approach is instigated by mall operators to ensure full occupancy of the mall's retail spaces, until an adequate space for a traditional store becomes available.

6.7.1.5 Revenues by Product Category

The following table sets out revenues by product category for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.10): Revenues by Product Category for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G-2022G	Variance 2022G – 2023G	CAGR 2021G-2023G
Revenues						
Perfumes	254,526	369,651	490,526	45.2%	32.7%	38.8%
Oud	67,160	86,104	109,793	28.2%	27.5%	27.9%
Incense	39,063	50,968	60,851	30.5%	19.4%	24.8%
Oils	27,000	33,184	47,041	22.9%	41.8%	32.0%
Gifts	43,028	29,649	45,941	(31.1%)	55.0%	3.3%
Others	11,688	18,827	12,871	61.1%	(31.6%)	4.9%
Total Revenues	**442,465**	**588,383**	**767,023**	**33.0%**	**30.4%**	**31.7%**
Cost of Revenues						
Perfumes	(59,492)	(82,151)	(100,689)	38.1%	22.6%	30.1%
Oud	(42,015)	(52,399)	(64,109)	24.7%	22.3%	23.5%
Incense	(16,073)	(20,646)	(23,447)	28.4%	13.6%	20.8%
Oils	(6,851)	(7,308)	(9,511)	6.7%	30.1%	17.8%
Gifts	(14,523)	(9,578)	(15,174)	(34.0%)	58.4%	2.2%
Others	(30,513)	(38,876)	(43,453)	27.4%	11.8%	19.3%
Total cost of revenues	**(169,468)**	**(210,957)**	**(256,384)**	**24.5%**	**21.5%**	**23.0%**
Total YoY Profit						
Perfumes	195,034	287,500	389,837	47.4%	35.6%	41.4%
Oud	25,146	33,705	45,684	34.0%	35.5%	34.8%
Incense	22,990	30,322	37,404	31.9%	23.4%	27.6%
Oils	20,149	25,876	37,530	28.4%	45.0%	36.5%
Gifts	28,505	20,071	30,767	(29.6%)	53.3%	3.9%
Others[(1)]	(18,825)	(20,048)	(30,582)	6.5%	52.5%	27.5%
Total YoY Profit	**272,997**	**377,425**	**510,640**	**38.3%**	**35.3%**	**36.8%**
Profit Margin						
Perfumes	76.6%	77.8%	79.5%	1.2	1.7	2.9
Oud	37.4%	39.1%	41.6%	1.7	2.5	4.2
Incense	58.9%	59.5%	61.5%	0.6	2.0	2.6
Oils	74.6%	78.0%	79.8%	3.4	1.8	5.2
Gifts	66.2%	67.7%	67.0%	1.5	(0.7)	0.8
Perfumes	(161.1%)	(106.5%)	(237.6%)	54.6	(131.1)	(76.5)
Gross Profit Margin	**61.7%**	**64.1%**	**66.6%**	**2.4**	**2.5**	**4.9**

Source: Management information

(1) Others revenue include herbal, accessories, samples, ores, amongst other product categories. Furthermore, cost of revenue classified under "Others" also includes employee-related costs, provisions, depreciation and amortization and other costs which could not be allocated to specific product categories; hence this category always results in a negative gross profit margin.

Perfumes

The Company's revenues from perfumes represent 64.0% of total revenues in FY23G.

Perfume revenues increased by 45.2%, from SAR 254.5 million (with a profit margin of 76.6%) in FY21G to SAR 369.7 million (with a profit margin of 77.8%) in FY22G, mainly as a result of (i) the introduction of 23 new fragrances, resulting in total revenues of SAR 52.8 million; (ii) an increase in the average selling price in FY22G; and (iii) an increase in volumes sold in FY22G.

Perfumes revenues increased by 32.7%, from SAR 369.7 million (with a profit margin of 77.8%) in FY22G to SAR 490.5 million (with a profit margin of 79.5%) in FY23G, as a result of (i) the Company launching a new collection during this period, which contributed to the overall increase in revenues by SAR 78.5 million; (ii) the increase in volumes sold during the year; and (iii) the increase in the average price of perfume products sold, as a result of the increased demand for higher-priced perfumes.

Oud

The Company's revenues from Oud represent 14.3% of total revenues in FY23G.

The Company's revenues from Oud increased by 28.2%, from SAR 67.2 million in FY21G (with a profit margin of 37.4%) to SAR 86.1 million (with a profit margin of 39.1%) in FY22G, as a result of the increase in volumes sold, which contributed to an increase of SAR 12.9 million in revenues, in addition to the introduction of 28 new products, which contributed to an increase of SAR 5.2 million in revenues.

Oud revenues increased by 27.5%, from SAR 86.1 million (with a profit margin of 39.1% in FY22G) to SAR 109.8 million (with a profit margin of 41.6%) in FY23G as a result of (i) the increase in volumes sold, especially Moroccan Oud, in addition to the launch of new products during said period; and (ii) the increase in the average price of Oud products.

Incense

The Company's revenues from incense represent 7.9% of total revenues in FY23G.

The Company's revenues from incense increased by 30.5%, from SAR 39.1 million (with a profit margin of 58.9%) in FY21G to SAR 51.0 million (with a profit margin of 59.5%) in FY22G, mainly as a result of (i) the increase in volumes sold of Amber Incense that was recently introduced, which led to an increase in the total sold volumes of incense products; and (ii) the introduction of 2 new incense products during the year.

The Company's revenues from incense increased by 19.4%, from SAR 51.0 million (with a profit margin of 59.5%) in FY22G to SAR 60.9 million (with a profit margin of 61.5%) in FY23G, as a result of the introduction of new products and the increase in volumes sold during this period, coupled with a relative increase in the average selling price.

Oils

The Company's revenues from oils represent 6.1% of total revenues in FY23G.

The Company's revenues from oils increased by 22.9%, from SAR 27.0 million (with a profit margin of 74.6%) in FY21G to SAR 33.2 million (with a profit margin of 78.0%) in FY22G, mainly as a result of the increase in the average selling price in FY22G.

The Company's revenues from oils increased by 41.8%, from SAR 33.2 million (with a profit margin of 78.0%) in FY22G to SAR 47.0 million (with a profit margin of 79.8%) in FY23G, as a result of the increase in the average price of oil products, in addition to the increase in volumes sold during this period.

Gifts

The Company's revenues from gifts represent 6.0% of total revenues in FY23G.

The Company's revenues from gift products decreased by 31.1%, from SAR 43.0 million (with a profit margin of 66.2%) in FY21G to SAR 29.6 million (with a profit margin of 67.7%) in FY22G, mainly as a result of the increase in the average selling price in FY22G.

The Company's revenues from gift products increased by 55.0%, from SAR 29.6 million (with a profit margin of 67.7%) in FY22G to SAR 45.9 million (with a profit margin of 67.0%) in FY23G, as a result of the increase in volumes sold during this period.

Others

Others revenue include herbal products and accessories, amongst other product categories. Furthermore, cost of revenue classified under "Others" also includes employee-related costs, provisions, depreciation and amortization and other costs which could not be allocated to specific product categories; hence this category always results in a negative gross profit margin.

Other product revenues increased by 61.1%, from SAR 11.7 million in FY21G to SAR 18.8 million in FY22G. Other products recorded a negative gross profit margin of 161.1% in FY21G and 106.5% in FY22G.

Other product revenues decreased by 31.6%, from SAR 18.8 million in FY22G to SAR 12.9 million in FY23G. Other products recorded a negative gross profit margin of 106.5% in FY22G and 237.6% in FY23G.

6.7.1.6 Cost of Revenues

The following table sets out the cost of revenue for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.11): Cost of Revenue for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Cost of goods sold	146,810	180,926	223,400	23.2%	23.5%	23.4%
Direct labor	6,621	9,830	15,439	48.5%	57.1%	52.7%
Depreciation of property and equipment	2,571	2,660	2,796	3.5%	5.1%	4.3%
Right-of-use asset amortization	1,515	1,507	1,540	(0.5%)	2.2%	0.8%
Provision for slow-moving inventories	4,858	5,146	(2,476)	5.9%	(148.1%)	N/A
Others	7,094	10,888	15,685	53.5%	44.1%	48.7%
Total	**169,468**	**210,957**	**256,384**	**24.5%**	**21.5%**	**23.0%**
As a % of revenue						
Cost of goods sold	33.2%	30.7%	29.1%	(2.4)	(1.6)	(4.1)
Direct labor	1.5%	1.7%	2.0%	0.2	0.3	0.5
Depreciation of property and equipment	0.6%	0.5%	0.4%	(0.1)	(0.1)	(0.2)
Right-of-use asset amortization	0.3%	0.3%	0.2%	(0.1)	(0.1)	(0.1)
Provision for slow-moving inventories	1.1%	0.9%	(0.3%)	(0.2)	(1.2)	(1.4)
Others	1.6%	1.9%	2.0%	0.2	0.2	0.4
Total	**38.3%**	**35.9%**	**33.4%**	**(2.4)**	**(2.4)**	**(4.9)**

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

The following table sets out the Key Performance Indicators (KPIs) for the Financial Years ending 31 December 2021G, 2022G, and 2023G:

Table (6.12): Key Performance Indicators (KPIs) for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Company full-time employees						
Headcount – full-time employees	102	94	180	(8)	86	78
Avg. monthly cost per full-time employee (SAR in 000s)	4.7	8.3	7.0	77.5%	(14.7%)	23.0%
Full-time outsourced employees						
Headcount – full-time employees	22	6	4	(16)	(2)	(18)
Avg. monthly cost per part-time employee (SAR in 000s)	3.5	7.1	4.7	103.1%	(33.9%)	15.8%

Source: Management information

Cost of revenue comprise, among others, cost of goods sold (87.1% of total cost of revenue in FY23G), direct labor costs (6.0%), depreciation of property and equipment (1.1%), right-of-use asset amortization (0.6%), and provision for slow-moving inventories.

Cost of Goods Sold

Cost of goods sold comprises of purchases of raw materials, alongside packaging materials and tools and equipment used in the production and mixing of products from local and foreign suppliers.

Cost of goods sold increased from SAR 146.8 million in FY21G to SAR 180.9 million in FY22G and further to SAR 223.4 million in FY23G, mainly relating to the increase in all products category's costs including perfumes, Oud, and incense, which comprise the majority of the Company's sales.

Direct Labor

Direct labor relates to the employees working at the warehouses and production lines, mainly responsible for the supply chain and manufacturing processes and other related functions.

Direct labor costs increased by 48.5%, from SAR 6.6 million in FY21G to SAR 9.8 million in FY22G, mainly due to the increase in allowances (+SAR 1.1 million) and basic salary (+SAR 797,000) in line with the increase in avg. monthly cost per full-time employee over the period.

Employee-related costs increased by 57.1%, from SAR 9.8 million in FY22G to SAR 15.4 million in FY23G, mainly due to the increase in (i) basic salaries (+SAR 1.9 million) and allowances (+ SAR 1.1 million) in line with the increase in avg. headcount of full-time employees by 86 employees, and (ii) bonuses (+SAR 1.2 million) related to the payment of previous year's bonuses (FY22G) and current period's bonuses, and this was also coupled with a change in the bonus policy.

Depreciation of Property and Equipment

Depreciation of property and equipment is related to the depreciation of the production plants and equipment, production buildings and warehouses, computers and office equipment, among other fixed assets used in the Company's operations.

Depreciation of property and equipment increased by 3.5%, from SAR 2.6 million in FY21G to SAR 2.7 million in FY22G, mainly due to disposals during the FY22G.

Depreciation of property and equipment slightly increased by 5.1%, from SAR 2.7 million in FY22G to SAR 2.8 million in FY23G, mainly driven by additions relating to computers and office equipment during the period.

Right-of-Use Asset Amortization

Right-of-use asset amortization relates to the amortization of the warehouse lease contract. Right-of-use asset was previously recorded under General and Administrative Expenses, then it was reclassified to cost of revenue as of FY21G.

Right-of-use asset amortization remained relatively stable at SAR 1.5 million over the historical period.

Others

Other costs mainly comprise of consumed packaging and tester expense, fuel, electricity, amongst others.

Other costs increased from SAR 7.1 million in FY21G to SAR 10.9 million in FY22G and further to SAR 15.7 million in FY23G, mainly on the back of the increase in consumed packaging costs relating to shopping bags at the branches and damaged goods in the branches in line with the increase in sales.

Provision for Slow-Moving Inventories

Provision for slow-moving inventories is recorded based on the policy adopted around the sales performance of each product, whereby, if a product has not achieved any sales over the past 6 months, a 100% provision is applied to account for potential losses associated with its slow-moving nature. Similarly, for products that have not recorded any sales within the last 3 months and remain stagnant, a provision of 30% is recorded.

Provision for slow-moving inventories remained relatively stable at SAR 5.0 million in FY21G-22G.

In FY23, the Company recorded a reversal of provision (SAR 2.5 million) and write off (SAR 2.9 million) pertaining to prior period.

6.7.1.7 Sale and Marketing Expenses

The following table sets out the Sale and Marketing Expenses for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.13): Sale and Marketing Expenses for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Direct labor	58,501	80,833	108,669	38.2%	34.4%	36.3%
Right-of-use asset amortization	39,030	57,572	75,379	47.5%	30.9%	39.0%
Advertising and marketing	22,584	31,020	64,431	37.4%	107.7%	68.9%
Depreciation of Property and Equipment	7,409	19,700	24,530	165.9%	24.5%	82.0%
Rents	2,040	7,873	11,280	286.0%	43.3%	135.2%
Supplies	1,939	4,559	5,906	135.1%	29.6%	74.5%
Utilities	1,279	1,912	2,612	49.5%	36.7%	42.9%
Government fees	945	1,153	2,436	22.1%	111.2%	60.6%
Shipment expenses	777	1,320	2,112	70.0%	60.0%	64.9%
Bank charges	701	1,294	2,105	84.6%	62.7%	73.3%
Collection fees	182	544	1,827	199.2%	236.0%	217.1%
Amortization of intangible assets	144	156	228	7.7%	46.6%	25.6%
Transportation	116	153	182	31.6%	19.3%	25.3%
Provision for expected credit loss	1,375	(4,263)	111	(410.0%)	(102.6%)	(71.6%)
Others	4,553	6,586	9,268	44.7%	40.7%	42.7%
Total	**141,575**	**210,410**	**311,078**	**48.6%**	**47.8%**	**48.2%**
As a % of revenue						
Direct labor	13.2%	13.7%	14.2%	0.5	0.4	0.9

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Right-of-use asset amortization	8.8%	9.8%	9.8%	1.0	0.0	1.0
Advertising and marketing	5.1%	5.3%	8.4%	0.2	3.1	3.3
Depreciation of Property and Equipment	1.7%	3.3%	3.2%	1.7	(0.2)	1.5
Rents	0.5%	1.3%	1.5%	0.9	0.1	1.0
Supplies	0.4%	0.8%	0.8%	0.3	(0.0)	0.3
Utilities	0.3%	0.3%	0.3%	0.0	0.0	0.1
Government fees	0.2%	0.2%	0.3%	(0.0)	0.1	0.1
Shipment expenses	0.2%	0.2%	0.3%	0.0	0.1	0.1
Bank charges	0.2%	0.2%	0.3%	0.1	0.1	0.1
Collection fees	0.0%	0.1%	0.2%	0.1	0.1	0.2
Amortization of intangible assets	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Transportation	0.0%	0.0%	0.0%	(0.0)	(0.0)	(0.0)
Provision for expected credit loss	0.3%	(0.7%)	0.0%	(1.0)	0.7	(0.3)
Others	1.0%	1.1%	1.2%	0.1	0.1	0.2
Total	**32.0%**	**35.8%**	**40.6%**	**3.8**	**4.8**	**8.6**

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

The following table sets out the Key Performance Indicators (KPIs) for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.14): Key Performance Indicators (KPIs) for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Company full-time employees						
Headcount – full-time employees	614	1,003	1,363	389	360	749
Avg. monthly cost per full-time employee (SAR in 000s)	6.4	5.8	6.1	(10.5%)	6.2%	(2.5%)
Full-time outsourced employees						
Headcount – full-time employees	101	97	47	(4)	(50)	(54)
Avg. monthly cost per part-time employee (SAR in 000s)	6.1	6.7	7.2	9.3%	8.2%	8.8%
Part-time seasonal employees						
Headcount – part-time employees	88	93	130	5	37	42
Avg. monthly cost per part-time employee (SAR in 000s)	3.5	3.3	2.8	(5.2%)	(14.5%)	(9.9%)
Total headcount	803	1,193	1,540	390	347	737
Avg. number of staff per operational store	6	6	5	(0)	(0)	(1)

Source: Management information

Sale and Marketing Expenses consist of direct labor costs (34.9% of total Sale and Marketing Expenses in FY23), amortization of right-of-use asset (24.2%), advertising and marketing costs (20.7%), depreciation of property and equipment (7.9%), rents (3.6%), and supplies (1.9%), amongst others.

Direct Labor

Direct labor costs under Sale and Marketing Expenses primarily reflect the costs of employees working at the branches (salesmen and cashiers).

Direct labor costs increased by 38.2%, from SAR 58.5 million in FY21G to SAR 80.8 million in FY22G, mainly driven by the increase in allowances by SAR 16.2 million, following Management's decision to start paying housing allowances to its employees instead of providing them with accommodation, as was the case in FY20G. This was coupled with the increase in (i) commissions paid during FY22G (+SAR 4.3 million) in line with the significant sales recorded during the same period; and (ii) others (+SAR 4.3 million), mainly paid leave (+SAR 1.8 million), EOSB (+SAR 1.5 million) and medical insurance (+SAR 1.3 million).

Direct labor costs further increased by 34.4%, from SAR 80.8 million in FY22G to SAR 108.7 million in FY23G, mainly due to the increase in (i) basic salary (+SAR 9.2 million) and allowances (+SAR 5.7 million) in line with the increase in avg. headcount full-time Company employees (+360 employees) along with the increase in part-time employees by 37 employees who are compensated on a full-package basis, which includes a basic salary and commissions on sale at the end of the season; and (ii) commissions (+SAR 7.4 million) in line with the significant sales recorded during the same period.

It is worth noting that the number of full-time outsourced employees decreased by 83 employees, from 136 employees in FY21G to 53 employees in FY23G, in line with the Company's strategy to reduce outsourced employees.

Right-of-Use Asset Amortization

Right-of-use asset amortization relates to the amortization of the right to use the assets of the commercial branches.

Right-of-use asset amortization increased by 47.5%, from SAR 39.0 million in FY21G to SAR 57.6 million in FY22G, in line with the opening of 38 new stores during this period, in addition to the acquisition of the assets of the distribution branches managed by Khalta Perfumes Company in Jeddah.

Right-of-use asset amortization further increased by 30.9%, from SAR 57.6 million in FY22G to SAR 75.4 million in FY23G in line with the opening of 77 stores during the period.

Advertising and Marketing

Advertising and marketing costs pertain to marketing campaigns scheduled for seasonal promotions and others.

Advertising and marketing costs increased by 37.4%, from SAR 22.6 million in FY21G to SAR 31.0 million in FY22G, in line with Management's decision to increase the marketing budget which was fully utilized in FY22G.

Advertising and marketing costs further increased by 107.7%, from SAR 31.0 million in FY22G to SAR 64.4 million in FY23G, in line with the increase in the number of branches over the year and the promotional periods duration and occurrence thereof, leading to the increase in advertising costs.

Depreciation of Property and Equipment

Depreciation of property and equipment increased from SAR 7.4 million in FY21G to SAR 19.7 million in FY22G and further to SAR 24.5 million in FY23G, mainly on the back of the additions on furniture and fixtures of branches to cater for the expansion in the number of stores that exceeded 250 stores by the end of FY23G. Additionally, during FY21G, the Company changed the estimated useful life of its leasehold improvements in line with IAS16.56(d) requirements whereby leasehold improvements are assessed based on the rent contracts duration as useful life, noting that the Company's average duration of rent contracts is 6.1 years, resulting in an increase in depreciation charge during the year (as compared to the average 10 years under the previous estimate).

Rents

Rents relate to the short-term rent for staff accommodation.

Rents increased by 286.0%, from SAR 2.0 million in FY21G to SAR 7.9 million in FY22G, on the back of the re-classification of accounts from General and Administrative expenses.

Rents increased by 43.3%, from SAR 7.9 million in FY22G to SAR 11.3 million in FY23G, mainly driven by the increase in operational stores and subsequent increase in avg. headcount of full-time employees during the period.

Supplies

Supplies include cleaning materials, and bags, among other supplies used at the stores.

Supplies increased from SAR 1.9 million in FY21G to SAR 4.6 million in FY22G and further to SAR 5.9 million in FY23G in line with the opening of new stores.

Utilities

Utility costs pertain to water, electricity and other utilities expenses.

Utilities costs increased from SAR 1.3 million in FY21G to SAR 1.9 million in FY22G and further to SAR 2.6 million in FY23G, mainly due to the increasing costs associated with the new openings.

Government Fees

Government fees relate to the annual renewal fees of the branch's commercial register.

Government fees increased from SAR 945,000 in FY21G to SAR 1.2 million in FY22G and further to SAR 2.4 million in FY23G, in line with the costs incurred for newly opened stores.

Shipment Expenses

Shipment expenses relate to the costs of distribution of online orders.

Shipment expenses increased from SAR 777,000 in FY21G to SAR 1.3 million in FY22G and further to SAR 2.1 million in FY23G, in line with the online sales growth.

Bank Charges

Bank charges increased by 84.6%, from SAR 701,000 in FY21G to SAR 1.3 million in FY22G.

Bank charges increased by 62.7%, from SAR 1.3 million in FY22G to SAR 2.1 million in FY23G.

Collection Fees

Collection fees pertain to fees from cash on delivery service related to online store sales.

Collection fees increased from SAR 182,000 in FY21G to SAR 544,000 in FY22G and further to SAR 1.8 million in FY23G, in line with the trend in cash on delivery online sales.

Amortization of Intangible Assets

Amortization of intangible assets relates to software and systems used by the Company.

Amortization of intangible assets increased from SAR 144,000 in FY21G to SAR 156,000 in FY22G, as a result of additions worth SAR 564,000 during the year, and further increased to SAR 228,000 in FY23G, as a result of additions worth SAR 1.2 million.

Transportation

Transportation relates to the cost of distribution of products to branches.

Transportation expenses increased from SAR 116,000 in FY21G to SAR 153,000 in FY22G and further to SAR 182,000 in FY23G, in line with the increase in sales and revenues achieved during the year.

Provision for Expected Credit Loss

Provision for expected credit loss mainly relates to Khalta Perfumes Company and Turki Al Majid Foundation.

In FY21G, the Company booked a SAR 1.4 million provision for expected credit loss associated with Khalta Perfumes Company and Turki Al Majid Foundation dues.

Subsequently, in FY22G, the Company released the provision previously booked after the settlement of outstanding balances by both Khalta Perfumes Company and Turki Al Majid Foundation.

In FY23G, the Company booked a SAR 111,000 provision for expected credit loss associated with account receivable aging.

Others

Other expenses mainly consist of car rental fees, telephone and communication, bookings, among other expenses related to the Company's employees.

Other expenses increased from SAR 4.6 million in FY21G to SAR 6.6 million in FY22G and further to SAR 9.3 million in FY23G, in line with the increase in headcount and costs associated therewith.

6.7.1.8 General and Administrative Expenses

The following table sets out the general and administrative expenses for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.15): General and Administrative Expenses for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Direct labor	15,078	21,346	26,275	41.6%	23.1%	32.0%
Listing expenses	-	-	4,531	N/A	N/A	N/A
Technical support	504	1,424	1,909	182.5%	34.0%	94.6%
Professional fees	1,392	1,809	1,160	30.0%	(35.9%)	(8.7%)
Property and equipment depreciation	866	850	1,035	(1.8%)	21.8%	9.3%
Intangible assets amortization	543	566	634	4.2%	12.0%	8.1%
Rents	197	32	411	(83.7%)	1181.0%	44.5%
Depreciation of right of use asset	1,083	1,661	370	53.5%	(77.8%)	(41.6%)
Bank charges	36	125	356	251.0%	184.7%	216.1%
Telephone and internet	330	296	301	(10.4%)	1.7%	(4.6%)
Cleaning and hospitality	239	178	252	(25.6%)	41.4%	2.6%
Government fees	112	253	200	126.5%	(21.0%)	33.8%
Rent of vehicles and equipment	97	96	180	(1.6%)	88.3%	36.1%
Utilities	116	109	177	(5.8%)	62.3%	23.7%
Supplies	131	144	176	10.3%	21.9%	15.9%

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Security expenses	137	90	157	(34.5%)	74.9%	7.1%
Other	1,158	319	1,845	(72.5%)	478.4%	26.2%
Total	**22,018**	**29,298**	**39,967**	**33.1%**	**36.4%**	**34.7%**
As a % of revenue						
Direct labor	3.4%	3.6%	3.4%	0.2	(0.2)	0.0
Listing expenses	0.0%	0.0%	0.6%	-	0.6	0.6
Technical support	0.1%	0.2%	0.2%	0.1	0.0	0.1
Professional fees	0.3%	0.3%	0.2%	(0.0)	(0.2)	(0.2)
Property and equipment depreciation	0.2%	0.1%	0.1%	(0.1)	(0.0)	(0.1)
Intangible assets amortization	0.1%	0.1%	0.1%	(0.0)	(0.0)	(0.0)
Rents	0.0%	0.0%	0.1%	(0.0)	(0.0)	0.0
Depreciation of right of use asset	0.2%	0.3%	0.0%	0.0	0.0	(0.2)
Bank charges	0.0%	0.0%	0.0%	0.0	(0.2)	0.0
Telephone and internet	0.1%	0.1%	0.0%	(0.0)	0.0	(0.0)
Cleaning and hospitality	0.1%	0.0%	0.0%	(0.0)	(0.0)	(0.0)
Government fees	0.0%	0.0%	0.0%	0.0	0.0	0.0
Rent of vehicles and equipment	0.0%	0.0%	0.0%	(0.0)	(0.0)	0.0
Utilities	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Supplies	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Security expenses	0.0%	0.0%	0.0%	(0.0)	(0.0)	(0.0)
Other	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Total	**0.3%**	**0.1%**	**0.2%**	**(0.2)**	**0.2**	**(0.0)**

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

The following table sets out the Key Performance Indicators (KPIs) for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.16): Key Performance Indicators (KPIs) for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (Management's Info)	FY22G (Management's Info)	FY23G (Management's Info)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Headcount - Full-time Company employees	133	87	136	(46)	49	3
Avg. monthly cost per full-time employee (SAR in 000s)	9.0	19.9	15.9	122.5%	(20.5%)	33.0%
Headcount - Outsourced employees	13	2	2	(11)	-	(11)
Avg. monthly cost per outsourced employee (SAR in 000s)	4.9	21.7	16.5	339.6%	(23.7%)	83.1%
Total headcount	**146**	**89**	**138**	**(57)**	**49**	**(8)**

Source: Management information

General and administrative expenses mainly comprise direct-labor costs (65.7% of total general and administrative expenses in FY23G), listing expenses (11.3%), technical support (4.8%), professional fees (2.9%), property and equipment depreciation (2.6%), depreciation of right of use asset (1.6%) amongst others.

Direct Labor

Direct labor costs relate to employees working at the head office responsible for back-office functions such as human resources, finance, IT and internal audit department, among others.

Direct labor costs comprise mainly basic salaries (44.1% of direct labor-related costs in FY23G), allowances (20.9%), bonuses and incentives (19.1%) and social insurance (5.3%), amongst others.

From 2021G onwards, the Company established a bonus policy based on targeted revenue and net income levels. The overall increase in direct labor costs was in line with the increase in average monthly cost per full-time employee over the period.

Direct labor costs increased by 41.6%, from SAR 15.1 million in FY21G to SAR 21.3 million in FY22G, mainly driven by the increase in (i) allowances (+SAR 3.1 million), mainly housing allowance following Management's decision to pay housing allowances instead of providing accommodations to its employees and (ii) others (+SAR 2.5 million), mainly relating to medical insurance (+SAR 1.0 million).

Direct labor costs increased by 23.1%, from SAR 21.3 million in FY22G to SAR 26.3 million in FY23G, mainly driven by the increase in (i) basic salary (+SAR 2.7 million) in line with the addition of 49 new full-time Company employees; and (ii) bonus and incentive expense (+SAR 1.9 million) pertaining to the payment of the prior year's bonus (FY22G) and the current period's bonus. This was coupled with the change in the bonus policy.

Listing Expenses

Listing expenses amounted to SAR 4.5 million in FY23G and are mainly related to the fees incurred and paid to the Company's financial, legal and commercial advisors in relation to the IPO transaction. It is worth noting that these costs will be compensated by the Selling Shareholders after the completion of the IPO, as the Selling Shareholders will bear 100% of said expenses.

Technical Support

Technical support relates to the new ERP systems used by various back-office functions in the Company.

Technical support increased from SAR 504,000 in FY21G to SAR 1.4 million in FY22G, and further to SAR 1.9 million in FY23G in line with the active project of developing the Company's ERP system.

Professional Fees

Professional fees pertain to the fees of auditors, tax filings and other professional service providers.

Professional fees increased by 30.0%, from SAR 1.4 million in FY21G to SAR 1.8 million in FY22G, mainly driven by the increase in external auditors' fees (+SAR 322,000).

Professional fees decreased by 35.9%, from SAR 1.8 million in FY22G to SAR 1.2 million in FY23G as a result of reclassifying Listing Expenses from Professional Fees item to Listing Expenses item.

Property and Equipment Depreciation

Property and equipment depreciation increased from an average of SAR 858,000 over the FY21G-FY22G period to SAR 1.0 million in FY23G, on the back of additions over the period.

Intangible Assets Amortization

Intangible assets amortization is related to systems.

Intangible assets amortization remained relatively stable at around SAR 581,000 during the FY21G-FY23G period.

Rents

Rents mainly relate to the short-term (less than 1 year) staff housing units that are not subject to IFRS 16.

Rent decreased by 83.7%, from SAR 197,000 in FY21G to SAR 32,000 in FY22G, mainly due to the reclassification to Sale and Marketing Expenses.

Rents increased by 1181.0%, from SAR 32,000 in FY22G to SAR 411,000 in FY23G, in line with the increase in headcount.

Depreciation of Right of Use Asset

Depreciation of right-of-use asset is related to the depreciation of the head office building which was purchased in Q1FY23G.

Depreciation of right-of-use assets increased by 53.5%, from SAR 1.1 million in FY21G to SAR 1.7 million in FY22G, mainly due to the additions and improvements during this period.

Depreciation of right-of-use assets decreased by 77.8%, from SAR 1.7 million in FY22G to SAR 370,000 in FY23G, mainly on the back of the purchase of the head office building during the year.

Bank Charges

Bank charges increased from SAR 36,000 in FY21G to SAR 125,000 in FY22G and further to SAR 356,000 in FY23G, mainly on the back of the increase in sales in line with the increase in the number of stores and point of sales (POS).

Telephone and Internet

Telephone and internet expenses related to head office decreased from SAR 330,000 in FY21G to remain relatively stable at around SAR 298,000 over the FY22G-23G period.

Cleaning and Hospitality

Cleaning and hospitality expenses related to head office decreased by 25.6%, from SAR 239,000 in FY21G to SAR 178,000 in FY22G.

Cleaning and hospitality expenses increased by 41.4%, from SAR 178,000 in FY22G to SAR 252,000 in FY23G.

Government Fees

Government fees relate to the yearly license renewal, CR renewal and quality licenses, among other licenses.

Government license fees increased by 126.5%, from SAR 112,000 in FY21G to SAR 253,000 in FY22G.

Government license fees decreased by 21.0%, from SAR 253,000 in FY22G to SAR 200,000 in FY23G.

Rent of Vehicles and Equipment

Rent of vehicles and equipment relates to the lease of vehicles and equipment to meet the Company's needs for non-production operations.

Rent of vehicles and equipment remained stable at around to SAR 97,000 in FY21G and FY22G.

Rent of vehicles and equipment increased by 88.3%, from SAR 96,000 in FY22G to SAR 180,000 in FY23G due to the rental of additional vehicles.

Utilities

Utility costs pertain to water and electricity expenses.

Costs of utilities used at the head office decreased by 5.8%, from SAR 116,000 in FY21G to SAR 109,000 in FY22G.

Utility costs increased by 62.3%, from SAR 109,000 in FY22G to SAR 177,000 in FY23G.

Supplies

Supplies related to office and material suppliers increased by 10.3%, from SAR 131,000 in FY21G to SAR 144,000 in FY22G.

Supplies expenses increased by 21.9%, from SAR 144,000 in FY22G to SAR 176,000 in FY23G.

Security Expenses

Security expenses relate to costs associated with ensuring safety and security.

Security expenses decreased from SAR 137,000 in FY21G to SAR 90,000 in FY22G.

Security expenses increased by 74.9%, from SAR 90,000 in FY22G to SAR 157,000 in FY23G.

Other

Other expenses consist of general maintenance expense, gifts, fines and penalties, among others.

Other expenses decreased by 72.5%, from SAR 1.2 million in FY21G to SAR 319,000 in FY22G.

Other expenses increased by 478.4%, from SAR 319,000 in FY22G to SAR 1.8 million in FY23G.

6.7.1.9 Financing Costs

The following table sets out the financing costs for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.17): Financing Costs for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G-2022G	Variance 2022G – 2023G	CAGR 2021G-2023G
Interest charge on lease liabilities	6,122	7,063	9,796	15.4%	38.7%	26.5%
Interest charge on loans	-	336	2,017	N/A	500.3%	N/A
Interest charge on end of service benefits obligation	115	235	438	104.3%	86.4%	95.2%
Total	**6,237**	**7,634**	**12,252**	**22.4%**	**60.5%**	**40.2%**

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

Interest Charge on Lease Liabilities

Interest charge on lease liabilities increased by 15.4%, from SAR 6.1 million in FY21G to SAR 7.1 million in FY22G on the back of the addition of circa 80 new contracts mainly in KSA.

Interest charge on lease liabilities increased by 38.7%, from SAR 7.1 million in FY22G to SAR 9.8 million in FY23G on the back of the addition of around 90 new contracts mainly in KSA.

Interest Charge on Loans

Interest charge on loans amounted to SAR 336,000 in FY22G, which relates to the Company's borrowings from Bank Al Jazira that was obtained and fully repaid during FY22.

Interest charge on loans increased by 500.3%, from SAR 336,000 in FY22G to SAR 2.0 million in FY23G as a result of the increase in the value of loans during the year.

Interest Charge on Employees Benefit Obligation

Interest charge on employees benefit obligation increased by 104.3%, from SAR 115,000 in FY21G to SAR 235,000 in FY22G, as the interest charge changed in line with the change in the discount rate and the assumptions used in the actuarial study to calculate the cost of employee benefits.

Interest charge on employees benefit obligation increased by 86.4%, from SAR 235,000 in FY22G to SAR 438,000 in FY23G in line with the increase in the number of employees.

6.7.1.10 Other Revenues

The following table sets out the other revenues for the for the Financial Years ended 31 December 2021G, 2022G, and 2023G:

Table (6.18): Other Revenues for the Financial Years Ended 31 December 2021G, 2022G, and 2023G

SAR in 000s	FY21G (audited)	FY22G (audited)	FY23G (audited)	Variance 2021G – 2022G	Variance 2022G – 2023G	CAGR 2021G – 2023G
Third Party Operating Revenues	3,470	2,302	4,194	(33.7%)	82.2%	9.9%
Gains from disposal of lease contracts	-	26	3,243	N/A	12,373.1%	N/A
Rent concessions	1,563	264	1,519	(83.1%)	476.4%	(1.4%)
Dividend distribution	31	177	244	471.0%	37.3%	179.5%
Loss on disposal asset	(1,212)	(1,191)	(468)	(1.7%)	(60.7%)	(37.9%)
Others	87	1,282	834	1,373.6%	34.9%	209.6%
Total	**3,940**	**2,860**	**9,566**	**(27.4%)**	**234.5%**	**55.8%**

Source: the audited financial statements for the financial years ended 31 December 2022G and 2023G.

Third Party Operating Revenues

Third party operating revenues pertain to a business agreement under which the Company undertakes the tasks of filling and bottling products on behalf of Reef Perfume. As per Management, the Company works with Reef Perfume on an ad-hoc basis.

Third party operating revenues decreased by 33.7%, from SAR 3.5 million in FY21G to SAR 2.3 million in FY22G, as a result of the drop in demand from Reef Perfume Company in FY22G.

Third party operating revenues increased by 82.2%, from SAR 2.3 million in FY22G to SAR 4.2 million in FY23G, in line with the increase in volumes and manufacturing demand.

Gains from Disposal of Lease Contracts

Gains from disposal of lease contracts relate to gains from disposal of long-term lease contracts of branches used for the Company's operations.

Gains from disposal of lease contracts increased by 12,373.1%, from SAR 26,000 in FY22G to SAR 3.2 million in FY23G as a result of system modifications on lease contracts.

Rent Concessions

Rent concessions relate particularly to temporary COVID-19 agreements between the landlord and the Company to provide temporary relief or assistance in relation to rent payments due to the challenging financial conditions caused by the pandemic.

Rent concessions decreased by 83.1%, from SAR 1.6 million in FY21G to SAR 264,000 in FY22G given the nature of concessions as temporary, whereby rent payments resumed to regular based on the terms of the lease agreements.

Rent concessions increased by 476.4%, from SAR 264,000 in FY22G to SAR 1.5 million in FY23G, mainly on the back of non-recurring discounts.

Dividend Distribution

Dividends from investments relate to the dividends earned from the Company's investments in Saudi Aramco and AlMunajem Foods Company.

Dividend distribution amounted to SAR 31,000, SAR 177,000 and SAR 244,000 in FY21G, FY22G and FY23G, respectively.

Loss on Disposal of Assets

Loss on disposal of assets relates to the losses from disposal of leasehold improvements in line with the closing of branches.

Loss on disposal of assets decreased from SAR 1.2 million in FY21G to SAR 1.19 million in FY22G and further to SAR 468,000 in FY23G, as a result of the sale of leasehold improvements in branches and replacement of obsolete equipment.

Others

Other revenues relate to the revenue from scrap sales and cashier difference revenues.

Other revenues increased from SAR 87,000 in FY21G to SAR 1.3 million in FY22G in line with the increase in the Company's overall sales.

Other revenues decreased by 34.9% from SAR 1.3 million in FY22G to SAR 834,000 in FY23G, mainly on the back of the decrease in gains of fixed assets, cashier differences, and others.

6.8 Statement of Financial Position

The following table shows the Statement of Financial Position as at 31 December 2021G, 2022G, and 2023G:

Table (6.19): Statement of Financial Position as at 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G (Audited)	31 December 2022G (Audited)	31 December 2023G (Audited)
Assets			
Non-current assets			
Property and equipment	60,930	104,520	132,601
Right-of-use assets	185,369	240,849	233,188
Intangible assets	1,462	1,305	1,662
Financial assets at FVTOCI	3,408	3,441	4,619
Total non-current assets	**251,169**	**350,114**	**372,069**
Current assets			
Inventory	202,857	209,550	290,185
Trade receivables	861	4,382	9,336
Amounts due from related parties	8,032	858	4,210
Prepayments and other receivables	28,896	45,368	41,885
Cash in banks	6,989	22,758	54,070
Total current assets	247,636	282,915	399,685
Total assets	**498,806**	**633,029**	**771,754**
Equity and liabilities			
Equity			
Share Capital	50,000	250,000	250,000
Statutory reserve	15,000	27,535	42,402
Retained earnings	224,937	39,749	134,058
Actuarial measurement reserve for End of Service Benefits	21	625	241
Fair value reserve	(1)	31	835
Foreign currency translation reserve	21	(183)	(276)
Total equity	**289,978**	**317,757**	**427,261**
Non- current liabilities			
End of Service Benefits	7,119	9,023	10,853
Lease liabilities	127,002	159,962	146,140
Total non-current liabilities	**134,121**	**168,985**	**156,993**
Current liabilities			
Current portion of lease liabilities	45,746	67,660	72,384
Loans	**-**	**-**	**45,000**
Trade receivables	13,903	14,220	23,571
Amounts due to related parties	-	27,668	-
Creditors and other credit balances	8,918	29,144	38,617
Zakat provision	6,140	7,596	7,928
Total current liabilities	**74,707**	**146,287**	**187,500**
Total liabilities	**208,828**	**315,272**	**344,493**
Total equity and liabilities	**498,806**	**633,029**	**771,754**

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

Assets

Non-Current Assets

Total non-current assets increased by SAR 98.9 million from SAR 251.2 million as of 31 December 2021G to SAR 350.1 million as of 31 December 2022G, due to the increase in right-of-use assets by SAR 55.5 million and the increase in property and equipment by SAR 43.6 million, mainly due to the additions amounting to SAR 68.6 million made during the period, which included the purchase of lands (amounting to SAR 27.4 million) for the purpose of constructing an extension to the existing head office, and leasehold building improvements (amounting to SAR 23.6 million), partially offset by depreciation charges of SAR 23.2 million.

Total non-current assets increased by SAR 22.0 million from SAR 350.1 million as of 31 December 2022G to SAR 372.1 million as of 31 December 2023G, due to the increase in property and equipment by SAR 28.1 million as a result of additions amounting to SAR 57.0 million during the period, which included the lands purchased for the purpose of expanding the head office (amounting to SAR 15.8 million) and the head office building (amounting to SAR 9.6 million), offset by a decrease in right-of-use assets of SAR 7.7 million, as a result of depreciation expenses of SAR 77.3 million and derecognitions of SAR 7.8 million, offset by additions of SAR 77.4 million.

Current Assets

Total current assets increased by SAR 35.3 million from SAR 247.6 million as of 31 December 2021G to SAR 282.9 million as of 31 December 2022G, due to the increase in advance payments and other receivable assets by SAR 16.5 million, mainly related the expenses paid in advance to suppliers, in addition to the increase in cash in banks by SAR 15.8 million, mainly due to the increase in cash generated from operating activities and related to the increase in earnings before interest, taxes, depreciation and amortization, offset by a partial decrease in due from related parties by SAR 7.2 million.

Total current assets increased by SAR 116.8 million from SAR 282.9 million as of 31 December 2022G to SAR 399.7 million as of 31 December 2023G, due to an increase in inventory of SAR 80.6 million as a result of the Company's strategic decision to increase finished goods in anticipation of the upcoming season, and the increase in sales, in addition to an increase in cash and cash equivalents by SAR 31.3 million as a result of the decrease in cash used in financing activities.

Equity

Total equity increased by SAR 27.8 million from SAR 290.0 million as of 31 December 2021G to SAR 317.8 million as of 31 December 2022G, mainly due to the increase in the capital by SAR 200 million as a result of the shareholders decision to increase the capital. In addition to increasing the statutory reserve to SAR 27.5 million related to the increase in capital, offset by a decrease in retained earnings of SAR 185.2 million, due to the capitalization of the amount for the purpose of increasing the capital.

The Company's equity increased by SAR 109.5 million from SAR 317.8 million on 31 December 2022G to SAR 427.3 million as of 31 December 2023G, as a result of an increase in retained earnings by SAR 94.3 million, in line with the increase in net income by SAR 148.7 million, offset by a dividend distribution of SAR 39.5 million.

Liabilities

Non-Current Liabilities

Total non-current liabilities increased by SAR 34.9 million from SAR 134.1 million as of 31 December 2021G to SAR 169.0 million as of 31 December 2022G, as a result of the increase in lease liabilities by SAR 33.0 million, mainly due to additions amounting to SAR 114.1 million, in addition to financing expenses amounting to SAR 7.1 million, partially offset by payments amounting to SAR 63.4 million made during the same period and disposals amounting to SAR 2.3 million, in addition to an increase in the End of Service Benefits amounting to SAR 1.9 million as a result of the increase in the number of full-time employees during the financial year 2022G.

Total non-current liabilities decreased by SAR 12.0 million from SAR 169.0 million as at 31 December 2022G to SAR 157.0 million as at 31 December 2023G, as a result of the decrease in lease liabilities in line with payments amounting to SAR 20.6 million and disposals amounting to SAR 18.2 million during the period, offset by an increase in the End of Service Benefits by SAR 1.8 million as a result of an increase in the number of full-time employees during the same period.

Current Liabilities

Total current liabilities increased by SAR 71.6 million from SAR 74.7 million as of 31 December 2021G to SAR 146.3 million as of 31 December 2022G, mainly due to the increase in the amount due to related parties from null as of 31 December 2020G and 2021G to SAR 27.7 million due to Khalta Perfumes Company after purchasing the assets in the financial year 2022G, in addition to the increase in the current portion of leasing contract liabilities by SAR 22.0 million, and the increase in the creditors and other credit balances of SAR 20.2 million in the VAT control account, and VAT.

Total current liabilities increased by SAR 41.2 million from SAR 146.3 million as of 31 December 2022G to SAR 187.5 million as of 31 December 2023G as a result of the loan balance amounting to SAR 45.0 million as of 31 December 2023G, in addition to the increase in creditors and other credit balances of SAR 9.5 million and trade receivables amounting to SAR 9.4 million, offset by a decrease in the amount due to related parties by SAR 27.7 million as a result of settling the balance due to Khalta Perfumes Company.

6.8.1.1 Property and Equipment

The following table shows the net book value of property and equipment as of 31 December 2021G, 2022G, and 2023G:

Table (6.20): Net Book Value of Property and Equipment as of 31 December 2021G, 2022G and 2023G

SAR in 000s	31 December 2021G (Audited)	31 December 2022G (Audited)	31 December 2023G (Audited)
Property and Equipment	4,303	3,469	3,044
Lands	-	27,350	43,119
Buildings	7,361	10,373	18,714
Billboards	1,313	-	-
Computers and electronic devices	5,829	6,277	7,347
Means of transportation	447	419	1,109
Office furniture and equipment	37,903	5,099	4,993
Improvements to leased assets	-	46,841	50,751
Projects under implementation	3,775	4,692	3,525
Total	**60,930**	**104,520**	**132,601**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

The following table shows the additions to property and equipment as of 31 December 2021G, 2022G, and 2023G:

Table (6.21): Additions to property and equipment as of 31 December 2021G, 2022G, and 2023G

SAR in 000s	31 December 2021G (Audited)	31 December 2022G (Audited)	31 December 2023G (Audited)
Property and equipment	343	207	511
Lands	-	27,350	15,769
Buildings	-	3,657	9,580
Billboards	488	-	-
Computers and electronic devices	2,161	3,772	2,425
Means of transportation	227	251	1,029
Office furniture and equipment	13,754	1,092	837
Improvements to leased assets	-	7,659	1,443
Projects under implementation	273	24,592	25,382
Total	**17,246**	**68,580**	**56,975**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

The following table shows the depreciation on property and equipment as of 31 December 2021G, 2022G, and 2023G:

Table (6.22): Depreciation of Property and Equipment as of 31 December 2021G, 2022G, and 2023G

SAR in 000s	31 December 2021G (Audited)	31 December 2022G (Audited)	31 December 2023G (Audited)
Property and equipment	1,183	1,037	936
Lands	-	-	-
Buildings	646	684	1,201
Billboards	273	-	-
Computers and electronic devices	2,714	3,261	3,382
Means of transportation	364	280	338
Office furniture and equipment	5,666	1,038	655
Improvements to leased assets	-	16,910	21,850
Projects under implementation	-	-	-
Total	**10,846**	**23,210**	**28,361**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Property and Equipment

They are the machines and equipment used by the Company in the manufacturing and production processes in the course of its normal operations. The Company owns a production facility with two production lines for filling and packaging and 74 skilled workers who work for 8 hours per day, 6 days per week. The daily capacity of each of the filling production line and the packaging production line is 21,000 products per day.

Property and equipment balance decreased from SAR 4.3 million as at 31 December 2021G to SAR 3.5 million as at 31 December 2022G, as a result of depreciation cost amounting to SAR 1.0 million during the year.

Property and equipment balance decreased from SAR 3.5 million as at 31 December 2022G to SAR 3.0 million as at 31 December 2023G, due to depreciation expenses amounting to SAR 936,000 during the same period. This was partially offset by additions of SAR 511,000 during the period.

Lands

The value of lands amounted to SAR 27.4 million as at 31 December 2022G. These lands were purchased in FY22G for the expansion of the current head office located in the same region.

Lands balance increased from SAR 27.4 million as at 31 December 2022G to SAR 43.1 million as at 31 December 2023G, as a result of additions amounting to SAR 15.8 million related a new land which was purchased in March 2023G to be used for the same purpose.

Buildings

Buildings include the production buildings, warehouses and other infrastructure related to production.

Buildings balance increased from SAR 7.4 million as at 31 December 2021G to SAR 10.4 million as at 31 December 2022G, driven by additions of SAR 3.7 million resulting from the purchase of 4 warehouses which were previously leased by the Company.

Buildings balance increased from SAR 10.4 million as at 31 December 2022G to SAR 18.7 million as at 31 December 2023G, as a result of transfer of SAR 9.6 million from projects under implementation related to the head office building. This was partially offset by depreciation expenses amounting to SAR 1.2 million during the same period.

Billboards

Billboards consist of digital and printed advertisements used for marketing purposes at the branches.

Billboards balance amounted to SAR 1.3 million as at 31 December 2021G, as a result of additions of SAR 488,000, which was partially offset by depreciation fees and disposals during the year. Billboards were then reclassified under improvements to leased assets, following which the billboards balance became nil as at 31 December 2022G.

Computers and Electronic Devices

Computers and electronic devices increased from SAR 5.8 million as at 31 December 2021G to SAR 6.3 million as at 31 December 2022G, driven by additions of SAR 3.8 million during the year, in line with the expansion to new stores, coupled with SAR 318,000 transfers from projects under implementation. This was partially offset by depreciation fees amounting to SAR 3.3 million during the same year.

Computers and electronic devices balance increased from SAR 6.3 million as at 31 December 2022G to SAR 7.3 million as at 31 December 2023G, due to additions of SAR 2.4 million and the transfer from projects under implementation amounting to SAR 2.0 million. This was offset by depreciation expenses amounting to SAR 3.4 million during the same period.

Means of Transportation

Means of Transportation consist of vehicles and trucks used by the Company to transport goods to branches.

Means of Transportation balance slightly decreased from SAR 447,000 as at 31 December 2021G to SAR 419,000 as at 31 December 2022G, due to depreciation fees which amounted to SAR 280,000 during the same period, partially offset by additions of SAR 251,000.

Means of Transportation balance increased from SAR 419,000 as at 31 December 2022G to SAR 1.1 million as at 31 December 2023G, as a result of additions of SAR 1.0 million; partially offset by depreciation expenses amounting to SAR 338,000 during the same period.

Office Furniture and Equipment

Office furniture and equipment consist of the furniture and décor of the branches.

Office furniture and equipment balance decreased from SAR 37.9 million as at 31 December 2021G to SAR 5.1 million as at 31 December 2022G, as a main result of the reclassification of the balance as improvements to leased premises with an amount of SAR 56.6 million.

Office furniture and equipment balance decreased from SAR 5.1 million as at 31 December 2022G to SAR 5.0 million as at 31 December 2023G, due to depreciation expenses (of SAR 655,000) and derecognitions (amounting to SAR 289,000) during the same period. This was partially offset by additions of SAR 837,000 during the period.

Improvements to Leased Assets

These improvements primarily relate to the improvements made to the leased assets, including the leased stores.

Improvements to leased assets amounted to SAR 46.8 million as at 31 December 2022G, as they were transferred from the office furniture and equipment. Transfer from office furniture and equipment to improvements to leased assets result from the change in the estimated useful life, in accordance with IAS 16.56 (d), given that the useful life (i.e. the depreciation period) of improvements to leased assets is expected to be equal to the lease term, according to IAS 16.

Improvements to leased assets increased from SAR 46.8 million as at 31 December 2022G to SAR 50.8 million as at 31 December 2023G. This increase is mainly attributed to the transfer of SAR 24.5 million from projects under implementation, offset by depreciation expenses amounting to SAR 21.8 million during this period.

Projects under Implementation

Projects under implementation consist of the Company's branches which are under construction and expected to be opened.

Projects under implementation balance increased from SAR 3.8 million as at 31 December 2021G to SAR 4.7 million as at 31 December 2022G, mainly due to the increase in additions during the year by SAR 24.6 million, resulting from the increased number of stores opened on a yearly basis and the Company's expansion plan. This was partially offset by the transfer of SAR 23.0 million to improvements to leased assets.

Projects under implementation balance decreased from SAR 4.7 million as at 31 December 2022G to SAR 3.5 million as at 31 December 2023G, following the transfer of SAR 26.5 million to improvements to leased lands (SAR 24.5 million), computers and electronic devices (SAR 2.04 million) and Property and equipment (SAR 2.2 thousand). This was partially offset by additions of SAR 25.4 million during this period, resulting from the increased number of stores opened on a yearly basis and the Company's expansion plan.

Assets are classified under the projects under implementation when they relate to assets under implementation or development which are not ready yet for their intended use. Projects under implementation item is originally a temporary account used during the phase of asset construction or development. Once the construction or development phase is completed and the asset is ready for its intended use, accrued expenses under the projects under implementation item are transferred to the defined asset category, such as Property and equipment and classified under the relevant item.

6.8.1.2 Right-of-Use Assets

The table below shows the right-of-use assets as at 31 December 2021G, 2022G and 2023G:

Table (6.23): Right-of-Use Assets as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Cost			
Balance as at the beginning of the year	259,157	295,807	409,625
Additions during the year	36,650	118,874	77,425
Adjustments during the year	-	-	11,271
Derecognitions during the year	-	(4,512)	(36,827)
Differences of financial statements translation	-	(543)	(134)
Balance as at the end of year	295,807	409,625	461,360
Accrued amortization			
Balance as at the beginning of the year	68,810	110,438	168,776
Amortization charged during the year	41,627	60,740	77,288
Derecognitions during the year	-	(2,190)	(17,850)
Adjustments during the year	-	-	0
Differences of financial statements translation	-	(211)	(42)
Balance as at the end of year	110,438	168,776	228,172
Net book value	185,369	240,849	233,188

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

Right-of-Use assets related to the leased branches used for operation purposes increased from SAR 185.4 million as at 31 December 2021G to SAR 240.8 million as at 31 December 2022G, due to additions of SAR 118.9 million resulting from the conclusion of 80 new contracts, the majority of which is in KSA, in line with the opening of new branches. This was partially offset by depreciation amounting to SAR 60.7 million.

Right-of-use assets related to the leased branches used for operation purposes decreased from SAR 240.8 million as at 31 December 2022G to SAR 233.2 million as at 31 December 2023G. This is mainly due to amortization fees charged during the year (amounting to SAR 77.3 million) and derecognitions (amounting to SAR 7.8 million); which was partially offset by additions to SAR 77.4 million related to the conclusion of 89 new contracts during the same period.

6.8.1.3 Lease Agreements Obligations

The table below details the lease agreements obligations as at 31 December 2021G, 2022G and 2023G:

Table (6.24): Lease Agreements Obligations as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Balance as at the beginning of the year	172,886	172,748	227,622
Additions during the year	35,980	114.081	77,374
Adjustments during the year	-	-	9,818
Finance costs	6,122	7,063	9,796
Paid during the year	(37,072)	(63,372)	(83,924)
Transferred from prepaid rent to lease obligations	(3,605)	-	-
Derecognitions during the year	-	(2,348)	(20,555)
Lease concessions	(1,563)	(264)	(1,519)
Differences of financial statements translation	-	(286)	(89)
Balance as at the end of year	172,748	227,622	218,524

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

Lease agreements obligations mostly relate to the leased branches used for operation purposes.

These obligations increased from SAR 172.7 million as at 31 December 2021G to SAR 227.6 million as at 31 December 2022G, mainly due to additions of SAR 114.1 million, coupled with finance costs amounting to SAR 7.1 million, which was partially offset by SAR 63.4 million paid during the year and derecognitions of SAR 2.3 million.

As at 31 December 2023G, the Company maintains an active portfolio of more than 370 mid to long-term lease agreements, which mostly relate to branch stores locations, as well as to the head office, warehouses and workers' dwellings. Collectively, these agreements entail a total lease obligation of SAR 218.5 million as at 31 December 2023G, with an estimated average term of 6.1 years. The Company's lease agreements are subject to potential escalation clauses upon renewal. It is worth noting that 165 lease agreements are to expire within the two next years (102 lease agreements renewable or expiring in 2024G and 63 in 2025G).

6.8.1.4 Intangible Assets

The table below shows the intangible assets as at 31 December 2021G, 2022G and 2023G:

Table (6.25): Intangible Assets as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Cost			
Balance as at 1 January	2,547	3,073	3,637
Additions during the year	526	564	1,218
Differences of financial statements translation	-	(0)	(0)
Balance as at 31 December	**3,073**	**3,637**	**4,855**
Accrued amortization			
Balance as at 1 January	908	1,611	2,332
Amortization charged during the year	703	721	861
Differences of financial statements translation	-	(0)	(0)
Balance as at 31 December	**1,611**	**2,332**	**3,194**
Net book value	1,462	1,305	1,662

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

Intangible assets primarily relate to software and Enterprise Resources Planning (ERP) used by the Company.

Intangible assets decreased from SAR 1.5 million as at 31 December 2021G to SAR 1.3 million as at 31 December 2022G, as a result of additions of SAR 0.5 million approximately, offset by the annual cost of amortizations amounting to SAR 0.7 million.

Intangible assets increased from SAR 1.3 million as at 31 December 2022G to SAR 1.7 million as at 31 December 2023G, due to additions of SAR 1.2 million during this period, which was partially offset by the annual cost of amortization amounting to SAR 861,000.

6.8.1.5 Financial Assets at FVTOCI

The table below presents the financial assets at FVTOCI as at 31 December 2021G, 2022G and 2023G:

Table (6.26): Financial Assets at FVTOCI as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Beginning of year balance	776	3,408	3.441
Additions during the year	2,700	-	374
Change in fair vale	(68)	33	804
End of period balance	3,408	3,441	4.619

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The balance of financial assets at FVTOCI is revalued based on the publicly traded stock price.

Financial assets at FVTOCI amounted to SAR 3.4 million approximately as at 31 December 2021G and 2022G, and related mainly to investments in Saudi Aramco (around SAR 760,000) and in Almunajem Foods Company which was purchased in FY21G (around SAR 2.7 million).

Financial assets at FVTOCI increased from SAR 3.4 million as at 31 December 2022G to SAR 4.6 million as at 31 December 2023G, as a result of the purchase of (1) 2,440 additional shares in Saudi Aramco Base Oil Company – Luberef at a price of SAR 128 per share and (2) 2,270 shares in Saudi Telecommunication Company at a price of SAR 38,56 per share. This entailed the recognition of a change of fair value in financial assets at FVTOCI by SAR 804,000 during this period.

6.8.1.6 Inventory

Below is the table showing the inventory as at 31 December 2021G, 2022G and 2023G:

Table (6.27): Inventory as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Raw materials	97,203	86,788	104.552
Finished goods	103,812	121,788	155,000
Goods-in-Process	8,594	13,213	10,070
Filling and packaging materials	5,610	5,076	32,882
Goods in transit	292	484	125
Less: Provision for slow-moving inventory	(12,654)	(17.800)	(12,445)
Total	**202,857**	**209,550**	**290,185**

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The table below shows the movement of the provision for the slow-moving inventory as at 31 December 2021G, 2022G and 2023G:

Table (6.28): Movement of the Slow-Moving Inventory as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Beginning of year balance	7,796	12,654	17,800
(Refund) provision during the year	4,858	5,146	(2,476)
Written off during the year	-	-	(2,879)
Foreign currencies exchange differences	-	-	(0)
End of period balance	12,654	17,800	12.445

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The table below clarifies the useful life of finished products as at 31 December 2023G:

Table (6.29): Useful Life of Finished Goods as at 31 December 2023G

SAR 000's	As at 31 December 2023G (Management information)
From 0 to 90 days	75,591
From 91 to 180 days	41,280
From 181 to 270 days	15,786
From 271 to 365 days	10,273
More than 365 days	12,070
Total	**155,000**

Source: Management information.

Inventory consists of finished goods (representing around 51% of the total inventory), raw materials (around 35%), filling and packaging materials (around 11%) and goods in transit (around 3%).

Inventory is recognized at cost or net realizable value, whichever is less. Cost is calculated using the weighted average method and consists of the purchase cost and other expenses incurred to reach the current status and condition of the inventory. As for the net realizable value, it is the estimated sale price in the normal course of business, less the estimated costs to be incurred for the sale.

Inventory increased from SAR 202.9 million as at 31 December 2021G to SAR 209.6 million and SAR 290.2 million as at 31 December 2022G and 2023G, respectively; while the average days inventory outstanding throughout the historical period decreased from 257 days as at 31 December 2021G to 228 days and 226 days as at 31 December 2022G and 2023G, respectively. However, it is worth noting that the average target period of the inventory cycle is around 6 months. Therefore, the management seeks to decrease its days inventory outstanding to approximately 180 days.

The Company recognized a provision for the slow-moving inventory of SAR 12.4 million as at 31 December 2023G, in line with the Company's policy on provisions with regard to sales performance.

As at 31 December 2023G, the total inventory amounted to SAR 290.2 million and consisted mainly of:

Raw Materials:

Raw materials consist of synthetic Oud, incense, saffron and others. Raw materials balance decreased from SAR 97.2 million as at 31 December 2021G to SAR 86.8 million as at 31 December 2022G, as a result of the use of raw materials in production.

Raw materials balance increased from SAR 86.8 million as at 31 December 2022G to SAR 104.6 million as at 31 December 2023G, due to the additional materials which were purchased at the end of the year in anticipation of upcoming seasonal orders.

The Company's management explained that raw materials have no near expiry date and can be used for a period up to 6-7 years, thus there is no need to make any provisions of such materials.

Finished Goods

Finished goods consist of the finished products available for sale at the Company's branches. The Company has a wide range of offerings, with two of the best-selling products. i.e. OOD White perfume and Prestige Ruby perfume falling under the perfume products category and one, i.e. synthetic Oud sticks, under the Oud products category. In addition, the Company discontinued 72 products in FY22G, with a 100% inventory made for the finished good and related materials.

Finished goods balance increased from SAR 103.8 million as at 31 December 2021G to SAR 121.8 million as at 31 December 2022G.

Finished goods balance increased again from SAR 121.8 million as at 31 December 2022G to SAR 155.0 million as at 31 December 2023G, as a result of increased production to meet increased commercial activity.

The average days inventory outstanding for the finished goods throughout the historical period decreased from 257 days as at 31 December 2021G to 228 days and 226 days as at 31 December 2022G and 2023G, respectively, which reflects the management's efforts to decrease the days inventory outstanding to 180 days.

Goods-in-Process

Goods-in-Process relate to raw materials used in the mixing and production stage.

Goods-in-Process balance amounted to SAR 8.6 million, SAR 13.2 million and SAR 10.1 million as at 31 December 2021G, 2022G and 2023G, respectively, in line with the production requirements.

Filling and Packaging Materials

Filling and packaging materials are used and renewed based on the production requirements.

Filling and packaging materials balance decreased from SAR 5.6 million as at 31 December 2021G to SAR 5.1 million as at 31 December 2022G.

Filling and packaging materials balance increased from SAR 5.1 million as at 31 December 2022G to SAR 32.9 million as at 31 December 2023G, in anticipation of the first half of 2024G seasons.

Goods in Transit

Goods in transit balance amounted to SAR 292,000, SAR 484,000 and SAR 125,000 as at 31 December 2021G, 2022G and 2023G, respectively. Such goods were subject to receipt and custom clearance procedures before being transferred to raw materials inventory.

Provision for Slow-Moving Inventory

When evaluating the slow-moving inventory, the Management conducts a comprehensive analysis, taking into account the historical products sales trends. This evaluation is carried out periodically to measure the performance of the different elements with time. As per the Management decision, specific provisions are made based on the sale performance of each product. Accordingly, in the event that a product did not achieve any sales during the past six months, a 100% provision is made to account for the potential losses related to its slow-moving nature. Likewise, a 30% provision is made for the products which did not record any sales for the last three months and remained stagnant.

As at 31 December 2023G, the implementation of the current provisions method resulted in writing-off a slow-moving inventory of SAR 12.4 million. This figure reflects the provisions made for the poor performing products based on the defined criteria.

6.8.1.7 Trade Receivables

The following table shows the trade receivables as at 31 December 2021G, 2022G and 2023G:

Table (6.30): Trade Receivables as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Trade receivables	861	4,481	9,546
Less: provision for expected credit losses	-	(99)	(210)
Total	**861**	**4,382**	**9,336**

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

Trade Receivables

Trade receivables value amounted to SAR 9.3 million as at 31 December 2023G. Trade receivables mainly consist of receivables from B2B customers (representing around SAR 38% of the total receivables), receivables from e-commerce customers (around 38%) and others (around 25%).

Trade receivables balance increased from SAR 861,000 as at 31 December 2021G to SAR 4.4 million as at 31 December 2022G, mainly due to the additional increase in B2B sales by SAR 1.9 million and e-commerce sales by SAR 1.4 million.

Trade receivables increased from SAR 4.4 million as at 31 December 2022G to SAR 9.3 million as at 31 December 2023G, mainly due to the additional increase in e-commerce sales by SAR 1.9 million and B2B sales by 1.2 million, as well as in trade receivables from other customers by SAR 1.9 million.

The Company made a provision for the expected credit loss of SAR 210,000 as at 31 December 2023G, in line with the increased trade receivables.

6.8.1.8 Amounts due from Related Parties

The table below sets the transactions with Related Parties as at 31 December 2021G, 2022G and 2023G:

Table (6.31): Transactions with Related Parties for Financial Years ended 31 December 2021G, 2022G and 2023G

SAR 000's	Nature of Relationship	Nature of Transaction	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Khalta Perfumes Company	Sister company	Sales	38,216	2,993	-
		Expenses	-	-	338
		Purchase of assets	-	9,056	-
		Debt settlement	-	29,234	26,420
		Zakat paid on behalf of	-	-	918
Mixed Perfumes for Trade Company (Mazeej Attri)	Sister company	Third-party operating revenues	185	655	930
		Collections	-	547	787
Reef Perfumes Company	Sister company	Third-party operating revenues	2,608	3,170	7,277
		Expenses	-	-	408
		Lease	-	-	104
		Collections	-	2,612	6,753
Turki Al Majid Foundation	Sister company	Sale proceeds	-	117	-
		Waiver	-	3,119	-

SAR 000's	Nature of Relationship	Nature of Transaction	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Imaa Perfume Company	Sister company	Third-party operating revenues	-	-	186
Asos Al Aqar Company	Sister company	Expenses	-	-	408
		Leases/as real estate broker	-	3,703	440
		Sales	-	-	138
Khaled Ali Othman Al Majed Real Estate Development Foundation	Sister company	Leases	-	-	424
Ali Al Majed Sons Foundation	Sister company	Sales	-	-	302
		Collections	-	-	264
Waleed bin Khaled Al Majed	Senior Manager	Sales	-	-	28
		Collections	-	-	28
Shareholders	Shareholders	Distribution of dividends	-	98,000	39,500
		Purchase of assets	-	15,248	24,141
		Leases	-	3,290	1,509
		Rent discounts	-	-	150
		Rent settlement	-	3,290	1,359
		Listing and IPO costs	-	-	1,942

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The following table shows the dues from Related Parties as at 31 December 2021G, 2022G and 2023G:

Table (6.32): Dues from Related Parties as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Khalta Perfumes Company	8,980	-	8
Reef Perfumes Company	166	724	1,760
Mixed Perfumes for Trade Company (Mazeej Attri)	12	134	277
Imma Perfume Company	-	-	186
Ali Al Majed Sons Foundation	-	-	38
Khaled bin Ali bin Othman Al Majed	-	-	437
Saad bin Ali bin Othman Al Majed	-	-	437
Suleiman bin Ali bin Othman Al Majed	-	-	437
Majed bin Ali bin Othman Al Majed	-	-	437
Bader bin Ali bin Othman Al Majed	-	-	97
Mohammed bin Ali bin Othman Al Majed	-	-	97
Turki Al Majid Foundation	3,236	-	-
Total	**12,394**	**858**	**4,210**

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The following table shows the dues to Related Parties as at 31 December 2021G, 2022G and 2023G:

Table (6.33): Dues to Related Parties as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Khalta Perfumes Company	-	27,668	-
Total		**27,668**	**-**

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The table below shows the movement in the provision for expected credit losses from Related Parties as at 31 December 2021G, 2022G and 2023G.

Table (6.34): Movement in the Provision for Expected Credit Loss from Related as at 31 December 2021G, 2022G and 2023G

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Balance as at the beginning of the year	2,987	4,362	-
Charged during the year	1,375	(4,362)	-
End-of-year balance	4,362	-	-

Source: The audited financial statements for the financial years ended 31 December 2022G and 2023G.

The balance of dues from/to Related Parties decreased from SAR 8.0 million as at 31 December 2021G to SAR -26.8 million as at 31 December 2022G, driven mainly by the decrease of the balance due to Khalta Perfumes Company to SAR 27.7 million after the purchase of the stores of this Company in FY22G along with the purchase of goods previously sold thereto.

The balance of dues from/to Related Parties increased form SAR -26.8 million as at 31 December 2022G to SAR 4.2 million as at 31 December 2023G, as a result of the increase of balance (by SAR 27.7 million) due from Khalta Perfumes Company, the balance due from the Shareholders (by SAR 1.9 million) and the balance due from Reef Perfumes Company (by SAR 1.0 million) during the same period.

Khalta Perfumes Company

Khalta Perfumes Company ("Khalta") is one of the sister companies of the Company, which was the distribution agent for the Company in the Kingdom of Saudi Arabia, with a great presence in Jeddah. The due from the balance amounting to SAR 9.0 million as at 31 December 2021G relates mainly to the cost of goods sold to Khalta and recovered by the Company after the purchase of assets, including a profit margin of 5% to 20% as a service commission, given that the Company purchased in FY22G all the 41 stores of Khalta, resulting in dues of SAR 27.7 million to Khalta as at 31 December 2022G and relating primarily to the repurchase of the inventory and raw materials which were previously sold to it. The balance was later settled and amounted to SAR 8,000 as at 31 December 2023G.

Reef Perfume

Reef Perfume ("Reef") is a sister company of the Company which is responsible for the manufacturing and refilling for Reef in consideration for third-party operating revenues. The amounts due from Reef increased from SAR 166,000 as at 31 December 2021G to SAR 724,000 and SAR 1.8 million as at 31 December 2022G and 2023G, respectively, in line with the increased sales and operations.

Mixed Perfumes for Trade Company (Mazeej Attri)

Mixed Perfumes for Trade Company (Mazeej Attri) is a sister company. Transactions related to the Company involved revenues generated from the manufacturing on its behalf and the cost of refilling of bottled for Mazeej Attri. The amounts due from Mazeej Attri increased from SAR 12,000 as at 31 December 2021G to SAR 134,000 and SAR 277,000 as at 31 December 2022G and 2023G, respectively, due to increased operations and produced quantities.

Imma Perfume Company

Imma Perfume Company is a sister company. The Company carries out the refilling for Imma Perfume Company in exchange for operating revenues to others. The balance due from Imma Perfume Company amounted to SAR 186,000 as at 31 December 2023G.

Ali Al Majed Sons Foundation

Ali Al Majed Sons Foundation is a sister company and is responsible for the sale on behalf of the Company. The balance due from Ali Al Majed Sons Foundation amounted to SAR 38,000 as at 31 December 2023G.

Turki Ali Al Majid Foundation

Turki Ali Al Majid Foundation is one of the sister companies and was previously a distributor of the Company's products. The Company purchased the assets of Turki Al Majid Foundation, including the only distribution store in Riyadh. The amounts due from Turki Al Majid Foundation amounted to SAR 3.2 million as at 31 December 2021G, which were settled during FY22G, following the waiver of a leased store.

Provision for Expected Losses

Expected credit losses amounted to SAR 4.4 million as at 31 December 2021G and related mostly to the balance from Related Parties outstanding for more than 120 days, mainly Khalta Perfumes Company and Turki Al Majid Foundation. The expected credit loss was reversed as at 31 December 2022G as a result of the settlements which took place during the year and the Company did not recognize any provision for the expected losses as at 31 December 2023G.

6.8.1.9 Prepayments and Other Receivables

The table below shows the prepayments and other receivables as at 31 December 2021G, 2022G and 2023G:

Table (6.35): Prepayments and Other Receivables as at 31 December 2021G, 2022G and 2023G.

SAR 000's	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Advances to trade payables	20,186	26,194	23,912
Refundable insurance deposit	3,666	5,264	7,336
Prepaid rents	2,756	2,827	2,653
Employees' receivables	919	1,342	1,002
Other	1,369	9,740	6,982
Total	**28,896**	**45,368**	**41,885**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

The balance of prepayments and other receivables increased from SAR 28.9 million as at 31 December 2021G, to SAR 45.4 million as at 31 December 2022G, mainly due to the increase in advances to trade payables (by SAR 6.0 million), other receivables (by SAR 8.4 million), and refundable insurance deposit (by SAR 1.6 million).

Prepayments and other receivables decreased from SAR 45.4 million as at 31 December 2022G to SAR 41,9 million as at 31 December 2023G, as a result of the decrease in advances to trade payables by SAR 2.3 million and in other receivables by SAR 2.8 million. This was partially offset by an increase in the balance of refundable insurance deposit by SAR 2.1 million.

Advances to Trade Payables

Advances to trade payables increased from SAR 20.2 million as at 31 December 2021G to SAR 26.2 million as at 31 December 2022G and SAR 23.9 million as at 31 December 2023G, in line with the increase in quantities and purchases during this period.

Refundable Insurance Deposit

The refundable insurance deposit primarily represents the prepaid expenses related to employees' medical insurance.

The refundable insurance deposit increased from SAR 3.6 million as at 31 December 2021G to SAR 5.3 million and SAR 7.3 million as at 31 December 2022G and 2023G, respectively, reflecting the increase in the average number of employees.

Prepaid Rents

Prepaid rents relate to the amounts paid in advance by the Company for rent, subscriptions, maintenance, advertising, office supplies and others.

Prepaid rents amounted to SAR 2.8 million approximately as at 31 December 2021G and 2022G, then decrease to SAR 2.7 million as at 31 December 2023G, due to improved negotiations with suppliers.

Employees' Receivables

Employees' receivables relate to advances paid to employees of salaries and travel and accommodation allowances.

Employees' receivables balance increased from SAR 919,000 as at 31 December 2021G to SAR 1.3 million as at 31 December 2022G, as a result of the increased number of employees.

Employees' receivables decreased from SAR 1.3 million as at 31 December 2022G to SAR 1.0 million as at 31 December 2023G, following the settlements which took place during this period.

Other

Other receivables relate to a bank letter of guarantee, medical insurance advance, marketing expense advances, license and software advances, government fees advances, and professional consultations.

Other receivables balance significantly increased from SAR 1.4 million as at 31 December 2021G to SAR 9.7 million as at 31 December 2022G, in line with increased B2B sales.

Other receivables balance decreased from SAR 9.7 million as at 31 December 2022G to SAR 7.0 million as at 31 December 2023G, following the settlements which took place during this period.

6.8.1.10 Cash and Cash Equivalents

The table below shows the cash at banks as at 31 December 2021G, 2022G and 2023G:

Table (6.36): Cash at Banks as at 31 December 2021G, 2022G and 2023G.

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Cash at branches	-	3,500	2,597
Cash at banks	6,989	19,258	51,473
Total	**6,989**	**22,758**	**54,070**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Cash at banks balance increased from SAR 7.0 million as at 31 December 2021G to reach SAR 22.8 million as at 31 December 2022G, due to the increase in cash resulting from operating activities related to increasing EBITDA.

Cash at banks balance increased from SAR 22.8 million as at 31 December 2022G to SAR 54.1 million as at 31 December 2023G, due to the decrease in cash used in finance activities which resulted from the proceeds from short-term loans amounting to SAR 119 million during this period. This was partially offset by the cash resulting from operating activities.

6.8.1.11 Equity

The table below shows the equity as at 31 December 2021G, 2022G and 2023G:

Table (6.37): Equity as at 31 December 2021G, 2022G and 2023G.

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Capital	50,000	250,000	250,000
Statutory reserve	15,000	27,535	42,402
Retained earnings	224,937	39,749	134,058
Actuarial measurement reserve for End of Service Benefits	21	625	241
Fair value reserve	(1)	31	835
Foreign currency exchange reserve	21	(183)	(276)
Total equity	**289,978**	**317,757**	**427,261**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Capital

Capital increased from SAR 50 million as at 31 December 2021G to SAR 250 million as in 2022G and 2023G, due to the partners' resolution to increase capital by SAR 200 million, through the transfer of an amount of SAR 200 million from retained earnings of the Company during FY22G.

Statutory Reserve

Statutory reserve increased from SAR 15 million as in FY21G to SAR 27.5 million as in 2022G, in line with the capital increase.

Statutory reserve increased from SAR 27.5 million as in 2022G to SAR 42.4 million.

Retained Earnings

Retained earnings decreased from SAR 225.0 million as at 31 December 2021G to SAR 39.7 million as at 31 December 2022G, following the transfer of an amount of SAR 200 million from the retained earnings of the Company for the capital increase.

Retained earnings increased from SAR 39.7 million as at 31 December 2022G to SAR 134.1 million in line with the increase in net profits of SAR 148.8 million during this period.

Actuarial Measurement Reserve for End of Service Benefits

Actuarial measurement reserve for End of Service Benefits increased from SAR 21,000 as at 31 December 2021G to SAR 625,000 as at 31 December 2022G, then increased to SAR 241,000 as at 31 December 2023G.

Fair Value Reserve

Fair value reserve amounted to SAR 835,000 as at 31 December 2023G.

Foreign Currency Exchange Reserve

Foreign currency exchange reserve amounted to SAR -276,000 as at 31 December 2023G.

6.8.1.12 End of Service Benefits

The table below shows the movement of employees' End of Service benefits as at 31 December 2021G, 2022G and 2023G:

Table (6.38): Movement of Employees' End of Service Benefits as at 31 December 2021G, 2022G and 2023G.

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Balance at the beginning of the year	5,949	7,119	9,023
Service cost	1,644	2,873	2,329
Interest cost	115	235	438
Paid during the year	(889)	(598)	(1,319)
Actuarial remeasurements of obligations	300	(604)	383
Foreign currency exchange differences	-	(3)	(1)
End-of-year balance	7,119	9,023	10,853

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

This represents the estimated employees' End of Service Benefits in accordance with local regulations and contractual arrangements.

Employees' End of Service Benefits increased from SAR 7.1 million as at 31 December 2021G to SAR 9.0 million and SAR 10.9 million as at 31 December 2022G and 2023G, respectively. This increase is due to the increase of number of full-timers to 789 during FY21G-2023G.

6.8.1.13 Loans

The Company signed on 27 December 2021G a credit facilities agreement with a local commercial bank, in accordance with Sharia controls, with a value of SAR 100,000,000 and for a term of not more than one year. The objective of this agreement is to finance the Company's working capital. The agreement is subject to a commission calculated according to SIBOR, in addition to an agreed upon profit margin in line with the prevailing market prices. The facilities are guaranteed by an order note issued by the Company and the Shareholders, with the Company covering 100% of said order note. It is worth noting that the order note guarantee was submitted by Shareholders Khaled Ali Al Majed, Saad Ali Al Majed, Suleiman Ali Al Majed, Majed Ali Al Majed, Mohammed Ali Al Majed and Bader Ali Al Majed, who undertook to settle the full amount of the order note.

The following table shows the finance structure as at 31 December 2023G:

Table (6.39): Loans Schedule as at 31 December 2023G.

SAR 000s	Type of Facilities	Value	Used at 31 December 2023G	Annual Interest	Terms
Local commercial bank	Credit line	100,000	45,000	SIBOR+1.5%	The client undertakes to maintain the ratio of total debts to equity within the limits of (1.25:1), with a trading ratio of not less than (1.5:1) until full settlement of all his obligations toward the bank. The client shall be required to obtain a cooperative insurance policy for his real property and guarantees provided against all risks and shall provide the bank with a copy thereof. The fines and performance bonds shall be joint and individual.

Source: Management Information.

6.8.1.14 Creditors and Other Credit Balances

The following table shows the Creditors and Other Credit Balances as at 31 December 2021G, 2022G and 2023G:

Table (6.40): Creditors and Other Credit Balances as at 31 December 2021G, 2022G and 2023G

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Employees' entitlements	5,908	15,053	15,956
Accrued expenses	588	565	5,122
VAT	1,495	11,268	12,160
Other	927	2,258	5,379
Total	**8,918**	**29,144**	**38,617**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Creditors and Other Credit Balances amounted to SAR 38.6 million as at 31 December 2023G, and consisted of employee's entitlements (representing around 41%), VAT (around 32%), other payables (around 14%) and accrued expenses (around 13%).

Creditors and Other Credit Balances increased from SAR 8.9 million as at 31 December 2021G to SAR 29.1 million as at 31 December 2022G, mainly due to the VAT increase by around SAR 9.8 million, in line with the increase in the employees' entitlements (by SAR 9.1 million), which were settled later in the first quarter of 2023G.

Creditors and Other Credit Balances increased from SAR 29.1 million as at 31 December 2022G to SAR 38.6 million as at 31 December 2023G, mainly due to the increase in accrued expenses by SAR 4.6 million relating to the accrued sale commission, in addition to the increase in other payables by SAR 3.1 million, related to the provision for the loyalty program and other accrued miscellaneous expenses.

Employees Entitlements

Employees entitlements balance increased from SAR 5.9 million as at 31 December 2021G to SAR 15.0 million and SAR 16.0 million as at 31 December 2022G and 2023G, in line with the increased number of employees during this period.

Accrued Expenses

Accrued expenses relate to accrued sales commission balance.

Accrued expenses balance decreased from SAR 588,000 as at 31 December 2021G to SAR 565,000 as at 31 December 2022G.

Accrued expenses balance increased from SAR 565,000 as at 31 December 2022G to SAR 5.1 million as at 31 December 2023G.

VAT

VAT balance increased from SAR 1.5 million as at 31 December 2021G to SAR 11.3 million and SAR 12.2 million as at 31 December 2022G and 2023G, respectively.

Other

Other payables increased from SAR 927,000 as at 31 December 2021G to SAR 2.3 million and SAR 5.4 million as at 31 December 2022G and 2023G, respectively. They relate to the provision for the loyalty program and other accrued miscellaneous expenses.

6.8.1.15 Zakat Provision

The following table shows the movement of the Zakat provision as at 31 December 2021G, 2022G and 2023G:

Table (6.41): Movement of the Zakat Provision as at 31 December 2021G, 2022G and 2023G.

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
As at the beginning of the year	6,632	6,140	7,596
Carried for the year	6,140	7,596	7,928
Previous years Zakat	-	-	304
Paid during the year	(6,632)	(6,140)	(7,900)
End-of-year balance	6,140	7,596	7,928

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Zakat provision increased from SAR 6.1 as at 31 December 2021G to SAR 7.6 million and SAR 7.9 million as at 31 December 2022G and 2023G, respectively, mainly due to the increase of the Company's Zakat base in line with the increased net income of the year.

6.9 Statement of Cash Flows

The table below shows the Statement of Cash Flows for the financial years ended 31 December 2021G, 2022G and 2023G:

Table (6.42): Statement of Cash Flows for the Financial Years Ended 31 December 2021G, 2022G and 2023G.

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Operating Activities			
Net profit before Zakat	107,107	132,943	156,909
Adjustments for:			
(Refund) Provision for expected credit losses	1,375	(4,263)	111
Provision for slow moving inventory	4,858	5,146	(2,476)
Depreciation of properties and equipment	10,846	23,210	28,361
Amortization of right-of-use assets	41,627	60,740	77,288
Finance cost	6,122	7,634	12,252
Amortization of intangible assets	703	721	861
Lease concessions	(1,563)	(264)	(1,519)
Provision for employees' benefits	1,760	2,873	2,329
Losses of equipment and tools derecognition	1,212	1,191	468
Losses of lease agreements derecognition	-	(26)	(3,243)
Distributions from financial assets at fair value through other comprehensive income	(31)	(177)	(244)
Changes in:			
Trade receivables	(828)	(3,756)	(5,065)
Prepaid expenses and other receivables	(1,586)	(18,216)	3,479
Due from Related Parties	(6,160)	8,488	(3,468)
Inventory	12,562	(11,838)	(78,158)
Trade payables	3,454	316	9,606
Creditors and Other Credit Balances	(6,240)	20,226	8,674
Due to Related Parties	-	18,611	(27,668)

SAR 000s	As at 31 December 2021G (Audited)	As at 31 December 2022G (Audited)	As at 31 December 2023G (Audited)
Cash flows resulting from operating activities	**175,216**	**243,560**	**178,497**
Employees' benefits paid	(889)	(598)	(1,319)
Zakat paid	(6,632)	(6,140)	(7,900)
Net Cash Flows from Operating Activities	**167,695**	**236,822**	**169,277**
Investing Activities			
Additions to properties and equipment	(17,247)	(58,959)	(56,975)
Additions to financial assets at fair value through other comprehensive income	(2,700)	0	(374)
Proceeds from financial assets at fair value through other comprehensive income	31	177	244
Additions to intangible assets	(526)	(564)	(1,218)
Proceeds from derecognition of properties and equipment	484	-	-
Net Cash Flows Used in Investing Activities	**(19,958)**	**(59,346)**	**(58,324)**
Financing Activities			
Lease agreements obligations paid	(36,890)	(63,372)	(83,924)
Short-term loans collected	-	49,000	119,000
Short-term loans paid	-	(49,336)	(75,218)
Dividends paid	(118,000)	(98,000)	(39,500)
Net cash flows used in financing activities	(154,890)	(161,708)	(79,641)
Net increase (decrease) in cash and cash equivalents	**(7,152)**	**15,768**	**31,312**
Cash and cash equivalents at the beginning of the year	**14,141**	**6,989**	**22,758**
Cash and cash equivalents at the end of the year	**6,989**	**22,758**	**54,070**

Source: The audited financial statements for the financial years ended 31 December 2022G, and 2023G.

Net Cash Flows from Operating Activities

Net cash flows from operating activities increased from SAR 167.7 million as at 31 December 2021G to SAR 236.8 million as at 31 December 2022G, mainly due to the increased change in working capital (by SAR 6.1 million), as a result of (1) the change in Creditors and Other Credit Balances (increase by SAR 26.5 million) resulting from increased employees' benefits and VAT dues; and (2) dues to Related Parties (amounting to SAR 27.7 million) payable to Khalta Perfumes Company. This was partially offset by the increase in the inventory balance and prepaid expenses and other receivables.

Net cash flows from operating activities decreased from SAR 236.8 as at 31 December 2022G to SAR 169.3 million as at 31 December 2023G. This decrease is mainly attributed to the increase in the inventory balance by SAR 80.6 million, coupled with the decrease in the employees' benefits and VAT dues. This was partially offset through the settlement of the dues from Related Parties and the trade payables increase.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities decreased from SAR 20.0 million as at 31 December 2021G to SAR 59.3 million as at 31 December 2022G, in line with the additions to properties and equipment by SAR 41.7 million, related to the purchase of a land of SAR 27.4 million.

Net cash flows used in investing activities increased from SAR 59.3 million as at 31 December 2022G to SAR 58.3 million as at 31 December 2023G, as a main result of the decrease in the additions to properties and equipment, which was partially offset by the additions to financial assets at FVTOCI.

Net Cash Flows Used in Financing Activities

Net cash flows used in financing activities increased from SAR 155.0 million as at 31 December 2021G to SAR 161.7 million as at 31 December 2022G. This resulted primarily from the increase in rent payments by SAR 26.5 million following the opening of new stores during the year. It is worth noting that the Company used a SAR 49.0 million credit line from a short-term loan, which was settled during the same year.

Net cash flows used in financing activities decreased from SAR 161.7 million as at 31 December 2022G to SAR 79.6 million as at 31 December 2023G, mainly due to proceeds from short-term loans amounting to SAR 119.0 million, which was partially offset by rent payments of SAR 83.9 million and settlements of short-term loans amounting to SAR 75.2 million, coupled with dividends paid during this period and amounting to SAR 39.5 million.

7. Dividend Distribution Policy

Under Article 107 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which includes in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend the distribution of any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, inter alia, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the restrictions to which the dividend distribution process is subject under Financing and Debt Agreements, the Zakat, and the other legal and regulatory considerations. For example, Shares give their holders the right to receive the dividends announced by the Company from the date of this Prospectus and in the following Fiscal Years. Despite the Company's intention to distribute annual dividends to its shareholders, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi Riyals.

The following is a summary of share dividends declared and distributed by the Company during the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G.

Table (7.1): Dividends declared during the financial years ended 31 December 2021G, 2022G and 2023G:

	31 December 2021G	31 December 2022G	31 December 2023G
Declared Dividends for the period	118,000,000	98,000,000	39,500,000
Dividends Paid for the Year	118,000,000	98,000,000	39,500,000
Net Profit for the period	100,967,833	125,346,716	148,677,253
Ratio of declared dividends to the Company's net income (%)	117%	78%	27%

Source: the Company

- *The distribution of retained earnings for the year 2019G and profits for the year 2020G in the amount of SAR 118,000,000 has been approved in accordance with the resolution of the Shareholders issued on 07/07/2021G.*
- *The distribution of retained earnings for previous years and part of the profits for the year 2022G in the amount of SAR 98,000,000 has been approved in accordance with the Shareholders resolution issued on 06/06/2022G.*
- *The distribution of profits for the year 2022G in the amount of SAR 6,500,000 has been approved in accordance with the Shareholders resolution issued on 15/01/2023G, and the distribution of profits for the year 2022G in the amount of SAR 33,000,000 has been approved in accordance with the resolution of the General Assembly issued on 08/08/2023G.*
- *The distribution of profits in the amount of SAR 125,000,000, which consists part of the annual profits for 2023G and the Company's retained profits, has been approved in accordance with the Board resolution issued on 28/05/2024G pursuant to a mandate from the Ordinary General Assembly.*
- *The distribution of profits in the amount of SAR 50,000,000, which are interim dividends for the period ended on 30/06/2023G, has been approved in accordance with the Board resolution issued on 28/12/2023G pursuant to a mandate from the Ordinary General Assembly. The Company's Board has issued a resolution dated 28/07/2024G to cancel the Board resolution dated 28/12/2023G in relation to the distribution of dividends effective from 29/12/2023G. The full amount of SAR 50,000,000 has been reimbursed on 28/07/2024G*

8. Use of Proceeds

Total proceeds from the Offering are estimated at around SAR 705,000,000 of which approximately SAR 25,000,000 will be applied towards all the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Bookrunner, the Legal Advisor, the Auditor, the Receiving Agents, and the Market Study Consultant, as well as the fees of marketing, printing, distribution, translation, and other costs and expenses related to the Offering.

The Net Proceeds from the Offering of approximately SAR 680,000,000 will be distributed to the Selling Shareholders on a pro-rata basis based on the number of Offer Shares to be sold by each Selling Shareholder. The Company will not receive any part of the net proceeds from the Offering, and the Selling Shareholders shall be responsible for all costs, fees, and expenses related to the Offering.

9. Capitalization and Indebtedness

Prior to the Offering, the Current Shareholders owned the entire share capital of the Company and, following the completion of the Offering, the Current Shareholders will collectively own 70% of the Company's Shares.

The table below sets out the capitalization of the Company as derived from the audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G. The following table should be read in conjunction with the relevant Financial Statements, including the notes attached thereto, which are set out in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus.

Table (9.1): Capitalization and Indebtedness of the Company

SAR	FY21G	FY22G	FY23G
Balances of transactions due to Related Parties	-	27,667,849	-
Short-Term Loans	-	-	45,000,000
Term Loans – Current	-	-	-
Term Loans – Non-Current	-	-	-
Total Interest-Bearing Loans	-	-	45,000,000
Lease Liabilities	172,748,118	227,622,001	218,524,305
Total Loans and Lease Liabilities	172,748,118	227,622,001	263,524,305
Share Capital	50,000,000	250,000,000	250,000,000
Shareholders' Current Account	-	-	-
Statutory Reserve	15,000,000	27,534,672	42,402,397
Merger Reserve	-	-	-
Hedging Reserve	-	-	-
Proposed Capital Increase	-	-	-
Retained Earnings	224,977,699	40,222,216	134,858,379
Total Equity	289,977,699	317,756,888	427,260,776
Total Capitalization (Total Loans and Lease Obligations + Total Shareholders' Equity)	462,725,817	545,378,889	690,785,081
Total Loans and Lease Obligations / Total Capitalization	37.33%	41.74%	38.15%

Source: Company's information, and the financial statements for the financial years ended 31 December 2021G, 31 December 2022G and 31 December 2023G.

The Directors confirm that:

- As at the date of this Prospectus, none of the Company's share capital is under option.
- As at the date of this Prospectus, the Company does not have any debt instruments.
- The Company's existing cash balances and cash flows shall be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least 12 months following the date of this Prospectus, subject to any material adverse change affecting the Company's business.

10. Experts' Statement

The Advisors and Independent Auditor listed on pages (vii), (viii), and (ix) have given and not withdrawn their written consent to the publication of their names, addresses, logos attributed thereto and statements in this Prospectus as presented herein. Neither they nor any of their employees (forming part of the team serving the Company), or relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which would impair their independence.

11. Declarations

The members of the Board of Directors declare the following:

1. The Offering does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
2. The Offering does not constitute a breach of any contracts or agreements entered into by the Issuer.
3. All material legal issues concerning the Issuer have been disclosed in the Prospectus.
4. The Issuer is not subject to any claims, or any type of legal proceedings that could individually or collectively have a material effect on its business or financial position.
5. The Directors of the Issuer are not subject to any claims or any type of legal proceedings that could individually or collectively have a material effect on the Issuer's business or financial position.
6. None of the members of the Board of Directors nor any of the Senior Executives nor the Secretary nor any of their relatives nor affiliates have a direct or indirect interest whatsoever in the Company's Shares, nor any interest in any other matter which may impact the Company's businesses, except for the direct ownership of Majed Ali Othman Al Majed as described in Section 4.6.3 ("**The Company's Ownership Structure Pre- and Post-Offering**"); the ownership of his brothers, who are Substantial Shareholders in the Company as shown in Table 1.2 ("**Substantial Shareholders of the Company Pre- and Post-Offering**"); and the ownership of the father of Board Member Waleed Khaled Ali Al Majed and the father of Board Member Thamer Saad Ali Al Majed, who are Substantial Shareholders, as shown in Table 1.2 ("**Substantial Shareholders of the Company Pre- and Post-Offering**") and as disclosed in Section No. 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus.
7. Except as described in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus, none of the members of the Board of Directors nor do any of the Senior Executives, Secretary, or their relatives or affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company.
8. Except as described in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus, there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company.
9. Neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company, until the date of this Prospectus.
10. The Company possesses the necessary regulations and policies needed to prepare the annual financial statements in conformity with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA, and within the deadlines set in the OSCOs. Furthermore, the Company possesses the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out in the OSCOs.
11. The Company has sufficient working capital for at least twelve (12) months immediately following the date of this Prospectus.
12. The Company has not issued any debt instruments, nor does it have any term loans or any other outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments).
13. As at the date of this Prospectus, there is no intention to materially change the nature of the Company's business, and there has been no interruption in the business of the Company that may significantly affect or have affected its financial position in the last twelve (12) months.
14. No commissions, discounts, brokerages or other non-cash compensations were granted to any of the Directors by the Company within the three (3) years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.
15. There has been no material adverse change in the financial or trading position of the Company in the three (3) years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus, in addition to the period covered by the Auditor's report and until the date of this Prospectus.
16. The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting

from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Chapter Five of the Corporate Governance Regulations. Furthermore, the Board shall conduct annual reviews of the Company's internal control measures.

17. The audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G have been prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA. The financial data in this Prospectus has been extracted without any material deviation from the Financial Statements and are presented in a manner consistent with the Financial Statements.
18. None of the Directors or the CEO will vote on General Assembly resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.
19. The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.
20. The Company has submitted and will submit to the CMA all documents required under the Capital Market Law and the OSCOs.
21. There is no pledge, mortgage or financial burden on any of the Company's assets.
22. As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company.
23. All the Company employees are under its sponsorship, with the exception of non-Saudi employees seconded by external service providers, who are sponsored by third-party recruiting companies through Ajeer program.
24. All the increases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.
25. The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position.
26. The Company has developed procedures, controls and systems enabling the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, OSCO Rules and Listing Rules.
27. Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into by the Company.
28. The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.
29. There are no research and development policies adopted by the Company, as at the date of this Prospectus.
30. No Shares of the Company are under option, as at the date of this Prospectus.
31. The Directors, Senior Executives and Secretary have not at any time been declared bankrupt or subject to bankruptcy proceedings.
32. None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five (5) years preceding the date of this Prospectus.
33. No powers exist giving any of the Directors the right to borrow money from the Company.
34. All necessary approvals were obtained for the offering of the Company's Shares in the stock market and for it to become a public joint-stock company.
35. The Company is able to prepare the required reports in a timely manner, according to the implementing regulations issued by the CMA.
36. As at the date of this Prospectus, the persons whose names appear in Section 4.6.3 ("**The Company's Ownership Structure Pre- and Post-Offering**") of this Prospectus are the direct and indirect legal and beneficial owners of the Company's Shares.

The Directors further declare complying with the provisions of Articles 71, and 72 of the Companies Law and Article 40 of the Corporate Governance Regulations with respect to contracts with related parties as follows:

1. All transactions entered into by the Company with Related Parties shall be entered into on an arm's-length basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, or (if required by law), the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly.
2. All transactions entered into with Related Parties and described in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus, including determining the financial consideration for the engagement, have been carried out in a legal manner and on appropriate and fair commercial basis similar to transactions with other third parties.
3. All transactions entered into by the Company with Related Parties shall be entered into on an arm's-length basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, or (if required by law), the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly in accordance with Article 71 of the Companies Law, and Chapter 6 of Part Three of the Corporate Governance Regulations.
4. None of the Directors will vote on resolutions that relate to transactions or contracts in which the Directors have a direct or indirect interest.
5. As at the date of this Prospectus, the members of the Board of Directors have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The members of the Board of Directors further undertake to fulfil the requirements in the future, in accordance with Articles 27, 71, and 72 of the Companies Law, and Chapter 6 of Part Three of the Corporate Governance Regulations.
6. Neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

1. The Directors and the CEO shall not have the right to vote on decisions relating to their fees and remuneration.
2. The Directors and the CEO shall not have the right to vote on a contract or proposal in which they have an interest.

The Directors also declare:

1. That the internal control, accounting and IT systems of the Company are sufficient and adequate.
2. This Prospectus contains all the information to be included under the OSCOs requirements and does not omit any other fact that would have any impact on the application for the Securities Registration and Offering herein.
3. Third-party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Research Consultant, is reliable and the Company has no reason to believe that such information is materially inaccurate; and the statistical information used in Section 3 ("**Overview of the Market And Industry**") of this Prospectus, which was obtained or derived from external sources, represents the latest information available at the respective source.
4. All terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed.
5. In the event that the Company wishes to sign new contracts with Related Parties in the future, the Company shall comply with Articles 27, 71, and 72 of the Companies Law and Article 44 of the Corporate Governance Regulations.
6. All increases and decreases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.
7. The Company does not have any securities (contractual or otherwise) or any assets where the value is subject to fluctuation which would adversely and materially affect the assessment of the financial position.
8. There are no mortgages, rights or charges on the Company's properties, as at the date of this Prospectus.
9. Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.

10. Except as disclosed in Section 2 (“**Risk Factors**”) hereof, the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company’ operations or financial position.
11. The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly, to ensure continued insurance coverage and it took all reasonable security measures as per applicable industry practices.
12. All agreements which the Company considers to be material or important or which have an impact on an Investor’s decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.
13. That all terms and conditions that may affect the decisions of the Investors to invest in Offer Shares have been disclosed.
14. The Company has submitted and will submit to the CMA all documents required under the Capital Market Law and the OSCOs.
15. Except as disclosed in Section 2 (“**Risk Factors**”) hereof, and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investors’ decision to invest in the Offer Shares.
16. As at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities, except as disclosed in Section 12.4 (“**Material Governmental Approvals, Permits and Licenses**”) hereof.
17. The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position.
18. The audited financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, together with the notes thereto, have been prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA. No material amendments have been made thereto except for financial and statistical information which have been subject to rounding.
19. All necessary approvals have been obtained from lenders to offer 30% of the Company shares in order for the Company to be a public joint-stock company.
20. The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.
21. As at the date of this Prospectus, there has been no breach of the contractual terms and conditions under the agreements signed with the entities providing loans, facilities and financing, and the Company complies with all the terms and conditions thereof.
22. They shall record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors.
23. They shall disclose the details of any Related Party transactions in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market laws and regulations.

The Directors undertake to:

1. Record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors.
2. Disclose the details of any Related Party transactions in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market laws and regulations.

12. Legal Information

12.1 Declarations Related to Legal Information

The Members of the Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements concluded by the Company.
- All material legal information relating to the Company has been disclosed in the Prospectus.
- The Company is not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
- The Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
- The Members of the Board of Directors and Executive Management were not involved, individually or collectively, in any similar or competing activities.

12.2 The Company

Al Majed for Oud Company is a Saudi joint-stock company registered under Commercial Registration No. 1010045397, dated 15/09/1402H (corresponding to 02/07/1982G), issued in Riyadh, Kingdom of Saudi Arabia. The Company operates under Saudi Food and Drug Authority License No. 01015-01-03, dated 16/03/1438H (corresponding to 15/12/2016G). According to its commercial registration, the head office of the Company is located in Riyadh, P.O. Box 85995 - 13321. The current capital of the Company is two hundred and fifty million Saudi Riyals (SAR 250,000,000), divided into twenty-five million (25,000,000) fully paid Ordinary Shares, with a nominal value of ten (10) Saudi Riyals per share.

Pursuant to the Company's main CR, its activities compromise: retail sale of nuts, coffee, spices and apothecary; retail sale of Oud and incense; retail sale of perfumes; land transportation of goods; storage in warehouses of grain silos, flour and agricultural products; beauty products warehouses; and integrated office administrative services activities (for more information, please refer to Section 4.1 ("**Overview of the Company and its Business Activities**" of this Prospectus).

12.3 Shareholding Structure

Table (12.1): The Company's Ownership Structure Pre and Post-Offering

No.	Shareholders	Pre-Offering			Post-Offering		
		No. of Shares	Ownership Percentage	Par Value	No. of Shares	Ownership Percentage	Par Value
1.	Majed bin Ali bin Othman AlMajed	5,625,000	22.50%	56,250,000	3,937,500	15.75%	39,375,000
2.	Suleiman bin Ali bin Othman Al Majed	5,625,000	22.50%	56,250,000	3,937,500	15.75%	39,375,000
3.	Saad bin Ali bin Othman Al Majed	5,625,000	22.50%	56,250,000	3,937,500	15.75%	39,375,000
4.	Khaled bin Ali bin Othman Al Majed	5,625,000	22.50%	56,250,000	3,937,500	15.75%	39,375,000
5.	Mohammed bin Ali bin Othman Al Majed	1,250,000	5.00%	12,500,000	875,000	3.50%	8,750,000
6.	Bader bin Ali bin Othman AlMajed	1,250,000	5.00%	12,500,000	875,000	3.50%	8,750,000
7.	Public	-	-	-	7,500,000	30%	75,000,000
Total		**25,000,000**	**100%**	**250,000,000**	**25,000,000**	**100%**	**250,000,000**

Source: the Company.

12.4 Material Governmental Approvals, Permits and Licenses

The Company has obtained many operational and regulatory permits and licenses from the relevant competent authorities, which are periodically renewed. The Directors declare that the Company has obtained all material licenses and certificates necessary to conduct its business and maintain such activities. The following tables list the licenses and certificates currently held by the Company and its 28 branches in KSA ("Key Branches"), which represent 25% of the Company's sale; in addition to the licenses obtained for its 20 top products in terms of sales value, which represented around 40% of the Company's sales for fiscal year 2024G ("Key Products"), as of 31 December 2023G:

Table (12.2): Details of the Company's Commercial Registration Certificates issued by the MoC

No.	Entity	Location	Commercial Register	Registration Date	Expiry Date
1.	The Company (head office)	Riyadh*	1010045397	15/09/1402H (corresponding to 07/07/1982G)	06/01/1450H (corresponding to 30/5/2028G)

Source: the Company.

The Key Branches of the Company located as indicated below are registered under the Commercial Register number of the Company's head office: King Abdulaziz Road, Bahar Plaza, Hafar Al-Batin, Khamis Mushait, Granada Mall, Eastern Ring Road, Alowais Markets, Takhassusi Street, Al Nakheel Mall, King Faisal Road and King Fahed Road.

Table (12.3): Details of the Company's Main Branches Commercial Registration Certificates issued by the MoC

<table>
<tr><th>No.</th><th>Entity</th><th>Location</th><th>License No.</th><th>Registration Date</th><th>Expiry Date</th></tr>
<tr><td>1.</td><td>The Company</td><td>Riyadh (Granada– Granada Mall)</td><td rowspan="9">1010045397
(Company's head office)</td><td rowspan="9">15/09/1402H (corresponding to 07/07/1982G)</td><td rowspan="9">06/01/1450H (corresponding to 30/05/2028G)</td></tr>
<tr><td>2.</td><td>The Company</td><td>Riyadh (Al Rabwah - Eastern Ring Road)</td></tr>
<tr><td>3.</td><td>The Company</td><td>Riyadh (King Fahad Road - Alowais Markets 1)</td></tr>
<tr><td>4.</td><td>The Company</td><td>Riyadh (Al Rahmaniyah - Takhassusi Street)</td></tr>
<tr><td>5.</td><td>The Company</td><td>Riyadh (Al Nahkeel Mall 1 – Al Mughirzat)</td></tr>
<tr><td>6.</td><td>The Company</td><td>Riyadh (Al Maigliah– Al Maigliah Market 2)</td></tr>
<tr><td>7.</td><td>The Company</td><td>Khamis Mushait (Khamis Avenue)</td></tr>
<tr><td>8.</td><td>The Company</td><td>Samtah (Main Road - Bahar Plaza)</td></tr>
<tr><td>9.</td><td>The Company</td><td>Hafar Al-Batin (Al Baladiyah– King Faisal Road)</td></tr>
<tr><td>10.</td><td>The Company</td><td>Abu Arish (Prince Sultan Road)</td><td>5900030985</td><td>11/02/1436H (corresponding to 03/12/2014G)</td><td>21/02/1447H (corresponding to 15/08/2025G)</td></tr>
<tr><td>11.</td><td>The Company</td><td>Dammam (Al Manar - Al Nakheel Mall)</td><td rowspan="2">2050049500</td><td rowspan="2">09/08/1426H (corresponding to 13/09/2005G)</td><td rowspan="2">18/01/1447H (corresponding to 13/07/2025G)</td></tr>
<tr><td>12.</td><td>The Company</td><td>Dammam (Doha - Dhahran Mall)</td></tr>
<tr><td>13.</td><td>The Company</td><td>Madinah (Al Naseem– Al Noor Mall)</td><td>4650049235</td><td>21/07/1431H (corresponding to 24/07/2008G)</td><td>18/01/1447H (corresponding to 13/07/2025G)</td></tr>
<tr><td>14.</td><td>The Company</td><td>Onaiza (Al Fahriya – Zamel Abdullah Al Salim Street)</td><td>1128016770</td><td>07/08/1434H (corresponding to 16/06/2013G)</td><td>18/08/1446H (corresponding to 17/02/2025G)</td></tr>
<tr><td>15.</td><td>The Company</td><td>Muhayil Asir (King Abdulaziz Road)</td><td>5860071138</td><td>10/11/1438H (corresponding to 02/08/2017G)</td><td>20/11/1446H (corresponding to 18/05/2025G)</td></tr>
</table>

No.	Entity	Location	License No.	Registration Date	Expiry Date
16.	The Company	Najran (Al Hayfa - King Abdulaziz Road)	5950029739	06/07/1435H (corresponding to 06/05/2014G)	17/07/1446H (corresponding to 17/01/2025G)
17.	The Company	Alahsa (Al Bustan - Al Mabaraz Street)	2250039200	13/08/1430H (corresponding to 04/08/2009G)	18/01/1447H (corresponding to 13/07/2025G)
18.	The Company	Sabya (Azzam Plaza Complex)	5906034157	29/05/1437H (corresponding to 09/03/2016G)	12/06/1446H (corresponding to 13/12/2024G)
19.	The Company	Al Jubail (Al Shatae Street)	2055025923	05/08/1438H (corresponding to 01/05/2017G)	16/08/1446H (corresponding 15/02/2025G)
20.	The Company	Makkah (Al Azizia, Mecca Mall)	4031052042	30/12/1428H (corresponding to 09/10/2008G)	28/01/1448H (corresponding to 13/07/2026G)
21.	The Company	Makkah (Haram Al Makkah – Al Bait Towers 2)			
22.	The Company	Jeddah (Al Arab Mall 2)			
23.	The Company	Jeddah (Aziz Mall)			
24.	The Company	Jeddah (Alajaweed, 1 - Sahl Bin Amr St)			
25.	The Company	Jeddah (Al Andalus Mall)			
26.	The Company	Khamis Mushait (Prince Sultan Road)	5850071171	17/11/1438H (corresponding to 09/08/2017G)	27/11/1446H (corresponding to 25/05/2025G)
27.	The Company	Abha (Al-Rashid Mall - Al-Safa)			
28.	The Company	Hail (King Faisal Road)	3350044003	06/05/1437H (corresponding to 15/02/2016G)	06/05/1446H (corresponding to 08/11/2024G)

Source: the Company.

Table (12.4): Details of the Statutory Licenses of the Company's Factory in Riyadh

No.	Type of License	Issuer	License No.	Registration Date	Expiry Date
1.	Industrial Facility License	Ministry of Industry and Mineral Resources	451110128806	26/01/1445H (corresponding 13/08/2023G)	22/03/1450H (corresponding to 13/08/2028G)
2.	Beauty Products Factory License	Saudi Food and Drug Authority	03-01-01015	07/01/1443H (corresponding to 15/08/2021G)	16/03/1448H (corresponding to 29/08/2026G)
3.	Good Manufacturing Practice (GMP)	Saudi Food and Drug Authority	2022002	07/11/1443H (corresponding to 06/06/2022G)	06/11/1446H (corresponding to 04/05/2025G)
4.	Operation Permit	Saudi Authority for Industrial Cities and Technology Zones	OLC-23-03-05000627 (for industrial contract)	13/08/1444H (corresponding to 05/03/2023G)	05/09/1446H (corresponding to 05/03/2025G)
5.	Operation Permit*	Saudi Authority for Industrial Cities and Technology Zones	OLC-23-03-05000632 (for logistic contract)	13/08/1444H (corresponding to 05/03/2023G)	24/08/1445H (corresponding to 05/03/2024G)

Source: the Company.

* *Company is in the process of renewing the operation permit, which is expected to be renewed before 31 August 2024G.*

Table (12.5): Details of the Certificates of Membership in the Chambers of Commerce Obtained by the Company

No.	Type of License	Issuer	License No.	Registration Date	Expiry Date
1.	Al Majed for Oud Company	Riyadh Chamber	20863	23/09/1402H (corresponding to 14/07/1982G)	06/01/1450H (corresponding to 30/05/2028G)

Source: the Company.

Table (12.6): Details of the Certificates of Membership in the Chambers of Commerce Obtained for the Company's Branches

No.	Entity	Issuer	Membership No.	Registration Date	Expiry Date
1.	Company's branch in Al Jouf	Al Jouf Chamber	7007923191	08/08/1445H (corresponding to 18/02/2024G)	16/09/1446H (corresponding to 16/03/2025G)
2.	Company's branch in Al Kharj	Al Kharj Chamber	7013028928	08/08/1445H (corresponding to 18/02/2024G)	28/10/1446H (corresponding to 26/04/2025G)
3.	Company's branch in Taif	Taif Chamber	7012118753	05/08/1445H (corresponding to 15/02/2024G)	17/08/1446H (corresponding to 16/02/2025G)
4.	Company's branch in Qassim	Qassim Chamber	7012682212	23/01/1446H (corresponding to 29/07/2024G)	18/01/1447H (corresponding to 13/07/2025G)
5.	Company's branch in Al Madinah	Al Madinah Chamber	7007422285	N/A	18/01/1447H (corresponding to 13/07/2025G)
6.	Company's branch in Al-Baha	Al-Baha Chamber	7003763849	19/05/1445H (corresponding to 03/12/2023G)	18/04/1446H (corresponding to 21/10/2024G)
7.	Company's branch in Tabuk	Tabuk Chamber	401001120287	05/08/1445H (corresponding to 15/02/2024G)	01/07/1446H (corresponding to 01/01/2025G)
8.	Company's Branch in Hail	Hail Chamber	7013186577	15/05/1445H (corresponding to 29/11/2023G)	06/05/1446H (corresponding to 08/11/2024G)
9.	Company's Branch in Al-Baha	Abha Chamber	7013257766	23/01/1446H (corresponding to 29/07/2024G)	09/02/1447H (corresponding to 03/08/2025G)
10.	Company's branch in Jazan	Jazan Chamber	7011410045	23/01/1446H (corresponding to 29/07/2024G)	21/02/1447H (corresponding to 15/08/2025G)
11.	Company's branch in Arar	Arar Chamber	7011252686	05/08/1445H (corresponding to 15/02/2024G)	01/09/1446H (corresponding to 01/03/2025G)
12.	Company's branch in Arar	Arar Chamber	7011194136	07/09/1445H (corresponding to 17/03/2024G)	01/09/1446H (corresponding to 01/03/2025G)
13.	Company's branch in Unaizah	Unaizah Chamber	7013272112	08/08/1445H (corresponding to 18/02/2024G)	18/08/1446H (corresponding to 17/02/2025G)
14.	Company's branch in Makkah	Makkah Chamber	7013972356	23/01/1446H (corresponding to 29/07/2024G)	18/01/1448H (corresponding to 13/07/2026G)
15.	Company's branch in Najran	Najran Chamber	7006976331	05/08/1445H (correspoding to 15/02/2024G)	17/07/1446H (corresponding yo 17/01/2025G)

Source: the Company.

Table (12.7): Details of Municipality Licenses Obtained by the Company and Issued by the MOMRAH

No.	Entity	Location	License No.	Expiry Date
1.	Al Majed for Oud Company	Riyadh	41022592596	28/02/1447H (corresponding to 23/08/2025G)

Source: the Company.

Table (12.8): Details of Municipality Licenses Obtained for the Company's Key Branches and Issued by the MOMRAH

No.	Entity	Location	License No.	Expiry Date
1.	Company's branch	Makkah (Haram Al Makkah – Al Bait Towers 2)	3909565783	02/05/1446H (corresponding to 04/11/2024G)
2.	Company's branch	Najran (Haifa, King Abdulaziz Road)	42105642011	15/10/1446H (corresponding to 13/04/2025G)
3.	Company's branch	Alahsa (Al Bustan - Al Mabaraz Street)	3909445717	01/09/1446H (corresponding to 01/03/2025G)
4.	Company's branch	Khamis Mushait (Prince Sultan Road)	40062045880	21/07/1446H (corresponding to 21/01/2025G)
5.	Company's branch	Riyadh (Granada– Granada Mall)	40031755409	01/10/1447H (corresponding to 20/03/2026G)
6.	Company's branch	Dammam (Al Manar - Al Nakheel Mall)	43069084375	21/06/1446H (corresponding to 23/12/2024G)
7.	Company's branch	Riyadh (Al Rabwah - Eastern Ring Road)	40031756405	19/06/1446H (corresponding to 23/12/2024G)
8.	Company's branch	Riyadh (King Fahad Road– Alowais Markets 1)*	17208	15/03/1438H (corresponding to 15/02/2016G)
9.	Company's branch	Madinah (Al Naseem– Al Noor Mall)	40102472028	03/12/1445H (corresponding to 09/06/2024G)
10.	Company's branch	Muhayil Asir (King Abdulaziz Road)	42034122244	01/05/1446H (corresponding to 03/11/2024G)
11.	Company's branch	Makkah (Al Azizia, Mecca Mall)	3909504452	27/04/1446H (corresponding to 30/10/2024G)
12.	Company's branch	Samtah (King Abdullah Road - Bahar Plaza)	40031962634	20/05/1446H (corresponding to 22/11/2024G)
13.	Company's branch	Hafar Al-Batin (Al Baladiyah– King Faisal Road)	40062041707	11/06/1446H (corresponding to 12/12/2024G)
14.	Company's branch	Dammam (Doha - Dhahran Mall)	441112244787	03/11/1449H (corresponding to 29/03/2029G)
15.	Company's branch	Hail (Berzan District - King Faisal Road)	40011644611	13/02/1446H (corresponding to 17/08/2024G)
16.	Company's branch	Sabya (Azzam Plaza Complex)	3909627215	15/03/1446H (corresponding to 18/09/2024G)
17.	Company's branch	Abu Arish (Prince Sultan Road)	42044238152	23/04/1446H (corresponding to 26/10/2024G)
18.	Company's branch	Khamis Mushait (Prince Sultan Road)	43069048878	09/07/1446H (corresponding to 09/01/2025G)
19.	Company's branch	Onaiza (Al Fahriya – Zamel Abdullah Al Salim Street)	41012543553	02/03/1448H (corresponding to 15/08/2026G)
20.	Company's branch	Riyadh (Al Rahmaniyah – Takhassusi Street)	40031852818	12/08/1446H (corresponding to 11/02/2025G)
21.	Company's branch	Al Jubail (Al Shatae Street)**	-	-
22.	Company's branch	Jeddah (Al Andalus Mall)	39111412711	02/11/1447H (corresponding to 19/04/2026G)
23.	Company's branch	Abha (Al-Rashid Mall - Al-Safa)	43069135654	22/06/1447H (corresponding to 13/12/2025G)

No.	Entity	Location	License No.	Expiry Date
24.	Company's branch	Riyadh (Al Maigliah– Al Maigliah Market 2)	40021730400	23/03/1446H (corresponding to 26/09/2024G)
25.	Company's branch	Riyadh (Al Nahkeel Mall 1 – Al Mughirzat)	43099747515	27/09/1447H (corresponding to 16/03/2026G)
26.	Company's branch	Jeddah (Al Arab Mall 2)	39111427819	08/08/1446H (corresponding to 07/02/2025G)
27.	Company's branch	Jeddah (Aziz Mall)	39111427820	03/09/1447H (corresponding to 20/02/2026G)
28.	Company's branch	Jeddah (Alajaweed, 1 Sahl Bin Amr St)	40072083306	24/07/1446H (corresponding to 24/01/2025G)

Source: the Company.

* *Company confirmed that it currently cannot obtain a municipality license for its Key Store located in Alowais Markets 1, as issuance of municipality licenses is currently halted across the entire Alowais market in which the store is located.*

** *Company confirmed that its Key Store located in Al Jubail is not required to hold a municipality license and civil defense license, but instead it is required to hold a commercial license to be issued by the Royal Commission in Jubail. The Key Store located in Al Jubail holds a commercial license number 5212 issued by the Royal Commission in Jubail on 17/02/1439H (corresponding to 06/11/2017G) with an expiry date 17/02/1446H (corresponding to 21/08/2024G).*

Table (12.9): Details of Civil Defense Permits Obtained by the Company and Issued by the Ministry of Interior, Directorate General of Civil Defense

No.	Entity	Location	License No.	Registration Date	Expiry Date
1.	The Company	Riyadh	1-0001210851-44	03/04/1445H (corresponding to 16/10/2023G)	03/04/1446H (corresponding to 04/10/2024G)

Source: the Company.

Table (12.10): Details of Civil Defense Permits Obtained for the Company's Key Branches and Issued by the Ministry of Interior, Directorate General of Civil Defense

No.	Entity	Location	License No.	Registration Date	Expiry Date
1.	Company's branch	Makkah (Haram Al Makkah – Al Bait Towers 2)	43-000847651-1	24/05/1444H (corresponding to 18/12/2022G)	04/07/1446H (corresponding to 04/01/2025G)
2.	Company's branch	Najran (Haifa, King Abdulaziz Road)**	44-000500100-1	11/07/1444H (corresponding to 02/02/2023G)	11/07/1445H (corresponding to 23/01/2024G)
3.	Company's branch	Alahsa (Al Bustan - Al Mabaraz Street)	44-351697000-2	15/05/1445H (corresponding to 30/11/2023G)	16/05/1446H (corresponding to 18/11/2024G)
4.	Company's branch	Khamis Mushait (Prince Sultan Road)	45-516074100-1	05/11/1445H (corresponding to 13/05/2024G)	05/11/1450H (corresponding to 20/03/2029G)
5.	Company's branch	Riyadh (Granada– Granada Mall)	45-121047000-4	13/11/1445H (corresponding to 21/05/2024G)	13/11/1449H (corresponding to 08/04/2028G)
6.	Company's branch	Dammam (Al Manar - Al Nakheel Mall)	43-000856023-1	13/11/1445H (corresponding to 21/05/2024G)	13/11/1450H (corresponding to 28/03/2029G)
7.	Company's branch	Riyadh (Al Rabwah - Eastern Ring Road)	4-000697625-45	13/11/1445H (corresponding to 21/05/2024G)	13/11/1450H (corresponding to 28/03/2029G)
8.	Company's branch	Riyadh (King Fahad Road – Alowais Markets 1)*	-	-	-

No.	Entity	Location	License No.	Registration Date	Expiry Date
9.	Company's branch	Madinah (Al Naseem– Al Noor Mall)	2-001064441-45	09/07/1445H (correspondin to 21/01/2024G)	09/07/1446H (corresponding to 09/01/2025G)
10.	Company's branch	Muhayil Asir (King Abdulaziz Road)	44-380226000-2	15/05/1445H (corresponding to 29/11/2023G)	15/05/1446H (corresponding to 17/11/2024G)
11.	Company's branch	Makkah (Al Azizia, Mecca Mall)	45-631051100-2	13/11/1445H (corresponding to 21/05/2024G)	13/11/1450H (corresponding to 28/03/2029G)
12.	Company's branch	Samtah (King Abdullah Road - Bahar Plaza)	45-814184100-1	12/11/1445H (corresponding to 20/05/2024G)	12/11/1449H (corresponding to 07/04/2028G)
13.	Company's branch	Hafar Al-Batin (Al Baladiyah– King Faisal Road)	44-939402100-1	21/12/1444H (corresponding to 09/07/2023G)	21/12/1445H (corresponding to 27/06/2024G)
14.	Company's branch	Dammam (Doha - Dhahran Mall)	45-901481100-2	13/11/1445H (corresponding to 21/05/2024G)	13/11/1449H (corresponding to 08/04/2028G)
15.	Company's branch	Hail (Berzan District - King Faisal Road)	45-482770100-2	04/06/1445H (corresponding to 17/12/2023G)	04/06/1446H (corresponding to 05/12/2024G)
16.	Company's branch	Sabya (Azzam Plaza Complex)	45-472841100-2	12/11/1445H (corresponding to 20/05/2024G)	12/11/1449H (corresponding to 07/04/2028G)
17.	Company's branch	Abu Arish (Prince Sultan Road)	44-768436000-2	20/05/1445H (corresponding to 04/12/2023G)	20/05/1446H (corresponding to 22/11/2024G)
18.	Company's branch	Khamis Mushait (Prince Sultan Road)	45-994122100-1	16/01/1445H (corresponding to 03/08/2023G)	16/01/1446H (corresponding to 22/07/2024G)
19.	Company's branch	Onaiza (Al Fahriya – Zamel Abdullah Al Salim Street)	45-364274100-1	06/11/1445H (corresponding to 14/05/2024G)	06/11/1450H (corresponding to 21/03/2029G)
20.	Company's branch	Riyadh (Al Rahmaniyah – Takhassusi Street)***	-	-	-
21.	Company's branch	Al Jubail (Al Shatae Street)****	-	-	-
22.	Company's branch	Jeddah (Al Andalus Mall)	45- 233824100-1	24/09/1445H (corresponding to 03/04/2024G)	24/09/1446H (corresponding to 24/03/2025G)
23.	Company's branch	Abha (Al-Rashid Mall - Al-Safa)	45-76865800-3	05/11/1445H (corresponding to 13/05/2024G)	05/11/1450H (corresponding to 20/03/2029G)
24.	Company's branch	Riyadh (Al Maigliah– Al Maigliah Market 2)	45-759151100-2	05/11/1445H (corresponding to 13/05/2024G)	05/11/1450H (corresponding to 20/03/2029G)
25.	Company's branch	Riyadh (Al Nahkeel Mall 1 – Al Mughirzat)	45-125329000-3	13/11/1445H (corresponding to 21/05/2024G)	13/11/1450H (corresponding to 28/03/2029G)
26.	Company's branch	Jeddah (Al Arab Mall 2)	45-643824100-1	24/09/1445H (corresponding to 03/04/2024G)	24/09/1446H (correponding to 24/03/2025G)
27.	Company's branch	Jeddah (Aziz Mall)	1-001499481-45	17/01/1446H (corresponding to 23/07/2024G)	17/01/1448H (corresponding to 02/07/2026G)

No.	Entity	Location	License No.	Registration Date	Expiry Date
28.	Company's branch	Jeddah (Alajaweed, 1 Sahl Bin Amr St)	45-002924100-1	25/09/1445H (corresponding to 04/04/2024G)	25/09/1446H (corresponding to 25/03/2025G)

Source: the Company.

* *Company confirmed that it currently cannot obtain a civil defense license for its Key Store located in Alowais Markets 1, as issuance of Civil Defense Licenses is currently halted across the entire Alowais market in which the store is located.*

** *Company confirmed that it is in the process of obtaining the civil defense licenses for its key stores before 31 August 2024G.*

*** *Company confirmed that it currently cannot issue a civil defense license to the company's branch in Riyadh (Al Rahmaniyah - Takhassusi Street), as there is a lawsuit pending in court between the heirs of the property owner.*

**** *Company confirmed that its Key Store located in Al Jubail is not required to hold a municipality license and civil defense license, but instead it is required to hold a commercial license to be issued by the Royal Commission in Jubail. The Key Store located in Al Jubail holds a commercial license number 5212 issued by the Royal Commission in Jubail on 17/02/1439H (corresponding to 06/11/2017G) with a n expiry date 17/02/1446H (corresponding to 21/08/2024G).*

Table (12.11): Details of the Environmental Permits Obtained by the Company from the National Center for Environmental Compliance.

No.	Entity	Location	License No.	Registration Date	Expiry Date
1.	Company's factory	Riyadh	18488 EPC2-2024-002259	05/12/1445H (corresponding to 11/06/2024G)	06/01/1449H (corresponding to 11/06/2027G)

Source: the Company.

Table (12.12): Details of the SFDA Certificates for Cosmetic Product Marketing Notification for the Company's Key Products.

No.	Product Name	Notification No.	Registration Date	Expiry Date
1.	OOD White	CN-2023-450691	03/09/2023G	03/09/2028G
2.	Prestige Ruby	CN-2023-347597	29/05/2023G	29/06/2027G
3.	Elbrince Classic	CN-2023-347181	29/05/2023G	16/08/2027G
4.	Ranan Vip Perfume	CN-2023-347837	29/05/2023G	05/11/2027G
5.	Black Secret Classic	CN-2023-348063	29/05/2023G	09/08/2027G
6.	Viola	CN-2023-348699	29/05/2023G	24/03/2024G
7.	Ebaraat Samiya Eau de Parfum	CN-2023-348707	29/05/2023G	04/05/2027G
8.	Miral Rouge	CN-2023-429870	05/08/2023G	05/08/2028G
9.	Ood Gray Eau de Parfum	CN-2023-348424	29/05/2023G	06/09/2026G
10.	ARIS Classic	CN-2023-348528	29/05/2023G	09/08/2027G
11.	Noir	CN-2023-492933	15/11/2023G	15/11/2028G
12.	Oud Mane	CN-2023-348579	29/05/2023G	27/02/2027G
13.	Reetaj Classic	CN-2023-347230	29/05/2023G	12/03/2027G
14.	Oud Sinai Awqiya*	N/A	N/A	N/A
15.	Dukhoon AlShyukh*	N/A	N/A	N/A
16.	Oud Arien No. C*	N/A	N/A	N/A
17.	Oud Arien No. E*	N/A	N/A	N/A
18.	Oud Arien No. D*	N/A	N/A	N/A
19.	Oud Arien No. B*	N/A	N/A	N/A
20.	Oud Arien No. F*	N/A	N/A	N/A

Source: the Company.

**Oud and Dukhoon products are not subject to SFDA Certificates for Cosmetic Product Marketing Notification.*

Table (12.13): Details of the Commercial Licenses Obtained by the Company and Issued by the Royal Commission in Jubail.

No.	Entity	License No.	Registration date	Expiry Date
1.	Company’s branch in Jubail	5212	17/02/1439H (corresponding to 06/04/2021G)	17/02/1446H (corresponding to 21/08/2024G)

Source: the Company.

Table (12.14): Details of the Commercial Registration Certificates of the Company’s Warehouses Issued by the MoC

No.	Entity	Location	Commercial Register	Registration Date	Expiry Date
SFDA licensed Warehouses (for the storage of finished products)					
1.	Al Majed for Oud Company	Riyadh Second Industrial City	1010274472	11/10/1430H (corresponding to 30/09/2009G)	07/01/1450H (corresponding to 31/05/2028G)
2.	Al Majed for Oud Company	Jeddah	4031052042	30/12/1428H (corresponding to 09/10/2008G)	28/01/1448H (corresponding to 13/07/2026G)
3.	Al Majed for Oud Company	Dammam	2050049500	09/08/1426H (corresponding to 13/09/2005G)	18/01/1447H (corresponding to 13/07/2025G)
4.	Al Majed for Oud Company	Khamis Mushait	5855047951	28/01/1434H (corresponding to 12/12/2012G)	28/01/1446H (corresponding to 03/08/2024G)
Warehouses for the storage of raw materials					
1.	Al Majed for Oud Company	Riyadh	1010274472	11/10/1430H (corresponding to 30/09/2009G)	07/01/1450H (corresponding to 31/05/2028G)
2.	Al Majed for Oud Company	Riyadh			
3.	Al Majed for Oud Company	Riyadh			
4.	Al Majed for Oud Company	Riyadh			

Source: the Company.

Table (12.15): Details of the Company’s SFDA Warehouse Licenses

No.	Entity	License No.	Registration Date	Expiry Date
1.	Company’s Warehouse - Riyadh	WL-2024-CM-0011	29/06/1445H (corresponding to 11/01/2024G)	25/08/1450H (corresponding to 10/01/2029G)
2.	Company’s Warehouse – Jeddah	WL-2024-CM-0017	12/07/1445H (corresponding to 23/01/2024G)	07/09/1450H (corresponding to 22/01/2029G)
3.	Company’s Warehouse – Dammam	WL-2024-CM-0089	20/11/1445H (corresponding to 28/05/2024G)	14/01/1451H (corresponding to 27/05/2029G)
4.	Company’s Warehouse – Khamis Mushait	WL-2023-CM-0232	29/05/1445H (corresponding to 13/12/2023G)	25/07/1450H (corresponding to 12/12/2028G)

Source: the Company.

Table (12.16): Details of the Company's Municipality Licenses for its Warehouses Issued by the MOMRAH

No.	Entity	Location	License No.	Expiry Date
SFDA licensed Warehouses (for the storage of finished products)				
1.	Company's Warehouse - Riyadh	Riyadh Second Industrial City*	N/A	N/A
2.	Company's Warehouse – Jeddah	Jeddah	41062972890	29/05/1446H (corresponding to 01/12/2024G)
3.	Company's Warehouse – Dammam	Dammam	450413624342	15/11/1446H (corresponding to 13/05/2025G)
4.	Company's Warehouse – Khamis Mushait	Khamis Mushait	41123650045	11/02/1447H (corresponding to 05/08/2025G)
Warehouses for the storage of raw materials				
1.	Company's Warehouse – Riyadh	Riyadh**	40102414463	09/06/1446H (corresponding to 10/12/2024G)
2.	Company's Warehouse – Riyadh	Riyadh	-	-
3.	Company's Warehouse – Riyadh	Riyadh	-	-
4.	Company's Warehouse – Riyadh	Riyadh	-	-

Source: the Company.

* *This warehouse is annexed to the Factory located in Riyadh Second Industrial City. The warehouse in Riyadh Second Industrial City is licensed to operate under the Operation Permit number OLC-23-03- 05000632 (for logistic contract) issued by the Saudi Authority for Industrial Cities and Technology Zones on 13/081444H (corresponding to 05/03/2023G) and with an expiry date of 24/08/1445H (corresponding to 05/03/2024G). This Operation Permit serves as the equivalent of a Civil Defense license and a MOMRAH license.*

** *All raw-material-storage warehouses are subject to the same license.*

Table (12.17): Details of the Company's Civil Defense Licenses for its Warehouses Issued by the Ministry of Defense, Directorate General of Civil Defense

No.	Entity	Location	License No.	Registration Date	Expiry Date
SFDA licensed Warehouses (for the storage of finished products)					
1.	Company's Warehouse - Riyadh	Riyadh Second Industrial City*	N/A	N/A	N/A
2.	Company's Warehouse – Jeddah	Jeddah**	43-365108000-1	26/03/1443H (corresponding to 01/11/2021G)	26/03/1444H (corresponding to 22/10/2022G)
3.	Company's Warehouse – Dammam	Dammam	45-655364100-1	15/11/1445H (corresponding to 23/05/2024G)	15/11/1446H (corresponding to 13/05/2025G)
4.	Company's Warehouse – Khamis Mushait	Khamis Mushait	41-737675000-1	29/05/1445H (corresponding to 13/12/2023G)	25/07/1450H (corresponding to 12/12/2028G)
Warehouses for the storage of raw materials					
5.	Company's Warehouse – Riyadh	Riyadh***	45-912164100-1	15/11/1445H (corresponding to 23/05/2024G)	15/11/1450H (corresponding to 30/03/2029G)
6.	Company's Warehouse – Riyadh	Riyadh***	-	-	-
7.	Company's Warehouse – Riyadh	Riyadh***	-	-	-
8.	Company's Warehouse – Riyadh	Riyadh***	-	-	-

Source: the Company.

* *This warehouse is annexed to the Factory located in Riyadh Second Industrial City. The warehouse in Riyadh Second Industrial City is licensed to operate under the Operation Permit number OLC-23-03- 05000632 (for logistic contract) issued by the Saudi Authority for Industrial Cities and Technology Zones on 13/08/1444H (corresponding to 05/03/2023G) and with an expiry date of 24/08/1445H (corresponding to 05/03/2024G). This Operation Permit serves as the equivalent of a Civil Defense license and a MOMRAH license.*

** *The Company is in the process of renewing the municipality license of the Jeddah warehouse which is expected to be renewed before the end of the month of August 2024G.*

*** *All raw-material-storage warehouses are subject to the same license.*

Table (12.18): Details of the Company's ISO Certificates

No.	Entity	ISO No.	Certificate No.	Issuance Date	Expiry Date
1.	The Company (head office)	ISO 9001:2015	10515037	08/09/1444H (corresponding to 30/03/2023G)	10/10/1447H (corresponding to 29/03/2026G)

Source: the Company.

Table (12.19): Details of the TGA Land Transportation Permit

No.	Entity	Permit No.	Issuance Date	Expiry Date
1.	The Company (head office)	11/00050882	08/05/1445H (corresponding to 22/11/2023G)	08/05/1448H (corresponding to 19/10/2026G)

Source: the Company.

12.5 Material Agreements

The Company entered into many agreements which it considers as material, including supply agreements, agreements concluded with the five biggest companies operating in the field of perfume manufacturing and e-commerce agreements.

12.5.1 Key Supply Agreements

The Company's Key Supply arrangements include the top 10 Suppliers of the Company, based on the purchase cost (disbursements made on order invoices), and represent around 63.7% of the Company's total purchases as of 31 December 2023G ("Key Suppliers"). In general, arrangements with Key Suppliers are conducted based on purchase orders. Key Suppliers supply the Company with: (1) packaging products (such as perfume bottles and boxes); raw materials (such as Oud and perfume oils); and advertising services.

12.5.1.1 Key Supply Agreements subject to Official Agreements

The Company's relationship with 5 of the Key Suppliers is regulated by virtue of official Supply Agreements. Set out below are the summaries of the main terms of these Agreements.

Table (12.20): Supply Agreement between the Company and Supplier 2 dated 13 October 2023G

Parties	The Company and Supplier 2
Subject Matter	Supplier 2 will provide the Company with packaging products.
Term and Termination	The agreement begins annually in January and ends in December.
Renewal	By mutual written agreement.
Pricing Method	The Company presents the product to the Supplier and provides a sample thereof, after which the supplier submits a price quote for each order.
Payment Method	The Company pays 30% of the order value as an advance payment when the order is submitted, and 70% when the supplier presents the order's bill of lading.

Source: the Company.

Table (12.21): Supply Agreement between the Company and Supplier 4 dated 18 October 2023G

Parties	The Company and Supplier 4
Subject Matter	Supplier 4 will provide the Company with glass products.
Term and Termination	The agreement begins annually in January and ends in December.
Renewal	By mutual written agreement.
Pricing Method	The Company presents the product to the Supplier and provides a sample thereof, after which the supplier submits a price quote for each order.
Payment Method	If the order value is less than 750,000 US dollars, the Company pays 50% of the order value when the order is submitted, and 50% when the Supplier presents the order's bill of lading. If the order value is more than 750,000, the Company pays 25% of the order value when the order is submitted, and 75% when the Supplier presents the order's bill of lading.

Source: the Company.

Table (12.22): Supply Agreement between the Company and Supplier 6 dated 9 November 2023G

Parties	The Company and Supplier 6
Subject Matter	Supplier 6 will provide the Company with glass products.
Term and Termination	The agreement begins annually in January and ends in December.
Renewal	By mutual written agreement.
Pricing Method	The Company presents the product to the Supplier and provides a sample thereof, after which the Supplier submits a price quote for each order.
Payment Method	The Company pays USD 100,000 as a recycle deposit for all its orders, and 100% of the order value is paid when the Supplier presents the order's bill of lading.

Source: the Company.

Table (12.23): Supply Agreement between the Company and Supplier 11 dated 9 November 2023G

Parties	The Company and Supplier 11
Subject Matter	Supplier 11 will provide the Company with packaging products.
Term and Termination	The agreement begins annually in January and ends in December.
Renewal	By mutual written agreement.
Pricing Method	The Company presents the product to the Supplier and provides a sample thereof, after which the Supplier submits a price quote for each order.
Payment Method	The Company pays USD 50,000 as a recycle deposit for all its orders, and 100% of the order value is paid when the Supplier presents the order's bill of lading.

Source: the Company.

Table (12.24): Supply Agreement between the Company and Supplier 5 dated 9 November 2023G

Parties	The Company and Supplier 5
Subject Matter	Supplier 5 will provide the Company with glass products.
Term and Termination	The agreement begins annually in January and ends in December.
Renewal	By mutual written agreement.
Pricing Method	The Company presents the product to the Supplier and provides a sample thereof, after which the Supplier submits a price quote for each order.
Payment Method	The Company pays USD 100,000 as a recycle deposit for all its orders, and 100% of the order value is paid when the Supplier presents the order's bill of lading.

Source: the Company.

12.5.1.2 Summary of Main Terms of Arrangements with Key Suppliers not Subject to Supply Contracts

These Company deals with 5 Key Suppliers for the supply of Oud, perfume oils and raw materials, based on purchase orders. The template purchase orders issued to the Key Suppliers include the following key terms: (i) the ID and name of the vendor; (ii) the number and date of the purchase order; (iii) the delivery address; (iv) the currency and exchange rate; (v) the number, description and quantity of the item to be supplied; and (v) the unit price, tax amount and discount if any.

12.5.2 Lease Agreements

The Company leases and owns some lands and warehouses. Below is a summary of the Lease Agreements terms and the Company's properties.

12.5.2.1 Lease Agreements concerning the Twenty-Eight Showrooms

Table (12.25): Details of the Lease Agreements of Showrooms which Represent 25% of the Company's Revenues

No.	Description of Leased Premises	Location	Lessee	Rent Commencement Date	Duration	Renewal
1.	Lease agreement no. 300001808708/1-0	Abu Arish	Company's branch (CR no. 5900030985)	01/01/2021G	31/12/2030G	By mutual consent
2.	Lease agreement no. 1/20551459369*	Riyadh	Company's branch (CR no. 1010045397)	09/08/2021G	08/08/2022G	By mutual consent
3.	Lease agreement no. 20911714484/1-0	Jubail	Company's branch (CR no. 2050049500)	01/07/2024G	30/06/2027G	By mutual consent
4.	Lease agreement no. 20814428983/1	Riyadh	Company's branch (CR no. 1010045397)	16/11/2023G	15/11/2024G	Automatic
5.	Lease agreement no. 20125807776/1	Dharan	Company's branch (CR no. 2050049500)	01/11/2022G	31/10/2024G	By mutual consent
6.	Lease agreement no. 20486101620/1	Madinah	Company's branch (CR no. 4650049235)	18/03/2023G	17/03/2025G	By mutual consent
7.	Lease agreement no. 20349741321/2	Dammam	Company's branch (CR no. 2050049500)	20/10/2021G	19/10/2024G	By mutual consent
8.	Lease agreement no. 20748273244	Hafr AlBatin	Company's branch (CR no. 2050049500)	29/10/2021G	28/10/2024G	By mutual consent
9.	Lease agreement no. 201116434897	Khamis Mushait	Company's branch (CR no. 5850071171)	15/02/2022G	14/02/2027G	By mutual consent
10.	Lease agreement no. 20812479241/1	Onaiza	Company's branch (CR no. 1131025830)	25/12/2021G	24/12/2024G	By mutual consent
11.	Lease agreement no. 20901329479/1	Riyadh	Company's branch	01/09/2023G	31/08/2024G	By mutual consent
12.	Lease agreement no. 20230573613/1	Samtah	The Company (CR no. 5900030985)	01/02/2022G	31/01/2026G	By mutual consent
13.	Lease agreement no. 20083478785/3	Sabya	The Company (CR no. 5900030985)	01/02/2023G	31/01/2025G	By mutual consent
14.	Lease agreement no. 300001784206/1- 0	Muhayil Asir	Company's branch (CR no. 5860071138)	01/12/2020G	30/11/2025G	By mutual consent
15.	Lease agreement no. 20398856184/3	Makkah	Company's branch (CR no. 4031052042)	04/08/2022G	03/08/2024G	By mutual consent
16.	Lease agreement no. 20590335347/1	AlAhsa	Company's branch (CR no. 2050049500)	01/11/2023G	31/10/2028G	By mutual consent
17.	Lease agreement no. 20453367904/1	Riyadh	Company's branch (CR no. 1010045397)	01/01/2022G	31/12/2026G	By mutual consent

No.	Description of Leased Premises	Location	Lessee	Rent Commencement Date	Duration	Renewal
18.	Lease agreement no. 20367948775/1	Makkah	Company's branch (CR no. 4031052042)	30/07/2022G	29/07/2024G	By mutual consent
19.	Lease agreement no. 20906943559/2-0	Khamis Mushait	Company's branch (CR no. 5860071138)	01/07/2024G	30/06/2025G	Automatic
20.	Lease agreement no. 20273996850 / 1- 0	Najran	Company's branch (CR no. 5950029739)	01/06/2023G	31/05/2025G	Automatic
21.	Lease agreement no. 20398591228	Abha	Company's branch (CR no. 5850071171)	15/01/2022G	14/01/2025G	By mutual consent
22.	Lease agreement no. 20073881229/1-0	Riyadh	Company's branch (CR no. 1010045397)	01/03/2024G	28/02/2025G	Automatic
23.	Lease agreement no. 20455473301	Hail	Company's branch (CR no. 3350044003)	09/08/2021G	08/08/2026G	By mutual consent
24.	Lease agreement no. 20134402675 / 1	Riyadh	Company's branch (CR no. 1010045397)	01/01/2022G	31/12/2024G	By mutual consent
25.	Lease agreement no. 20428583320 / 1	Jeddah	Company's branch (CR no. 4031052042)	30/07/2022G	29/07/2024G	By mutual consent
26.	Lease agreement no. 20869588913/ 1	Jeddah	Company's branch (CR no. 4031052042)	24/12/2022G	23/12/2024G	By mutual consent
27.	Lease agreement no. 20758840371 / 1	Jeddah	Company's branch (CR no. 4031052042)	01/07/2022G	30/06/2026G	By mutual consent
28.	Lease agreement no. 20689688140/1-0	Jeddah	Company's branch (CR no. 4031052042)	01/07/2024G	30/06/2027G	By mutual consent

Source: the Company.

* *Company confirmed that it cannot renew the lease in Riyadh (Al Rahmaniyah – Takhassusi), as the land in which the store is located is currently subject to a dispute between the heirs of the property owner.*

12.5.2.2 Production Facility and Warehouses Lease Agreements

The table below summarizes the terms of the Lease Agreements concluded by the Company with regard to warehouses.

Table (12.26): Details of the Warehouses and Production Facility Lease Agreements

No.	Description of Leased Premises	Location	Lessee	Rent Commencement Date	Duration	Renewal
SFDA licensed Warehouses (for the storage of finished products)						
1.	Lease agreement no. 814043	Riyadh Second Industrial City	Company's branch (CR no. 1010045397)	04/04/2022G	03/04/2027G	Automatic
2.	Lease agreement no. 20446135709/1	Dammam	Company's branch (CR no. 5855047951)	01/09/2022G	31/08/2027G	By mutual consent
3.	Lease agreement no. 300001372008	Sahada District, Riyadh	Company's branch (CR no. 5855047951)	01/07/2020G	30/06/2025G	By mutual consent
Warehouses for the storage of raw materials						
1.	Lease agreement no. 20020484299 / 0-1	Riyadh	Company's branch (CR no. 1010045397)	16/02/2024G	15/02/2025G	By mutual consent
2.	Lease agreement no. 20575134568 / 1-0	AlBaria District, Riyadh	Company's branch (CR no. 1010045397)	27/02/2024G	26/02/2025G	By mutual consent
3.	Lease agreement no. 20429789410 / 1-0	Riyadh	Company's branch (CR no. 1010045397)	17/03/2024G	16/03/2025G	By mutual consent

No.	Description of Leased Premises	Location	Lessee	Rent Commencement Date	Duration	Renewal
Production Facility						
1.	Lease agreement no. 802974	Riyadh Second Industrial City	Company's branch (CR no. 1010274472)	24/06/1443H	23/06/1453H	By mutual consent

Source: the Company.

12.5.2.3 Details of the Storage Unit Lease Agreements

Table (12.27): Details of Storage Units Lease Agreements

No.	Description of Leased Premises	Location	Lessee	Rent Commencement Date	Duration	Renewal
1.	Lease agreement no. 20506796052 / 1-0	Taif	Company's branch (CR no. 4031052042)	13/02/2024G	12/02/2025G	By mutual consent
2.	Lease agreement no. 20707874157/1	Riyadh	Company's branch (CR no. 1010045397)	02/02/2024G	01/02/2025G	By mutual consent
3.	Lease agreement no. 20876108915/2-0	AlNu'airiyah	Company's branch (CR no. 1010045397)	10/06/2024G	09/06/2025G	By mutual consent
4.	Lease agreement no. 20998450438/1	Jazan	Company's branch (CR no. 5900030985)	05/10/2022G	31/08/2027G	By mutual consent
5.	Lease agreement no. 10270624852/1-0	Rafhaa	Company's branch (CR no. 3450014893)	02/02/2024G	01/02/2025G	By mutual consent
6.	Lease agreement no. 20072676856/2	AlKhobar	Company's branch (CR no. 2050049500)	31/10/2023G	30/10/2024G	Automatic
7.	Lease agreement no. 20365339857/1-0	Riyadh	Company's branch (CR no. 1010045397)	16/03/2024G	15/03/2027G	By mutual consent
8.	Lease agreement no. 20457458334 /1	AlAhsa	Company's branch (CR no. 2050049500)	20/03/2024G	19/03/2025G	By mutual consent
9.	Lease agreement no. 50079	Dammam	Company's branch (CR no. 2050049500)	01/08/2020G	31/07/2024G	Automatic
10.	Lease agreement no. 20734566760/2	Riyadh	Company's branch (CR no. 1010045397)	10/08/2023G	09/08/2024G	By mutual consent
11.	Lease agreement no. 20924023374 / 1-0	AlZulfi	Company's branch (CR no. 1010045397)	29/02/2024G	27/02/2025G	By mutual consent
12.	Lease agreement no. 2024889379/1-0	Riyadh	Company's branch (CR no. 1010045397)	01/04/2023G	31/03/2025G	By mutual consent
13.	Lease agreement no. 20888809994/1-0	Rania	Company's branch (CR no. 4031052042)	01/08/2024G	31/07/2025G	By mutual consent
14.	Lease agreement no. 20519799679/1-0	Riyadh	Company's branch (CR no. 1010045397)	15/11/2023G	14/11/2024G	By mutual consent
15.	Lease agreement no. 20698228873/1-0	Makkah	Company's branch (CR no. 4031052042)	01/04/2023G	31/07/2025G	By mutual consent
16.	Lease agreement no. 20316822204/2-0	Riyadh	Company's branch (CR no. 1010045397)	16/07/2024G	15/07/2025G	Automatic
17.	Lease agreement no. 10002872155/1	Hail	Company's branch (CR no. 3350044003)	18/08/2023G	17/08/2024G	By mutual consent
18.	Lease agreement no. 2070157060/2-0	Riyadh	Company's branch (CR no. 1010045397)	14/05/2024G	13/05/2025G	By mutual consent

Source: the Company.

12.6 Company's Owned Property

12.6.1 Company's Head Office Property

Table (12.28): Company's Head Office Property

No.	Description of the Leased Premises	Title Deed No.	Title Deed Date	Location	Owner
1.	The Company's Head Office built on a 1,550 SQM land	918503001336	30/08/1444H	Lands no. 963 and 950 of Plan no. 1444H 1637, in Riyadh	The Company (CR no. 1010045397)
2.	Vacant land purchased for the purpose of a 1,550SQM expansion project	793059000563	08/10/1443H	Lands no. 962 and 808 of Plan no, 5.1637, in Riyadh	The Company (CR no. 1010045397)

Source: the Company.

12.6.2 Warehouse Property

Table (12.29): Warehouse Property

No.	Description of the Leased Premises	Title Deed No.	Title Deed Date	Location	Owner
1.	Warehouse built on two lands of 4,628,53 SQM each	310156001249	30/04/1444H	Two lands no. 239 and 240 of Plan no. 1.3059, in Riyadh	Company's branch (CR no. 7018067830)
2.	Warehouse built on a 1,750 SQM land*	393280000881	21/03/1444H	Land no. 50 of Plan no. 317, in Jeddah	The Company (CR no. 1010045397)
3.	Warehouse built on a 1,575 SQM land*	393280000882	21/03/1444H	Land no. 49 of Plan no. 317, in Jeddah	The Company (CR no. 1010045397)

Source: the Company.

**The main warehouse is located in Jeddah, on two adjacent lands.*

12.7 Transactions and Contracts with Related Parties

The Directors hereby acknowledge that none of the contacts with Related Parties described under this Section contain preferential conditions and that they have been concluded in accordance with laws and regulations on suitable and fair arm's length basis. Except as disclosed in this Section of the Prospectus, the Directors hereby acknowledge that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party, including the Financial Advisors and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge the Company's compliance with Articles 27, 71 and 72 of the Companies Law and the instructions set forth under Chapter 6 of the Corporate Governance Regulations issued by the CMA in relation to agreements with Related Parties. The General Assembly approved all transactions and contracts with Related Parties.

The total value of Related-Party Transactions amounted to SAR 26,810,222, SAR 4,209,915 for the FY22G and the financial year ended 31 December 2023G, respectively.

As at the date of this Prospectus, all of the Company's transactions and contracts with Related Parties for FY23G and transactions in force for FY22G were approved pursuant to the Ordinary General Assembly Resolution passed by circulation on 28/05/1445H (corresponding to 12/12/2023G), and the Ordinary General Assembly Resolution passed by circulation on 13/07/1445H (corresponding to 25/01/2024G), as per the requirements of Article 71 of the Companies Law.

The following transactions are subject to formal contracts:

- **Asset assignment agreement concluded between the Company and Khalta Perfumes Company** on 08/01/2023G, in which the Chairman of the Board of Directors, Mr. Majed Ali Al Majed, has an indirect interest. Said agreement pertains to supplies for sales outlets and warehouses (decorations, finishes, tools, offices, furniture). The total value of this agreement amounted to SAR 9,056,401. It is worth noting that this agreement has been terminated.

- **Assignment contract for the lease of a property unit (a store in Riyadh) concluded between the Company and Turki Al Majid Foundation** on 30/01/2022G, in which the Chairman of the Board of Directors, Mr. Majed Ali Al Majed, has an indirect interest. The total value of this contract amounted to SAR 3,118,895. It is worth noting that this contract has been terminated.
- **Packaging contract concluded between the Company and Mixed Perfumes for Trade Company (Mazeej Attri)** on 25/10/2020G, for a period of five (5) years, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has an indirect interest. It is worth noting that the value of this contract is variable depending on packaging demand. The value of these transactions amounted to SAR 929,917 during the period ended on 31 December 2023G.
- **Lease contract for the Company's Branch on King Abdulaziz Al-Rabie Road concluded between the Company and Majed Ali Othman Al Majed** on 09/08/2021G, for a period of five (5) years, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed have an indirect interest. The total value of this contract amounted to SAR 3,501,750. It is worth noting that this contract has been terminated.
- **Lease contract for the Company's Branch in Al Owais concluded between the Company and Mr. Suleiman Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Khaled Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed** on 29/03/2022G, effective for a period of five years starting from 01/01/2022G, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed have an indirect interest. The total value of this contract amounted to SAR 460,000.
- **Lease contract for the Company's Branch in Al Owais concluded between the Company and Mr. Suleiman Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Khaled Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed** on 29/03/2022G, effective for a period of five years starting from 01/01/2022G, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed have an indirect interest. The total value of this contract amounted to SAR 1,150,000.
- **Lease contract for the Company's General Administration Headquarters in Al-Hofuf, Riyadh, concluded between the Company and Mr. Suleiman Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Khaled Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed** on 29/03/2022G, effective for a period of five years starting from 01/01/2022G, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed, have an indirect interest. The total value of this contract amounted to SAR 8,625,000. It is worth noting that this contract was repealed as the Company acquired the General Administration Headquarters premises.
- **Cooperation agreement concluded between the Company and Asos Al Aqar Company** on 14/12/2022G for a period of one (1) year, in which the Chairman of the Board of Directors, Mr. Majed Ali Al Majed, has an indirect interest. This contract is a cooperation agreement for advertising on the screens of King Khalid International Airport in Riyadh. The total value of this agreement amounted to SAR 407,907. It is worth noting that this agreement has been terminated.
- **Lease contract for the Company's Branch on Anas Bin Malik Road, Al Yasmeen District, Riyadh, concluded between the Company and Khaled Bin Ali Bin Othman Al Majed Real Estate Development Foundation** on 12/03/2023G for a period of five (5) years, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, and the Board Member, Mr. Waleed Khaled Ali Al Majed have an indirect interest. The total value of this contract amounted to SAR 4,236,000. It is worth noting that this contract has been terminated.
- **Lease contract for the Company's Branch on Al-Makaruna Street, Jeddah, concluded between the Company and Mr. Muhammad Ali Othman Al Majed and Mr. Bader Ali Othman Al Majed** on 13/09/2022G for a period of one (1) year, in which the Chairman of the Board of Directors, Mr. Majed Ali Al Majed, has an indirect interest. The total value of this contract amounted to SAR 172,500. It is worth noting that this contract has been terminated.
- **Residential lease contract on Rabi Al-Dahli Street, Al-Narjis District, Riyadh, concluded between the Company and Mr. Muhammad Ali Othman Al Majed and Mr. Bader Ali Othman Al Majed** on 29/03/2023G for a period of one (1) year, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has an indirect interest. The total value of this contract amounted to SAR 27,000.
- **Product return transactions carried out under the Commercial Agency Agreement concluded between the Company and Khalta Perfumes Company**, which agreement has been terminated on 31/05/2022G, and in which Mr. Majed Ali Al Majed has an indirect interest. The value of these transactions amounted to SAR 16,766,461. It is worth noting that these transactions have been terminated.

- **Perfume sale invoices issued by the Company to Khalta Perfumes Company**, and in which Mr. Majed Ali Othman Al Majed has an indirect interest. The net value of these transactions amounted to SAR 2,992,899. It is worth noting that these transactions have been terminated.
- **Lease contract for warehouses located in Al-Biriya District, Riyadh, concluded between the Company and Mr. Suleiman Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Khaled Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed** on 29/03/2022G for a period of five (5) years, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed, have an indirect interest. The total value of this contract amounted to SAR 3,326,375. It is worth noting that this contract has been terminated as the Company acquired these warehouses on 24/11/2022G.

However, the following transactions, being all terminated, are not subject to formal contracts:

- **Service invoices including advertising, issued by the Company to Khalta Perfumes Company and by Khalta Perfumes Company to the Company**, in which Mr. Majed Ali Othman Al Majed has an indirect interest.
- **Perfume return invoices issued by the Company to Turki Al Majid Foundation**, in which Mr. Majed Ali Othman Al Majed has an indirect interest.
- **Perfume sale invoices issued by the Company to Asos Al Aqar Company**, in which Mr. Majed Ali Othman Al Majed has an indirect interest.
- **Perfume sale invoices issued by the Company to Ali Bin Othman Al Majed Sons Foundation**, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has an indirect interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed, have an indirect interest.
- **Payment of expenses and costs transactions incurred by Khalta Perfumes Company pursuant to the Asset Assignment Agreement concluded between the Company and Khalta Perfumes Company** on 08/01/2023G, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has an indirect interest.
- **Transaction relating to the purchase of warehouses located in Al-Biriya District in Riyadh, concluded between the Company and Mr. Suleiman Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Khaled Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed** on 24/11/2022G, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed, have an indirect interest. The total value of these transactions amounted to SAR 9,132,072.
- Tra**nsaction for the purchase of warehouses located in King Faisal Naval Base District, Jeddah, concluded between the Company and Mr. Muhammad Ali Othman Al Majed and Mr. Bader Ali Othman Al Majed** on 17/10/2022G, in which Mr. Majed Ali Othman Al Majed has an indirect interest. The total value of these transactions amounted to SAR 6,116,307.
- **Transaction for the purchase of the Company's General Administration Headquarters in Al-Hofuf, Riyadh, concluded between the Company and Mr. Suleiman Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Khaled Ali Othman Al Majed, and Mr. Majed Ali Othman Al Majed** on 22/03/2023G, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed, have an indirect interest. The total value of these transactions amounted to SAR 24,141,332.

The following table sets out the details of Related-Party transactions for the financial years ending 31 December 2021G, 2022G and 2023G.

Table (12.30): Details of Related-Party Agreements and Transactions in which a Board Member has an Interest

Related Party	Nature of Transaction	Interested Party	Value of Transactions during FY (SAR)		
			2021G	2022G	2023G
Khalta Perfumes Company	– Asset assignment agreement (to a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	(9,056,401)	-
	– Invoices issued for the sale of perfumes (from a Related Party)		(28,650,982)	(19,759,360)	-
	– Service invoices including advertising (from and to a Related Party)		(3,329,035)	(1,350,397)	-
	– Product return transactions carried out under the Commercial Agency Agreement terminated on 31/05/2022G (to a Related Party)		-	(16,766,461)	-
	– Payment of expenses and costs transactions incurred pursuant to the Asset Assignment Agreement (from a Related Party)		-	-	1,844,987
	Total		**31,980,017**	**(7,413,899)**	**1,844,987**
Turki Al Majid Foundation	– Assignment of Property Unit Lease Contract (to a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	(3,118,895)	-
	– Perfume return invoices (to a Related Party)		-	(117,241)	-
	Total		**-**	**(3,236,136)**	**-**
Mixed Perfumes for Trade Company (Mazeej Attri)	– Packaging Contract (from a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	185,304	654,731	929,917
Asos Al Aqar Company	– Cooperation Agreement (from a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	-	407,907
	– Perfume sale invoices (from a Related Party)		-	-	138,112
	Total		**-**	**-**	**546,019**
Suleiman, Khaled, Saad and Majed Ali Al Majed	– Transaction relating to the purchase of warehouses located in Al-Biriya district (to a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO – Thamer Saad Al Majed – Vice Chairman / Vice President of Finance	-	(9,132,072)	-
	– Transaction for the purchase of the general administration headquarters (to a Related Party)		-	-	(24,141,332)
	– Lease agreements (to a Related Party)		(2,770,435)	(2,562,405)	(809,805)
	Total		**(2,770,435)**	**(11,694,477)**	**(24,951,137)**

Related Party	Nature of Transaction	Interested Party	Value of Transactions during FY (SAR)		
			2021G	2022G	2023G
Majed Ali Othman Al Majed	– Lease contract (to a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO – Thamer Saad Al Majed – Vice Chairman / Vice President of Finance	(700,350)	(700,350)	(350,175)
Muhammad and Bader Al Majed	– Lease contracts (to a Related Party)	Majed Ali Al Majed – Chairman of the Board of Directors	-	(27,000)	(199,500)
	– Transaction for the purchase of warehouses located in King Faisal Naval Base district (to a Related Party)		-	(6,116,307)	-
	Total		**-**	**(6,143,307)**	**(199,500)**
Ali Al Majed Sons Foundation	– Perfume sale invoices (from a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO – Thamer Saad Al Majed – Vice Chairman / Vice President of Finance	-	-	301,761
Khaled Ali Othman Al Majed Real Estate Development Foundation	– Lease contract for the Company's branch in Yasmeen District (to a Related Party)	– Majed Ali Al Majed – Chairman of the Board of Directors – Waleed Khaled Al Majed – Board Managing Director / CEO	-	-	(423,600)

Source: the Company

Regarding Related-Party transactions for 2024G:

On 26/10/1445H (corresponding to 05/05/2024G), the Extraordinary General Assembly resolution was issued approving the following lease contracts:

- Lease contract for the Company's Branch on Al-Makaruna Street, Jeddah, concluded between the Company, Mr. Muhammad Ali Othman Al Majed and Mr. Bader Ali Othman Al Majed on 01/01/2024G for a period of one (1) year, in which the Chairman of the Board of Directors, Mr. Majed Ali Al Majed, has an indirect interest. The total value of this contract amounted to SAR 172,500; and
- Lease contract for the Company's Branch on King Abdulaziz Road, Al-Rabie, concluded between the Company, Mr. Majed Ali Othman Al Majed, Mr. Saad Ali Othman Al Majed, Mr. Suleiman Ali Othman Al Majed, and Mr. Khaled Ali Othman Al Majed on 01/01/2024G, for a period of three (3) years, in which the Chairman of the Board of Directors, Mr. Majed Ali Othman Al Majed, has a direct interest, and the Board Members, Mr. Thamer Saad Al Majed and Mr. Waleed Khaled Ali Al Majed have an indirect interest. The total value of this contract amounted to SAR 2,101,050.

On 21/11/1445H (corresponding to 29/05/2024G), the Ordinary General Assembly resolution was passed by circulation approving the contract concluded between the Company and CALMA Co. on 05/05/2024G, in which the Chairman of the Board of Directors, Mr. Majed Ali Al-Majid, has an indirect interest. This agreement pertains to a contract for the development and supervision of concrete and buildings for a plot of land owned by the Company in Al-Sahafa District, Riyadh. The total value of this contract amounted to SAR 4,140,000, excluding value-added tax.

These transactions were carried out in the normal course of business and under no preferential terms.

12.8 Credit Facilities and Loans

Table (12.31): Facilities between Bank Aljazira and the Company dated 07/12/2021G, as renewed on 27/12/2023G*

Type of Facilities / Purpose / Amount	1. Deferred Sale which Leads to Tawarruq (via the "Dinar" Program) – Facility Sub-limit: SAR 100,000,000 – Purpose: To finance the purchase of raw materials against approved invoices (perfume invoices) and finance the Company's working capital requirements (e.g. rental payments, salary payments, advertisement, marketing. etc.) – Profit Margin: SIBOR + 1.5% – Repayment: 12 months 2. Documentary Credit Financing (Sight or Deferred Payment) – Facility Sub-limit: SAR 100,000,000 – Purpose: to finance the import/purchase of goods related to the Company's business against invoices or purchase orders. – LC commission rate: Central Bank of Saudi tariff + 0.25% – Acceptance commission rate (deferred LC): 1.25% per month
Amounts Drawn Down	The amounts withdrawn in the period ending on 31 December 2022G are SAR 49,000,000, which were paid in full during the same period. An amount of SAR 119,000,000 was withdrawn in the period ending on 31 December 2023G, of which SAR 74,000,000 were paid during the same period.
Security and other Collateral	These facilities are guaranteed by way of: 1. Order Note for SAR 110,000,000; 2. General Terms and Conditions Agreement; 3. Agreement of Deferred Payment (Dinar Program); 4. Payment and Performance Guarantee dated 27 December 2023G; and 5. To name Bank Aljazira as first lost payee under insurance policies on warehouses, products and or showrooms for the Bank Aljazira covering at least 100% of the facilities amount.

Source: the Company

**This is a Shariah-compliant transaction.*

12.9 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company:

Table (12.32): Details of Insurance Policies

#	Type	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
1.	Medical Insurance Policy	44654800	Bupa Arabia	2 June 2024G to 1 June 2025G	A maximum of SAR 1,000,000 annually per beneficiary	Basic health benefits
2.	Motor Vehicle Comprehensive Insurance Policy	P/300/2912/24/000363	Gulf Union Al Ahlia Cooperative Insurance	29 May 2024G to 28 May 2025G.	A maximum of SAR 10,000,000 annually per beneficiary	Third-party liability coverage for the Company's motor vehicles
3.	Motor Vehicle Comprehensive Insurance Policy	P/300/2912/24/000364	Gulf Union Al Ahlia Cooperative Insurance	29 May 2024G to 28 May 2025G.	A maximum of SAR 10,000,000 annually per beneficiary	Third-party liability coverage for the Company's motor vehicles

#	Type	Policy Number	Insurer	Duration	Sum Insured (SAR)	Coverage
4.	Civil and Products Liability Insurance Policy	7/1/012/1270000260	Al Alamiya for Cooperative Insurance Company (public joint-stock company)	10 October 2023G to 9 October 2024G	SAR 1,000,000 per occurrence and SAR 20,000,000 in the aggregate	Third-party property damage and/or bodily injury/death arising out of the insured's business for trading and manufacturing in perfumes and oud in KSA.
5.	Civil and Products Liability Insurance Policy	7/1/012/1270000260	Al Alamiya for Cooperative Insurance Company (public joint-stock company)	10 October 2023G to 9 October 2024G	SAR 1,000,000 per occurrence and SAR 20,000,000 in the aggregate	Third-party property damage and/or bodily injury/death arising out of the insured's business for trading and manufacturing in perfumes and oud in the GCC
6.	Public liability insurance policy	PLI/34355	Allianz Saudi Fransi for Cooperative Insurance Company	01 September 2023G to 31 August 2024G	SAR 10,000,000.	All damages due in connection with any single event or series of events arising directly or indirectly from a single source or original cause.
7.	Comprehensive property insurance policy (against all risks)	PAR/50765	Allianz Saudi Fransi for Cooperative Insurance Company	01 September 2023G to 31 August 2024G	SAR 1,000,000 per occurrence.	The policy covers all risks of unintentional loss or damage to the insured property from Unoppressive cause.
8.	Comprehensive property insurance policy (against all risks)	PAR/52464	Allianz Saudi Fransi for Cooperative Insurance Company	01 September 2023G to 31 August 2024G	SAR 1,000,000 per occurrence.	The policy covers all risks of unintentional loss or damage to the insured property from Unoppressive cause.

Source: the Company

12.10 Intellectual Property

12.10.1 Trademarks

The Company registered "Al Majed for Oud" and 11 other trademarks pertaining to products representing 40% of the Company's sales revenues for the FY22G, in the Kingdom of Saudi Arabia and other countries where the Company sells its products. The Company relies on these trademarks for the success of its business and to support its competitive position in the market. Therefore, if the Company fails to protect its trademarks or has to take legal actions to protect them, this would have a material adverse effect on the Company's ability to use such trademarks, which would affect its businesses and results of operations. For further details, please refer to Section 2.1.25 ("**Risks Related to the Company Protecting its Unregistered Trademarks**") of this Prospectus.

The following table sets out the main details of the Company's registered trademarks with regard to "Al Majed for Oud" trademark and its best-selling products by sales revenues for FY22G in the Kingdom and in other countries where the Company sells its products. The Company currently uses a number of these trademarks, while some are planned to be used in the future.

Table (12.33): Main details of the Company's Registered Trademarks with Regard to "Al Majed for Oud" Trademark

#	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
1.	Saudi Arabia	1442035751	16/11/1452H (corresponding to 10/03/2031G)	35	
2.	United Arab Emirates	349546	21/04/2031G	3	
3.	United Arab Emirates	349547	21/04/2031G	3	
4.	European Union	018457523	21/04/2031G	3 and 35	
5.	China	47907670	06/12/2031G	3	
6.	China	47927250	06/12/2031G	35	
7.	Kuwait	2021-258400	20/04/2031G	3	
8.	Kuwait	2021-658400	20/04/2031G	35	
9.	United Kingdom	UK00003509565	08/07/2030G	3 and 35	
10.	United States of America	6,734,188	03/09/2031G	3 and 35	
11.	Turkey	2017 85964	22/05/2027G	3 and 35	
12.	Singapore	40201510593	19/06/2025G	3 and 35	
13.	Sultanate of Oman	145492	28/04/2031G	3	
14.	Sultanate of Oman	145495	28/04/2031G	35	
15.	Sultanate of Oman	72666	11/02/2032G	Not available on the TM	
16.	Sultanate of Oman	72667	02/11/2032G	Not available on the TM	
17.	Qatar	146750	19/04/2031G	3	
18.	Qatar	146751	19/04/2031G	35	
19.	Egypt	270858	15/02/2032G	N/A	Not available on the TM
20.	Egypt	270859	15/02/2032G	N/A	Not available on the TM

Source: the Company

Table (12.34): Registered Trademarks of the Company's Key Products

#	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
1.	Saudi Arabia	1437023409	26/10/1447H (corresponding to 14/04/2026G)	3	أريس ARESSE
2.	Saudi Arabia	142710575	24/12/1447H (corresponding to 10/06/2026G)	3	البرنس
3.	Saudi Arabia	1438020437	03/09/1448H (corresponding to 10/02/2027G)	3	وود ood
4.	Saudi Arabia	143004761	07/06/1450H (corresponding to 25/10/2028G)	3	رنان
5.	Saudi Arabia	143207268	11/07/1452H (corresponding to 07/11/2030G)	3	معاني
6.	Saudi Arabia	1437023392	29/10/1447H (corresponding to 17/04/2026G)	3	فيولا VIOLA
7.	Saudi Arabia	143109310	13/09/1451H (corresponding to 17/01/2030G)	3	عبارات
8.	Saudi Arabia	142805178	25/05/1448H (corresponding to 05/11/2026G)	3	ميرال
9.	Saudi Arabia	1445012139	24/03/1455H (corresponding to 21/06/2033G)	3	بلاك سكريت Black Secret
10.	Saudi Arabia	1443012993	11/04/1453H (corresponding to 31/07/2031G)	3	PRESTIGE RUBY
11.	Saudi Arabia	1445012143	24/03/1455H (corresponding to 21/06/2033G)	3	ريتاج

Source: the Company

12.10.2 Other Intellectual Property Rights

The Company has registered several Internet domains in its name. The following table shows details of the Internet domains registered in the Company's name:

Table (12.35): Details of the Internet Domain Names

Internet Domain Name	Expiry Date
almajed4oud.com/ar-sa	21/06/2026G
almajedforoud.com	09/05/2024G
almajedoud.com	09/05/2024G
almajed4oud.net	09/05/2024G
almajed4oud.co	09/05/2024G
almajed4oud.org	09/05/2024G
almajed4oud.shop	10/05/2024G
almajed4oud.com	21/06/2026G

Source: the Company

12.11 Litigation

As at the date of this Prospectus, there are no actual or potential litigation, cases, complaints, or existing investigation procedures that may, collectively or individually, have a material impact on the Company; and the Company is not aware of any current or potential material litigation disputes or facts that could, collectively or individually, have a material impact on the Company.

12.12 The Zakat Status of the Company

The Company is subject to the laws and regulations of ZATCA in KSA. Zakat is provided on an accrual basis and is computed and charged based on Zakat base (in accordance with the regulations of ZATCA). Adjustments, if any, are made to the Zakat provision when the final assessments are obtained from the ZATCA.

The members of the Company's Board of Directors hereby acknowledge that, as at the date of this Prospectus, the Company does not have any existing Zakat or tax disputes with ZATCA, and that the Company has an adequate Zakat provision to cover any shortfall that may be detected when the final Zakat assessment is received from ZATCA.

For more information about the risks related to Zakat, please refer to Section 2.1.34 ("**Risks related to Zakat and Tax**") of this Prospectus, and Section 2.2.9 ("**Risks Related to Changes in the Calculation of Zakat and Income Tax**") of this Prospectus.

12.13 Summary of the Company's Bylaws

The following is a summary of the Company's Bylaws. It should be noted that under the Company's Bylaws, internal regulations, policies and procedures, members of the Board of Directors or the CEO may not participate in the voting on their remuneration or on any contract or proposal in which they have an interest. Additionally, these Bylaws do not include any power granting the right to the Board members or Senior Executives to borrow funds from the Company.

12.13.1 Company's Name

Al Majed for Oud Company, (closed joint-stock company).

12.13.2 Company's Objectives

The Company shall carry out the following objects:

1. Manufacturing industries.
2. Construction.
3. Agriculture, forestry and fishing.
4. Mining and quarrying.
5. Electricity, gas, steam and air conditioning supply.
6. Water supply; sewerage, waste management and remediation activities.
7. Wholesale and retail trade; repair of motor vehicles and motorcycles.
8. Transportation and storage.
9. Accommodation and food services activities.
10. Information and Communication.
11. Professional, scientific and technical activities.
12. Education.
13. Human health and social work activities.
14. Real estate activities.
15. Administrative and support service activities.
16. Arts, entertainment and recreation.
17. Other service activities.

The Company shall carry out its objects pursuant to the applicable laws after obtaining the necessary licenses from the competent authorities, if any.

12.13.3 Participation and Interest in other Companies

The Company may establish limited liability, joint-stock, or simplified joint-stock companies on its own. The Company may also own a shareholding interest in other existing companies, or merge therewith; as well as participate with others in the establishment of joint-stock, simplified joint-stock, or limited liability companies after fulfilling the requirements set forth by all relevant laws and instructions. The Company may also dispose of said stock or shares on the condition that trading therein will not be for brokerage purposes.

12.13.4 Company's Head Office

The head office of the Company shall be in the city of Riyadh.

12.13.5 Company's Duration

The duration of the Company shall be indefinite.

12.13.6 Company's Capital

The issued capital of the Company shall be SAR 250,000,000, divided into 25,000,000 nominal shares of an equal value of SAR 10 each, and all of which shall be Ordinary Shares, with a paid-up value of SAR 250,000,000.

12.13.7 Share Subscription

Shareholders have subscribed for all of the Company's issued capital shares amounting to 25,000,000 nominal fully paid-up shares, totaling SAR 250,000,000.

12.13.8 Sale of Non-Paid-up Shares

1. The Shareholder undertakes to pay the value of shares within the dates specified for that purpose. Failure to do so on the specified date will give the Board of Directors the right, after informing the Shareholder by registered letter or by any means of modern technology, to sell the shares at public auction or through the capital market, as the case may be, pursuant to the controls set by the competent authority, provided that other shareholders shall have priority in purchasing the shares of the defaulting shareholder.
2. The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale are insufficient to cover such amounts, the Company may collect the balance from all assets owned by the Shareholder.
3. Rights associated with the shares shall be suspended upon failure to pay their value upon the expiration of the specified deadline, until their sale or the payment of the due amount in accordance with the provision of Paragraph 1 of this Article. These rights include the entitlement to a share of the net profits to be distributed and the right to attend assemblies and vote on decisions. However, the delinquent Shareholder may, until the day of sale, pay the outstanding amount, including the expenses incurred by the Company in this regard. In such a case, the Shareholder shall have the right to request the receipt of dividends to be distributed.
4. The Company shall revoke the certificate of the shares sold in accordance with the provisions of this Article and provide the purchaser with a new share certificate bearing the same serial number, with a note of said sale and the data of the new shareholder indicated in the Shareholders Register.

12.13.9 Shareholders Register

1. The Company shall maintain a special register containing the names of shareholders, their nationalities, personal information, places of residence, professions, number of shares owned by each shareholder, share numbers, and the amount paid for each share. The Company may contract with a third-party to prepare said register, which must be kept inside the Kingdom.
2. The Company shall provide the Commercial Register with the information contained in the Register set forth in Paragraph 1 of this Article, as well as any amendments made thereto within 15 days from the date of the Company's registration in the Commercial Register or from the date of the amendment, as applicable.

12.13.10 Trading in Shares

The Company's shares shall be traded by being recorded in the Shareholders' Register, and the transfer of ownership of the share shall not be valid vis-à-vis the Company or third parties prior to the date of said entry.

12.13.11 Capital Increase

1. The Extraordinary General Assembly may adopt a decision to increase the Company's capital, provided that the issued capital has been paid up in full. Said paid up capital shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
2. In all cases, the Extraordinary General Assembly may, upon increasing the capital of the Company, allocate issued shares or part thereof to the employees of the Company or any of its Subsidiaries. Shareholders may not exercise their preemptive rights on issued shares allocated for employees. The Competent Authority may set the rules and procedures for allocating shares to the employees of the Company or any of its Subsidiaries.
3. The nominal value of the new shares shall be equal to the nominal value of the original shares of the same type or class.
4. A Shareholder who owns the share on the date of issuance of the Extraordinary General Assembly's decision approving the increase of issued capital shall have a preemptive right to subscribe to new shares issued against cash contributions. Said Shareholder shall be notified of such right, if any, by registered letter sent to the address stated in the Shareholders' register, through an announcement on the Company's website, or by any means of technology. Said Shareholder shall be notified of the capital increase decision, the conditions and method of subscription, and the dates on which said subscription begins and ends, subject to the type and class of shares owned thereby.
5. The Extraordinary General Assembly may suspend the preemptive rights of Shareholders to subscribe to the capital increase against cash contributions or may grant such rights to non-shareholders in cases it deems beneficial to the Company.
6. A Shareholder may, subject to the controls set by the competent authority, sell or assign his pre-emptive rights with or without financial consideration, from the date of issuance of the Extraordinary General Assembly's decision approving the increase of capital until the last day of subscription in the new shares associated with such rights.
7. Subject to the provisions of Paragraph 5 above, newly issued shares shall be distributed to the holders of pre-emptive rights requesting subscription in proportion to the pre-emptive rights they have against the total pre-emptive rights resulting from the capital increase, provided that the number of newly issued shares they receive does not exceed the number of shares they request, taking into consideration the type and class of their shares. The remaining new shares shall be distributed to the holders of the pre-emptive rights who request more than their share in proportion to the pre-emptive rights they have against the total pre-emptive rights resulting from the capital increase, provided that the number of newly issued shares they receive does not exceed the number of shares they request. Any remaining shares shall be offered to other than the holders of pre-emptive rights, unless the Extraordinary General Assembly or the Capital Market Law stipulates otherwise.

12.13.12 Capital Decrease

1. The Extraordinary General Assembly may decide to decrease the capital if it exceeds the Company's needs or if the Company incurs losses. In case of losses, the capital may be decreased below the limit specified in Article 59 of the Companies Law. The decision to decrease the capital shall not be issued until a statement prepared by the Board of Directors stating the grounds for such decrease, the Company's liabilities, and the effect of the decrease on satisfying such liabilities is presented at the general assembly. Said statement shall include the report of the Company's auditor.
2. If the capital reduction is due to it being in excess of the Company's needs, the creditors shall be invited to submit their objections to the decrease, if any, at least 45 days prior to the date set for the Extraordinary General Assembly meeting to decide on the decrease. The invitation shall include a statement indicating the pre- and post- reduction of capital amount, the date of the meeting, and the date the decrease becomes effective. If a creditor objects to the decrease and submits supporting documents to the Company within the specified period, the Company shall pay the debt owed to such creditor if already due or provide such creditor with a sufficient guarantee if the debt is due on a later date. If a creditor notifies the Company of his objection to the decrease and the Company fails to pay his due debt or to provide him with a sufficient guarantee if the debt is not due, said creditor may petition the competent judicial authority prior to the date set for deciding on the decrease in the Extraordinary General Assembly meeting. The competent judicial authority may, in such case, order the payment of the debt, the provision of a sufficient guarantee, or the adjournment of the Extraordinary General Assembly meeting, as the case may be.
3. Equality among holders of shares of the same type and class shall be observed upon the decrease of capital.

12.13.13 Company's Buy-Back, Sale, and Pledge of Shares

1. Subject to the approval of the Extraordinary General Assembly, the Company may buy-back its shares in accordance with the Companies Law, its Implementing Regulations and the controls set by the competent authority in this regard.
2. Brought-back shares shall be fully paid up and the purpose of the share buy-back shall be to either reduce the Company's capital or to retain such brought-back Ordinary Shares as Treasury Shares, provided that the Treasury Shares of the Company, shall not, at any time, exceed 10% of the total Shares in the class of Shares subject of the buy-back.
3. The amount of Treasury Shares held must not exceed the amount of retained profits of the Company.
4. Shares brought back by the Company shall not have voting rights in Shareholders' assemblies.
5. The Company may not buy-back its shares to use them as treasury shares except for the following purposes:
    a. To fulfil convertible debt instruments or financing sukuk holders right to convert them into shares in accordance with the terms and conditions of such instruments and sukuk.
    b. To undertake share swap transactions for the acquisition of shares or stakes or assets purchase.
    c. To allocate such shares to the Company's employees as part of an Employee Share Scheme.
    d. To cancel such shares in accordance with the provisions of capital decrease.
    e. Any other purpose that the Company deems appropriate and is approved by the Ministry of Commerce.
6. The Company may buy-back its shares to allocate them to the Company's employees under the Employee Share Scheme, after obtaining the Extraordinary General Assembly's approval on the Employee Share Scheme. The Extraordinary General Assembly may authorize the Board to determine the terms of the scheme including the allocation price for each Share offered to employees if offered for consideration. Non-executive Board members shall not participate in the Employee Share Scheme, and executive Board members shall not vote on Board resolutions relating to such scheme.
7. The Company may, under a Board resolution, sell its Treasury Shares in one or several phases, in accordance with the controls set by the competent authorities, provided that the approval of the Board on the sale of Treasury Shares shall be without prejudice to the Extraordinary General Assembly's resolution on the approval of buying these shares.
8. The Company may pledge its shares in accordance with the Companies Law, its Implementing Regulations and the controls set by the competent authority in this regard. The pledgee may receive dividends and exercise share-related rights, unless the pledge agreement stipulates otherwise. The pledgee may not attend shareholder assembly meetings nor vote therein.

12.13.14 Debt Instruments and Financing Sukuk

1. The Company may, in accordance with the Capital Market Law, issue negotiable debt instruments or financing sukuk. For the Company to issue debt instruments or financing sukuk that are convertible into shares, the Extraordinary General Assembly must issue a decision to determine the maximum number of shares that may be issued against such instruments or sukuk, whether they are issued at the same time, consecutively, or under one or more issuing schemes. The Board of Directors shall, without the need for a new approval from the assembly, issue new shares against such instruments or sukuk upon the satisfaction of the conditions for their conversion into shares or the lapse of the period set for such conversion, or, in case of instruments or sukuk the conversion of which requires the submission of a conversion request by their holders, upon the lapse of the period specified for such request. The Board of Directors shall take the necessary measures to amend the Company's Bylaws with regard to the number of issued shares and the Company's capital.
2. The Board of Directors shall register the completion of procedures of each capital increase with the Commercial Register.
3. The Company may convert debt instruments or financing sukuk into shares in accordance with the Capital Market Law upon the approval of their holders, whether such approval is provided as part of the issuance conditions or pursuant to a subsequent agreement.
4. A person with interest may petition the competent judicial authority to invalidate any action in violation of the provisions of Articles 117 or 118 of the Companies Law, and to compensate the holders of debt instruments or financing sukuk for any sustained damage.

5. Decisions of Shareholders' Assemblies shall apply to holders of debt instruments and financing sukuk. However, said Assemblies may not amend the rights established for such holders unless they approve the amendments in a special assembly held thereby in accordance with the provisions of Article 89 of the Companies Law.

12.13.15 Management of the Company

The Company shall be managed by a Board of Directors composed of 5 members who shall be natural persons elected by the Shareholders Ordinary General Assembly for a term not exceeding 4 years.

12.13.16 Board Membership Expiry or Termination

Board membership shall expire upon the expiration of its term or when the member is no longer qualified to hold such membership in accordance with any law or instructions applicable in the Kingdom. The Ordinary General Assembly may, upon a recommendation from the Board of Directors, terminate the membership of any member who fails to attend 3 consecutive meetings or 5 non-consecutive meetings during the course of their membership without a valid excuse acceptable to the Board of Directors, or against whom a judgment was issued for breach of trust and honor, or it has been proven that such member breached his responsibilities to the detriment of Company's interests. However, the Ordinary General Assembly has the authority to dismiss all or some of Board members; on which case, the Ordinary General Assembly shall elect a new Board of Directors or replace the dismissed member, as the case may be, in accordance with the provisions of the Companies Law.

12.13.17 Expiry of the Board's Term, Resignation of a Member or Vacancy

1. The Board of Directors shall call the Ordinary General Assembly to convene prior to the expiration of the Board's term to elect a board of directors for a new term. If the election cannot be held and the term of the current Board expires, its members shall continue to carry out their duties until a Board of Directors is elected for a new term, provided that they do not continue to carry out their duties beyond the period specified in the Implementing Regulations of the Companies Law.
2. If the chairman and members of the Board of Directors resign, they shall call for an Ordinary General Assembly meeting to elect a new Board. The resignation shall not take effect until a new Board is elected, provided that the resigning Board does not continue to carry out its duties beyond the period specified in the Implementing Regulations of the Companies Law.
3. A Board member may resign pursuant to a written notice submitted to the chairman of the Board of Directors. If the chairman of the Board resigns, the notice shall be submitted to the Board members and the Board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
4. If the position of a Board member becomes vacant due to his death or resignation, and if the conditions required for the validity of Board meetings is not affected by such vacancy due to a lack of the minimum required number of members, the Board may, temporarily, appoint a qualified person with relevant expertise to fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed in the capital market, within 15 days from the date of such appointment, and the appointment shall be submitted to the Ordinary General Assembly at its first meeting, with the appointed member completing the term of his predecessor. The Board of Directors may also decide to keep the seat vacant until the expiry of the Board term or until the General Assembly is called to appoint a member to fill the vacant seat.
5. If the necessary conditions for convening a valid Board of Directors are not met due to a lack of the minimum required number of members as specified in the Companies Law or these Bylaws, the remaining members shall call for an Ordinary General Assembly to convene within 60 days to elect the required number of members.

12.13.18 Powers of Board of Directors

Without prejudice to the powers vested with the General Assembly, the Board of Directors shall be vested with the broadest powers and authorities to manage the Company, set its policies, identify its investments, oversee its business and money, and discharge its affairs within and outside the Kingdom of Saudi Arabia, in order to achieve its objectives.

12.13.19 Remunerations of the Board of Directors

1. The remuneration of the Board of Directors consists of a fixed amount per annum, an attendance allowance for each meeting, a certain percentage of the Company's profits or in-kind benefits, with the possibility of combining two or more of these remunerations. The amount of remunerations shall be determined by the Ordinary General Assembly, provided that such remunerations are fair, motivating and suitable for the member and the Company's performance, in accordance with the conditions set forth by the competent authority.

2. The report submitted by the Board of Directors to the Ordinary General Assembly at its annual meeting shall include a detailed account of all the amounts Board members received or were entitled to receive during the fiscal year in the form of remuneration, expense allowances, and other benefits. The report shall also include an account of the amounts received by Board members in their capacity as employees or executives, or in exchange for technical, administrative or consulting services as well as an account of the number of board meetings and the number of meetings attended by each member.

12.13.20 Meetings of the Board of Directors

The Board of Directors shall meet at least 4 times a year upon a written invitation of the Chairman, to be delivered personally, by mail, fax, or modern technology means, at least 5 days before the date set for the meeting. An urgent meeting may be held if necessary. The invitation to the meeting may be sent within a period of less than 3 days before the date of the meeting, unless agreed otherwise by the members of the Board of Directors. The Chairman of the Board shall invite the Board to a meeting if so requested in writing by any member of the Board to discuss one or more topics.

12.13.21 Powers of the Chairman, Vice Chairman, Managing Director, CEO and Secretary

At its first meeting, the Board of Directors shall appoint a Chairman from among its members, and it may appoint a Managing Director or a Vice Chairman of the Board of Directors from among its member, The Board of Directors shall also appoint an CEO from among its members or others. The Chairman shall call for and preside over meetings of the Board and shall call for the Ordinary and Extraordinary General Assembly to convene. In addition, the Chairman of the Board of Directors has other powers determined by the Board of Directors, noting that all of these powers and authorities shall be carried out within and outside the Kingdom of Saudi Arabia. The Chairman shall be entitled to delegate or authorize one or more members of the Board or third parties to carry out a specific work or actions, and shall be entitled to cancel negotiations or authorizations in whole or in part, and authorize others with all or some of the powers to be carried out within and outside the Kingdom, and dismiss the authorized person. The authorized person shall be entitled to authorize others.

The Vice Chairman of the Board of Directors shall replaces the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Vice Chairman. In the event that the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors are absent from one of the Board of Directors meetings, one of the Board members shall be elected to carry out said duties by the majority vote of the members attending the meeting.

12.13.22 Board Quorum

A Board meeting shall be valid only if attended by at least half its members. Any member of the Board may authorize another member of the Board to attend the board meeting, in accordance with the following controls: A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting; A proxy shall be made in writing and specific to a meeting; A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting; Board resolutions shall be adopted by a majority vote of members present or represented therein, (with the Chairman casting the deciding vote in case of a tie).

12.13.23 Disclosing any Interest in the Works and Contracts

1. The Board member shall immediately notify the Board of any of his direct or indirect interests in any works or contracts concluded for the Company's account. Such notification shall be registered in the minutes of the Board meeting. Moreover, the member having the said interest may not vote on the decision issued with regard thereto at the Board meeting or General Assembly. The Board shall also notify the General Assembly when convening of the works and contracts in which the Board member has any direct or indirect interest. Such notification shall be attached to a special report prepared by the Auditor in accordance with the auditing standards approved in the Kingdom.
2. Should the Board member abstain from disclosing any of the interests referred to under Clause 1 hereof, the Company or any concerned party may file a claim before the competent judicial authority to revoke the contract or to oblige the member to pay any profit or benefit achieved therefrom.

3. The liability for any damages resulting from the works and contracts referred to under Clause 1 hereof shall be borne by the member who has interest in such contracts or works and by the Board members in case of neglect or failure to perform their obligations in such a manner to violate the provisions hereof or if these contracts and works are proven to be unfair, or involve a conflict of interest and to cause damages to the Shareholders.
4. The members of the Board who object to the decision shall be exempted from such liability should they expressly prove their objection in the minutes of the meeting. Absence from the meeting during which the decision was issued shall not be deemed as a justifying cause for the exemption from liability, unless it is proven that the absent member was not aware of the decision or was unable to object thereto after becoming aware of it.

12.13.24 Sale of the Company's Assets

The Board of Directors shall obtain the approval of the General Assembly when selling assets that exceed 50% of the total value of the Company's assets, whether the sale is made through a single or multiple transactions. In this case, the transaction that results in exceeding the 50% threshold of asset value shall require the approval of the General Assembly. This threshold is calculated from the date of the first transaction conducted within the preceding 12 months.

12.13.25 Disclosing the Company's Competing Business

By virtue of the provisions of Article 27 of the Companies Law, should a Board member wish to participate in any business which compete with the Company's business and objectives, or with any of the activities it carries out, the following should be observed:

1. The Board of Directors shall be notified of the competing businesses which the member wishes to carry out and the same shall be registered in the minutes of the Board meeting.
2. The member who has an interest in any competing business should not vote on the decision issued with this regard by the Board of Directors or general Assemblies of Shareholders.
3. The Chairman of the Board shall notify the General Assembly when convening of the competing businesses which the Board member wishes to carry out, after the Board has ensured the competition of such businesses with the Company's businesses or any of its activities in accordance with the controls it deems appropriate and provided that such businesses are verified annually, unless the Board is authorized to license the competing businesses.
4. A prior license shall be obtained from the General Assembly or the authorized Board of Directors – as applicable – allowing the member to practice the competing businesses, provided that such license is renewed annually.

12.13.26 Due Diligence and Loyalty

The members of the Company's Board of Directors shall abide by the due diligence and loyalty obligations mainly:

1. To carry out their tasks within the limits of the powers entrusted therewith.
2. To work with good intention to achieve the Company's interest and make every effort to promote its success and development, maximize its value for the benefit of the Shareholders and achieve its sustainability.
3. To take the decisions and vote thereon independently and freely and avoid any circumstances which may affect his objectivity when approving or voting on a decision.
4. To exercise all expected and reasonable due diligence, attention and expertise.
5. To avoid any conflict of interests.
6. To disclose any direct or indirect interest he has in the works and contracts concluded for the Company's account.
7. To not accept any benefit granted thereto by third parties and related to his role in the Company.

12.13.27 Meetings of the Board

1. The Board of Directors shall meet at least 4 times a year upon a written invitation of the Chairman, to be delivered personally, by mail, fax, or modern technology means, at least 5 days before the date set for the meeting. An urgent meeting may be held if necessary. The invitation to the meeting may be sent within a period of less than 3 days before the date of the meeting, unless agreed otherwise by the members of the Board of Directors. The Chairman of the Board shall invite the Board to a meeting if so requested in writing by any member of the Board to discuss one or more topics.
2. The Board of Directors shall designate the place of its meetings which may be also held through modern technology means.

12.13.28 The Decisions of the Board

Board decisions shall be passed by the majority vote of attending members or representatives. In case of a tie vote, the Chairman of the meeting shall not have the casting vote. The Board of Directors may issue decisions on urgent matters by circulation to all members, unless a member submits a written request for a Board meeting to deliberate such matters. Such decisions shall be presented to the Board of Directors at its first subsequent meeting.

12.13.29 Rule Applying in Decision Making

1. The member of the Company's Board of Directors shall be deemed to have duly fulfilled his duties with regard to the decision that was passed or voted if:
    a. He has no interest in the subject-matter of such decision.
    b. He is informed and aware of the decision subject-matter, based on reasonable grounds for his belief.
    c. He reasonably and certainly thinks that the decision is in the best interest of the Company.
2. The burden of the proof shall be on any person claiming the contrary of the above. In this context, a decision means to act or not to act on any matter related to the Company's business.

12.13.30 Board Deliberations

1. Deliberations and decisions of the Board of Directors shall be recorded in minutes prepared by the Board Secretary and signed by the Chairman, attending Board members, and Board Secretary.
2. The minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary.
3. Modern means of technology may be used to obtain signatures, record deliberations and decisions, and prepare meeting minutes.

12.13.31 Powers of the Ordinary General Assembly

The Ordinary General Assembly shall have powers in all matters relating to the Company, particularly, the following:

- Electing and dismissing members of the Board of Directors.
- Appointing, re-appointing, dismissing and determining the fees of one or more of the Company's auditors, as required under the Companies Law.

12.13.32 Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall be competent to amend the Bylaws, except for the provisions whose amendment is prohibited in accordance with the Companies Law. It may also decide the continuation or dissolution of the Company, approve the Company's purchase of its shares, and any other powers stipulated in accordance with the Companies Law or its Implementing Regulations. The Extraordinary General Assembly may issue resolutions regarding matters within the competency of the Ordinary General Assembly under the same conditions and manner prescribed for the Ordinary Assembly.

12.13.33 Convening Assembly Meetings

1. General and special assemblies shall be convened by an invitation from the Board of Directors. The Board of Directors shall convene the Ordinary General Assembly within 30 days from the date of the request of the Auditor or one or more Shareholders representing at least 10% of the Company's shares that carry voting rights. The Auditor may call the Ordinary General Assembly to convene if the Board does not call for an assembly within 30 days from the date of the Auditor's request.
2. The request referred to in Paragraph 1 of this Article shall specify the matters on which the shareholders are required to vote.
3. The notice for convening the Assembly meeting shall be sent at least 21 days prior to the specified date in accordance with the provisions of the law, subject to the following:
    a. Shareholders shall be notified by registered letter sent to their addresses contained in the Shareholders' Register. Alternatively, the invitation may be announced through modern technological means.
    b. A copy of the invitation and the agenda shall be sent to the commercial register, with a copy thereof being sent to the CMA if the Company is listed on the Exchange on the date of the announcement.

4. The invitation to the Assembly meeting shall, at least, include the following:

    a. A statement of the right to attend the meeting and the right to delegate someone other than Board members, and a statement of the Shareholder's right to discuss the matters listed on the agenda of the meeting, raise questions, and the manner by which to exercise the voting right.
    b. Venue, date, and time of the meeting.
    c. Type of the assembly, whether it is a general or special assembly.
    d. Agenda of the meeting, including items that require voting by shareholders.

5. Shareholders representing all of the Company's voting shares may hold a General Assembly meeting without taking into consideration the conditions and durations prescribed for the invitation to consider matters on which the decision-making is within the jurisdiction of the General Assembly if the Company is not listed on the Exchange.

12.13.34 Quorum of Ordinary General Assembly Meetings

An Ordinary General Assembly meeting shall be deemed valid only if attended by Shareholders or their representatives representing at least 50% of the Company's voting shares. If the quorum required for an Ordinary General Assembly meeting is not satisfied, the meeting shall be held under the same conditions stipulated in Article 91 of the Companies Law within 30 days following the date set for the first meeting. However, the second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting provides for the possibility of holding a second meeting. In all cases, the second meeting shall be deemed valid regardless of the number of voting shares represented thereat.

12.13.35 Quorum of Extraordinary General Assembly Meetings

An Extraordinary General Assembly meeting shall be deemed valid only if attended by Shareholders or their representatives representing at least 50% of the Company's voting shares. If the quorum required for an Extraordinary General Assembly meeting is not satisfied, the meeting shall be held under the same conditions as stipulated in Article 91 of the Companies Law within 30 days following the date set for the first meeting. However, the second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting provides for the possibility of holding a second meeting. In all cases, the second meeting shall be deemed valid if attended by Shareholders representing at least a quarter of the Company's voting shares. If the quorum required for the second meeting is not satisfied, an invitation shall be sent for a third meeting to be held under the same conditions stipulated in Article 91 of the Companies Law. The third meeting shall be deemed valid regardless of the number of voting shares represented thereat.

12.13.36 Assembly Decisions

1. Decisions of the Ordinary General Assembly shall be issued by the majority of voting rights represented at the meeting.
2. Decisions of the Extraordinary General Assembly shall be issued with the approval of two-thirds of the voting rights represented at the meeting, unless the decision relates to increasing or decreasing the Company's capital, extending the Company's duration, dissolving the Company before the expiration of its term as specified in its Bylaws, its merger with another company, or dividing it into two or more companies. In such cases, the decision shall not be valid unless issued by three-fourths of the voting rights represented at the meeting.
3. Except for cases set forth in the Companies Law or the Company's Bylaws, resolutions of the General Assembly shall be effective from the date of their issuance, or when such resolutions stipulate their entry into force at another date or when certain conditions are met.
4. The Board of Directors shall register the Extraordinary General Assembly's decisions with the Ministry of Commerce as determined by the Regulations within 15 days from the date of their issuance.

12.13.37 Shareholders General Assembly Meetings

1. Shareholder General Assembly meetings shall be chaired by the Chairman of the Board of Directors, the Vice-Chairman in case of the Chairman's absence, or any member designated by the Board of Directors in the absence of both the Chairman and the Vice-Chairman. If none of the above is possible, the Shareholders shall vote to designate a Board member or any other person to chair the General Assembly meeting.
2. Each Shareholder shall have the right to attend the General Assembly meeting and may delegate a person other than a Board member to attend such meeting on their behalf.
3. Modern means of technology may be used to hold General Assembly meetings and enable Shareholders to engage in deliberations and vote on decisions.

12.13.38 Annual Ordinary General Assembly

1. The annual General Assembly shall be convened at least once within the six months following the end of the Company's financial year. Additional Ordinary General Assembly meetings may be convened whenever needed.
2. The agenda of the annual Ordinary General Assembly meeting shall, particularly, include the following items:
    a. Reviewing and discussing the Board of Directors report of the previous financial year.
    b. Reviewing and discussing the financial statements of the previous financial year.
    c. Discussing the Auditor's report of the past financial year, if any, and deciding thereon.
    d. Deciding on the proposals of the Board of Directors regarding the distribution of profits.

12.13.39 Voting in Shareholder Assemblies

1. Each Shareholder shall have one vote for every share represented thereby at the General Assemblies. Cumulative voting shall be used when electing the members of Board of Directors, whereby the voting right of each share may be used only once.
2. Members of the Board of Directors may not participate in voting on Assembly decisions pertaining to business and contracts in which they have a direct or indirect interest, or that involve a conflict of interest.

12.13.40 Assembly Deliberations

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the Auditor. The Board or the Auditor shall answer the Shareholder's questions to the extent that is not detrimental to the Company's interests. If a Shareholder deems the answer to the question unsatisfactory, then said Shareholder may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

12.13.41 Drafting Assembly Minutes

Assembly meeting minutes shall be drafted to indicate the number of Shareholders in attendance, whether in person or by proxy, the number of shares held by each attendee, whether personally or by proxy, the number of votes designated thereto, the decisions made, the number of consenting and dissenting votes, and a sufficient summary of the meetings' discussions. The minutes shall be regularly recorded after every meeting in a special register signed by the Assembly's Chairman, Secretary and Canvassers.

12.13.42 Issuing General Assembly Decisions by Circulation

1. The Chairman may propose the issuance of a General Assembly decision by circulation among Shareholders without the need to hold a meeting, unless any Shareholder requests, in writing, that a meeting be held for deliberation; however, the General Assembly shall convene pursuant to the relevant provisions in order to issue General Assembly decisions related to the election and removal of Board members, the appointment and removal of an auditor, if any, and the review of the financial statements of the ending financial year.
2. To be valid, the decision proposed to be issued in accordance with Paragraph 1 of this Article shall be sent by the Company to all Shareholders along with the relevant documents, the instructions to be followed by Shareholders to approve the decision, and the date set for such decision's issuance.
3. The General Assembly's decisions shall be issued by circulation in accordance with the following:
    a. Decisions of the Ordinary General Assembly shall be passed by one or more Shareholders representing the majority of voting rights.
    b. Decisions of the Extraordinary General Assembly shall be passed by one or more Shareholders representing 75% of voting rights.
4. Decisions of the General Assembly issued by circulation, in accordance with the provisions of Paragraph 3 of this Article, shall be documented in minutes and recorded in the special register stipulated in Article 97 of the Companies Law.

12.13.43 Appointment, Dismissal and Resignation of the Company's Auditor

1. The Company shall have one or more Auditors selected from among those licensed in the Kingdom of Saudi Arabia, appointed by the General Assembly, who shall also specify the fees, term, and scope of work thereof. The Auditor may be reappointed, provided that the appointment term thereof shall not exceed the duration specified by law.
2. The General Assembly may resolve to dismiss the Auditor. The Chairman of the Board of Directors shall inform the competent authority of said dismissal and reasons therefor, within a period not exceeding 5 days from the date of the decision's issuance.
3. The Auditor may resign from his position by submitting a written notice to the Company. His position shall end on the date of submission of such notice or on a later date specified in the notice, without prejudice to the Company's right to compensation for any incurred justifiable damages. Upon submitting the notice, the resigning auditor shall provide the Company and the competent authority with a statement of the reasons for his resignation. The Board of Directors shall call the General Assembly to convene in order to consider the reasons for the resignation, appoint a new auditor, and determine the fees, term, and scope of work thereof.

12.13.44 Powers of the Auditor

The Auditor shall, at all times, have access to the Company's books, accounting records and supporting documents. The Auditor may also request information and clarification, as deemed necessary thereby, to verify the Company's assets, liabilities, and other matters that fall under the scope of the Auditor's duties. The Board of Directors shall enable the Auditor to perform his duties; and in cases where the Auditor encounters difficulties in that regard, he shall document the same in a report to be submitted to the Board of Directors. The Auditor shall request the Board to call for an Ordinary General Assembly meeting, in case of the Board's failure to facilitate the work of the Auditor, to examine the matter.

12.13.45 Financial Year

The Company's financial year starts from the 1st of January and ends at the end of December of each year. The first financial year commences on the 1st of January of the year on which the Company converts to a joint-stock company and ends at the end of December of the same year of such conversion, provided that the first financial year shall not be less than six months and not more than 18 months.

12.13.46 Financial Documents

1. At the end of each financial year, the Board of Directors shall prepare the Company's Financial Statements, together with a report on its activity and financial position for the last financial year. Said report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the Auditor, at least 45 days prior to the date set for convening the meeting of the General Assembly.
2. The Chairman, the CEO, and the CFO shall sign the documents referred to in Paragraph 1 of this Article, and copies thereof shall be deposited at the Company's head office at the disposal of Shareholders.
3. The Chairman of the Board of Directors shall provide the Shareholders with the Company's Financial Statements, the report of the Board of Directors, and the Auditor's report, and send a copy of these documents to the Ministry of Commerce at least 21 days prior to the date of the General Assembly meeting.

12.13.47 Formation of Reserves

1. The Ordinary General Assembly, upon determination of the share of net profits, may decide to form reserves to the extent that serves the Company's interest or ensures the distribution of fixed profits, as feasible, to the Shareholders. Said Assembly may deduct amounts from the net profits for social objectives that benefit the Company's staff.
2. The General Assembly shall determine the percentage to be distributed to the Shareholders from the net profits after deducting reserves, if any.

12.13.48 Distribution of Interim Profits

1. The Company may distribute quarterly or semi-annually interim profits to Shareholders after fulfilling the following controls:

    a. The General Assembly shall authorize the Board of Directors to distribute interim profits pursuant to a resolution issued annually.

    b. The Company shall have reasonable liquidity and can predict the level of its profits.

    c. The Company shall have distributable profits according to the latest financial statements sufficient to cover the profits proposed to be distributed after deducting the distributed and capitalized profits after the date of said financial statements.

2. Distributable profits shall consist of the balance of retained earnings stated in the statement of financial position prepared at the end of the period immediately preceding the period during which the distribution decision is made, in addition to the balance of any distributable reserves.
3. Distributable reserves shall include profits not allocated for specific purposes or those for which the purpose of allocation has been cancelled.
4. The Board of Directors shall include in its annual report submitted to the Company's General Assembly the percentages of profits distributed to Shareholders during the various periods of the financial year, in addition to the percentage of profits proposed to be distributed at the end of the financial year and the total of said profits.
5. Upon making the decision to distribute interim profits, the Company shall immediately disclose and announce such decision, and provide the CMA with a copy immediately upon issuance thereof, if the Company is listed on the Saudi Exchange.

12.13.49 Entitlement to Dividends

The Shareholder shall be entitled to dividends pursuant to a decision issued by the General Assembly in that regard. The decision shall indicate the entitlement and distribution dates. Share owners registered in the Shareholders' Register by the end of the entitlement date shall be eligible to receive dividends.

12.13.50 Company's Losses

If the Company's losses total half of its issued capital at any time during the financial year, the Board of Directors shall, within 60 days from the date of its knowledge thereof, call for an Extraordinary General Assembly meeting within 180 days from the date of its knowledge thereof, to consider the continuation of the Company by taking measures necessary to resolve such losses or the dissolution of the Company.

12.13.51 Company and Shareholder Lawsuit

1. The Company may file a liability lawsuit against the Board members for their violation of the provisions of the Companies Law, these Bylaws, or for any wrongful acts, negligence or failure in the performance of their duties that cause damage to the Company. The General Assembly shall decide to file such lawsuit and appoint a representative to pursue the case on behalf of the Company. If the Company is under liquidation, then the liquidator shall file the lawsuit; and if the Company is subject to liquidation proceedings pursuant to the Bankruptcy Law, then the suit shall be filed by the Company's legal representative.
2. One or more Shareholders representing 5% of the Company's capital may file a liability action, vested in the Company, in the event that the Company does not file it, provided that the main objective of such action is to achieve the Company's interests, that such action is based on reasonable grounds, that the plaintiff acts in good faith and that he shall be a Shareholder in the Company at the time of filing said lawsuit.
3. In order to file the lawsuit referred to in Paragraph 2 of this Article, the Board members shall be informed of the intention to do so, at least fourteen (14) days before the date of filing.
4. The Shareholder may file a personal lawsuit against the Board members, if the wrongful act committed thereby caused him personal harm.

12.13.52 Termination of the Company

1. The Company shall be terminated by one of the reasons for termination set forth under Article 243 of the Companies Law. Upon its termination, it shall enter liquidation in accordance with the provisions of Chapter Twelve of the Companies Law. The Company shall maintain its legal personality to the extent necessary to be liquidated. The powers of the Board of Directors shall cease to operate by its liquidation. However, the members of the Board of Directors shall continue to oversee the Company management and shall be considered by other parties as liquidators until a liquidator is appointed. The Company's assemblies shall remain in place during the liquidation period, and their role shall be limited to their powers and shall not conflict with the powers of the liquidator. If the Company terminates and its assets are insufficient to settle its debts or if it is insolvent under the Bankruptcy Law, it shall apply to the competent judicial authority to initiate any liquidation proceedings under the Bankruptcy Law.
2. In the event of voluntary liquidation, the following shall be taken into consideration:
   a. Prior to the Extraordinary General Assembly's decision to dissolve the Company, the Board of Directors shall prepare a statement indicating that they have examined the Company's position confirming that the Company's assets are sufficient to pay its debts at the end of the proposed liquidation period, and that the Company is not insolvent under the Bankruptcy Law. This statement shall be presented within thirty (30) days from the date of its preparation to the Extraordinary General Assembly to make a decision to dissolve the Company.
   b. If the statement referred to in paragraph (a) of this Article indicates that the Company's assets are not sufficient to pay its debts or that the Company is insolvent under the Bankruptcy Law, then the Extraordinary General Assembly may not make a decision to dissolve the Company, otherwise they shall be jointly liable for any outstanding debt owed thereby.
3. If the Company terminates by any of the reasons for termination set forth in the Companies Law, the Board of Directors shall prepare the statement referred to in Paragraph 2 of this Article, unless it has been prepared before its termination, and the period therefrom did not exceed 30 days.
4. The liquidator shall be appointed by a decision of the Extraordinary General Assembly in accordance with the conditions established for amending these Bylaws within a period not exceeding 60 days from the date of the Company's termination. If the liquidator cannot be appointed during said period, he shall be appointed by a decision from the competent judicial authority based on a request submitted by any of the Shareholders or stakeholders. The decision to appoint a liquidator shall stipulate the powers, fees, restrictions imposed thereon, if any, and the period required for liquidation.
5. The duration of liquidation shall not exceed three (3) years and shall not be extended except by an order from the competent judicial authority.

12.14 Rights of Shareholders

12.14.1 Voting Rights

Each Shareholder shall have one vote for every Share represented thereby in General Assemblies. The cumulative voting method shall be used in electing the Board members, and a single voting right may not be used more than once.

12.14.2 Rights to Dividends

The Shareholder shall be entitled to their dividends in accordance with the General Assembly resolution issued in this regard. Such resolution shall set out the entitlement date and the distribution date. Dividends shall be payable to the Shareholders registered in the Shareholders Register as at the end of the day set for entitlement. The Board of Directors shall implement the decision of the General Assembly with regards to the distribution of dividends to Shareholders.

12.14.3 Right to Buy Back Shares

Subject to the approval of the Extraordinary General Assembly, the Company may buy-back its shares in accordance with the Companies Law, its Implementing Regulations and the controls set by the competent authority in this regard.

13. Underwriting

The Company, the Selling Shareholders and the Underwriter (Saudi Fransi Capital) have entered into an Underwriting Agreement dated 30/02/1446H (corresponding to 03/09/2024G) (the "**Underwriting Agreement**") pursuant to which the Underwriter has agreed, subject to certain terms and conditions contained in the Underwriting Agreement, to fully underwrite the Offering of 7,500,000 Shares, subject to the terms and conditions contained in the Underwriting Agreement. The name and address of the Underwriter is set out below:

13.1 Underwriter

Underwriter
Saudi Fransi Capital King Fahd Road 8092 B.O. Box: 23454 Riyadh 12313-3735 Kingdom of Saudi Arabia Tel: + 966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa Email: almajed.IPO@bsfcapital.sa

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

Pursuant to the terms and conditions of the Underwriting Agreement:

- The Selling Shareholders undertakes to the Underwriter to perform the following actions on the first business day following the allocation of the Offer Shares upon closing of the Offering Period:
- Sell and allocate the Offer Shares to the Individual Subscribers or Participating Parties whose Subscription Applications have been accepted by the Receiving Agents.
- Sell and allocate the Offer Shares which have not been purchased by Individual Subscribers or Participating Parties to the Underwriter.
- The Underwriter undertakes to the Selling Shareholder to purchase any Offer Shares that are not subscribed for by Individual Subscribers or Participating Parties, in accordance with the table below:

Table (13.1): Shares to be Underwritten

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares to be Underwritten
Saudi Fransi Capital	7,500,000	100%

Source: the Company

13.3 UNDERWRITING COSTS

The Selling Shareholders shall pay to the Underwriter, on a basis proportional to the sold Offer Shares, the underwriting fees based on the total value of the Offering, and the expenses and costs of the Offering on behalf of the Company in accordance with the contract concluded in this regard.

14. Expenses

The Selling Shareholders shall bear all expenses and costs related to the Offering, estimated at SAR 25,000,000. These expenses include the fees of each of the Financial Advisor, Lead Manager, Bookrunner, Underwriter, Legal Advisor, Auditor, Receiving Agents, Market Study Consultant and other consultants, in addition to marketing, printing and distribution expenses and other related expenses. The expenses will be deducted from the proceeds of the Offering.

15. Company's Post-Listing Undertakings

Post-listing, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Notify the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with the provisions of the OSCO Rules and the Listing Rules regarding the Company's ongoing obligations immediately after listing.
- Present to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law, the Corporate Governance Regulations, and the regulatory controls and procedures issued in implementation of the Companies Law); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and General Assembly.
- Update the Company's legal entity in the Company's statutory documents (including Commercial registration and Bylaws) upon the first meeting of the Shareholders General Assembly.

Accordingly, once listing is approved, members of the Board of Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining to any Related Party transactions in accordance with the Companies Law and Corporate Governance Regulations.

16. Waivers

The Company has not applied to the CMA in order to obtain any waivers from any legal requirement.

17. Offering Terms and Conditions

The Company has made an application to the CMA for the registration and offer of the Offer Shares and an application for listing of the Shares on the Exchange in accordance with the OSCOs and Listing Rules.

All Subscribers must carefully read the Subscription Terms and Conditions before completing their Subscription Application Form. Execution and submission of a Subscription Application Form to any of the Receiving Agents is deemed as a pledge of acceptance and approval of the Subscription Terms and Conditions.

17.1 Subscription to Offer Shares

The Offering will consist of 7,500,000 Ordinary Shares with a fully paid-up nominal value of SAR 10 per share at an offering price of (SAR 94). The offering shares represent 30% of the Company's capital, and the total Offering value is (SAR 705,000,000). Note that the Offering to Individual Subscribers and listing of the Shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during such period. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of Subscribers:

Tranche (A): Participating Parties:

This tranche comprises parties eligible to participate in the Book Building Process in accordance with the Book Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is 7,500,000 shares of the Offer Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Subscribers for the Offer Shares, then the Financial Advisor has the right to reduce the number of Shares initially allocated to Participating Parties to 6,000,000 shares, representing 80% of the total Offer Shares. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisor, in coordination with the Company. Initially, 2,250,000 Ordinary Shares will be allocated to public funds, representing 30% of the total number of Offer Shares, noting that if there is sufficient demand by Individual Subscribers to subscribe to the Offer Shares, the Financial Advisor has the right to reduce the number of shares allocated to public funds to 1,800,000 Ordinary Shares as a minimum, representing 24% of the total number of Offer Shares, after completion of subscription by Individual Subscribers.

Tranche (B): Individual Subscribers:

This tranche includes natural Saudi nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe in her own name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children; and any natural non-Saudi national who is residing in Saudi Arabia and any national of countries in the Gulf Cooperation Council (the "GCC"), in each case who has a bank account with a Receiving Agent and has the right to open an investment account with a capital market institution. Subscription by a person in the name of his divorcee shall be deemed invalid. If a transaction of this nature is proved to have occurred, the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be deemed void, and only the first subscription will be accepted. A maximum of 1,500,000 Ordinary Shares, representing 20% of the Offer Shares, shall be allocated to Individual Subscribers. In the event that the Individual Subscribers do not subscribe in full for the Offer Shares allocated to them, the Financial Advisor has the right reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares subscribed for thereby.

17.2 Book Building and Subscription by Participating Parties

A. The price range shall be determined during the Book Building Process and shall be available to all Participating Parties with the Company and the Selling Shareholders.

B. Participating Parties must submit requests to participate in the Book Building Process by filling out Bid/Subscription Orders. Participating Parties may amend or cancel their bids at any time during the Book Building Period, provided that said bids are amended by submitting a modified bid form or an appendix Bid Form (where applicable) before the Offer price determination process that will take place before the Offering Period ends. The number of Offer Shares for each of the Participating Parties shall not be less than 50,000 Ordinary Shares, and no more than 1,249,999 Ordinary Shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book Building Instructions, and the number of requested shares must be allocatable. The Financial Advisor shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties must begin during the Offering Period, which also includes Individual Subscribers, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.

C. Once the Book Building Process for Participating Parties is completed, the Financial Advisor shall announce the subscription percentage by Participating Parties.

D. The Financial Advisor, in coordination with the Company and the Selling Shareholders, shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

17.3 Subscription by Individual Subscribers

Each Individual Subscriber must submit a Subscription Application Form and must subscribe with shares in multiples of ten with a minimum subscription of (10) Shares and a maximum subscription of 250,000 Offer Shares for Individual Subscribers. Changes to or withdrawal of the Individual Subscription Application Form shall not be permitted once submitted.

Subscription Application Forms will be made available during the Offering Period by Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Subscribers can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that offer any or all such services to its customers, provided that the following requirements are satisfied:

- The Individual Subscriber must have a bank account at a Receiving Agent which offers such services.
- There have been no changes to the personal information or data of the Individual Subscriber since his subscription in a recent Offering.

Upon signing and submitting the Individual Subscriber the Subscription Application Form to any of the Receiving Agents, it shall be deemed a legally binding agreement between the Selling Shareholders and the relevant Individual Subscriber.

Individual Subscribers may obtain a copy of this Prospectus through the websites of CMA (www.cma.org.sa) and the Financial Advisor (www.bsfcapital.sa) and Application Forms from the following Receiving Agents:

Receiving Agents	
Banque Saudi Fransi King Saud Road - Al-Maather District P.O. Box: 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 920000579 Website: www.bsf.sa Email: Fransiplusadmin@alfransi.com.sa	BSF
AlRajhi Bank King Fahed Road - Al Muruj District – AlRajhi Bank Tower Riyadh 11411 Kingdom of Saudi Arabia Tel: +966118282515 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa	مصرف الراجحي alrajhi bank

17.4 Offering Period and Conditions for Individual Subscribers

The Receiving Agents will commence receiving Subscription Application Forms across their branches throughout the Kingdom beginning on Sunday, 12/03/1446H (corresponding to 15/09/2024G), for one day only. Once the Subscription Application Form is signed and submitted, the Receiving Agent receiving it, will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Subscriber does not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Subscriber shall specify the number of Shares in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 94 per Offer Share.

Subscriptions by an Individual Subscriber for less than 10 Shares or fractions of Shares will not be accepted, and any subscription to shares above said number must be in multiple thereof. Noting that the maximum subscription is 250,000 Offer Shares for Individual Subscribers.

Subscription Application Forms should be submitted during the Offering Period and accompanied, where applicable, with the following documents. The Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Subscriber:

1. The original and copy of the national civil identification card or residency identification card (for the Individual Subscriber, including natural Saudi persons, GCC nationals and foreign residents).
2. The original and copy of the family registry (when subscribing on behalf of family members).
3. The original and copy of a power of attorney (when subscribing on behalf of others).
4. The original and copy of certificate of guardianship (when subscribing on behalf of orphans).
5. The original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).
6. The original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).
7. The original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Subscriber (parents and children only), the person signing on behalf of the Individual Subscriber should state his name and attach an original and copy of a valid power of attorney. The power of attorney must be notarized by a notary public for the Individual Subscribers, as for Individual Subscribers residing outside the Kingdom, the power of attorney must be legalized through a Saudi embassy or consulate in the relevant country. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Subscriber.

One Subscription Application Form should be completed for each primary Individual Subscriber applying for himself and members appearing on his family identification card, if the family members apply for the same number of Offer Shares as the primary Individual Subscriber. In this case:

- All Offer Shares allocated to the primary Individual Subscriber and dependent Individual Subscribers will be registered in the primary Individual Subscriber's name.
- The primary Individual Subscriber will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Subscribers.
- The primary Individual Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Individual Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- The Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Subscriber.
- The primary Individual Subscriber intends to apply for a different number of Offer Shares than the dependent Individual Subscribers.
- The wife subscribes in her name adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Subscriber). In such case, applications made by the husband on behalf of his wife will be cancelled and the independent application of the wife will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a non-Saudi husband can subscribe in her name or the names of her minor children, provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non–Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in its Subscription Application Form, multiplied by the Subscription Price of SAR 94 per share. Each Individual Subscriber shall acquire the number of Offer Shares allocated to him/her upon:

- Delivery by the Individual Subscriber of the Subscription Application Form to any of the Receiving Agents.
- Payment in full by the Individual Subscriber to the Receiving Agent of the number of the Offer Shares subscribed for.
- Submission by the Receiving Agent to the Individual Subscriber of the Allocation letter which determines the number of Shares allocated thereto.
- Listing the Company's shares on the Exchange and depositing the Shares allocated to the Individual Subscriber in its investment portfolio.

The total value of the Offer Shares shall be paid in full to the Receiving Agents, by debiting the account of the Individual Subscriber at the Receiving Agent where the Subscription Application Form was submitted. If a submitted Subscription Application Form is not in accordance with the terms and conditions of the Offer, then such an application may be rejected altogether. The Individual Subscriber shall accept any number of Offer Shares allocated thereto, unless the allocated shares exceed the number of Offer Shares he has applied for.

17.5 Allocation and Refund

The Lead Manager and the Receiving Agents shall open and operate escrow accounts, for the purpose of depositing and keeping subscription amounts. Every Receiving Agent shall deposit all amounts received from the Individual Subscribers into the escrow accounts. Subscription amounts shall be transferred to the Selling Shareholders only after listing and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, every Receiving Agent shall deposit all amounts received from the Individual Subscribers into the escrow accounts, the details of which shall be specified in the Individual Subscription Application Form.

The Lead Manager or the Receiving Agents, as applicable, shall notify Subscribers informing them of the final number of Offer Shares allocated, together with the amounts to be refunded to Subscribers.

Excess subscription amounts, if any, will be refunded to the Subscribers without any commissions or deductions, and will be deposited in the Subscribers' account as specified in the Subscription Application Form.

The announcement of the final allocation shall be made on 16/03/1446H (corresponding to 19/09/2024G) and refund process shall be made no later than 21/03/1446H (corresponding to 24/09/2024G) (for further details, see page (xv) ("**Key Dates and Subscription Procedures**") of this prospectus). Subscribers should communicate with the Lead Manager or the Receiving Agent where they submitted their Subscription Form, as applicable, for any further information.

17.5.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor, in coordination with the Company, shall determine the allocation of Offer Shares for the Participating Parties as they see fit, after the allocation of Offer Shares to Individual Subscribers is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than seven million five hundred (7,500,000) Ordinary Shares representing 100% of the total Offer Shares, and provided that the final allocation for Participating Parties shall not be less than 6,000,000 Shares representing 80% of the Offer Shares. Initially, 2,250,000 shares will be allocated to public funds, representing 30% of the total number of Offer Shares, noting that if there is sufficient demand by Individual Subscribers to subscribe to the Offer Shares, the Financial Advisor has the right to reduce the number of shares allocated to public funds to 1,800,000 shares as a minimum, representing 24% of the total number of Offer Shares, after completion of subscription by Individual Subscribers.

Transfer of ownership of the Offer Shares shall only be deemed valid after payment of the value by the Participating Parties as at the date of registration in the Shareholders' Register and the commencement of trading of Shares in accordance with the applicable relevant regulations and instructions of the trading of Saudi Shares. If the Company's Shares are not traded or delisted prior to the trading for any reason, the Subscription amounts spent by the Participating Parties shall be refunded and the Offer Shares shall remain the property of the Selling Shareholder.

17.5.2 Allocation of Offer Shares to Individual Subscribers

The Financial Advisor, in coordination with the Company, shall determine the allocation of Offer Shares to be allocated to Individual Subscribers as they see fit. There will be an allocation of a maximum of 1,500,000 ordinary Shares representing 20% of the total Offer Shares, to Individual Subscribers. Noting that the minimum allocation per Individual Subscriber is 10 Offer Shares. The balance of the Offer Shares, if any, will be allocated on a pro-rata basis of each Individual Subscriber's application in proportion to the total number of requested Shares. In the event that the number of Individual Subscribers exceeds 150,000 Individual Subscribers, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisor. The surplus, if any, would be refunded to Individual Subscribers without any commissions or deductions by the Receiving Agents.

17.6 Circumstances where Listing may be Suspended or Cancelled

17.6.1 Power to Suspend or Cancel Listing

- The CMA may suspend Share trading or cancel the listing at any time as deemed appropriate thereby, in any of the following circumstances:
  1. If the CMA considers it necessary for the protection of Investors or the maintenance of an orderly market.
  2. If the Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law and its implementing regulations.
  3. If the Issuer does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.
  4. If it considers that the Issuer or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the Exchange.
  5. When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Company has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage.
  6. When information about the proposed transaction of reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
  7. Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.
  8. Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.
  9. Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
  10. Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.
- Lifting of trading suspension, as per Paragraph A above is subject to the following:
  1. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of Investors.
  2. Lifting the suspension is unlikely to affect the normal activity of the Exchange.
  3. The Issuer complies with any other conditions that the CMA may require.
  4. Upon the issuance of a final court ruling requiring the opening of a procedure involving the Issuer's financial reorganization under the Bankruptcy Law, unless such Issuer was suspended from conducting its activities by the relevant competent authority, in the event that the suspension was in accordance with Subparagraph 7 of Paragraph A above.

5. Upon the issuance of the final court ruling rejecting the opening of the liquidation procedure or the administrative liquidation procedure under the Bankruptcy Law, unless such Issuer's activities were suspended by the relevant competent authority, in the event of a suspension in accordance with Subparagraph 8 of Paragraph A above.

- The Exchange shall suspend the trading of the securities of the Company in any of the following cases:
  1. When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information, in accordance with the requirements during the deadlines under the applicable implementing regulations.
  2. When the auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing opinion.
  3. If the liquidity requirements of Chapter 2 of the Listing Rules are not met after the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.
  4. The issuance of a decision by an Extraordinary General Assembly of the Issuer to reduce its capital for the two trading days following the issuance of the decision.
- The Exchange shall lift the suspension referred to in Subparagraphs 1 and 2 of Paragraph C above, one trading session after the reason for such suspension has been removed. If the trading of Shares of the Issuer is authorized outside the platform, the Exchange shall lift the suspension within a period not exceeding 5 trading sessions following the absence of any reason for suspension.
- The Exchange may ask the CMA, at any time, to suspend the trading of any listed securities or to cancel the listing altogether, if any of the cases mentioned in Paragraph A above is likely to occur.
- The Issuer whose securities are subject to trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and the Listing rules.
- If the suspension of trading of securities continues for a period of six months, without any appropriate measures taken by the Issuer to remedy said suspension, the CMA may cancel the listing of the Issuer's securities.
- When the Issuer completes a reverse acquisition, the Issuer's shares shall be delisted. If the Issuer wishes to re-list its Shares, it must submit an application to list its Shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCOs rules.
- This paragraph shall not prejudice the suspension of trading or the cancellation of listing resulting from the Issuer's losses, based on the relevant implementing regulations and Listing rules.

17.6.2 Voluntary Cancellation of Listing

- The Company, after it is listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to the Saudi Exchange. The application has to include the following:
  1. Specific reasons for the cancellation request.
  2. A copy of the disclosure referred to in Paragraph D below.
  3. A copy of the relevant documentation and a copy of each related communication to shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the Company.
  4. Names and contact information of the Financial Advisor and Legal Advisor appointed according to the relevant implementing regulations.
- The CMA may, at its discretion, approve or reject the cancellation request
- Once approval from the CMA has been obtained for the cancellation of listing, the Company must obtain the consent of its Extraordinary General Assembly.
- When cancellation is made at the Company's request, the Company must disclose that to the public as soon as possible. The disclosure has to include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities.

17.6.3 Temporary Trading Suspension

- The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading period which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such case, the Exchange suspends trading of the securities of the Company as soon as it receives the request.

- When a temporary trading suspension is made at the Company's request, the Company must announce to the public as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent it affects the Company's activities.
- The CMA may impose a temporary trading suspension without a request from the Company, where the CMA becomes aware of information or circumstances affecting the Company's activities which the CMA considers would be likely to interrupt the activities of the Exchange or the protection of Investors. The Company, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
- The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph C, if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or Investors' protection.
- A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph B, unless the CMA or the Saudi Exchange decide otherwise.

17.6.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph A of Section 17.6.1 ("**Power to Suspend or Cancel Listing**") of this Prospectus, is subject to the following:

- Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of Investors.
- Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- The Company complies with any other conditions that the CMA may require.
- In the event that the suspension is due to the Company's accumulated losses equal to 50% or more of its capital at the court as per the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial reorganization procedure for the Issuer in accordance with the law issued by the competent authority and governing the Issuer's activities.
- In the event that the suspension was due to an Issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the listing suspension continues for six months with no appropriate procedure made by the Company to rectify such suspension, the CMA may cancel the listing of the Issuer.

17.6.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs and Listing Rules.

17.7 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are offered and listed:

- The Company's Board of Directors resolution approving the Public Offering of the Company's Shares dated 29/05/1445H (corresponding to 13/12/2023G).
- The General Assembly's resolution approving the Public Offering of the Company's Shares dated 28/05/1445H (corresponding to 12/12/2023G).
- The Saudi Stock Exchange Tadawul's conditional listing approval issued on 23/07/1445H (corresponding to 04/02/2024G).
- The CMA's announcement of approval of the Offering dated 26/11/1445H (corresponding to 03/06/2024G).

17.8 Lock-Up Period

The Substantial Shareholders whose names are Khaled Ali Othman Al Majed, Saad Ali Othman Al Majed, Suleiman Ali Othman Al Majed and Majed Ali Othman Al Majed shall be restricted from disposing of their Shares for a period of six months from the commencement of of trading in the Company's Shares in the Exchange and may dispose of their Shares after the end of said period without obtaining the prior approval of the CMA.

17.9 Acknowledgments by Subscribers

By completing and delivering the Subscription Application Form, each Subscriber:

- Agrees to subscribe to the number of Offer Shares specified in the submitted Subscription Application Form.
- Acknowledges that he has read and carefully examined this Prospectus and understood all its content.
- Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus, the Subscription Application Form, and Electronic Subscription Application, and subscribes in the Offer Shares accordingly.
- Declares that neither himself nor any of his family members included in the Subscription Application Form have previously subscribed to the Company's shares and accepts that the Company has the right to reject any or all duplicate applications.
- Accepts the number of Offer Shares allocated to him (to the maximum of the amount subscribed for) as per the Subscription Application Form.
- Undertakes not to cancel or amend the Subscription Application Form, after submitting it to the Lead Manager or the Receiving Agent.

(For further details about the allocation process and surplus refund, please refer to Section 17.5 ("**Allocation and Refund**") of this Prospectus).

17.10 Share Record and Trading Arrangements

The Depository Center (Edaa) shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

17.11 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. The Saudi Exchange was founded in 2001G as an alternative to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, and they are announced by the Saudi Exchange. Transactions take place through the automatic matching of orders. Each valid order is generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Saudi Exchange distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two Business Days after the trade transaction is executed.

Listed Companies are required to disclose all material decisions and information that are important for the Investors via the Saudi Exchange. Monitoring is the responsibility of the Saudi Exchange as the operator of the market mechanism to ensure fair trading and an orderly market.

Securities Depository Center (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul) Group, with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share.

The establishment was based on CMA approval of Tadawul's Board of Directors request in relation to conversion of the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

17.12 Trading in the Company's Shares

It is expected that trading in the Company's Shares will commence after the final allocation of shares and the Saudi Exchange announcement of the start date of trading of the Shares. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for inference only, and they can be changed or extended with the approval of the CMA.

Furthermore, the Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at the Depository Center (Edaa), the Company has been registered and its Shares listed on the Exchange before trading. Subscribers entering into any pre-trading activities will be acting at their own risk. The Company or the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been issued in Arabic and English. Only the Arabic version is approved by the CMA. In the event of any discrepancy between the Arabic and English texts, the Arabic text shall prevail and be applied.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant rules and instructions. The Company, Selling Shareholders, Financial Advisor, Lead Manager and Underwriters require all recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office between 09:00 a.m. and 04:00 p.m. from 15/02/1446H (corresponding to 19/08/2024G) until 12/03/1446H (corresponding to 15/09/2024G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement approving the Offering.
- The Board of Directors' approval of the Public Offering of the Company's Shares and lisingt on the Saudi Exchange issued on 29/05/1445H (corresponding to 13/12/2023G).
- The Company's shareholders approval to offer the Company's shares for public subscription and list them on the Saudi Exchange issued on 28/05/1445H (corresponding to 12/12/2023G).
- Company's Bylaws, amendments thereto, and any other constitutional documents.
- Company's Articles of Association and amendments thereto.
- Company's commercial registration certificate issued by MOC.
- Company's financial statements for the financial years ended 31 December 2021G, 31 December 2022G, 31 December 2023G, and the interim financial statements for the three-month period ending on March 31 2024G, together with the notes thereto, which were prepared in accordance with IFRS and other standards and pronouncements that are endorsed by SOCPA.
- Market study prepared by the Market Study Consultant.
- Letters of consent from each of:
  - The Financial Advisor, Lead Manager, Bookrunner and Underwriter (Saudi Fransi Capital) for the inclusion of its name, logo and declarations, in this Prospectus.
  - The Legal Advisor (Baker McKenzie Law Firm), for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  - The Financial Due Diligence Advisor (PricewaterhouseCoopers Company (PwC) - Chartered Accountants) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  - Dr. Mohamed Al-Amri & Co – Chartered Accountants for the inclusion of its name, logo, declarations and financial statements in this Prospectus as the Company's Auditor for the audited financial statements for the financial years ended 31 December 2021G and 31 December 2022G, 31 December 2023G, and the interim financial statements for the three-month period ending on March 31 2024G, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.
  - The Market Study Consultant (Euromonitor International Ltd.) for the inclusion of its name, logo and declarations in this Prospectus.
- Contracts and agreements disclosed in Section 12.7 ("**Transactions and Contracts with Related Parties**") of this Prospectus.
- All reports, letters, and other documents, valuations and data prepared by any expert partly included or referred to in this Prospectus.
- Document clarifying the mechanism relied upon to determine the price range used in the Book Building Process.

19. Financial Statements and Auditor’s Report

This section contains the financial statements for the financial years ended 31 December 2021G, 31 December 2022G and the interim financial statements for the three-month period ending on March 31 2024G, and notes regarding the financial statements, including a summary of the major accounting policies, and the financial year ended 31 December 2023G, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.

AL MAJED FOR OUD COMPANY

UNLISTED SAUDI JOINT STOCK COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024G AND

INDEPENDENT AUDITOR’S REVIEW REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
Fax : +966 11 278 2883

Independent Auditor's Review Report on the Interim Condensed Financial Statements

To the Shareholders of Al Majed for Oud Company
Unlisted Saudi Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Majed for Oud Company - Unlisted Saudi Joint Stock Company "the Company" as of 31 March 2024 and the interim condensed statements of profit or loss and other comprehensive income, statements of changes in equity, and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard (34) – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Gihad M. Al-Amri
Certified Public Accountant
License No. 362

د. محمد العمري وشركاه - محاسبون قانونيون
س. ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: 7 Dhu al-Hijjah 1445 (H)
Corresponding to: 13 June 2024 (G)

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(In Saudi Riyals)

	Note	AS AT	
		31 March 2024G (Unaudited)	31 December 2023G (Audited)
Assets			
Non-Current Assets			
Property and equipment	5	**132,620,471**	132,600,565
Right-of-use Assets	6.1	**227,645,168**	233,188,025
Intangible assets	7	**1,212,667**	1,661,637
Financial assets at fair value through other comprehensive income	8	**6,087,932**	4,618,879
Total Non-Current Assets		**367,566,238**	372,069,106
Current Assets			
Inventories	9	**255,844,009**	290,184,702
Trade Receivables	10	**8,744,405**	9,336,001
Due from related parties	11	**7,170,810**	4,209,915
Prepayments and other debit balances	12	**49,958,043**	41,884,675
Cash and Cash Equivalents	13	**100,899,063**	54,069,792
Total Current Assets		**422,616,330**	399,685,085
Total Assets		**790,182,568**	771,754,191
Equity and Liabilities			
Equity			
Share Capital	18	**250,000,000**	250,000,000
Statutory Reserve		**42,402,397**	42,402,397
Retained Earnings		**198,092,078**	134,058,427
Actuarial measurement of end-of-service benefits liability reserve		**488,864**	241,184
Fair value reserve		**2,304,079**	835,026
Foreign currency translation reserve		**(255,991)**	(276,258)
Total Equity		**493,031,427**	427,260,776
Non-current liabilities			
End-of-service benefits liability	14	**11,255,461**	10,852,641
Lease Liabilities	6.2	**134,476,547**	146,140,365
Total non-current liabilities		**145,732,008**	156,993,006
Current Liabilities			
Current portion of lease liabilities	6.2	**71,982,611**	72,383,940
Loans	15	**-**	45,000,000
Trade payables		**18,329,868**	23,571,137
Payables and other credit balances	16	**50,863,702**	38,617,285
Zakat provision	17	**10,242,952**	7,928,047
Total Current Liabilities		**151,419,133**	187,500,409
Total Liabilities		**297,151,141**	344,493,415
Total Equity and Liabilities		**790,182,568**	771,754,191

The accompanying notes form an integral part of these interim condensed financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
(In Saudi Riyals)

	Note	For the three months period ended 31 March	
		2024G (Unaudited)	2023G (Unaudited)
Revenue	19	**256,084,180**	180,622,514
Cost of Revenue	20	**(83,572,014)**	(64,475,661)
Gross profit		**172,512,166**	116,146,853
Selling and marketing expenses	21	**(95,075,222)**	(72,569,269)
General and administrative expenses	22	**(9,048,030)**	(8,361,393)
Operating profit		**68,388,914**	35,216,191
Other income		**1,292,979**	(810,594)
Finance costs		**(3,333,337)**	(2,250,715)
Profit for the period before Zakat		**66,348,556**	32,154,882
Zakat expense	17	**(2,314,905)**	(2,122,468)
Net profit for the period		**64,033,651**	30,032,414
Other Comprehensive Income:			
Item that may be reclassified subsequently to the statement of profit or loss:			
Foreign currency translation differences		**20,267**	(18,919)
Items that will not be reclassified subsequently to the statement of profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**1,469,053**	-
Actuarial remeasurement of end-of-service benefits liability	14	**247,680**	2,840
Other comprehensive income for the period		**1,737,000**	(16,079)
Total comprehensive income for the period		**65,770,651**	30,016,335
Basic earnings per share based on annual profit attributable to shareholders of the company	23	**2.56**	1.20

The accompanying notes form an integral part of these interim condensed financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(In Saudi Riyals)

	Share Capital	Statutory reserve	Retained earnings	Actuarial measurement of end-of-service benefits liability reserve	Fair value reserve	Foreign currency translation reserve	Total Equity
For the three months period ended 31 March 2023G							
Balance as at 1 January 2023G (audited)	250,000,000	27,534,672	39,748,899	624,603	31,370	(182,656)	317,756,888
Net profit for the period	-	-	30,032,414	-	-	-	30,032,414
Other comprehensive income	-	-	-	2,840	-	(18,919)	(16,079)
Total comprehensive income for the period	-	-	30,032,414	2,840	-	(18,919)	30,016,335
Dividends	-	-	(6,500,000)	-	-	-	(6,500,000)
Balance as at 31 March 2023G (unaudited)	250,000,000	27,534,672	63,281,313	627,443	31,370	(201,575)	341,273,223
For the three months period ended 31 March 2024G							
Balance as at 1 January 2024G (audited)	250,000,000	42,402,397	134,058,427	241,184	835,026	(276,258)	427,260,776
Net profit for the period	-	-	64,033,651	-	-	-	64,033,651
Other comprehensive income	-	-	-	247,680	1,469,053	20,267	1,737,000
Total comprehensive income for the period	-	-	64,033,651	247,680	1,469,053	20,267	65,770,651
Balance as at 31 March 2024G (unaudited)	**250,000,000**	**42,402,397**	**198,092,078**	**488,864**	**2,304,079**	**(255,991)**	**493,031,427**

The accompanying notes form an integral part of these interim condensed financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
(In Saudi Riyals)

	Note	For the three months period ended 31 March	
		2024G (Unaudited)	2023G (Unaudited)
Operating activities:			
Profit before Zakat		**66,348,556**	32,154,882
Adjustments for:			
Allowance for expected credit losses	21	**279,268**	383,095
(Reversal) Provision for slow-moving inventories	9	**(6,323,551)**	1,235,852
Depreciation on property and equipment	5	**7,896,822**	10,588,801
Amortization of right-of-use assets	6.1	**20,212,081**	18,009,454
Finance cost		**3,333,337**	2,250,715
Amortization of intangible assets	7	**114,506**	201,071
Lease concessions	6.2	**(521,762)**	(132,417)
End-of-service benefits liabilities	14	**761,375**	568,965
Losses on disposal of property and equipment		**208,689**	306,991
Losses on disposal of leases		**(14,453)**	2,453,198
Losses on disposal of intangible assets		**334,463**	-
Dividends from financial assets at fair value through other comprehensive income (FVOCI)		**(25,027)**	-
		92,604,304	68,020,607
Changes in:			
Trade Receivables		**457,876**	(3,192,931)
Prepayments and other debit balances **		**(7,729,906)**	(15,211,208)
Due from related parties		**(3,106,426)**	(1,714,327)
Inventories		**40,663,806**	(1,110,518)
Trade payables		**(5,241,269)**	28,488,424
Payables and other credit balances		**12,246,417**	(15,287,856)
Due to related parties		**-**	(277,885)
Cash flows generated from operating activities		**129,894,802**	59,714,306
Payment of employee end of service benefits	14	**(249,653)**	(208,719)
Zakat paid	17	**-**	-
Net cash flows generated from operating activities		**129,645,149**	59,505,587
Investing activities:			
Additions to property and equipment	5	**(8,121,340)**	(35,968,321)
Dividends received from financial assets at fair value through other comprehensive income (FVOCI)		**25,027**	-
Net cash flows used in investing activities		**(8,096,313)**	(35,968,321)
Financing activities:			
Lease liabilities paid	6.2	**(29,206,444)**	(27,980,393)
Proceeds from short-term loans		**-**	24,000,000
Short-term loans paid		**(45,513,121)**	-
Dividends paid		**-**	(3,500,000)
Net cash flows used in financing activities		**(74,719,565)**	(7,480,393)
Net increase in cash and cash equivalents		**46,829,271**	16,056,873
Cash and cash equivalents at the beginning of the period	13	**54,069,792**	25,379,855
Cash and cash equivalents at the end of the period	13	**100,899,063**	41,436,728
Non-cash transactions:			
Actuarial remeasurement of end-of-service benefits liability	14	**(247,680)**	(2,840)
Change in fair value of financial assets at fair value through other comprehensive income (FVOCI)	8	**1,469,053**	-
**Transferred from leases to prepayments		**(343,462)**	-
Accrued dividends		**-**	3,000,000

The accompanying notes form an integral part of these interim condensed financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024G (UNAUDITED)
(All amounts are in Saudi Riyals, unless otherwise stated)

1. LEGAL STRUCTURE AND COMPANY ACTIVITY

Al Majed for Oud Company (" the Company"), is an unlisted Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number (1010045397) dated 15 Ramadan 1402 (H), corresponding to 7 July 1982 (G).

On 29 Shaaban 1444 AH corresponding to 21 March 2023G, the shareholders have unanimously resolved to convert the Company from a Limited Liability Company to an unlisted Saudi joint stock Company. This resolution has been recorded in the Commercial Register on 27 Ramadan 1444 H corresponding to 18 April 2023G.

The Company's activities include wholesale and retail trade in oud, musk, incense, saffron, oriental and western fragrances, cosmetics, bags, glasses, antiques, gifts, and decorative flowers. The Company is also involved in the manufacture of room fragrances, air fresheners, men and women perfumes, oud oil, oud, incense, mixing and packaging of perfumes and oils, and plants.

The registered office is located in 4299 King Abdulaziz Road, As Sahafah Dist., Riyadh 11612, Kingdom of Saudi Arabia.

The accompanying interim condensed financial statements include the Company's branches in Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Oman listed below, which operate under the following subsidiary commercial registrations:

City	Date	Commercial Registration No.	Branch name
Riyadh	10/1430 AH	1010274472	Al Majed for Oud Factory
Al Kharj	10/1433 AH	1011018060	Al Majed for Oud Company
Ad Dawadimi	03/1437 AH	1116011287	Al Majed for Oud Company
Unaizah	08/1434 AH	1128016770	Al Majed for Oud Company
Buraidah	03/1429 AH	1131025830	Al Majed for Oud Company
Ar Rass	02/1434 AH	1132008578	Al Majed for Oud Company
Ar Rass	01/1439 AH	1132011121	Al Majed for Oud Company
Wadi Al Dawasir	04/1437 AH	1185006703	Al Majed for Oud Company
Dammam	08/1426 AH	2050049500	Al Majed for Oud Company
Al Khobar	04/1429 AH	2051037044	Al Majed for Oud Company
Al Khobar	06/1439 AH	2051220451	Al Majed for Oud Company
Dhahran	06/1439 AH	2052101099	Al Majed for Oud Company
Jubail	08/1438 AH	2055025923	Al Majed for Oud Company
Al Nairyah	12/1436 AH	2056005355	Al Majed for Oud Company
Al khafji	22/1436 AH	2057007450	Al Majed for Oud Company
Al Ahsa villages	08/1430 AH	2250039200	Al Majed for Oud Company
Hafar Al Batin	07/1431 AH	2511011270	Al Majed for Oud Company
Hail	05/1437 AH	3350044003	Al Majed for Oud Company
Sakaka	09/1436 AH	3400019379	Al Majed for Oud Company
Arar	08/1436 AH	3450014893	Al Majed for Oud Company
Al Qurayat	11/1440 AH	3452145620	Al Majed for Oud Company

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024G (UNAUDITED)
(All amounts are in Saudi Riyals, unless otherwise stated)

City	Date	Commercial Registration No.	Branch name
Rafha	07/1436 AH	3453004740	Al Majed for Oud Company
Tabuk	06/1434 AH	3550030104	Al Majed for Oud Company
Makkah	12/1428 AH	4031052042	Al Majed for Oud Company
Makkah	10/1435 AH	4031087091	Al Majed for Oud Company
Makkah	10/1435 AH	4031087092	Al Majed for Oud Company
Taif	08/1434 AH	4032038280	Al Majed Company for Oud, Ltd.
Taif	05/1437 AH	4032050015	Al Majed for Oud Company
Al Qunfudhah	07/1436 AH	4603008701	Al Majed for Oud Company
Madina	07/1431 AH	4650049235	Al Majed for Oud Company
Yanbu	07/1435 AH	4700017834	Al Majed for Oud Company
Al Bahah	04/1435 AH	5800017243	Al Majed for Oud Company
Baljurashi	05/1438 AH	5801021348	Al Majed for Oud Company
Abha	11/1438 AH	5850071171	Al Majed for Oud Company
Bisha	02/1434 AH	5851005599	Al Majed for Oud Company
Khamis Mushait	01/1434 AH	5855047951	Al Majed for Oud Company
Al Namas	01/1440 AH	5859611644	Al Majed for Oud Company
Muhayil	11/1438 AH	5860071138	Al Majed for Oud Company
Jazan	02/1436 AH	5900030985	Al Majed for Oud Company
Jazan	05/1437 AH	5900033979	Al Majed for Oud Company
Sabya	05/1437 AH	5906034157	Al Majed for Oud Company
Najran	07/1435 AH	5950029739	Al Majed for Oud Company
Riyadh	09/1402 AH	1010045397	Al Majed for Oud Company
Riyadh	07/1444 AH	1010859164	Al Majed for Oud Company
Dubai	03/1445 AH	979510	Al Majed for Oud – Dubai branch
Bahrain	09/1442 AH	145006-1	Al Majed for Oud Company
Kuwait	05/1443 AH	384501	Al Majed Saudi Company for Oud
Oman	10/1442 AH	1388837	Al Majed for Oud Company (Oman branch)

2. BASIS OF PREPARATION

The accompanying interim condensed financial statements for the three months period ended 31 March 2024G have been prepared in accordance with International Accounting Standard No. (34) as endorsed in the Kingdom of Saudi Arabia, and other standards and announcement approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed financial statements do not include all of the information and disclosures required for the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2023G.

The Company's interim condensed financial statements are presented in Saudi Riyals (SR), which is the Company's functional currency. The presented financial statements are rounded to the nearest SR, unless otherwise stated. The Company's financial year starts from the first of January and ends at the end of December of each Gregorian calendar year.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024G (UNAUDITED)
(All amounts are in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

Following are the significant accounting policies applied by the Company in preparing the interim condensed financial statements. These policies have been consistently applied over the years presented, unless otherwise stated.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position of the Company based on current/non-current classification. An asset is current when:

- The Company expects to realize the asset or intends to sell or consume it in a normal operating cycle;
- The Company holds the asset primarily for the purpose of trading;
- The Company expects to realize the asset within twelve months from the financial year (period); or
- The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.2 Fair values measurement of assets and liabilities

Fair value is the price that would be received if an asset is sold, or the price that would be paid if a liability is transferred in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the sale of assets or liabilities will be either:

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

The principal or (the most advantageous market) must be accessible by the Company at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

All assets and liabilities for which fair value is measured or disclosed in the interim condensed financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Quoted (unadjusted) prices in active markets for identical assets or liabilities being measured.

Level 2

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs for the asset or liability that are unobservable (not based on observable market data).

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

3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, classification, and presentation

The Company recognizes financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at the time of initial recognition.

The Company classifies its financial assets as follows:

A. Fair value (either through other comprehensive income or through profit or loss); and
B. Amortized cost

The classification is based on the entity's business model for managing financial assets and contractual terms of cash flows. The Company has classified all non-derivative financial liabilities at amortized cost.

Al Majed for Oud Company
(Unlisted Saudi Joint Stock Company)
SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024G (UNAUDITED)
(All amounts are in Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Measurement

Initial measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or, where appropriate, deducted from them (Except for financial assets and liabilities at fair value where transaction costs directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI").

Subsequent measurement of financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

1. Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest is measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Company's financial assets at amortized cost include cash and cash equivalent, trade receivables, and other financial assets at amortized cost.

Trade Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. As for goods sold to the customer on a short-term credit basis, receivables are initially recognized at non-deductible amounts of cash receivable. It is usually the invoice price for the goods sold to the customer on interest-free credit. A receivable is initially recognized at the present value of the receivable less the prevailing market interest rate for similar receivables. Thereafter, receivables are measured at amortized cost using the effective interest rate method. At the end of each report period, the carrying amounts of trade receivables are reviewed by management to determine whether there is any objective evidence that these amounts are non-refundable. If such amounts are non-refundable, the impairment loss is recognized directly in the statement of income.

2. Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss are remeasured at fair value at the date of each financial report without deducting the transaction costs incurred by the Company when selling or disposing of the financial asset in the future.

3. Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at fair value through other comprehensive income are remeasured at fair value at the date of each financial report.

The Company classifies its investments in Saudi Aramco, Almanjam Food Company, Saudi Telecom Company (STC), and Saudi Aramco Base Oil Company - Luberef as a financial asset at fair value through other comprehensive income.

When the financial asset is excluded, the accumulated fair value adjustments recognized in other comprehensive income are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value profits and losses to profit or loss in the case of equity instruments.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The recognition and presentation of profits and losses for each measurement category are as follows:

Measurement Category	Recognition and Presentation of Profits and Losses
Amortized cost	The following items are recognized in the profit or loss statement: • interest revenue using the effective interest method; • expected credit losses and reversals; and • foreign currency exchange profits and losses. When the financial asset is derecognized, the profit or loss is recognized in profit or loss.
Fair value through other comprehensive income (FVOCI) - debt instruments	Profits and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortized cost: • interest revenue using the effective interest method; • expected credit losses and loss reversals; and • foreign currency exchange profits and losses.
Fair value through other comprehensive income (FVOCI) - equity investments	Profits and losses are recognized in other comprehensive income. Dividends are recognized in profit or loss unless they clearly represent payment of a portion of the investment cost. The amounts recognized in other comprehensive income are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss (FVTPL)	Profits and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

A. Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities;

measured at FVTPL.

1. That arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuous involvement approach;
2. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
3. That are financial guarantee contracts; and
4. Contingent consideration recognized by an acquirer in a business combination to which IFRS (3) applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in the statement of profit or loss.

Gains or losses on financial liabilities that are measured at fair value are recognized in statement of profit or loss.

B. Financial liabilities at Fair Value through profit or loss (FVTPL)

Financial liabilities under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

Subsequent to initial measurement, the Company measures financial liabilities at fair value while recognizing changes in the profit or loss statement.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that can be attributed to changes in credit risk for those financial liabilities is presented in the other comprehensive income; and
2. The remaining amount of change in the fair value of the financial liability is presented in the statement of profit or loss.

4. Liabilities other than financial liabilities at Fair Value through profit or loss (FVTPL)

Financial liabilities are measured at amortized cost using the effective interest rate method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

Impairment of financial instruments

The Company recognizes the expected credit loss allowance for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Valuation of the expected credit loss (“ECL”) model for trade receivables

As at the period end, the Company has trade receivables as financial assets carried at amortized cost. For trade receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Presentation of impairment of assets

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to rent receivables are presented separately in the statement of comprehensive income.

Impairment of financial assets

Impairment of financial assets

Impairment of financial assets is recognized in the statement of financial position when the rights to receive cash flows from financial assets have expired. have been transferred, or substantially transferred all risks and rewards of ownership. The difference in the carrying amount is recognized in the statement of profit or loss.

Impairment of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires, or legally released.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial asset and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.4 Receivables and other receivables

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss either with the passage of time or through use or depreciation.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

3.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the weighted average method. consisting of the purchase cost and other cost incurred in delivering inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It can change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of property and equipment are depreciated separately from other parts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Years
Machinery and equipment's	10
Buildings	20
Computers and electronic equipment	4
Vehicles and transportation	4
Office Furniture and Fixtures	10
Leasehold improvements	Per contract term.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and OCI when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets are carried in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

The useful lives are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives. The estimated useful life and the amortization method are reviewed at the end of each financial year, taking into account the effect of any changes in estimates on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Derecognition of intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of intangible assets is measured as the difference between the net selling proceeds and the carrying amount and is recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Leases - IFRS (16)

The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognizes right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of- use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement 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 at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.8 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in statement of profit or loss and OCI within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in statement of profit or loss and OCI.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Payables and other credit balances

These amounts represent liabilities relating to services provided to the Company before the end of the financial year which have not been paid. The amounts are unsecured. And are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of provisions to be reimbursed, the reimbursement is recognized a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision are presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due the passage of time is recognized as a finance charge.

3.11 End-of-service benefits liability

The level of benefit provided is based on the length of service and earnings of the person entitled and computed in accordance with the rules stipulated in the Saudi Labor and Workmen Law.

The liability for employee benefits, being a defined benefit plan, is determined using the Projected Unit Credit Method, with actuarial valuations being conducted at the end of annual reporting periods. The related liability recognized in the statement of financial position is the present value of the employee benefits liability at the end of the reporting period.

The discount rate applied in arriving at the present value of employee benefits liabilities represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

Employee benefit obligations costs are categorized as follows:

1. Current service cost (increase in the present value of employee benefits obligations resulting from employee service in the current period);
2. Finance cost (calculated by applying the discount rate at the beginning of the period to the employee benefits obligations); and
3. Remeasurement

Current service cost and the Finance cost arising on the employee benefit obligations liability are included in the same line items in the statement of profit or loss as employee-related costs.

Remeasurement, comprising actuarial gains and losses, is recognized in full in the period in which it occurs, in OCI without recycling to profit or loss in subsequent periods. Amounts recognized in OCI are recognized immediately in retained earnings.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- Revenue from Contracts with Customers:

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from the sale of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts and ornamental flowers are recognized at the time when the performance obligation is fulfilled when the goods are sold and delivered and control of the product is transferred to the customer, which is considered to be at the point of sale, payment is received at the same time.

3.13 Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (“ZATCA”). Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment are calculated when determining such amounts.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s interim condensed financial statements requires management to exercise judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying notes and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less disposal costs is based on available data from binding sales transactions in arm’s length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (“DCF”) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Group has not yet committed or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Useful lives of property, plant, and equipment

Useful lives of property, plant, and equipment are estimated according to new facts available to the Company's management. The estimated useful lives of property, plant, and equipment are determined by management for the purposes of calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and changes in depreciation charge (if any) are adjusted in the current and future periods.

Impairment losses on trade and other receivables

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written off when management deems them not to be collectible.

Impairment of inventories

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on expected selling prices.

Employee end of service benefits

The cost of defined benefit obligations for employee end-of-service benefits is determined based on actuarial valuations. Such actuarial valuations involve making many assumptions which may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and mortality rates. Given the complex nature of the valuation and the intended assumptions and their long-term nature, defined benefit obligations are highly impacted by changes in these assumptions. All assumptions are reviewed at each annual financial reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the commission rates of corporate bonds, in currencies consistent with the currencies of the defined post-employment employee benefit obligations, and estimated as needed along the yield rate to correspond with the expected term of the defined benefit obligation. The quality of bonds in question is also reviewed. Those bonds with high credit margins are excluded from the bond analysis on which the discount rate was determined, as they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the concerned country. Those mortality tables tend to change only

at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the countries concerned and future salary increases.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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5. PROPERTY AND EQUIPMENT

	Machinery and equipment	Lands	Buildings	Computers and electronic equipment	Vehicles and Transportation	Office Furniture and Fixtures	Leasehold Improvements	Projects Under Construction	Total
Cost									
At 1 January 2023G (audited)	11,518,205	27,349,904	16,614,095	18,317,503	3,848,636	7,912,795	88,500,328	4,691,862	178,753,328
Additions	511,379	15,768,760	9,579,640	2,424,609	1,028,296	837,452	1,442,567	25,382,455	56,975,158
Transferred from PUC	2,246	-	-	2,043,374	-	-	24,503,756	(26,549,376)	-
Disposals	(8,325)	-	(38,587)	(336,625)	-	(1,496,293)	(2,295,796)	-	(4,175,626)
Foreign currency translation differences	(127)	-	-	(978)	(646)	(434)	(10,323)	139	(12,369)
At 31 December 2023G (audited)	12,023,378	43,118,664	26,155,148	22,447,883	4,876,286	7,253,520	112,140,532	3,525,080	231,540,491
Additions	105,468	-	-	562,109	-	354,855	384,199	6,714,709	8,121,340
Transferred from PUC	-	-	-	755,239	-	-	7,769,979	(8,525,218)	-
Disposals	(178,341)	-	-	(1,900)	-	-	(294,023)	-	(474,264)
Foreign currency translation differences	62	-	-	511	371	262	4,567	(146)	5,627
31 March 2024G (unaudited)	**11,950,567**	**43,118,664**	**26,155,148**	**23,763,842**	**4,876,657**	**7,608,637**	**120,005,254**	**1,714,425**	**239,193,194**
Accumulated depreciation									
At 1 January 2023G (audited)	8,049,279	-	6,241,080	12,040,199	3,430,121	2,813,696	41,658,924	-	74,233,299
Depreciation for the year	935,528	-	1,201,208	3,381,536	337,899	655,186	21,849,610	-	28,360,967
Disposals	(4,910)	-	(1,639)	(319,922)	-	(1,207,743)	(2,115,251)	-	(3,649,465)
Foreign currency translation differences	(31)	-	-	(533)	(513)	(191)	(3,607)	-	(4,875)
At 31 December 2023G (audited)	8,979,866	-	7,440,649	15,101,280	3,767,507	2,260,948	61,389,676	-	98,939,926
Depreciation for the period	221,670	-	326,939	823,468	97,183	177,426	6,250,136	-	7,896,822
Disposals	(178,338)	-	-	(1,899)	-	-	(85,338)	-	(265,575)
Foreign currency translation differences	17	-	-	298	304	114	817	-	1,550
31 March 2024G (unaudited)	**9,023,215**	**-**	**7,767,588**	**15,923,147**	**3,864,994**	**2,438,488**	**67,555,291**	**-**	**106,572,723**
Net book value:									
31 March 2024G (unaudited)	**2,927,352**	**43,118,664**	**18,387,560**	**7,840,695**	**1,011,663**	**5,170,149**	**52,449,963**	**1,714,425**	**132,620,471**
At 31 December 2023G (audited)	3,043,512	43,118,664	18,714,499	7,346,603	1,108,779	4,992,572	50,750,856	3,525,080	132,600,565

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6. LEASES

Information about leases for which the Company is a lessee is presented below:

6.1 Right-of-use assets

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Cost		
Balance as at the beginning of the period / year	**461,359,649**	409,624,870
Additions during the period / year	**22,395,335**	77,424,775
Disposals during the period / year	**(10,612,616)**	(36,827,133)
Adjustments	**475,095**	11,271,158
Foreign Currency translation difference	**75,596**	(134,021)
Balance as at the end of the period / year	**473,693,059**	461,359,649
Accumulated amortization		
Balance as at the beginning of the period / year	**228,171,624**	168,776,272
Amortization charge for the period / year	**20,212,081**	77,287,771
Disposals during the period / year	**(2,360,377)**	(17,849,996)
Foreign Currency translation difference	**24,563**	(42,423)
Balance as at the end of the period / year	**246,047,891**	228,171,624
Net book value	**227,645,168**	233,188,025

6.2 Lease liabilities

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Balance at the beginning of period / year	**218,524,305**	227,622,001
Additions during the period / year	**22,395,335**	77,374,234
Disposals during the period / year	**(7,939,972)**	(20,554,804)
Finance costs (note 23)	**2,681,989**	9,796,494
Payment made during the period / year	**(29,206,444)**	(83,923,506)
Lease concessions (note 24)	**(521,762)**	(1,519,410)
Adjustments	**475,095**	9,817,915
Foreign Currency translation difference	**50,612**	(88,619)
Balance at the end of period / year	**206,459,158**	218,524,305

Lease liability is presented in the statement of financial position as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Current portion	**71,982,611**	72,383,940
Non-current portion	**134,476,547**	146,140,365
	206,459,158	218,524,305

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7. INTANGIBLE ASSETS

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Cost		
Balance at 1 January	**4,855,395**	3,637,161
Additions during the period / year	**-**	1,218,244
Disposals	**(476,250)**	-
Foreign currency translation differences	**(11)**	(10)
Balance at the end of period / year	**4,379,134**	4,855,395
Accumulated amortization		
Balance at 1 January	**3,193,758**	2,332,310
Amortization charge for the period / year	**114,506**	861,458
Disposals	**(141,787)**	-
Foreign currency translation differences	**(10)**	(10)
Balance as at the end of the period / year	**3,166,467**	3,193,758
Net book value	**1,212,667**	1,661,637

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Balance at the beginning of period / year	**4,618,879**	3,440,970
Additions during the period / year	**-**	374,253
Change in fair value	**1,469,053**	803,656
Balance at the end of period / year	**6,087,932**	4,618,879

9. INVENTORIES

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Raw and packaging materials	**92,960,590**	104,552,247
Finished goods	**128,010,543**	154,999,542
Goods in process	**10,295,904**	10,070,247
Consumables	**30,633,503**	32,882,314
Goods in transit	**65,387**	125,383
Less: Allowance for slow moving inventories (a)	**(6,121,918)**	(12,445,031)
	255,844,009	290,184,702

(All amounts are in Saudi Riyals, unless otherwise stated)

9. INVENTORIES (CONTINUED)

A. The movement in the provision for slow moving inventories was as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Balance at the beginning of period / year	**12,445,031**	17,800,170
Reversal during the period / year	**(6,323,551)**	(2,476,007)
Used during the period / year	**-**	(2,878,603)
Foreign currency translation differences	**438**	(529)
Balance at the end of period / year	**6,121,918**	12,445,031

10. TRADE RECEIVABLES

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Trade receivables	**9,088,439**	9,546,315
Less: Allowance for expected credit losses (a)	**(344,034)**	(210,314)
	8,744,405	9,336,001

Ageing of trade receivables	31 March 2024G (Unaudited)	31 December 2023G (audited)
Neither past due nor low in value	**3,999,858**	5,084,212
30-60 days	**1,908,128**	3,341,481
61-90 days	**854,101**	789,049
91-360 days	**2,326,352**	331,573
Total	**9,088,439**	9,546,315

Receivables that have not been impaired are fully recoverable. Since it is not the practice of the company to obtain collateral for receivables, this makes them unsecured.

The company uses a model to estimate expected credit losses that is consistent with the requirements of IFRS 9 and is based on an assessment of trade receivable balances on a collective basis and grouping them based on shared credit risk characteristics and due dates. The estimated amount of expected credit losses is measured based on a number of indicators, historical and current information, and future expectations.

Indicators of impairment in trade receivables are reviewed at the end of the reporting period. The allowance for expected credit losses is adjusted to reflect any periodic changes in those indicators. In management's opinion, there was no impairment of trade receivables other than what has been recorded as an allowance for expected credit losses.

There has been no change in the estimation methods or important assumptions during the current period.

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10. TRADE RECEIVABLES (CONTINUED)

A. The movement in the allowance for expected credit losses was as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Balance at the beginning of period / year	**210,314**	99,277
Made during the period / year (note 21)	**133,737**	111,100
Foreign currency translation differences	**(17)**	(63)
Balance at the end of period / year	**344,034**	210,314

11. RELATED PARTIES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its partners. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

There were no special terms and conditions with the aforementioned related parties as compared to un-related parties. Outstanding balances at the period-end are unsecured and are settled in cash. There have been no guarantees provided or received for any related party balances.

11.1 Related party transactions

The following are the details of the significant transactions with related parties during the period ended 31 March:

Related party name	Nature of relationship
Khalta for Perfumes Company	Affiliate
Turki Ali Al Majed Trading Co	Affiliate
Aromatic Mixture Company	Affiliate
Reef Perfumes Trading Company	Affiliate
Emma Otari Perfumes Company	Affiliate
Osus Real Estate Company	Affiliate
Khalid Ali Othman Al Majid Real Estate Development Co	Affiliate
Ali Al Majed Sons Foundation	Affiliate
Khalid bin Ali bin Othman Al-Majed	Shareholder
Saad bin Ali bin Othman Al Majed	Shareholder
Sulaiman bin Ali bin Othman Al Majed	Shareholder
Majed bin Ali bin Othman Al Majed	Shareholder
Bader bin Ali bin Othman Al Majed	Shareholder
Muhammad bin Ali bin Othman Al Majed	Shareholder
Waleed Bin Khalid Al Majed	Lead Manager

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11. RELATED PARTIES (CONTINUED)

Related party name	Nature of transaction	Transaction volume For the period ended 31 March 2024G (unaudited)	 2023G (unaudited)
Khalta for Perfumes Company	Expenses	-	283,506
Aromatic Mixture Company	Revenue from operating for others	**67,358**	466,121
	Collections	**276,516**	121,401
Reef Perfumes Trading Company	Revenue from operating for others	**2,792,857**	1,619,608
	Collections	-	250,000
Emma Otari Perfumes Company	Revenue from operating for others	**192,346**	-
	Collections	**185,754**	-
Osus Real Estate Company	Sales	-	2,876
	Rentals/ as real estate broker	-	384,930
Ali Al Majed Sons Foundation	Sales	-	200,694
	Collections	-	200,694
Khalid bin Ali bin Othman Al-Majed	Dividends	-	1,462,500
	Purchase of assets	-	6,035,333
	Rentals	**162,334**	239,919
	Rent discount	**38,062**	37,468
	Rent payment	**80,500**	202,451
	Listing and IPO costs	**126,585**	-
Saad bin Ali bin Othman Al Majed	Dividends	-	1,462,500
	Purchase of assets	-	6,035,333
	Rentals	**162,334**	239,919
	Rent discount	**38,062**	37,468
	Rent payment	**80,500**	202,451
	Listing and IPO costs	**126,585**	-
Sulaiman bin Ali bin Othman Al Majed	Dividends	-	1,462,500
	Purchase of assets	-	6,035,333
	Rentals	**162,334**	239,919
	Rent discount	**38,062**	37,468
	Rent payment	**80,500**	202,451
	Listing and IPO costs	**126,585**	-

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11. RELATED PARTIES (CONTINUED)

Related party name	Nature of transaction	Transaction volume	
		For the period ended 31 March	
		2024G (unaudited)	2023G (unaudited)
Majed bin Ali bin Othman Al Majed	Dividends	-	1,462,500
	Purchase of assets	-	6,035,333
	Rentals	**162,334**	239,919
	Rent discount	**38,062**	37,468
	Rent payment	**80,500**	202,451
	Listing and IPO costs	**126,585**	-
Bader bin Ali bin Othman Al Majed	Dividends	-	325,000
	Rentals	**86,250**	86,250
	Rent payment	**86,250**	86,250
	Listing and IPO costs	**28,130**	-
Muhammad bin Ali bin Othman Al Majed	Dividends	-	325,000
	Rentals	**86,250**	86,250
	Rent payment	**86,250**	86,250
	Listing and IPO costs	**28,130**	-

11.2 Related party balances

The following is a summary of the related parties' balances:

Due from related parties	31 March 2024G (Unaudited)	31 December 2023G (audited)
Khalta for Perfumes Company	-	8,308
Reef Perfumes Trading Company	**4,552,419**	1,759,562
Aromatic Mixture Company	**67,358**	276,516
Emma Otari Perfumes Company	**192,346**	185,755
Ali Al Majed Sons Foundation	-	38,156
Khalid bin Ali bin Othman Al-Majed	**563,449**	436,864
Saad bin Ali bin Othman Al Majed	**563,449**	436,864
Sulaiman bin Ali bin Othman Al Majed	**563,449**	436,864
Majed bin Ali bin Othman Al Majed	**563,449**	436,864
Bader bin Ali bin Othman Al Majed	**125,211**	97,081
Muhammad bin Ali bin Othman Al Majed	**125,211**	97,081
	7,316,341	4,209,915
Allowance for expected credit losses (a)	**(145,531)**	-
	7,170,810	4,209,915

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11. RELATED PARTIES (CONTINUED)

A. The movement in allowance for expected credit losses from related parties is as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Balance as at the beginning of the period / year	**-**	-
Made during the period / year (Note 21)	**145,531**	-
Balance at the end of period / year	**145,531**	-

	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Salaries and short-term benefits	**2,352,450**	684,551
End of service benefits	**60,729**	56,329
	2,413,179	740,880

11.3 Key management personnel compensation

12. Prepayments and other debit balances

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Advances to trade payables	**27,310,559**	23,911,730
Refundable Insurance	**7,482,381**	7,336,249
Prepaid rentals	**2,852,954**	2,653,208
Employees Receivables	**1,940,795**	1,001,880
Others	**10,371,354**	6,981,608
	49,958,043	41,884,675

13. CASH AND CASH EQUIVALENTS

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Cash at banks	**96,995,402**	51,472,501
Cash in branches	**3,903,661**	2,597,291
	100,899,063	54,069,792

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14. END-OF-SERVICE BENEFITS LIABILITY

The Company's employee end of service benefits liabilities plan is an unfunded plan. Cash generated from operations is considered sufficient to meet employee end of service benefits liabilities as they become due.

The movement in employee end-of-service liability is as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Balance at the beginning of period / year	**10,852,641**	9,022,918
Service cost	**761,375**	2,328,749
Finance cost	**138,227**	437,984
Paid during the period / year	**(249,653)**	(1,319,412)
Remeasurement of actuarial liabilities	**(247,680)**	383,419
Foreign currency translation differences	**551**	(1,017)
Balance at the end of period / year	**11,255,461**	10,852,641

Amounts recognized in the statement of profit or loss:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Current service cost	**761,375**	2,328,749
Finance cost	**138,227**	437,984
	899,602	2,766,733

The principal assumptions used in determining employee benefit liabilities were as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Discount rate	**5.30%**	4.90%
Salary increase rate	**4.00%**	4.00%
Retirement age (in years)	**60**	60

Sensitivity analysis:

	31 March 2023G (unaudited)		31 December 2023G (audited)	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	**10,431,409**	**12,236,562**	10,024,903	11,838,282
Salary increase rate	**12,239,428**	**10,412,016**	11,837,204	10,011,540

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15. LOANS

On 27 December 2021G, the Company signed a Sharia-compliant credit facility agreement with a local commercial bank with an amount of 100,000,000 SAR for a financing period not exceeding one year, to finance the working capital of the Company. The agreement is subject to a commission according to SIBOR plus an agreed profit margin commensurate with the prevailing market prices. The agreement is secured by a promissory note issued by the Company and the shareholders. The Company has repaid the remaining amount of the loan, which was 45,000,000 Saudi Riyals, during the period.

16. PAYABLES AND OTHER CREDIT BALANCES

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Employee's accruals	**14,296,411**	15,955,904
Value Added Tax (VAT)	**18,877,078**	12,160,486
Accrued expenses	**5,564,631**	5,122,241
Others	**12,125,582**	5,378,654
	50,863,702	38,617,285

17. ZAKAT

17.1 Zakat charge for the year consists of the following:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Provision for the period / year	**10,242,952**	7,928,047

The significant components of the Zakat base for the fiscal year are as follows:	31 March 2024G (Unaudited)	31 December 2023G (audited)
Total shareholder's equity	**502,426,276**	440,132,375
Balance at the beginning of the period / year for provisions and other additions	**223,880,244**	244,394,335
Net book value of long-term assets	**(366,097,185)**	(372,069,106)
Total base for the period / year	**360,209,335**	312,457,604
Zakat base for the period / year	**360,209,335**	317,121,887
Accrued Zakat	**2,314,905**	7,928,047

The differences between the financial and the Zakat results are mainly due to provisions and amounts that completed a full year cycle, which affected the calculation of the Zakat results for the period.

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17. ZAKAT (CONTINUED)

17.2 Zakat Provision

The movement in the due Zakat provision was as follows:

	31 March 2024G (Unaudited)	31 December 2023G (audited)
As at the beginning of the period / year	**7,928,047**	7,596,263
Charged to the period / year	**2,314,905**	7,928,047
Zakat adjustment of prior years	**-**	304,046
Paid during the period / year	**-**	(7,900,309)
Balance at the end of period / year	**10,242,952**	7,928,047

17.3 Zakat assessment status:

The Company has filed its Zakat return with the Zakat, Tax and Customs Authority ("ZATCA") and received Zakat certificates for all years up to 2023G. It also received a final assessment from the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA") for all years up to the financial year ended 31 December, 2018G resulting in differences paid in cash. The Company did not receive a Zakat assessment for the years from 2019G to 2023G from ZATCA.

18. SHARE CAPITAL

As at 31 December 2024G, the Company's capital consists of 250,000,000 SR (2023: 250,000,000 SR) divided into 25,000,000 shares with a nominal value of 10 SR.

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Khalid bin Ali bin Othman Al-Majed	**56,250,000**	56,250,000
Saad bin Ali bin Othman Al Majed	**56,250,000**	56,250,000
Sulaiman bin Ali bin Othman Al Majed	**56,250,000**	56,250,000
Majed bin Ali bin Othman Al Majed	**56,250,000**	56,250,000
Bader bin Ali bin Othman Al Majed	**12,500,000**	12,500,000
Muhammad bin Ali bin Othman Al Majed	**12,500,000**	12,500,000
	250,000,000	250,000,000

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19. REVENUE

Below is a breakdown of the Company's revenue from contracts from customers:

	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Sales	**481,567,848**	325,323,196
Sales discount	**(225,483,668)**	(144,700,682)
	256,084,180	180,622,514
Timing of revenue recognition		
Transfer of goods at a point in time	**256,084,180**	180,622,514

19.1 Performance obligation

The performance obligation is satisfied at a point of time, and payment is received at the same time.

20. COST OF REVENUE

	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Cost of goods sold	**76,079,819**	57,036,267
Direct labor	**4,359,629**	3,495,249
Depreciation of property and equipment	**728,548**	686,300
Right of use amortization	**461,987**	366,884
Others	**1,942,031**	2,890,961
	83,572,014	64,475,661

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21. SELLING AND MARKETING EXPENSES

	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Staff Costs	**30,297,996**	19,466,087
Right of use amortization	**19,702,978**	17,397,266
Advertising and marketing	**24,817,402**	16,923,621
Depreciation of property and equipment	**6,937,924**	9,689,547
Rentals	**5,637,889**	2,267,883
Consumables	**495,497**	1,752,538
Utilities	**543,001**	287,544
Government fees	**485,717**	586,424
Allowance for expected credit losses (notes 10, 11)	**279,268**	383,095
Freight expenses	**1,223,767**	492,804
Bank Charges	**1,235,081**	543,664
Collection expenses	**826,169**	186,904
Amortization of intangible assets	**77,832**	37,700
Traveling expenses	**64,098**	6,682
Others	**2,450,603**	2,547,510
	95,075,222	72,569,269

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22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Staff Costs	**6,107,910**	6,451,369
Right of use amortization	**47,116**	245,317
Rentals	**97,716**	101,730
Professional fees	**302,866**	229,357
Listing and IPO costs**	**1,312,732**	-
Depreciation of property and equipment	**230,350**	212,954
Amortization of intangible assets	**36,674**	163,371
Technical support	**486,873**	429,815
Government fees	**15,799**	33,767
Telephone and internet	**62,380**	106,863
Hospitality and cleaning	**58,494**	82,881
Security Expenses	**39,419**	37,608
Utilities	**25,937**	29,900
Rent of cars and equipment	**37,173**	31,248
Consumables	**1,063**	34,301
Bank Charges	**11,403**	16,458
Others	**174,125**	154,454
	9,048,030	8,361,393

** The shareholders pledged that the company would be compensated for all costs incurred if the initial public offering project was successful.

23. EARNINGS PER SHARE

	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Profit for the year attributable to the shareholders of the company	**64,033,651**	30,032,414
Number of shares		
Weighted average number of shares for earnings per share purposes	**25,000,000**	25,000,000
Basic earnings per share based on profit for the period attributable to shareholders of the company	**2.56**	1.20

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24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets consist of cash at bank, cash equivalents, other financial assets measured at amortized cost, receivables, and financial assets at FVOCI, while financial liabilities consist of trade and other payables and amounts due to related parties. All assets were classified as financial liabilities as at 31 March 2024G in the amortized cost line, except financial assets designated at FVOCI, measured on the basis of fair value.

Financial assets at FVOCI are classified under level 1 of the fair value measurement hierarchy.

25. FINANCIAL RISK MANAGEMENT

The Company's principal financial risks relate to market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company is not exposed to foreign currency risk as the Company's transactions are in Saudi Riyals.

The Company is exposed to risks from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in all of these financial statements.

There have been no material changes in the Company's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board of directors has overall responsibility for the determining the Company's risk management objectives and policies. The Company's finance function assists the Board of directors in discharging its responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies. The overall objective of the Board of directors is to develop policies aimed at minimizing risk.

Cash flows and fair value of interest rate risks

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not significantly exposed to fair value interest rate risk as the interest rate on borrowings is close to the current market rate. The Company is exposed to interest rate risks for cash flows as loans carry variable interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with banks having sound credit ratings. The Company seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and by monitoring outstanding receivables.

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

	31 March 2024G (Unaudited)	31 December 2023G (audited)
Cash at banks	**96,995,402**	51,472,501
Trade Receivables	**8,744,405**	9,336,001
Due from related parties	**7,170,810**	4,209,915
Payables and other credit balances	**12,045,346**	10,960,299
	124,955,963	75,978,716

The Company applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against due from related parties.

Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 March 2024G (unaudited)	Less than a year	Over 1 year	Total
Trade payables	**18,329,868**	**-**	**18,329,868**
Payables and other credit balances	**50,863,702**	**-**	**50,863,702**
Lease liabilities	**71,982,611**	**134,476,547**	**206,459,158**
	141,176,181	**134,476,547**	**275,652,728**

31 December 2023G (audited)	Less than a year	Over 1 year	Total
Trade payables	23,571,137	-	23,571,137
Payables and other credit balances	38,617,285	-	38,617,285
Lease liabilities	72,383,940	146,140,365	218,524,305
Loans	45,000,000	-	45,000,000
	179,572,362	146,140,365	325,712,727

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26. CAPITAL MANAGEMENT

The main objective of the Company's capital management is to maximize the shareholders' returns. The Company's policy is to maintain a strong capital base so as to maintain investors and creditors and sustain future business development.

For the purpose of the Company's capital management, capital includes issued and paid-up capital, and all other equity reserves attributable to the partners of the Company.

Management monitors the return on capital and the level of dividends paid to partners and seeks to maintain a balance between the higher returns (which could be enhanced by higher levels of borrowing) and the benefit and security provided by a sound capital position.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its financial needs.

27. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2024G, the Company has no capital commitments and contingent liabilities.

28. SEGMENT REPORTING

The company has one operating segment, which is retail trade in perfumes. The company manufactures perfumes and their accessories and then sells them through its branches. The company's operational assets, including factories, warehouses, and branches, are located in the Kingdom of Saudi Arabia and Gulf countries. The company's main segments are presented according to geographical sectors. The company operates in the Kingdom of Saudi Arabia and Gulf countries according to the shown data below:

Sales for the period ended	Domestic sales	GCC sales	Total
31 March 2024G (unaudited)	**220,053,242**	**36,030,938**	**256,084,180**
31 March 2024G (unaudited)	165,963,070	14,659,444	180,622,514

A. Sales by Region:

Region	For the period ended 31 March	
	2024G (unaudited)	2023G (unaudited)
Southern region	**29,035,928**	20,711,838
Eastern province	**24,404,231**	18,712,763
Northern region	**11,517,446**	8,832,335
Western province	**62,070,934**	46,891,900
Central region	**62,341,764**	49,329,612
Al Qassim province	**11,475,712**	8,432,071
Store and other channels	**16,381,794**	11,309,533
External Showrooms- Qatar	**2,825,433**	1,743,018
GCC	**36,030,938**	14,659,444
	256,084,180	180,622,514

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29. SUBSEQUENT EVENTS

Subsequent to the date of the financial statements and at the extraordinary General Assembly meeting of the company held on 26 Shawwal 1445 AH corresponding to 5 May 2024G, the General Assembly approved the transfer of the statutory reserve balance of 42,402,397 SAR to the retained earnings. This is to align with the newly applied Companies Law.

On Dhul-Qi'dah 26, 1445H, corresponding to June 3, 2024G, the Capital Market Authority Board issued a decision approving the Company's request to register its shares and offer 7,500,000 shares for public subscription, which represents (30%) of the Company's total shares.

30. Approval of the interim condensed financial statements

These interim condensed financial statements were approved by the Board of Directors on 7 Dhu al-Hijjah 1445(H) (corresponding to 13 June 2024G).

Al Majed For Oud Company

Unlisted Saudi Joint Stock Company

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023G AND

INDEPENDENT AUDITOR'S REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

Head office: Moon Tower - 8 Floor
P.O. Box 8736, Riyadh 11492
Unified Number : 92 002 4254
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Majed for Oud Company
Unlisted Saudi Joint Stock Company
Riyadh - Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Majed for Oud Company - Unlisted Saudi Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance ("TCWG") for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but not to do so.

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

Dr. Mohammed Al-Amri & Co. Chartered Accountants, a professional closed joint stock company registered in the Kingdom of Saudi Arabia under CR no. 1010433982, with paid-up capital of SAR (1,000,000) is a member of BDO International Limited, a UK Company Limited by guarantee, and forms part of the international BDO network of independent member firms.
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Independent auditor's report on the audit of the financial statements of Al Majed for Oud Company – Unlisted Saudi Joint Stock Company – for the year ended 31 December 2023 (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No 362

Riyadh, on: 22 Ramadan 1445 (H)
Corresponding to: 1 April 2024 (G)

د. محمد العمري وشركاه - محاسبون قانونيون
س.ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
(In Saudi Riyals)

	Note	As at 31 December	
		2023G	2022G
Assets			
Non-Current Assets			
Property and equipment	5	**132,600,565**	104,520,029
Right-of-use Assets	6.1	**233,188,025**	240,848,598
Intangible assets	7	**1,661,637**	1,304,851
Financial assets at fair value through other comprehensive income	8	**4,618,879**	3,440,970
Total Non-Current Assets		**372,069,106**	350,114,448
Current Assets			
Inventories	9	**290,184,702**	209,550,029
Trade receivables	10	**9,336,001**	4,381,895
Due from related parties	11	**4,209,915**	857,627
Prepayments and other debit balance	12	**41,884,675**	45,367,569
Cash and Cash Equivalents	13	**54,069,792**	22,757,685
Total Current Assets		**399,685,085**	282,914,805
Total Assets		**771,754,191**	633,029,253
Equity and Liabilities			
Equity			
Share Capital	18	**250,000,000**	250,000,000
Statutory reserve		**42,402,397**	27,534,672
Retained Earnings		**134,058,427**	39,748,899
Actuarial measurement of end-of-service benefits liability reserve		**241,184**	624,603
Fair value reserve		**835,026**	31,370
Foreign currency translation reserve		**(276,258)**	(182,656)
Total Equity		**427,260,776**	317,756,888
Non-current liabilities			
End-of-service benefits liability	14	**10,852,641**	9,022,918
Lease Liabilities	6.2	**146,140,365**	159,962,290
Total non-current liabilities		**156,993,006**	168,985,208
Current Liabilities			
Current portion of lease liabilities	6.2	**72,383,940**	67,659,711
Loans	15	**45,000,000**	-
Trade Payables		**23,571,137**	14,219,772
Payables and other credit balances	16	**38,617,285**	29,143,562
Due to related parties	11	**-**	27,667,849
Zakat Provision	17	**7,928,047**	7,596,263
Total Current Liabilities		**187,500,409**	146,287,157
Total Liabilities		**344,493,415**	315,272,365
Total Equity and Liabilities		**771,754,191**	633,029,253

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In Saudi Riyals)

	Note	For the year ended 31 December	
		2023G	2022G
Revenue	19	**767,023,097**	588,382,740
Cost of Revenue	20	**(256,383,577)**	(210,957,342)
Gross Profit		**510,639,520**	377,425,398
Selling and Marketing Expenses	21	**(311,077,902)**	(210,410,217)
General and Administrative Expenses	22	**(39,966,944)**	(29,297,909)
Operating profit		**159,594,674**	137,717,272
Other income	24	**9,566,285**	2,859,981
Finance Costs	23	**(12,251,613)**	(7,634,274)
Profit for the year before Zakat		**156,909,346**	132,942,979
Zakat expense	17	**(8,232,093)**	(7,596,263)
Net profit for the year		**148,677,253**	125,346,716
Other Comprehensive Income:			
Item that may be reclassified subsequently to the statement of profit or loss:			
Foreign currency translation differences		**(93,602)**	(203,730)
Items that will not be reclassified subsequently to the statement of profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**803,656**	32,605
Actuarial remeasurement of end-of-service benefits liability	14	**(383,419)**	603,598
Other comprehensive income for the year		**326,635**	432,473
Total comprehensive income for the year		**149,003,888**	125,779,189
Basic earnings per share based on annual profit attributable to shareholders of the company	25	**5.95**	5.01

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
STATEMENT OF CHANGES IN EQUITY
(In Saudi Riyals)

	Share Capital	Statutory Reserve	Retained Earnings	Actuarial measurement of end-of-service benefits liability reserve	Fair value reserve	Foreign currency translation reserve	Total Equity
Balance as at 1 January 2022G	50,000,000	15,000,000	224,936,855	21,005	(1,235)	21,074	289,977,699
Net profit for the year	-	-	125,346,716	-	-	-	125,346,716
Other comprehensive income	-	-	-	603,598	32,605	(203,730)	432,473
Total comprehensive income for the year	-	-	125,346,716	603,598	32,605	(203,730)	125,779,189
Increase in share capital	200,000,000	-	(200,000,000)	-	-	-	-
Transfer to statutory reserve	-	12,534,672	(12,534,672)	-	-	-	-
Dividends (Note 29)	-	-	(98,000,000)	-	-	-	(98,000,000)
Balance as at 31 December 2022G	250,000,000	27,534,672	39,748,899	624,603	31,370	(182,656)	317,756,888
Balance as at 1 January 2023G	**250,000,000**	**27,534,672**	**39,748,899**	**624,603**	**31,370**	**(182,656)**	**317,756,888**
Net profit for the year	**-**	**-**	**148,677,253**	**-**	**-**	**-**	**148,677,253**
Other comprehensive income	**-**	**-**	**-**	**(383,419)**	**803,656**	**(93,602)**	**326,635**
Total comprehensive income for the year	**-**	**-**	**148,677,253**	**(383,419)**	**803,656**	**(93,602)**	**149,003,888**
Transfer to statutory reserve	**-**	**14,867,725**	**(14,867,725)**	**-**	**-**	**-**	**-**
Dividends (Note 29)	**-**	**-**	**(39,500,000)**	**-**	**-**	**-**	**(39,500,000)**
Balance as at 31 December 2023G	**250,000,000**	**42,402,397**	**134,058,427**	**241,184**	**835,026**	**(276,258)**	**427,260,776**

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
STATEMENT OF CASH FLOWS
(In Saudi Riyals)

	Note	FOR THE YEAR ENDED 31 DECEMBER	
		2023G	2022G
Operating activities:			
Net profit before Zakat		**156,909,346**	132,942,979
Adjustments for:			
Charging (Reversal) Allowance for expected credit losses	21	**111,100**	(4,262,665)
(Reversal) Charging Provision for slow-moving inventories	9	**(2,476,007)**	5,145,686
Depreciation of property and equipment	5	**28,360,967**	23,210,027
Amortization of Right-of-use Assets	6.1	**77,287,771**	60,739,893
Finance cost	23	**12,251,613**	7,634,274
Amortization of intangible assets	7	**861,458**	721,280
Lease concessions	6.2	**(1,519,410)**	(263,582)
Employee benefit provision expense	14	**2,328,749**	2,873,489
Loss on disposal of property and equipment	24	**467,653**	1,190,549
Losses on disposal of leases	24	**(3,242,510)**	(25,913)
Dividends from financial assets at fair value through other comprehensive income FVOCI	24	**(243,713)**	(177,473)
		271,097,017	229,728,544
Changes in:			
Trade Receivables		**(5,065,143)**	(3,755,599)
Prepaid expenses and other receivables**		**3,478,671**	(18,215,854)
Due from related parties		**(3,468,168)**	8,487,664
Inventories		**(78,158,137)**	(11,838,332)
Trade Payables		**9,606,297**	316,396
Payables and other credit balances**		**8,674,474**	20,225,772
Due to related parties*		**(27,667,849)**	18,611,448
Cash flows generated from operating activities		**178,497,162**	243,560,039
Employee benefits paid	14	**(1,319,412)**	(598,153)
Zakat Paid	17	**(7,900,309)**	(6,139,586)
Net cash flows generated from operating activities		**169,277,441**	236,822,300
Investing Activities:			
Additions to property and equipment*	5	**(56,975,158)**	(58,959,232)
Additions to intangible assets	7	**(1,218,244)**	(564,224)
Additions to financial assets at fair value through other comprehensive income FVOCI	8	**(374,253)**	-
Dividends received from financial assets at fair value through other comprehensive income FVOCI		**243,713**	177,473
Net cash flows used in investing activities		**(58,323,942)**	(59,345,983)
Financing activities:			
Lease liabilities paid	6.2	**(83,923,506)**	(63,372,144)
Proceeds from short-term loans		**119,000,000**	49,000,000
Short-term loans paid		**(75,217,886)**	(49,335,958)
Dividends Paid	28	**(39,500,000)**	(98,000,000)
Net cash flows used in financing activities		**(79,641,392)**	(161,708,102)
Net increase in cash and cash equivalents		**31,312,107**	15,768,215
Cash and cash equivalents at the beginning of the year	13	**22,757,685**	6,989,470
Cash and cash equivalents at the end of the year	13	**54,069,792**	22,757,685
Non-cash transactions:			
*Additions to property and equipment		**-**	(9,056,401)
**Accrued finance cost		**799,249**	-
***Additions to right-of-use assets		**50,541**	-
Changes in FVOCI		**803,656**	(32,605)
Actuarial remeasurement of end-of-service benefits liability	14	**(383,419)**	(603,598)

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

1. LEGAL STRUCTURE AND COMPANY ACTIVITY

Al-Majed for Oud Company (” the Company”), is an unlisted Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number (1010045397) dated 15 Ramadan 1402 (H), corresponding to 7 July 1982 (G).

On 29 Shaaban 1444 H corresponding to 21 March 2023G, the shareholders unanimously resolved to convert the Company from a Limited Liability Company to an unlisted Saudi joint stock Company. This resolution has been recorded in the Commercial Register on 27 Ramadan 1444 H corresponding to 18 April 2023G.

The Company’s activities include wholesale and retail of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts, and decorative flowers. The Company is also involved in manufacturing room fragrances, air fresheners, men’s and women’s perfumes, oud oil, oud, incense, mixing and packaging of perfumes and oils, and plants.

The registered office is located at 4299 King Abdulaziz Road, As Sahafah Dist., Riyadh 11612, Kingdom of Saudi Arabia.

The accompanying financial statements include the Company’s branches in Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, and Oman listed below, which operate under the following subsidiary commercial registrations:

City	Date	Commercial Registration No.	Branch Name
Riyadh	10/1430 (H)	1010274472	Al Majed Factory for Oud
Al Kharj	10/1433 (H)	1011018060	Al-Majed for Oud Company
Ad Dawadimi	02/03/1437 (H)	1116011287	Al-Majed for Oud Company
Unaizah	07/08/1434 (H)	1128016770	Al-Majed for Oud Company
Buraidah	03/1429 (H)	1131025830	Al-Majed for Oud Company
Ar Rass	02/1434 (H)	1132008578	Al-Majed for Oud Company
Ar Rass	01/1439 (H)	1132011121	Al-Majed for Oud Company
Wadi Al-Dawasir	01/04/1437 (H)	1185006703	Al-Majed for Oud Company
Dammam	08/08/1426 (H)	2050049500	Al-Majed for Oud Company
Al Khobar	04/1429 (H)	2051037044	Al-Majed for Oud Company
Al Khobar	11/06/1439 (H)	2051220451	Al-Majed for Oud Company
Dhahran	11/06/1439 (H)	2052101099	Al-Majed for Oud Company
Jubail	08/08/1438 (H)	2055025923	Al-Majed for Oud Company
Al-Nairyah	03/1436 (H)	2056005355	Al-Majed for Oud Company
Al khafji	02/22/1436 (H)	2057007450	Al-Majed for Oud Company
Al Ahsa	08/1430 (H)	2250039200	Al-Majed for Oud Company
Hafar Al Batin	07/27/1431(H)	2511011270	Al-Majed for Oud Company
Hail	06/05/1437 (H)	3350044003	Al-Majed for Oud Company
Sakaka	09/09/1436 (H)	3400019379	Al-Majed for Oud Company
Arar	08/21/1436 (H)	3450014893	Al-Majed for Oud Company
Al Qurayat	11/20/1440 (H)	3452145620	Al-Majed for Oud Company
Rafha	07/1436 (H)	3453004740	Al-Majed for Oud Company
Tabuk	06/1434 (H)	3550030104	Al-Majed for Oud Company
Makkah	12/30/1428 (H)	4031052042	Al-Majed for Oud Company
Makkah	10/23/1435 (H)	4031087091	Al-Majed for Oud Company
Makkah	10/23/1435 (H)	4031087092	Al-Majed for Oud Company
Taif	07/08/1434 (H)	4032038280	Al-Majed for Oud Company

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

1. LEGAL STRUCTURE AND COMPANY ACTIVITY (CONTINUED)

City	Date	Commercial Registration No.	Branch Name
Taif	07/08/1434 (H)	4032050015	Al-Majed for Oud Company
Al Qunfudhah	07/29/1436 (H)	4603008701	Al-Majed for Oud Company
Madinah	07/27/1431 (H)	4650049235	Al-Majed for Oud Company
Yanbu	08/07/1435 (H)	4700017834	Al-Majed for Oud Company
Al Bahah	04/04/1435 (H)	5800017243	Al-Majed for Oud Company
Baljurashi	05/1438 (H)	5801021348	Al-Majed for Oud Company
Abha	11/1438 (H)	5850071171	Al-Majed for Oud Company
Bisha	02/30/1434 (H)	5851005599	Al-Majed for Oud Company
Khamis Mushait	01/1434 (H)	5855047951	Al-Majed for Oud Company
Al Namas	01/1440 (H)	5859611644	Al-Majed for Oud Company
Muhayil Asir	11/11/1438 (H)	5860071138	Al-Majed for Oud Company
Jazan	02/11/1436 (H)	5900030985	Al-Majed for Oud Company
Jazan	06/05/1437 (H)	5900033979	Al-Majed for Oud Company
Sabia	06/05/1437 (H)	5906034157	Al-Majed for Oud Company
Najran	07/07/1435 (H)	5950029739	Al-Majed for Oud Company
Riyadh	15/09/1402 (H)	1010045397	Al-Majed for Oud Company
Riyadh	11/07/1444 (H)	1010859164	Al-Majed for Oud Company
Dubai	11/02/1443 (H)	979510	Al-Majed for Oud Company
Bahrain	03/09/1442 (H)	145006-1	Al-Majed for Oud Company
Kuwait	27/04/1439 (H)	3417	Al-Majed for Oud Company
Oman	2021/01/06 (G)	1388837	Al-Majed for Oud Company

2. BASIS OF PREPARATION

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Wherever the phrase "International Financial Reporting Standards" appears in these notes, it refers to "International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA)".

The accompanying financial statements of the Company have been prepared under the historical cost convention, except for employee end-of-service benefits liabilities and financial investments at fair value through comprehensive income in accordance with the paragraphs on the significant accounting policies applied by the Company.

These financial statements of the Company are presented in Saudi Riyals (SR) which is also the functional currency of the Company. All amounts are rounded to the nearest SR unless otherwise stated. The Company's financial year starts on the first of January and ends at the end of December of each Gregorian calendar year.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated. In addition, the Company adopted the disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2) effective 1 January 2023G. The amendments require disclosure of 'material' accounting policies instead of 'significant' accounting policies. Although the amendments did not result in any changes in the accounting policy itself, they affected the accounting policy information that was disclosed in some cases.

Following are the significant accounting policies applied by the Company in preparing the financial statements. These policies have been consistently applied over the years unless otherwise stated.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position of the Company based on their classification, current or non-current. An asset is current when:

- The Company expects to realize the asset or intends to sell or consume it in a normal operating cycle;
- The Company holds the asset primarily for the purpose of trading;
- The Company expects to realize the asset within twelve months from the financial year (period); or
- The asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- The liability is expected to be settled in a normal operating cycle;
- The liability is held primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- The Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.2 Fair values measurement of assets and liabilities

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

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

The principal or (the most advantageous market) must be accessible by the Company at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

All assets and liabilities for which fair value is measured or disclosed in financial statements are classified in the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Quoted (unadjusted) prices in active markets for identical assets or liabilities being measured.

Level 2

Inputs other than the quoted price included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs for the asset or liability that are unobservable (not based on observable market data).

For assets and liabilities that are presented in the financial statements at fair value regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, classification, and presentation

The Company recognizes financial assets or financial liabilities in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at the time of initial recognition.

The Company classifies its financial assets as follows:

A. Fair value (either through other comprehensive income or through profit or loss); and

B. Amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all non-derivative financial liabilities at amortized cost.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Measurement

Initial Measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or deducted from them (Except for financial assets and liabilities at fair value where transaction costs are directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI").

Subsequent measurement of financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

1. Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Company's financial assets at amortized cost include cash and cash equivalent, trade receivables, and other financial assets at amortized cost.

Trade receivables

Most sales are made based on normal credit terms, and the receivables do not bear interest. As for goods sold to the customer on a short-term credit basis, receivables are initially recognized as non-deductible amounts of cash receivable. It is usually the invoice price for the goods sold to the customer on interest-free credit. The receivable's present value is initially recognized using the prevailing market interest rate for similar receivables. Thereafter, receivables are measured at amortized cost using the effective interest rate method. At the end of each reporting period, the carrying amounts of trade receivables are reviewed by management to determine whether there is any objective evidence that these amounts are non-refundable. If such amounts are non-refundable, the impairment loss is recognized directly in the statement of income.

2. Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets measured at fair value through profit or loss are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Company may incur on the sale or disposal of the financial asset in the future.

3. Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets measured at fair value through other comprehensive income are remeasured at fair value at the date of each financial report.

The Company classifies its investments in Saudi Aramco, Almanjam Food Company, Saudi Telecom Company (STC), and Saudi Aramco Base Oil Company-Luberef as a financial asset at fair value through other comprehensive income.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI are reclassified to profit or loss in the case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in the case of equity instruments.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The following are the recognition and presentation of profits and losses for each measurement category:

Measurement Category	Recognition and Presentation of Profits and Losses
Amortized cost	The following items are recognized in the profit or loss statement: • interest income using the effective interest method; • expected credit losses and reversals; and • foreign currency exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in profit or loss.
Fair Value through other comprehensive income (FVOCI) – Debt instruments	Profits and losses are recognized in OCI, except for the following items, which are recognized in the statement of profit or loss in the same manner as for financial assets measured at amortized cost: • interest income using the effective interest method; • expected credit losses and loss reversals; and • foreign currency exchange gains and losses.
Fair value through other comprehensive income (FVOCI) - equity investments	Profits and losses are recognized in other comprehensive income. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss (FVTPL)	Profits and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

A. Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities;

measured at FVTPL.

1. That arises when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuous involvement approach;
2. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
3. That are financial guarantee contracts; and
4. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in the statement of profit or loss.

Profits or losses on financial liabilities that are measured at fair value are recognized in a statement of profit or loss.

B. Financial liabilities at Fair Value through profit or loss (FVTPL)

Financial liabilities under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial measurement, the Company measures financial liabilities at fair value while recognizing changes in the profit or loss statement.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that can be attributed to changes in credit risk for those financial liabilities is presented in the other comprehensive income; and
2. The remaining amount of change in the fair value of the financial liability is presented in the statement of profit or loss.

4. Liabilities other than financial liabilities at Fair Value through profit or loss (FVTPL)

Financial liabilities are measured at amortized cost using the effective interest rate method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

Impairment of financial instruments

The Company recognizes the expected credit loss allowance for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Valuation of the expected credit loss (“ECL”) model for trade receivables

At the end of the period, the Company has trade receivables as financial assets recorded at amortized cost. As for trade receivables, the Fund applies a simplified approach to calculating ECLs. Therefore, the Fund does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Presentation of impairment of assets

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to rent receivables are presented separately in the comprehensive income statement.

Impairment of financial assets

Impairment of financial assets

Impairment of financial assets is recognized in the statement of financial position when the rights to receive cash flows from financial assets have expired. have been transferred, or substantially transferred all risks and rewards of ownership. The difference in the carrying amount is recognized in the statement of profit or loss.

Impairment of financial liabilities

Financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expired, or legally released.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4 Receivables and other debit balances

Prepayments are recognized if payment has been made in advance of obtaining the right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

3.5 Inventories

Inventories are stated at the lower of

cost or net realizable value. Cost is calculated using the weighted average method. consisting of the purchase cost and other costs incurred in delivering the inventory to its location and current condition. Net realizable value represents the estimated selling price in the ordinary course of the business less estimated costs necessary to be incurred to make the sale.

Inventory is reduced based on current market conditions, historical experience, and the sale of goods of a similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of property and equipment are depreciated separately from other parts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when future economic benefits associated with the item are likely to flow to the Company and the item cost can be measured reliably. Main renovations are depreciated over the earlier of the remaining useful life of the relevant asset or until the next main renewal date. Repairs and maintenance are charged to the profit or loss account during the financial period in which they were incurred.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on a straight-line basis over its estimated useful life as follows:

Asset	Years
Machinery and equipment	10
Buildings	20
Advertising boards	10
Computers and electronic equipment	4
Vehicles and Transportation	4
Office Furniture and Fixtures	10
Leasehold improvements	Per contract term.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. which is higher than their fair value less cost to sell and their value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets are recorded in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

The useful lives are assessed to be either finite or indefinite. Finite intangible assets are amortized over their economic useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimates being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment, either individually or at the cash-generating unit level. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the useful life is changed from indefinite to finite on a prospective basis.

Derecognition of intangible assets

Intangible assets are derecognized on disposal or when no further economic benefits are expected, either from further use or from disposal. The gain or loss arising from the derecognition of intangible assets is measured as the difference between the net selling proceeds and the carrying amount and is recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Leases - IFRS 16

The Company assesses whether a contract contains a lease at contract inception. For all such lease arrangements, the Company recognizes the right-of-use assets and lease liabilities except for the short-term leases and leases of low-value assets as follows:

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement 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 at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value, and lease payments should be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.8 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against the provision account in the statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Payables and other credit balances

These amounts represent liabilities relating to services provided to the Company before the end of the financial year which have not been paid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of the provisions to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expenses related to the provision are presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance charge.

3.11 Employee benefits

The level of benefit provided is based on the length of service and earnings of the person entitled and computed in accordance with the rules stipulated in the Saudi Labor and Workmen Law.

The employee benefits liability, being a defined benefit plan, is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting periods. The related liability recognized in the statement of financial position is the present value of the employee benefits liability at the end of the reporting period.

The discount rate applied in arriving at the present value of employee benefits liabilities represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

Employee benefit obligations costs are categorized as follows:

1. current service cost (increase in the present value of employee benefits obligations resulting from employee service in the current period);
2. Finance cost (calculated by applying the discount rate at the beginning of the period to the employee benefits obligations); and
3. remeasurement

Current service cost and the Finance cost arising from the employee benefits obligation are included in the same line items in the statement of profit or loss as related employee costs.

Remeasurement, comprising actuarial gains and losses, are recognized in full in the period in which they occur, in other comprehensive income without recycling to the profit or loss in subsequent periods. Amounts recognized in other comprehensive income are recognized immediately in retained earnings.

3.12 Statutory reserve

In accordance with the Company's Articles of Association, the Company is required to transfer 10% of its net income to the statutory reserve. The Company may decide to stop such transfers when the total reserve equals 30% of the capital. This reserve is not available for dividend distribution.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- Revenue from Contracts with Customers:

Step 1: Identify the contract with the customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from the sale of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts and ornamental flowers are recognized at the time when the performance obligation is fulfilled when the goods are sold and delivered and control of the product is transferred to the customer, which is considered to be at the point of sale, payment is received at the same time.

3.14 Zakat

The Company is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment are calculated when determining such amounts.

3.15 New standards, amendments, and interpretations effective after 1 January 2023G and have not been early adopted:

The Company has adopted the following new standards and amendments for the first time, as of 1 January 2023G:

Amendments to IAS 8:

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

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction:

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

Standards issued but not yet adopted

Following are the new standards and amendments to standards which are effective for years beginning on or after 1 January 2024G and earlier application is permitted, however, the Company has not early adopted them in preparing these financial statements. These amendments are not expected to have a material impact on the Company's financial statements.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Amendment to IFRS 16 - Lease Liability on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are variable lease payments that are dependent on an index or rate and are more likely to be impacted.

Amendments to IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current:

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to exercise judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying notes and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal or its value in use, whichever is higher. The fair value less disposal costs are based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use is calculated based on the discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities to which the Group has not yet committed or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of property, plant, and equipment

Useful lives of property, plant, and equipment are estimated according to new facts available to the Company's management. The estimated useful lives of property, plant, and equipment are determined by management to calculate depreciation. This estimate is determined after taking into account the expected use of assets or physical damage to assets. Management reviews the residual value and useful lives annually and changes in depreciation expenses (if any) are adjusted in the current and future periods.

Impairment losses on trade and other receivables

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written off when management deems them not to be collectable.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of inventories

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Employee end of service benefits

The cost of defined benefit obligations for employee end-of-service benefits is determined based on actuarial valuations. The actuarial valuations involve making many assumptions which may differ from actual developments in the future. These include assumptions in determining the discount rate, future salary increases, and mortality rates. Due to the complex and long-term nature of the valuation and underlying assumptions, the defined benefit obligation is significantly affected by changes in these assumptions. All assumptions are reviewed at each annual financial reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management takes into account the commission rates on corporate bonds in currencies consistent with the currencies in which the defined post-employment benefits obligations for employees are recorded and estimated as needed along the yield rate to correspond with the expected term of the defined benefit obligation. The quality of the bonds in question is also reviewed. Those bonds with high credit margins are excluded from the bond analysis on which the discount rate was determined, as they do not represent high-quality bonds.

The mortality rate is based on publicly available mortality tables for the concerned country. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases are based on expected future inflation rates for the countries concerned and future salary increases.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. Inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions relating to these factors can affect the disclosed fair value of the financial instruments.

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5. PROPERTY AND EQUIPMENT

FOR THE YEAR ENDED 31 DECEMBER 2023G	Machinery and equipment	Lands	Buildings	Advertising boards	Computers and electronic equipment	Transfer and Transportation	Furniture and office equipment	Leasehold improvements	Projects under construction	Total
Cost										
At 1 January 2023G	11,518,205	27,349,904	16,614,095	-	18,317,503	3,848,636	7,912,795	88,500,328	4,691,862	178,753,328
Additions	511,379	15,768,760	9,579,640	-	2,424,609	1,028,296	837,452	1,442,567	25,382,455	56,975,158
Transferred from PUC	2,246	-	-	-	2,043,374	-	-	24,503,756	(26,549,376)	-
Disposals	(8,325)	-	(38,587)	-	(336,625)	-	(1,496,293)	(2,295,796)	-	(4,175,626)
Foreign currency translation differences	(127)	-	-	-	(978)	(646)	(434)	(10,323)	139	(12,369)
At 31 December 2023G	**12,023,378**	**43,118,664**	**26,155,148**	**-**	**22,447,883**	**4,876,286**	**7,253,520**	**112,140,532**	**3,525,080**	**231,540,491**
Accumulated Depreciation										
At 1 January 2023G	8,049,279	-	6,241,080	-	12,040,199	3,430,121	2,813,696	41,658,924	-	74,233,299
Depreciation for the year	935,528	-	1,201,208	-	3,381,536	337,899	655,186	21,849,610	-	28,360,967
Disposals	(4,910)	-	(1,639)	-	(319,922)	-	(1,207,743)	(2,115,251)	-	(3,649,465)
Foreign currency translation differences	(31)	-	-	-	(533)	(513)	(191)	(3,607)	-	(4,875)
At 31 December 2023G	**8,979,866**	**-**	**7,440,649**	**-**	**15,101,280**	**3,767,507**	**2,260,948**	**61,389,676**	**-**	**98,939,926**
Net Book Value:										
At 31 December 2023G	**3,043,512**	**43,118,664**	**18,714,499**	**-**	**7,346,603**	**1,108,779**	**4,992,572**	**50,750,856**	**3,525,080**	**132,600,565**
At 31 December 2022G	3,468,926	27,349,904	10,373,015	-	6,277,304	418,515	5,099,099	46,841,404	4,691,862	104,520,029

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5. PROPERTY AND EQUIPMENT (CONTINUED)

For the year ended 31 December 2022G	Machinery and equipment	Lands	Buildings	Advertising boards	Computers and electronic equipment	Transfer and transportation	Office Furniture and Fixtures	Leasehold improvements	Projects under construction	Total
Cost										
At 1 January 2022G	11,307,960	-	12,918,364	2,515,415	14,913,661	3,633,774	65,663,884	-	3,775,190	114,728,248
Reclassification	14,125	-	-	(2,515,415)	(291,806)	1,954	(56,625,764)	59,444,101	256,187	283,382
Additions	206,586	27,349,904	3,657,144	-	3,771,738	250,857	1,092,359	7,659,532	24,591,737	68,579,857
Transferred from PUC	-	-	38,587	-	318,332	-	-	23,005,354	(23,362,273)	-
Transferred to intangible assets	-	-	-	-	-	-	-	-	(564,224)	(564,224)
Disposals	(10,356)	-	-	-	(391,470)	(35,004)	(2,197,908)	(1,599,191)	-	(4,233,929)
Foreign currency translation differences	(110)	-	-	-	(2,952)	(2,945)	(19,776)	(9,468)	(4,755)	(40,006)
At 31 December 2022G	11,518,205	27,349,904	16,614,095	-	18,317,503	3,848,636	7,912,795	88,500,328	4,691,862	178,753,328
Accumulated Depreciation										
At 1 January 2022G	7,005,134	-	5,557,281	1,202,653	9,085,076	3,186,653	27,761,341	-	-	53,798,138
Reclassification	11,165	-	-	(1,202,653)	(166,245)	1,223	(24,661,964)	26,301,856	-	283,382
Depreciation for the year	1,036,722	-	683,799	-	3,261,126	279,651	1,038,320	16,910,409	-	23,210,027
Disposals	(3,670)	-	-	-	(137,701)	(35,002)	(1,317,602)	(1,549,405)	-	(3,043,380)
Foreign currency translation differences	(72)	-	-	-	(2,057)	(2,404)	(6,399)	(3,936)	-	(14,868)
At 31 December 2022G	8,049,279	-	6,241,080	-	12,040,199	3,430,121	2,813,696	41,658,924	-	74,233,299
Net Book Value:										
At 31 December 2022G	3,468,926	27,349,904	10,373,015	-	6,277,304	418,515	5,099,099	46,841,404	4,691,862	104,520,029
At 31 December 2021G	4,302,826	-	7,361,083	1,312,762	5,828,585	447,121	37,902,543	-	3,775,190	60,930,110

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5. PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation charged for the year was allocated as follows:

	For the year ended 31 December	
	2023G	2022G
Cost of revenue (note 20)	**2,795,863**	2,660,310
Selling and marketing expenses (Note 21)	**24,530,032**	19,699,619
General and administrative expenses (Note 22)	**1,035,072**	850,098
	28,360,967	23,210,027

6. LEASES

Information about leases for which the Company is a lessee is presented below:

6.1 Right-of-use Assets

	31 December 2023G	31 December 2022G
Cost		
Balance as at the beginning of the year	**409,624,870**	295,806,697
Additions during the year	**77,424,775**	118,873,723
Disposals during the year	**(36,827,133)**	(4,512,204)
Adjustments*	**11,271,158**	-
Foreign Currency translation difference	**(134,021)**	(543,346)
Balance as at the end of the year	**461,359,649**	409,624,870
Accumulated amortization		
Balance as at the beginning of the year	**168,776,272**	110,437,646
Amortization charge for the year	**77,287,771**	60,739,893
Disposals during the year	**(17,849,996)**	(2,189,813)
Foreign Currency translation difference	**(42,423)**	(211,454)
Balance as at the end of the year	**228,171,624**	168,776,272
Net book value	**233,188,025**	240,848,598

The amortization charge for the year was allocated as follows:

	For the year ended 31 December	
	2023G	2022G
Cost of revenue (note 20)	**1,539,661**	1,506,776
Selling and marketing expenses (Note 21)	**75,378,508**	57,571,659
General and administrative expenses (Note 22)	**369,602**	1,661,458
	77,287,771	60,739,893

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6. LEASES (CONTINUED)

6.2 Lease Liabilities

	31 December 2023G	31 December 2022G
Balance at the beginning of the year	**227,622,001**	172,748,121
Additions during the year	**77,374,234**	114,080,573
Disposals during the year	**(20,554,804)**	(2,348,304)
Finance costs (Note 23)	**9,796,494**	7,063,163
Payments made during the year	**(83,923,506)**	(63,372,144)
Lease concessions (Note 24)	**(1,519,410)**	(263,582)
Adjustments*	**9,817,915**	-
Foreign Currency translation difference	**(88,619)**	(285,826)
Balance at the end of the year	**218,524,305**	227,622,001

*During the year ended 31 December 2023G, the company's management made amendments to some leases, which resulted in an increase in right-of-use assets by SAR 11,271,158 and lease liabilities by SAR 9,817,915, resulting in differences of SAR 1,453,243 that were reconciled in the statement of profit or loss during the year.

The lease liability is presented in the statement of financial position as follows:

	31 December 2023G	31 December 2022G
Current portion	**72,383,940**	67,659,711
Non-current portion	**146,140,365**	159,962,290
	218,524,305	227,622,001

7. INTANGIBLE ASSETS

	31 December 2023G	31 December 2022G
Cost		
Balance at 1 January	**3,637,161**	3,072,997
Additions during the year	**1,218,244**	564,224
Foreign Currency translation difference	**(10)**	(60)
Balance at the end of the year	**4,855,395**	3,637,161
Accumulated amortization		
Balance at 1 January	**2,332,310**	1,611,071
Amortization charge for the year	**861,458**	721,280
Foreign Currency translation difference	**(10)**	(41)
Balance as at the end of the year	**3,193,758**	2,332,310
Net book value	**1,661,637**	1,304,851

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7. INTANGIBLE ASSETS

The amortization charge for the year was allocated as follows:

	For the year ended 31 December	
	2023G	2022G
Selling and marketing expenses (Note 21)	**227,940**	155,501
General and administrative expenses (Note 22)	**633,518**	565,779
	861,458	721,280

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	31 December 2023G	31 December 2022G
Balance at the beginning of the year	**3,440,970**	3,408,365
Additions during the year (*)	**374,253**	-
Change in fair value	**803,656**	32,605
Balance at the end of the year	**4,618,879**	3,440,970

*On 18 May 2023G, the company's management purchased 2240 shares of Saudi Aramco Base Oil Company (Luberef) with a nominal value of SAR 128 per share.

*During the year, the company's management purchased 2270 shares of Saudi Telecommunications Company (STC) with a nominal value of SAR 38.56 per share.

9. INVENTORIES

	31 December 2023G	31 December 2022G
Raw and packaging materials	**104,552,247**	86,787,993
Finished goods	**154,999,542**	121,788,452
Goods in process	**10,070,247**	13,213,272
Consumables	**32,882,314**	5,076,465
Goods in transit	**125,383**	484,017
Less: Provision for slow-moving inventories (a)	**(12,445,031)**	(17,800,170)
	290,184,702	209,550,029

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9. INVENTORIES (CONTINUED)

A. The movement in the provision for slow-moving inventories was as follows:

	31 December 2023G	31 December 2022G
Balance at the beginning of the year	**17,800,170**	12,654,484
(Reversal) Charged provision during the year	**(2,476,007)**	5,145,686
Used during the year	**(2,878,603)**	-
Foreign currency translation differences	**(529)**	-
Balance at the end of the year	**12,445,031**	17,800,170

10. TRADE RECEIVABLES

	31 December 2023G	31 December 2022G
Trade Receivables	**9,546,315**	4,481,172
Less: Allowance for expected credit losses (a)	**(210,314)**	(99,277)
	9,336,001	4,381,895

Ageing of trade receivables	31 December 2023G	31 December 2022G
Neither past due nor low in value	**5,084,212**	2,416,184
30-60 days	**3,341,481**	803,253
61-90 days	**789,049**	1,056,293
91-360 days	**331,573**	205,442
Total	**9,546,315**	4,481,172

Receivables that have not decreased in value are fully recoverable. Since it is not the practice of the company to obtain collateral for receivables, this makes them unsecured.

The company uses a model to estimate expected credit losses that is consistent with the requirements of IFRS 9 and is based on an assessment of trade receivable balances on a collective basis and grouping them based on shared credit risk characteristics and due dates. The estimated amount of expected credit losses is measured based on a number of indicators, historical and current information, and future expectations.

Indicators of impairment in trade receivables are reviewed at the end of the reporting period. The allowance for expected credit losses is adjusted to reflect any periodic changes in those indicators. In management's opinion, there was no impairment of trade receivables other than what has been recorded as an allowance for expected credit losses.

There were no changes in estimation methods or significant assumptions during the current year

A. The movement in the allowance for expected credit losses was as follows:

	31 December 2023G	31 December 2022G
Balance at the beginning of the year	**99,277**	-
Allowance during the year (Note 21)	**111,100**	99,277
Foreign currency translation differences	**(63)**	-
Balance at the end of the year	**210,314**	99,277

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11. RELATED PARTIES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

There were no special terms and conditions with the aforementioned related parties as compared to unrelated parties. Outstanding balances at the period-end are unsecured and are settled in cash. There have been no guarantees provided or received for any related party balances.

11.1 Related party transactions

The following are the details of the significant transactions with related parties during the year ended 31 December:

Related Party Name	Nature of Relationship
Khalta for Perfumes Company	Affiliate
Turki Ali Al Majed Trading Co	Affiliate
Aromatic Mixture Company	Affiliate
Reef Perfumes Trading Company	Affiliate
Emma Otari Perfumes Company	Affiliate
Osus Real Estate Company	Affiliate
Khalid Ali Othman Al Majid Real Estate Development Co	Affiliate
Ali Al Majid Sons Foundation	Affiliate
Khalid bin Ali bin Othman Al-Majed	Shareholder
Saad bin Ali bin Othman Al-Majed	Shareholder
Sulaiman bin Ali bin Othman Al-Majed	Shareholder
Majed bin Ali bin Othman Al-Majed	Shareholder
Bader bin Ali bin Othman Al-Majed	Shareholder
Muhammad bin Ali bin Othman Al-Majed	Shareholder
Waleed Bin Khalid Al Majid	CEO

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11. RELATED PARTIES (CONTINUED)

Related Party Name	Nature of Transaction	Transaction Volume FOR THE YEAR ENDED 31 DECEMBER	
		2023G	2022G
Khalta for Perfumes Company	Sales	-	2,992,900
	Expenses	**337,999**	1,350,397
	Purchase of assets	-	9,056,401
	Repayment of debt	**26,420,322**	29,233,968
	Zakat paid on behalf	**917,836**	-
Aromatic Mixture Company	Revenue from operating for others	**929,917**	654,731
	Collections	**786,996**	546,927
Reef Perfumes Trading Company	Revenue from operating for others	**7,276,984**	3,169,510
	Expenses	**407,907**	-
	Leasing	**103,500**	-
	Collections	**6,752,861**	2,611,950
Turki Ali Al Majed Trading Co	Sales Returns	-	117,241
	Waiver	-	3,118,895
Emma Otari Perfumes Company	Revenue from operating for others	**185,755**	-
Osus Real Estate Company	Expenses	**407,907**	-
	Rentals/ as real estate broker	**439,530**	3,703,263
	Sales	**138,112**	-
Khalid Ali Othman Al Majid Real Estate Development Co	Rentals	**423,600**	-
Ali Al Majid Sons Foundation	Sales	**301,761**	-
	Collections	**263,605**	-
Waleed Bin Khalid Al Majid	Sales	**28,150**	-
	Collections	**28,150**	-
Khalid bin Ali bin Othman Al-Majed	Dividends	**8,887,500**	22,050,000
	Purchase of assets	**6,035,333**	2,283,018
	Rentals	**327,463**	815,689
	Rent discount	**37,468**	-
	Rent Payment	**289,995**	815,689
	Listing and IPO costs	**436,864**	-

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11. RELATED PARTIES (CONTINUED)

Related Party Name	Nature of Transaction	Transaction Volume	
		FOR THE YEAR ENDED 31 DECEMBER	
		2023G	2022G
Saad bin Ali bin Othman Al-Majed	Dividends	**8,887,500**	22,050,000
	Purchase of assets	**6,035,333**	2,283,018
	Rentals	**327,463**	815,689
	Rent discount	**37,468**	-
	Rent Payment	**289,995**	815,689
	Listing and IPO costs	**436,864**	-
Sulaiman bin Ali bin Othman Al-Majed	Dividends	**8,887,500**	22,050,000
	Purchase of assets	**6,035,333**	2,283,018
	Rentals	**327,463**	815,689
	Rent discount	**37,468**	-
	Rent Payment	**289,995**	815,689
	Listing and IPO costs	**436,864**	-
Majed bin Ali bin Othman Al-Majed	Dividends	**8,887,500**	22,050,000
	Purchase of assets	**6,035,333**	2,283,018
	Rentals	**327,463**	815,689
	Rent discount	**37,468**	-
	Rent Payment	**289,995**	815,689
	Listing and IPO costs	**436,864**	-
Bader bin Ali bin Othman Al-Majed	Dividends	**1,975,000**	4,900,000
	Purchase of assets	**-**	3,058,154
	Rentals	**99,750**	13,500
	Rent Payment	**99,750**	13,500
	Listing and IPO costs	**97,081**	-
Muhammad bin Ali bin Othman Al-Majed	Dividends	**1,975,000**	4,900,000
	Purchase of assets	**-**	3,058,154
	Rentals	**99,750**	13,500
	Rent Payment	**99,750**	13,500
	Listing and IPO costs	**97,081**	-

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11. RELATED PARTIES (CONTINUED)

11.2 Related party balances

The following is a summary of the related parties' balances:

Due from related parties	31 December 2023G	31 December 2022G
Khalta for Perfumes Company	**8,308**	-
Reef Perfumes Trading Company	**1,759,562**	724,032
Aromatic Mixture Company	**276,516**	133,595
Emma Otari Perfumes Company	**185,755**	-
Ali Al Majid Sons Foundation	**38,156**	-
Khalid bin Ali bin Othman Al-Majed	**436,864**	-
Saad bin Ali bin Othman Al-Majed	**436,864**	-
Sulaiman bin Ali bin Othman Al-Majed	**436,864**	-
Majed bin Ali bin Othman Al-Majed	**436,864**	-
Bader bin Ali bin Othman Al-Majed	**97,081**	-
Muhammad bin Ali bin Othman Al-Majed	**97,081**	-
	4,209,915	857,627
Allowance for expected losses (A)	-	-
	4,209,915	857,627

A. The movement in allowance for expected credit losses from related parties is as follows:

	31 December 2023G	31 December 2022G
Balance as at the beginning of the year	-	4,361,942
Reversal during the year (Note 21)	-	(4,361,942)
Balance at the end of the year	-	-

Due to related parties	31 December 2023G	31 December 2022G
Khalta for Perfumes Company	-	27,667,849

11.3 Key management personnel compensation

	For the year ended 31 December	
	2023G	2022G
Salaries and short-term benefits	**4,517,383**	3,388,537
End of service benefits	**337,834**	482,133
	4,855,217	3,870,670

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12. PREPAYMENTS AND OTHER DEBIT BALANCE

	31 December 2023G	31 December 2022G
Advances to trade payables	**23,911,730**	26,193,895
Refundable Insurance	**7,336,249**	5,264,462
Prepaid rent	**2,653,208**	2,827,437
Employees Receivables	**1,001,880**	1,342,168
Others	**6,981,608**	9,739,607
	41,884,675	45,367,569

13. CASH AND CASH EQUIVALENTS

	31 December 2023G	31 December 2022G
Cash in branches	**2,597,291**	3,500,138
Cash at banks	**51,472,501**	19,257,547
	54,069,792	22,757,685

14. END-OF-SERVICE BENEFITS LIABILITY

The Company has an unfunded plan for employee end of service benefits liabilities. Cash generated from operations is considered sufficient to meet employee end of service benefits liabilities as they become due.

The movement in employee end-of-service liability is as follows:

	31 December 2023G	31 December 2022G
Balance at the beginning of the year	**9,022,918**	7,119,310
Service cost	**2,328,749**	2,873,489
Finance cost	**437,984**	235,153
Payments during the year	**(1,319,412)**	(598,153)
Remeasurement of actuarial liabilities	**383,419**	(603,598)
Foreign currency translation differences	**(1,017)**	(3,283)
Balance at the end of the year	**10,852,641**	9,022,918

Amounts recognized in the statement of profit or loss:

	31 December 2023G	31 December 2022G
Current service cost	**2,328,749**	2,873,489
Finance cost	**437,984**	235,153
	2,766,733	3,108,642

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14. END-OF-SERVICE BENEFITS LIABILITY (CONTINUED)

The principal assumptions used in determining employee benefit liabilities were as follows:

	31 December 2023G	31 December 2022G
Discount rate	**4.90%**	4.07%
Salary increase rate	**4.00%**	4.00%
Retirement age (in years)	**60**	60

Sensitivity analysis:

	As at 31 December 2023G		As at 31 December 2022G	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	**10,024,903**	**11,838,282**	8,614,184	9,455,719
Salary increase rate	**11,837,204**	**10,011,540**	9,451,766	8,610,070

15. LOANS

On 27 December 2021G, the Company signed a Sharia-compliant credit facilities agreement with a local commercial bank with an amount of 100,000,000 SAR for a financing period not exceeding one year, to finance the working capital of the company. The agreement is subject to a commission according to SIBOR plus an agreed profit margin commensurate with the prevailing market prices. The agreement is secured by a promissory note issued by the Company and the shareholders. The Company's management withdrew payments of 119,000,000 SAR and paid 74,000,000 SAR during the year.

16. PAYABLES AND OTHER CREDIT BALANCES

	31 December 2023G	31 December 2022G
Employees Accruals	**15,955,904**	15,052,907
Value added tax (VAT)	**12,160,486**	11,267,690
Accrued expenses	**5,122,241**	565,120
Others	**5,378,654**	2,257,845
	38,617,285	29,143,562

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17. ZAKAT

17.1 Zakat charge for the year consists of the following:

	31 December 2023G	31 December 2022G
Provision for the year	**7,928,047**	7,596,263

The significant components of the Zakat base for the fiscal year are as follows:	31 December 2023G	31 December 2022G
Total shareholder's equity	**440,132,375**	404,037,669
Balance at the beginning of the year for provisions and other additions	**244,394,335**	244,814,028
Net book value of long-term assets	**(372,069,106)**	(349,968,148)
Total base for the year	**312,457,604**	298,883,549
Zakat base for the year	**317,121,887**	298,883,549
Accrued zakat	**7,928,047**	7,596,263

The differences between the financial and the Zakat results are mainly due to provisions and amounts that completed a full-year cycle, which affected the calculation of the Zakat results for the year.

17.2 Provision for Zakat

The movement in the Zakat provision is as follows:

	31 December 2023G	31 December 2022G
At the beginning of the year	**7,596,263**	6,139,586
The charge for the year	**7,928,047**	7,596,263
Zakat settlement of prior-years	**304,046**	-
Payments during the year	**(7,900,309)**	(6,139,586)
Balance at the end of the year	**7,928,047**	7,596,263

17.3 Zakat assessment status

The Company has filed its Zakat return with the Zakat, Tax and Customs Authority ("ZATCA") and received Zakat certificates for all years up to 2020G. It also received a final assessment from the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA") for all years up to the financial year ended 31 December 2018 resulting in differences paid in cash. The Company did not receive a Zakat assessment for the years from 2019G to 2022G from ZATCA.

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18. SHARE CAPITAL

As at 31 December 2023G, the Company's capital consists of 250,000,000 SR (2022 250,000,000 SR) divided into 25,000,000 shares (2022: 250,000 quota) with a nominal value of 10 SR (2022: 1,000 SR).

	31 December 2023G	31 December 2022G
Khalid bin Ali bin Othman Al-Majed	**56,250,000**	56,250,000
Saad bin Ali bin Othman Al-Majed	**56,250,000**	56,250,000
Sulaiman bin Ali bin Othman Al-Majed	**56,250,000**	56,250,000
Majed bin Ali bin Othman Al-Majed	**56,250,000**	56,250,000
Bader bin Ali bin Othman Al-Majed	**12,500,000**	12,500,000
Muhammad bin Ali bin Othman Al-Majed	**12,500,000**	12,500,000
	250,000,000	250,000,000

19. REVENUE

Below is a breakdown of the Company's revenue from contracts from customers:

	For the year ended 31 December	
	2023G	2022G
Sales	**1,386,391,351**	1,078,384,300
Sales discount	**(619,368,254)**	(490,001,560)
	767,023,097	588,382,740
Timing of revenue recognition		
Transfer of goods at a point in time.	**767,023,097**	588,382,740

19.1 Performance obligation

The performance obligation is satisfied at the point of sale, and payment is received at the same time.

20. COST OF REVENUE

	For the year ended 31 December	
	2023G	2022G
Cost of goods sold	**223,400,149**	180,926,280
Provision for slow-moving inventories (Note 9)	**(2,476,007)**	5,145,686
Direct labor	**15,439,285**	9,830,208
Depreciation of property and equipment (Note 5)	**2,795,863**	2,660,310
Right of use amortization (Note 6.1)	**1,539,661**	1,506,776
Others	**15,684,626**	10,888,082
	256,383,577	210,957,342

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21. SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2023G	2022G
Staff Costs	**108,669,459**	80,833,046
Right of use amortization (Note 6.1)	**75,378,508**	57,571,659
Advertising and marketing	**64,431,466**	31,019,818
Depreciation of property and equipment (Note 5)	**24,530,032**	19,699,619
Rentals	**11,280,498**	7,873,406
Consumables	**5,906,473**	4,558,621
Facilities	**2,612,302**	1,911,546
Government fees	**2,436,109**	1,153,217
Allowance for expected credit losses (Notes 10, 11)	**111,100**	(4,262,665)
Shipping expenses	**2,111,907**	1,320,151
Bank expenses	**2,104,906**	1,294,103
Collection expenses	**1,827,378**	543,821
Amortization of intangible assets (Note 7)	**227,940**	155,501
Transportation expenses	**181,974**	152,550
Others	**9,267,850**	6,585,824
	311,077,902	210,410,217

22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2023G	2022G
Staff Costs	**26,275,273**	21,345,764
Right of use amortization (Note 6.1)	**369,602**	1,661,458
Rentals	**411,091**	32,092
Professional fees	**1,160,379**	1,809,424
Listing costs	**4,530,632**	-
Depreciation of property and equipment (Note 5)	**1,035,072**	850,098
Amortization of intangible assets (Note 7)	**633,518**	565,779
Technical support	**1,908,620**	1,424,120
Government fees	**199,648**	252,697
Telephone and internet	**300,583**	295,533
Cleaning and hospitality	**251,672**	177,947
Security Expenses	**156,897**	89,723
Facilities	**177,303**	109,274
Rent of cars and equipment	**180,328**	95,760
Consumables	**175,652**	144,148
Bank expenses	**355,851**	124,970
Others	**1,844,823**	319,122
	39,966,944	29,297,909

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

23. FINANCE COSTS

	For the year ended 31 December	
	2023G	2022G
Interest cost on leases (Note 6.2)	**9,796,494**	7,063,163
Interest cost on loan	**2,017,135**	335,958
Interest cost on end-of-service benefits liability (Note 14)	**437,984**	235,153
	12,251,613	7,634,274

24. OTHER INCOME

	For the year ended 31 December	
	2023G	2022G
Revenue from operating for others	**4,194,450**	2,301,538
Lease concessions (Note 6.2)	**1,519,410**	263,582
Losses on disposal of assets	**(467,653)**	(1,190,549)
Gains on adjustment and disposal of leases	**3,242,510**	25,913
Dividends	**243,713**	177,473
Others	**833,855**	1,282,024
	9,566,285	2,859,981

25. EARNINGS PER SHARE

	For the year ended 31 December	
	2023G	2022G
Profit for the year attributable to the shareholders of the company	**148,677,253**	125,346,716
Number of shares		
Weighted average number of shares for earnings per share purposes*	**25,000,000**	25,000,000
Basic earnings per share based on annual profit attributable to shareholders of the company	**5.95**	5.01

* The average number of shares during the year was used, and was applied retrospectively to the comparative figures as the capital did not change and neither did the shareholders.

26. Fair value measurement of financial instruments

Financial assets consist of cash at bank and cash equivalents, other financial assets measured at amortized cost, receivables, and financial assets at FVOCI, while financial liabilities consist of trade and other payables and amounts due to related parties. All assets were classified as financial liabilities as at 31 December 2023G in the amortized cost line, except financial assets designated at FVOCI, measured based on fair value.

Financial assets at FVOCI are classified under level 1 of the fair value measurement hierarchy.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT

The major financial risks of the Company relate to market risks (including cash flow risk and fair value interest rate risk), credit risk, and liquidity risk. The Company is not exposed to foreign currency risks as the Company's transactions are in Saudi Riyals.

The Company is exposed to risks from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in all these financial statements.

There have been no material changes in the Company's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The Company's financial function assists the Board of directors in fulfilling their responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce risks.

Cash flow and fair value of interest rate risks

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not significantly exposed to fair value interest rate risk as the interest rate on loans is close to the current market price. The Company is exposed to interest rate risks for cash flows as loans carry variable interest rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Cash is deposited with banks with good credit ratings. The Company seeks to limit credit risk with respect to counterparties by setting credit limits for individual counterparties and monitoring outstanding receivables.

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

	31 December 2023G	31 December 2022G
Cash at bank	**51,472,501**	19,257,547
Trade Receivables	**9,336,001**	4,381,895
Due from related parties	**4,209,915**	857,627
Prepayments and other debit balance	**10,960,299**	9,228,800
	75,978,716	33,725,869

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. The approach is applied to estimate the allowance against due from related parties.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2023G	Less than 1 year	Over 1 year	Total
Trade Payables	**23,571,137**	**-**	**23,571,137**
Payables and other credit balances	**38,617,285**	**-**	**38,617,285**
Lease Liabilities	**72,383,940**	**146,140,365**	**218,524,305**
Loans	**45,000,000**	**-**	**45,000,000**
	179,572,362	**146,140,365**	**325,712,727**

31 December 2022G	Less than 1 year	Over 1 year	Total
Trade Payables	14,219,772	-	14,219,772
Payables and other credit balances	27,162,338	1,981,224	29,143,562
Lease Liabilities	67,659,711	159,962,290	227,622,001
Due to related parties	27,667,849	-	27,667,849
	136,709,670	161,943,514	298,653,184

28. CAPITAL MANAGEMENT

The main objective of the Company's capital management is to maximize the shareholders' returns. The Company's policy is to maintain a strong capital base to maintain investors and creditors and sustain future business development.

To manage the Company's capital, capital includes issued and paid-up capital and all other equity reserves attributable to the Company's shareholders.

Management monitors the return on capital and the level of dividends paid to shareholders and seeks to maintain a balance between higher returns (which can be enhanced by higher levels of borrowing) and the benefits and security provided by a sound capital position.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and its financial needs.

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

29. DIVIDENDS

On January 15, 2023G, the partners agreed to distribute cash dividends of SAR 6,500,000 and SAR 33,000,000 to shareholders in accordance with their ownership percentages. These dividends were approved by the Company's General Assembly on August 8, 2023G, and were paid in full during the year ended 31 December 2023G (31 December 2022G: SAR 98,000,000).

30. CAPITAL COMMITMENTS AND CONTINGENCIES

As at 31 December 2023G, the Company has no capital commitment and contingent liabilities.

31. SEGMENT REPORTING

The company has one operating segment, which is retail trade in perfumes. The company manufactures perfumes and their accessories and then sells them through its branches. The company's operational assets, including factories, warehouses, and branches, are located in the Kingdom of Saudi Arabia and Gulf countries. The company's main segments are presented according to geographical sectors. The company operates in the Kingdom of Saudi Arabia and Gulf countries according to the shown data below:

Sales for the year ended	Domestic sales	GCC sales	Total
31 December 2023G	**691,979,048**	**75,044,049**	**767,023,097**
31 December 2022G	562,759,519	25,623,221	588,382,740

A. Sales by Region:

Region	For the year ended 31 December	
	2023G	2022G
Southern Region	**104,972,291**	88,913,227
Eastern Province	**76,386,616**	66,183,875
Northern Region	**39,396,337**	39,174,423
Western Province	**193,764,239**	124,590,756
Central Region	**196,283,385**	176,423,666
Al-Qassim Province	**35,489,593**	35,211,834
Store and other channels	**40,528,121**	28,933,818
External Showrooms- Qatar	**5,158,466**	3,327,920
GCC	**75,044,049**	25,623,221
	767,023,097	588,382,740

B. The company has classified its assets according to the following geographical sectors by geographical location:

As at 31 December 2023G	In the Kingdom of Saudi Arabia	GCC	Total
Non-Current Assets:			
Property and equipment	**118,141,721**	**14,458,844**	**132,600,565**
Right-of-use Assets	**176,425,498**	**56,762,527**	**233,188,025**
Total Non-Current Assets	**294,567,219**	**71,221,371**	**365,788,590**

Al Majed For Oud Company
(Unlisted Saudi Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

31. SEGMENT REPORTING (CONTINUED)

As at 31 December 2022G	In the Kingdom of Saudi Arabia	GCC	Total
Non-current assets:			
Property and equipment	98,279,773	6,240,256	104,520,029
Right-of-use Assets	212,355,863	28,492,735	240,848,598
Total Non-Current Assets	310,635,636	34,732,991	345,368,627

32. COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2022G have been reclassified to conform with the current presentation of financial statements.

	As previously reported	Reclassification	Re-classified
Statement of financial position			
Prepayments and other debit balance	46,245,537	(877,968)	**45,367,569**
Cash at bank	21,879,717	877,968	**22,757,685**

33. SUBSEQUENT EVENTS

The Company's management believes that there are no subsequent events have occurred subsequent to the reporting date and before the issuance of these financial statements which require adjustments or additional disclosures to these financial statements.

34. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 21 Ramadan 1445 (H) (corresponding to 31 March 2024G).

Al Majed for Oud Company

A Limited Liability Company

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022G AND

INDEPENDENT AUDITOR'S REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Al Majed for Oud Company
A Limited Liability Company
Riyadh - Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Majed for Oud Company - a Saudi Limited Liability Company (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA and Regulations for Companies and Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Company's Manager is responsible for overseeing the Company's financial reporting process.

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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Independent Auditor's Report on the Audit of the Financial Statements of Al Majed for Oud Company - a Saudi Limited Liability Company - for the year ended 31 December 2022 (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No 362

د. محمد العمري وشركاه - محاسبون قانونيون
س.ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: 25 Dhu al-Hijjah 1444 (H)
Corresponding to: 13 July 2023 (G)

Al Majed for Oud Company
(A limited liability Company)
STATEMENT OF FINANCIAL POSITION
(In Saudi Riyals)

	Note	As at 31 December	
		2022G	2021G
Assets			
Non-Current Assets			
Property and equipment	5	**104,520,029**	60,930,110
Right-of-use assets	6	**240,848,598**	185,369,051
Intangible assets	7	**1,304,851**	1,461,926
Financial assets at fair value through other comprehensive income	8	**3,440,970**	3,408,365
Total Non-Current Assets		**350,114,448**	251,169,452
Current Assets			
Inventories	9	**209,550,029**	202,857,383
Trade receivables	10	**4,381,895**	861,363
Due from related parties	11	**857,627**	8,032,416
Prepayments and other debit balances	12	**46,245,537**	28,895,798
Cash at banks		**21,879,717**	6,989,470
Total Current Assets		**282,914,805**	247,636,430
Total Assets		**633,029,253**	498,805,882
Equity and Liabilities			
EQUITY			
Share Capital	16	**250,000,000**	50,000,000
Statutory Reserve		**27,534,672**	15,000,000
Retained Earnings		**39,748,899**	224,936,855
Actuarial measurement of end-of-service benefits liability reserve		**624,603**	21,005
Fair value reserve		**31,370**	(1,235)
Foreign currency translation reserve		**(182,656)**	21,074
Total Equity		**317,756,888**	289,977,699
Non-current liabilities			
End-of-service benefits liability	13	**9,022,918**	7,119,310
Lease Liabilities	6	**159,962,290**	127,001,922
Total non-current liabilities		**168,985,208**	134,121,232
Current Liabilities			
Current portion of lease liabilities	6	**67,659,711**	45,746,199
Trade Payables		**14,219,772**	13,903,376
Due to related parties	11	**27,667,849**	-
Payables and other credit balances	14	**29,143,562**	8,917,790
Zakat Provision	15	**7,596,263**	6,139,586
Total Current Liabilities		**146,287,157**	74,706,951
Total Liabilities		**315,272,365**	208,828,183
Total Equity and Liabilities		**633,029,253**	498,805,882

The accompanying notes from (1) to (29) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A limited liability Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In Saudi Riyals)

	Note	FOR THE YEAR ENDED 31 DECEMBER	
		2022G	2021G
Revenue	17	**588,382,740**	442,465,485
Cost of revenue	18	**(210,957,342)**	(169,468,060)
Gross profit		**377,425,398**	272,997,425
Selling and marketing expenses	19	**(210,410,217)**	(141,574,602)
General and administrative expenses	20	**(29,297,909)**	(22,018,199)
Operating profit		**137,717,272**	109,404,624
Finance costs	21	**(7,634,274)**	(6,236,710)
Other income	22	**2,859,981**	3,939,505
Profit for the year before Zakat		**132,942,979**	107,107,419
Zakat	15	**(7,596,263)**	(6,139,586)
Net profit for the year		**125,346,716**	100,967,833
Other comprehensive income:			
Other comprehensive income items which will not be subsequently reclassified to profit or loss:			
Foreign currency translation 1		**(203,730)**	35,942
Change in fair value of financial assets at fair value through other comprehensive income		**32,605**	(67,760)
Actuarial remeasurement of end-of-service benefits liability	13	**603,598**	(299,531)
Total other comprehensive income for the year		**432,473**	(331,349)
Total comprehensive income for the year		**125,779,189**	100,636,484

The accompanying notes from (1) to (29) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A limited liability Company)
STATEMENT OF CHANGES IN EQUITY
(In Saudi Riyals)

	Share Capital	Statutory Reserve	Retained Earnings	Actuarial measurement of end-of-service benefits liability reserve	Fair value reserve	Foreign currency translation reserve	Total Equity
FOR THE YEAR ENDED 31 DECEMBER 2021G							
Balance as at 1 January 2021G	50,000,000	15,000,000	241,969,022	320,536	66,525	(14,868)	307,341,215
Net profit for the year	-	-	100,967,833	-	-	-	100,967,833
Other comprehensive income items	-	-	-	(299,531)	(67,760)	35,942	(331,349)
Total comprehensive income for the year	-	-	100,967,833	(299,531)	(67,760)	35,942	100,636,484
Dividends paid (Note 25)	-	-	(118,000,000)	-	-	-	(118,000,000)
Balance as at 31 December 2021G	50,000,000	15,000,000	224,936,855	21,005	(1,235)	21,074	289,977,699
FOR THE YEAR ENDED 31 December 2022G							
Balance as at 1 January 2022G	50,000,000	15,000,000	224,936,855	21,005	(1,235)	21,074	289,977,699
Net profit for the year	-	-	125,346,716	-	-	-	125,346,716
Other comprehensive income	-	-	-	603,598	32,605	(203,730)	432,473
Total comprehensive income for the year	-	-	125,346,716	603,598	32,605	(203,730)	125,779,189
Increase in share capital	200,000,000	-	(200,000,000)	-	-	-	-
Transfer to statutory reserve	-	12,534,672	(12,534,672)	-	-	-	-
Dividends paid (Note 25)	-	-	(98,000,000)	-	-	-	(98,000,000)
Balance as at 31 December 2022G	**250,000,000**	**27,534,672**	**39,748,899**	**624,603**	**31,370**	**(182,656)**	**317,756,888**

The accompanying notes from (1) to (29) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A limited liability Company)
STATEMENT OF CASH FLOWS
(In Saudi Riyals)

	Note	FOR THE YEAR ENDED 31 DECEMBER	
		2022G	2021G
Operating activities:			
Profit before Zakat		**132,942,979**	107,107,419
Adjustments for:			
(Reversal) Allowance for expected credit losses expense	22	**(4,262,665)**	1,374,884
Provision for slow-moving inventories expense	9	**979,929**	4,858,284
Depreciation of property and equipment	5	**23,210,027**	10,845,625
Amortization of Right-of-use Assets	6	**60,739,893**	41,627,265
Finance cost	21	**7,634,274**	6,121,694
Amortization of intangible assets	7	**721,280**	702,577
Rent concessions	6	**(263,582)**	(1,562,943)
Employee benefit provision expense	13	**2,873,489**	1,759,512
Losses on disposal of property and equipment	22	**1,190,549**	1,211,622
Losses on disposal of leases		**(25,913)**	-
Dividends from financial assets at fair value through other comprehensive income (FVOCI)	8	**-**	(31,205)
		225,740,260	174,014,734
Changes in:			
Trade receivables		**(3,755,599)**	(827,724)
Prepaid expenses and other receivables**		**(19,093,822)**	(1,586,396)
Due from related parties		**8,487,664**	(6,159,760)
Inventories		**(7,672,575)**	12,561,687
Trade Payables		**316,396**	3,453,810
Payables and other credit balances		**20,225,772**	(6,240,020)
Due to related parties*		**18,611,448**	-
Cash flows generated from operating activities		**242,859,544**	175,216,331
Employee benefits paid	13	**(598,153)**	(888,851)
Zakat Paid	14	**(6,139,586)**	(6,632,035)
Net cash flows generated from operating activities		**236,121,805**	167,695,445
Investing activities			
Additions to property and equipment*	5	**(58,959,232)**	(17,246,667)
Additions to financial assets at fair value through other comprehensive income (FVOCI)	8	**-**	(2,700,000)
Proceeds from financial assets at fair value through other comprehensive income (FVOCI)	8	**-**	31,205
Additions to intangible assets	7	**(564,224)**	(525,881)
Proceeds from disposal of property and equipment		-	483,661
Net cash flows used in investing activities		**(59,523,456)**	(19,957,682)
Financing activities			
Lease liabilities paid**	6	**(63,372,144)**	(36,889,757)
Proceeds from short-term loans		**49,000,000**	-
Short-term loans paid		**(49,335,958)**	-
Dividends	26	**(98,000,000)**	(118,000,000)
Net cash flows used in financing activities		**(161,708,102)**	(154,889,757)
Net increase (decrease) in cash and cash equivalents		**14,890,247**	(7,151,994)
Cash and cash equivalents at the beginning of the year		**6,989,470**	14,141,464
Cash and cash equivalents at the end of the year		**21,879,717**	6,989,470
Non-cash transactions:			
*Additions to property and equipment		**(9,056,401)**	-
**Transferred from prepaid rent to lease liabilities		**-**	3,604,589
Actuarial loss from remeasurement of employee benefit liabilities		**(603,598)**	299,531
Changes in fair value through other comprehensive income FVOCI		**(32,605)**	(67,760)

The accompanying notes from (1) to (29) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022G
(All amounts are in Saudi Riyals unless otherwise stated)

1. LEGAL STRUCTURE AND COMPANY ACTIVITY

Al-Majed for Oud Company (" the Company"), is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number (1010045397) dated 15 Ramadan 1402 (H), corresponding to 7 July 1982 (G).

The Company's activities include wholesale and retail of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts, and decorative flowers. The Company is also involved in the manufacture of room fragrances, air fresheners, men's and women's perfumes, oud oil, oud, incense, mixing and packaging of perfumes and oils, and plants.

The registered office is located in 4299 King Abdulaziz Road, As Sahafah Dist., Riyadh 11612, Kingdom of Saudi Arabia.

The accompanying financial statements include the Company's branches in the Kingdom of Saudi Arabia, Kuwait, the United Arab Emirates, and Bahrain listed below, which operate under the following subsidiary commercial registrations:

City	Date	Commercial Registration Number	Branch Name
Riyadh	10/1430 AH	1010274472	Al Majed Factory for Oud
Al kharj	10/1433 AH	1011018060	Al-Majed for Oud Company
Dawadmi	02/03/1437 AH	1116011287	Al-Majed for Oud Company
Anaizah	07/08/1434 AH	1128016770	Al-Majed for Oud Company
Buraidah	03/1429 AH	1131025830	Al-Majed for Oud Company
Alrass	02/1434 AH	1132008578	Al-Majed for Oud Company
Alrass	01/1439 AH	1132011121	Al-Majed for Oud Company
Wadi Al -Dawasir	01/04/1437 AH	1185006703	Al-Majed for Oud Company
Dammam	08/08/1426 AH	2050049500	Al-Majed for Oud Company
Khobar	04/1429 AH	2051037044	Al-Majed for Oud Company
Khobar	11/06/1439 AH	2051220451	Al-Majed for Oud Company
Dhahran	11/06/1439 AH	2052101099	Al-Majed for Oud Company
Jubail	08/08/1438 AH	2055025923	Al-Majed for Oud Company
Al -Nayriyah	03/1436 AH	2056005355	Al-Majed for Oud Company
Khafji	02/22/1436 AH	2057007450	Al-Majed for Oud Company
Al Ahsa	08/1430 AH	2250039200	Al-Majed for Oud Company
Hafar Al -Batin	07/27/1431 AH	2511011270	Al-Majed for Oud Company
Hail	06/05/1437 AH	3350044003	Al-Majed for Oud Company
Sakaka	09/09/1436 AH	3400019379	Al-Majed for Oud Company
Arar	08/21/1436 AH	3450014893	Al-Majed for Oud Company
Qurayyat	11/20/1440 AH	3452145620	Al-Majed for Oud Company
Rafha	07/1436 AH	3453004740	Al-Majed for Oud Company
Tabuk	06/1434 AH	3550030104	Al-Majed for Oud Company
Jeddah	08/26/1429 AH	4030182374	Al-Majed for Oud Company
Makkah	12/30/1428 AH	4031052042	Al-Majed for Oud Company
Makkah	10/23/1435 AH	4031087091	Al-Majed for Oud Company
Makkah	10/23/1435 AH	4031087092	Al-Majed for Oud Company
Taif	07/08/1434 AH	4032038280	Al Majed Company for Oud, Ltd.
Taif	07/08/1434 AH	4032050015	Al-Majed for Oud Company

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City	Date	Commercial Registration Number	Branch Name
Al Qnufuza	07/29/1436 AH	4603008701	Al-Majed for Oud Company
Madinah	07/27/1431 AH	4650049235	Al-Majed for Oud Company
Yanbu	08/07/1435 AH	4700017834	Al-Majed for Oud Company
Al Bahah	04/04/1435 AH	5800017243	Al-Majed for Oud Company
Baljurashi	05/1438 AH	5801021348	Al-Majed for Oud Company
Abha	11/1438 AH	5850071171	Al-Majed for Oud Company
Bisha	02/30/1434 AH	5851005599	Al-Majed for Oud Company
Khamis Mushait	01/1434 AH	5855047951	Al-Majed for Oud Company
Al Namas	01/1440 AH	5859611644	Al-Majed for Oud Company
Mahayil Asir	11/11/1438 AH	5860071138	Al-Majed for Oud Company
Jizan	02/11/1436 AH	5900030985	Al-Majed for Oud Company
Jizan	06/05/1437 AH	5900033979	Al-Majed for Oud Company
Sabya	06/05/1437 AH	5906034157	Al-Majed for Oud Company
Najran	07/07/1435 AH	5950029739	Al-Majed for Oud Company
Dubai	11/02/1443 AH	979510	Al-Majed for Oud Company
Bahrain	03/09/1442 AH	145006-1	Al-Majed for Oud Company
Kuwait	27/04/1439 AH	3417	Al-Majed for Oud Company

2. BASIS OF PREPARATION

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Wherever the phrase "IFRS" appears in these notes, it refers to "International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA)".

The accompanying financial statements of the Company have been prepared under the historical cost convention, except for employee end-of-service benefits liabilities and financial investments at fair value through comprehensive income in accordance with the paragraphs on the significant accounting policies applied by the Company.

The financial statements of the Company are presented in Saudi Riyals ("SR"), which is the Company's functional currency. All financial information has been rounded off to the nearest SR, unless otherwise indicated. The Company's financial year starts from the first of January and ends at the end of December of each Gregorian calendar year.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies applied by the Company in preparing the financial statements. These policies have been consistently applied over the years presented, unless otherwise stated.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position of the Company based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.2 Fair value measurement of assets and liabilities

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

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

The principal or (the most advantageous market) must be accessible by the Company at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is disclosed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs for the asset or liability that are unobservable (not based on observable market data).

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

3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, classification, and presentation

Financial assets or financial liabilities are recognized in its statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

A. Fair value (either through other comprehensive income or through profit or loss); and

B. Amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all the non-derivative financial liabilities at amortized cost.

Measurement

Initial Measurement

Financial assets and financial liabilities are initially measured at fair value plus transaction costs directly attributable to the acquisition, disposal, or deduction from the financial assets and financial liabilities (excluding financial assets and financial liabilities at fair value where the transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognized directly in the statement of profit or loss and other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement of financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

1. Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Company's financial assets at amortized cost include cash and cash equivalents, trade receivables and other financial assets at amortized cost.

Trade receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. For goods sold to a customer on short-term credit, a receivable is initially recognized at the undiscounted amount of cash receivable, which is normally the invoice price. For an item sold to a customer on interest-free credit, a receivable is initially recognized at the present value of the receivable discounted using the prevailing market rate of interest for a similar receivable. Subsequently, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade receivable are reviewed by management to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in the statement of income.

2. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss ("FVTPL") are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Company may incur on sale or disposal of the financial asset in future.

3. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income ("FVOCI") are re-measured to fair value at each financial reporting date.

The Company classifies its investment in Saudi Aramco and Al Manjam Company for foods as financial asset at FVOCI.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI is reclassified to profit or loss in case of debt instruments. However, there is no subsequent reclassification of fair value profits and losses to profit or loss in the case of equity instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement Category	Recognition and Presentation of Gains and Losses
Amortized cost	The following items are recognized in profit or loss: • interest income using the effective interest method; • expected credit losses and reversals; and • foreign exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in profit or loss.
Fair value through other comprehensive income (FVOCI) – Debt instruments	Gains and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortized cost: • interest income using the effective interest method; • expected credit losses and loss reversals; and • foreign exchange gains and losses.
Fair value through other comprehensive income (FVOCI) – Equity investments	Profits and losses are recognized in other comprehensive income. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
Fair value through profit or loss (FVTPL)	Profits and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

A. Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities;

Measured at fair value through profit or loss;

1. That arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;
2. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
3. That are financial guarantee contracts; and
4. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Gains or losses on financial liabilities that are measured at fair value recognized in profit or loss.

B. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities falling under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial recognition, the Company measures financial liabilities at fair value with changes recognized in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Profits or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liabilities is presented in OCI; and
2. The remaining amount of change in the fair value of the financial liabilities is presented in profit or loss.

4. Liabilities other than financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are measured at amortized cost using the EIR method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

Impairment of financial instruments

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit loss (“ECL”) model assessment for trade receivables

As at the year end, the Company has trade receivables as financial assets carried at amortized cost. For trade receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Presentation of impairment of assets

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to rent receivables are presented separately in the statement of comprehensive income.

Impairment of financial assets

Impairment of financial assets

Impairment of financial assets is recognized in the statement of financial position when the rights to receive cash flows from financial assets have expired. have been transferred, or substantially transferred all risks and rewards of ownership. The difference in the carrying amount is recognized in the statement of profit or loss.

Impairment of financial liabilities

Financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expired, or legally released.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial asset and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.4 Account receivables and other receivables

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

3.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the first-in, first out method and comprises of cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of the business less estimated costs necessary to be incurred in order to make the sale.

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any). Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of property and equipment are depreciated separately from other parts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to the profit or loss account during the financial period in which they were incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Years
Machinery and equipment	10
Buildings	20
Advertising boards	10
Computers and electronic equipment's	4
Vehicles and transportation	4
Office Furniture and Fixtures	10
Leasehold improvements	Per contract term.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and OCI when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets are carried in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

The useful lives are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives. The estimated useful life and the amortization method are reviewed at the end of each financial year, taking into account the effect of any changes in estimates on a prospective basis.

Intangible assets that do not have an indefinite life are not amortized but are tested annually for impairment. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. The effect of change in useful life from indefinite to finite is considered as a future adjustment.

Derecognition of intangible assets

Intangible assets are derecognized on disposal or when no further economic benefits are expected, either from further use or from disposal. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount and recognized in the statement of profit or loss.

3.7 Leases - IFRS 16

The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements, the Company recognizes right of use assets and lease liabilities, except for short-term leases and leases of low-value assets as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement 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 at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.8 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in statement of profit or loss and OCI within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in statement of profit or loss and OCI.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Payables and other credit balances

These amounts represent liabilities relating to services provided to the Company before the end of the financial year which have not been paid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of provisions to be reimbursed, the reimbursement is recognized a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision are presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due the passage of time is recognized as a finance charge.

3.11 Employee benefits

The level of benefit provided is based on the length of service and earnings of the person entitled and computed in accordance with the rules stipulated in the Saudi Labor and Workmen Law.

The liability for employee benefits, being a defined benefit plan, is determined using the Projected Unit Credit Method, with actuarial valuations being conducted at the end of annual reporting periods. The related liability recognized in the statement of financial position is the present value of the employee benefits liability at the end of the reporting period.

The discount rate applied in arriving at the present value of employee benefits liabilities represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

Employee benefit obligations costs are categorized as follows:

1. current service cost (increase in the present value of employee benefits obligations resulting from employee service in the current period);
2. Finance costs (calculated by applying the discount rate at the beginning of the period to the employee benefits obligations); and
3. remeasurement.

Current service cost and the Finance costs arising on the employee benefit obligations liability are included in the same line items in the statement of profit or loss as employee-related costs.

Remeasurement, comprising actuarial gains and losses, is recognized in full in the period in which it occurs, in OCI without recycling to profit or loss in subsequent periods. Amounts recognized in OCI are recognized immediately in retained earnings.

3.12 Statutory reserve

In accordance with the Regulations for Companies and Company’s by-laws, the Company is required to transfer 10% of its net income for the year to the statutory reserve. The Company may decide to stop such transfers when the total reserve equals 30% of the capital. This reserve is not available for dividend distribution.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- Revenue from Contracts with Customers:

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized at the time the performance obligation is fulfilled when the goods are sold and control of the product is transferred to the customer, which is considered to be at a point in time, when the customer has acquired the product. Upon the purchase of the product by the customer, payment of the transaction price is due immediately.

3.14 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment are calculated when determining such amounts.

3.15 New standards, amendments, and interpretations:

The Company has adopted the following new standards and amendments for the first time, as of January 1, 2022G:

Amendments to IFRS 3, IAS 16, and IAS 37

- IFRS 3 'Business Combinations' updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 "Property, Plant, and Equipment" prohibits the Company from deducting from the cost of property, plant, and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, the Company will recognize such sales proceeds and related cost in profit or loss.
- IAS 37 'Provisions, contingent liabilities and contingent assets' specify the costs that the Company includes when assessing whether a contract will be loss-making.

The adoption of these amendments did not have any material impact on the financial statements during the year.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards issued but not yet adopted

Following are the new standards and amendments to standards which are effective for the years beginning on or after January 1, 2023G and earlier application is permitted, however, the Company has not early adopted them in preparing these financial statements. The adoption of these standards was studied and did not have a material impact on the financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities

These narrow-scope amendments to IAS 1 "Presentation of Financial Statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or even after the reporting date (for example: the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.

Amendments to IAS 1, Practice Statement 2 and IAS 8

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

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

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

In the Company's management opinion, these standards, amendments to standards, and interpretations will not clearly impact the Company. The Company intends to adopt these standards, if applicable, when they become effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to exercise judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying notes and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Useful lives of property, plant, and equipment

Useful lives of property, plant, and equipment are estimated according to new facts available to the Company's management. The estimated useful lives of property, plant, and equipment are determined by management for the purposes of calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and changes in depreciation charge (if any) are adjusted in the current and future periods.

Impairment losses on trade and other receivables

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written off when management deems them not to be collectible.

Impairment of inventories

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Employee end of service benefits

The cost of defined benefit obligations for employee end-of-service benefits is determined based on actuarial valuations. Such actuarial valuations involve making many assumptions which may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and mortality rates. Given the complex nature of the valuation and the intended assumptions and their long-term nature, defined benefit obligations are highly impacted by changes in these assumptions. All assumptions are reviewed at each annual financial reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the commission rates of corporate bonds, in currencies consistent with the currencies of the defined post-employment employee benefit obligations, and estimated as needed along the yield rate to correspond with the expected term of the defined benefit obligation. The quality of bonds in question is also reviewed. Those bonds with high credit margins are excluded from the bond analysis on which the discount rate was determined, as they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the concerned country. These mortality tables are subject to change only from time to time according to demographic changes. Future salary increases are based on expected future inflation rates for the countries concerned and future salary increases.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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5. PROPERTY AND EQUIPMENT

FOR THE YEAR ENDED 31 December 2022G	Machinery and equipment	Lands	Buildings	Advertising boards	Computers and electronic equipment's	Vehicles and transportation	Office Furniture and Fixtures	Leasehold improvements	Projects under construction	Total
Cost										
At1 January 2022G	11,307,960	-	12,918,364	2,515,415	14,913,661	3,633,774	65,663,884	-	3,775,190	114,728,248
Reclassification	14,125	-	-	(2,515,415)	(291,806)	1,954	(56,625,764)	59,444,101	256,187	283,382
Additions	206,586	27,349,904	3,657,144	-	3,771,738	250,857	1,092,359	7,659,532	24,591,737	68,579,857
Transferred from PUC	-	-	38,587	-	318,332	-	-	23,005,354	(23,362,273)	-
Transferred to intangible assets	-	-	-	-	-	-	-	-	(564,224)	(564,224)
Disposals	(10,356)	-	-	-	(391,470)	(35,004)	(2,197,908)	(1,599,191)	-	(4,233,929)
Foreign currency translation differences	(110)	-	-	-	(2,952)	(2,945)	(19,776)	(9,468)	(4,755)	(40,006)
At 31 December 2022G	**11,518,205**	**27,349,904**	**16,614,095**	**-**	**18,317,503**	**3,848,636**	**7,912,795**	**88,500,328**	**4,691,862**	**178,753,328**
Accumulated Depreciation										
At1 January 2022G	7,005,134	-	5,557,281	1,202,653	9,085,076	3,186,653	27,761,341	-	-	53,798,138
Reclassification	11,165	-	-	(1,202,653)	(166,245)	1,223	(24,661,964)	26,301,856	-	283,382
Depreciation for the year	1,036,722	-	683,799	-	3,261,126	279,651	1,038,320	16,910,409	-	23,210,027
Disposals	(3,670)	-	-	-	(137,701)	(35,002)	(1,317,602)	(1,549,405)	-	(3,043,380)
Foreign currency translation differences	(72)	-	-	-	(2,057)	(2,404)	(6,399)	(3,936)	-	(14,868)
At 31 December 2022G	**8,049,279**	**-**	**6,241,080**	**-**	**12,040,199**	**3,430,121**	**2,813,696**	**41,658,924**	**-**	**74,233,299**
Net Book Value:										
At 31 December 2022G	**3,468,926**	**27,349,904**	**10,373,015**	**-**	**6,277,304**	**418,515**	**5,099,099**	**46,841,404**	**4,691,862**	**104,520,029**
At 31 December 2021G	**4,302,826**	**-**	**7,361,083**	**1,312,762**	**5,828,585**	**447,121**	**37,902,543**	**-**	**3,775,190**	**60,930,110**

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5. PROPERTY AND EQUIPMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021G	Machinery and equipment	Lands	Buildings	Advertising boards	Computers and electronic equipment	Transfer and transporta- tion	Office Furniture and Fittings	Leasehold improvements	Projects under construction	Total
Cost										
At 1 January 2021G	11,814,243	-	12,918,364	2,216,341	13,056,631	3,945,208	55,278,838	-	4,253,583	103,483,208
Additions	342,598	-	-	488,480	2,161,215	227,208	13,754,168	-	272,998	17,246,667
Transferred from PUC	-	-	-	-	-	-	751,391	-	(751,391)	-
Disposals	(848,881)	-	-	(189,406)	(304,185)	(538,642)	(4,120,513)	-	-	(6,001,627)
At 31 December 2021G	11,307,960	-	12,918,364	2,515,415	14,913,661	3,633,774	65,663,884	-	3,775,190	114,728,248
Accumulated Depreciation										
At 1 January 2021G	6,606,181	-	4,911,363	1,078,305	6,652,004	3,015,220	25,031,726	-	-	47,294,799
Depreciation for the year	1,182,944	-	645,918	273,219	2,713,625	363,917	5,666,002	-	-	10,845,625
Disposals	(783,991)	-	-	(148,871)	(280,553)	(192,484)	(2,936,387)	-	-	(4,342,286)
At 31 December 2021G	7,005,134	-	5,557,281	1,202,653	9,085,076	3,186,653	27,761,341	-	-	53,798,138
Net Book Value:										
At 31 December 2021G	4,302,826	-	7,361,083	1,312,762	5,828,585	447,121	37,902,543	-	3,775,190	60,930,110
At 31 December 2020G	5,208,062	-	8,007,001	1,138,036	6,404,627	929,988	30,247,112	-	4,253,583	56,188,409

The depreciation charge for the year was allocated as follows:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Cost of revenue (note 18)	**2,660,310**	2,570,597
Selling and marketing expenses (Note 19)	**19,699,619**	7,409,122
General and administrative expenses (Note 20)	**850,098**	865,906
	23,210,027	10,845,625

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6. LEASES

Information about leases for which the Company is a lessee is presented below:

6.1 Right-of-use Assets

	As at 31 December	
	2022G	2021G
Cost		
Balance as at the beginning of the year	**295,806,697**	259,157,040
Additions during the year	**118,873,723**	36,649,657
Disposals during the year	**(4,512,204)**	-
Foreign Currency translation difference	**(543,346)**	-
Balance as at the end of the year	**409,624,870**	295,806,697
Accumulated amortization		
Balance as at the beginning of the year	**110,437,646**	68,810,381
Amortization charge for the year	**60,739,893**	41,627,265
Disposals during the year	**(2,189,813)**	-
Foreign currency translation difference	**(211,454)**	-
Balance as at the end of the year	**168,776,272**	110,437,646
Net book value	**240,848,598**	185,369,051

6.2 Lease Liabilities

	As at 31 December	
	2022G	2021G
Balance at the beginning of the year	**172,748,121**	172,886,485
Additions during the year	**114,080,573**	35,979,657
Finance costs (Note 21)	**7,063,163**	6,121,694
Payments made during the year	**(63,372,144)**	(37,072,186)
Transferred from prepaid rent to lease liabilities	**-**	(3,604,589)
Disposals during the year	**(2,348,304)**	-
Lease concessions (Note 22)	**(263,582)**	(1,562,940)
Foreign currency translation difference	**(285,826)**	-
Balance at the end of the year	**227,622,001**	172,748,121

Lease liability is presented in the statement of financial position as follows:

	As at 31 December	
	2022G	2021G
Current portion	**67,659,711**	45,746,199
Non-current portion	**159,962,290**	127,001,922
	227,622,001	172,748,121

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6.3 Amounts recognized in the statement of profit or loss:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Depreciation of right-of-use assets	**60,739,893**	41,627,265
Finance costs related to lease liabilities	**7,063,163**	6,121,694

7. INTANGIBLE ASSETS

	As at 31 December	
	2022G	2021G
Cost		
Balance at 1 January	**3,072,997**	2,547,116
Additions during the year	**564,224**	525,881
Foreign currency translation difference	**(60)**	-
Balance as at 31 December	**3,637,161**	3,072,997
Accumulated amortization		
Balance at 1 January	**1,611,071**	908,494
Amortization charge for the year	**721,280**	702,577
Foreign currency translation difference	**(41)**	-
Balance as at the end of the year	**2,332,310**	1,611,071
Net book value	**1,304,851**	1,461,926

8. FINANCIAL ASSETS AT FVOCI

The movement on investments in equity instruments at FVOCI is as follows:

	As at 31 December	
	2022G	2021G
Balance at the beginning of the year	**3,408,365**	776,125
Additions during the year	**-**	2,700,000
Change in fair value	**32,605**	(67,760)
Balance at the end of the period	**3,440,970**	3,408,365

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9. INVENTORIES

	As at 31 December	
	2022G	2021G
Raw materials	**86,787,993**	97,203,313
Finished goods	**117,622,695**	103,812,292
Goods in process	**13,213,272**	8,594,044
Packaging materials	**5,076,465**	5,610,024
Goods in transit	**484,017**	292,194
Less: Provision for slow moving inventories	**(13,634,413)**	(12,654,484)
	209,550,029	202,857,383

The movement in the provision for slow moving inventories was as follows:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Balance at the beginning of the year	**12,654,484**	7,796,200
Charged during the year (Note 18)	**2,986,347**	4,858,284
Used during the year	**(2,006,418)**	-
Balance at the end of the period	**13,634,413**	12,654,484

10. TRADE RECEIVABLES

	As at 31 December	
	2022G	2021G
Trade receivables	**4,481,172**	861,363
Less: Allowance for expected credit losses	**(99,277)**	-
	4,381,895	861,363

The movement in the allowance for expected credit losses was as follows:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Balance at the beginning of the year	**-**	-
Charged during the year	**(99,277)**	-
Balance at the end of the year	**(99,277)**	-

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11. RELATED PARTIES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its partners. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

There were no special terms and conditions with the aforementioned related parties as compared to un-related parties. Outstanding balances at the end of the year are unsecured and the settlement occurs in cash. There have been no guarantees provided or received for any related party balances.

11.1 Related party transactions

The following is a statement of the most significant transactions with related parties for the year ended December 31:

Related Party Name	Nature of Relationship
Khalta for Perfumes Company	Affiliate
Turki Ali Al Majed Trading Co	Affiliate
Aromatic Mixture Company	Affiliate
Reef Perfumes Trading Company	Affiliate
Osus Real Estate Company	Affiliate

Related Party Name	Nature of Transaction	FOR THE YEAR ENDED 31 DECEMBER	
		2022G	2021G
Khalta for Perfumes Company	Sales	**2,992,900**	38,216,180
Aromatic Mixture Company	Revenue from operating for others	**654,731**	185,304
Reef Perfumes Trading Company	Sales	**3,169,510**	2,607,807

11.2 Related party balances

The following is a summary of related party balances:

Due from related parties	As at 31 December	
	2022G	2021G
Khalta for Perfumes Company	-	8,980,016
Reef Perfumes Trading Company	**724,032**	166,473
Aromatic Mixture Company	**133,595**	11,732
Turki Ali Al Majed Trading Co	-	3,236,137
	857,627	12,394,358
Allowance for expected losses	-	(4,361,942)
	857,627	8,032,416

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11. RELATED PARTIES (CONTINUED)

Due to related parties	As at 31 December	
	2022G	2021G
Khalta for Perfumes Company	**27,667,849**	-

A. The movement in allowance for expected credit losses from related parties is as follows:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Balance as at the beginning of the year	**4,361,942**	2,987,058
Charged during the year	**-**	1,374,884
Provision no longer required	**(4,361,942)**	-
Balance at the end of the year	**-**	4,361,942

11.3 Key management personnel compensation

Directors and other key management personnel wages are as follows:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Salaries and short-term benefits	**3,388,537**	2,731,826
End of service benefits	**482,133**	204,652
	3,870,670	2,936,478

12. PREPAYMENTS AND OTHER DEBIT BALANCES

	As at 31 December	
	2022G	2021G
Prepayments to trade payables	**26,193,895**	20,185,741
Refundable Insurance	**5,264,462**	3,666,179
Prepaid rent	**2,827,437**	2,756,157
Employee’s receivables	**4,842,306**	918,941
Others	**7,117,437**	1,368,780
	46,245,537	28,895,798

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13. END-OF-SERVICE BENEFITS LIABILITY

The Company's employee end of service benefits liabilities plan is an unfunded plan. Cash generated from operations is considered sufficient to meet employee end of service benefits liabilities as they become due.

The movement in employee end-of-service liability is as follows:

	As at 31 December	
	2022G	2021G
Balance at the beginning of the year	**7,119,310**	5,949,118
Service cost	**2,873,489**	1,644,496
Finance costs (Note 21)	**235,153**	115,016
Payments during the year	**(598,153)**	(888,851)
Remeasurement of actuarial liabilities	**(603,598)**	299,531
Foreign currency translation differences	**(3,283)**	-
Balance at the end of the year	**9,022,918**	7,119,310

Amounts recognized in the statement of profit or loss:

	As at 31 December	
	2022G	2021G
Current service cost	**2,873,489**	1,644,496
Finance costs	**235,153**	115,016
	3,108,642	1,759,512

The principal assumptions used in determining employee benefit obligations are shown below:

	As at 31 December	
	2022G	2021G
Discount rate	**4.07%**	2.75%
Salary increase rate	**4.00%**	4.75%
Retirement age (in years)	**60**	60

Sensitivity analysis:

	As at 31 December 2022G		As at 31 December 2021G	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	**8,614,184**	**9,455,719**	6,852,336	7,243,898
Salary increase rate	**9,451,766**	**8,610,070**	7,528,670	6,852,336

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14. PAYABLES AND OTHER CREDIT BALANCES

	As at 31 December	
	2022G	2021G
Employees Accruals	**15,052,907**	5,908,469
Accrued expenses	**565,120**	587,834
Value Added Tax (VAT)	**11,267,690**	1,494,897
Others	**2,257,845**	926,590
	29,143,562	8,917,790

15. ZAKAT

15.1 Zakat charge for the year consists of the following:

	As at 31 December	
	2022G	2021G
Current year provision	**7,596,263**	6,139,586

The significant components of the zakat base, for the year ended 31 December are as follows:

	As at 31 December	
	2022G	2021G
Total shareholders' equity	**404,037,669**	342,811,944
Balance at the beginning of the period for provisions and other additions	**244,814,028**	(36,298,393)
Net book value of long-term assets	**(349,968,148)**	(60,930,111)
Zakat base for the year	**298,883,549**	245,583,440
Accrued zakat	**7,596,263**	245,583,440

The differences between the financial and the Zakat results are mainly due to provisions and amounts that completed a full year cycle, which affected the calculation of the Zakat results for the year.

15.2 Provision for Zakat

The movement in the due Zakat provision was as follows:

	As at 31 December	
	2022G	2021G
As at the beginning of the year	**6,139,586**	6,632,035
Charge for the year	**7,596,263**	6,139,586
Payments during the year	**(6,139,586)**	(6,632,035)
Balance at the end of the year	**7,596,263**	6,139,586

15.3 Zakat assessment status

The Company has submitted its zakat return to Zakat, Tax and Customs Authority ("ZATCA") and received zakat certificates for all years up to 2020G. ZATCA has finalized zakat assessments for all years up to 31 December 2017. The Company has not received zakat assessment for years from 2018 to 2022G from ZATCA.

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16. SHARE CAPITAL

As at 31 December 2022, the Company's capital consists of 250,000,000 SR (2021: 50,000,000 SR) divided into 250,000 quotas (2021: 50,000) with a nominal value of 1,000 SR (2021: 1,000 SR).

	As at 31 December	
	2022G	2021G
Khalid bin Ali bin Othman Al-Majed	**56,250,000**	12,500,000
Saad bin Ali bin Othman Al-Majed	**56,250,000**	12,500,000
Sulaiman bin Ali bin Othman Al-Majed	**56,250,000**	12,500,000
Majed bin Ali bin Othman Al-Majed	**56,250,000**	12,500,000
Bader bin Ali bin Othman Al-Majed	**12,500,000**	-
Muhammad bin Ali bin Othman Al-Majed	**12,500,000**	-
	250,000,000	50,000,000

On 17 Ramadan 1443H (corresponding to 18 April 2022G), the shareholders decided to increase the capital from 50,000,000 SR to 250,000,000 SR, an increase of 200,000,000 SR divided into 200,000 ordinary shares, with a nominal value of 1,000 SR each, through capitalization of 200,000,000 SR from the Company's retained earnings. The legal formalities in relation to this matter were completed during the year ended 31 December 2022G.

17. REVENUE

The disaggregation of the Company's revenue from contracts with customers is as follows:

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Sales	**1,078,384,300**	743,093,412
Sales discount	**(490,001,560)**	(300,627,927)
	588,382,740	442,465,485
Timing of revenue recognition		
Transfer of goods at a point in time.	**588,382,740**	442,465,485

17.1 Performance obligation

The performance obligation is satisfied at the point of sale, and payment is received at the same time.

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18. COST OF REVENUE

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Cost of goods sold	**180,926,280**	146,809,657
Provision for slow moving inventories (Note 9)	**2,986,347**	4,858,284
Direct labor	**9,830,208**	6,620,681
Depreciation of property and equipment (Note 5)	**2,660,310**	2,570,597
Right of use amortization (Note 6.1)	**1,506,776**	1,514,537
Others	**13,047,421**	7,094,304
	210,957,342	169,468,060

19. SELLING AND MARKETING EXPENSES

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Staff Costs	**80,833,046**	58,501,063
Right of use amortization (Note 6.1)	**57,596,863**	39,030,155
Advertising and marketing	**31,019,818**	22,584,254
Depreciation of property and equipment (Note 5)	**19,699,619**	7,409,122
Rents	**7,873,406**	2,039,683
Consumables	**4,558,621**	1,939,041
Facilities	**1,911,546**	1,278,661
Government fees	**1,153,217**	944,597
Allowance for expected credit losses (Notes 10, 11)	**(4,262,665)**	1,374,884
Freight expenses	**1,320,151**	776,744
Bank expenses	**1,294,103**	701,039
Collection expenses	**543,821**	181,781
Amortization of intangible assets (Note 7)	**155,501**	144,448
Transportation expenses	**152,550**	115,953
Others	**6,560,620**	4,553,177
	210,410,217	141,574,602

Al Majed for Oud Company
(A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022G
(All amounts are in Saudi Riyals unless otherwise stated)

20. GENERAL AND ADMINISTRATIVE EXPENSES

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Staff Costs	**21,345,764**	15,078,473
Right of use amortization (Note 6.1)	**1,661,458**	1,082,573
Rents	**32,092**	196,872
Professional fees	**1,809,424**	1,392,121
Depreciation of property and equipment (Note 5)	**850,098**	865,906
Amortization of intangible assets (Note 7)	**556,628**	543,029
Technical support	**1,424,120**	504,141
Government fees	**252,697**	111,567
Telephone and internet	**295,533**	329,951
Cleaning and hospitality	**177,947**	239,160
Security Expenses	**89,723**	136,900
Facilities	**109,274**	115,954
Rent of cars and equipment	**95,760**	97,354
Consumables	**144,148**	130,664
Bank expenses	**124,970**	35,603
Others	**328,273**	1,157,931
	29,297,909	22,018,199

21. FINANCE COSTS

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Interest cost on leases (Note 6.2)	**7,063,163**	6,121,694
Interest cost on a loan	**335,958**	-
Interest cost on end-of-service benefits liability	**235,153**	115,016
	7,634,274	6,236,710

22. OTHER INCOME

	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Revenue from operating for others	**2,301,538**	3,469,689
Lease concessions (Note 6.2)	**263,582**	1,562,943
Losses on disposal of assets	**(897,046)**	(1,211,622)
Gains on disposal of leases	**27,139**	-
Dividends	**177,473**	31,205
Others	**987,295**	87,290
	2,859,981	3,939,505

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets consist of cash and cash equivalents, other financial assets measured at amortized cost, receivables, and financial assets at FVOCI, while financial liabilities consist of trade and other payables and due to related parties. All assets were classified as financial liabilities as at 31 December 2022G in the amortized cost line, except financial assets designated at FVOCI, measured on the basis of fair value.

Financial assets at FVOCI are classified under level 1 of the fair value measurement hierarchy.

24. FINANCIAL RISK MANAGEMENT

The Company's principal financial risks relate to market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company is not exposed to foreign currency risk as the Company's transactions are in Saudi Riyals.

The Company is exposed to risks from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in all of these financial statements.

There have been no material changes in the Company's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board of Directors has overall responsibility for the determining the Company's risk management objectives and policies. The Company's finance function assists the Board of Directors in discharging its responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies. The overall objective of the Board is to develop policies aimed at minimizing risk.

Cash flow and fair value interest rate risks

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not significantly exposed to fair value interest rate risk as the interest rate on borrowings is close to the current market rate. The Company is exposed to cash flow interest rate risk as borrowings carries variable interest rate.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with banks having sound credit ratings. The Company seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and by monitoring outstanding receivables.

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

Al Majed for Oud Company
(A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022G
(All amounts are in Saudi Riyals unless otherwise stated)

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

	As at 31 December	
	2022G	2021G
Cash at banks	**21,879,717**	6,989,470
Trade receivables	**4,381,895**	861,363
Due from related parties	**857,627**	8,032,416
Prepaid expenses and other current assets	**46,245,537**	28,895,798
	73,364,776	44,779,047

The Company applies the simplified approach of IFRS 9 to measure expected credit losses, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against due from related parties.

Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

The table below summaries the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

31 December 2022G	Less than 1 year	Over 1 year	Total
Trade Payables	**14,219,772**	**-**	**14,219,772**
Payables and other credit balances	**27,162,338**	**2,024,993**	**29,187,331**
Lease Liabilities	**67,659,711**	**159,962,290**	**227,622,001**
	108,677,817	**161,987,283**	**270,665,100**

31 December 2021G	Less than 1 year	Over 1 year	Total
Trade Payables	14,025,252	-	14,025,252
Payables and other credit balances	8,901,077	-	8,901,077
Lease Liabilities	45,746,196	127,001,922	172,748,118
	68,672,525	127,001,922	195,674,447

25. CAPITAL MANAGEMENT

The primary objective of the Company’s capital management is to maximize the returns to the partners. It is the Company’s policy to maintain a strong capital base to maintain investors and creditors and to sustain future development of the business.

For the purpose of the Company’s capital management, capital includes issued and paid-up capital, and all other equity reserves attributable to the partners of the Company.

Management monitors the return on capital and the level of dividends paid to partners and seeks to maintain a balance between the higher returns (which could be enhanced by higher levels of borrowing) and the benefit and security provided by a sound capital position.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its financial needs.

Al Majed for Oud Company
(A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022G
(All amounts are in Saudi Riyals unless otherwise stated)

26. DIVIDENDS

During the year ended 31 December 2022G, the shareholders decided to distribute dividends amounting to 98,000,000 SR (2021G: 118,000,000 SR).

27. SEGMENT REPORTING

The company has one operating segment, which is retail trade in perfumes. The company manufactures perfumes and their accessories and then sells them through its branches. The company's operational assets, including factories, warehouses, and branches, are located in the Kingdom of Saudi Arabia and Gulf countries. The company's main segments are presented according to geographical sectors. The company operates in the Kingdom of Saudi Arabia and Gulf countries according to the shown data below:

Sales for the year ended	Domestic sales	Gulf Countries Sales	Total
31 December 2022G	**562,759,519**	**25,623,221**	**588,382,740**
31 December 2021G	425,711,933	16,753,552	442,465,485

Sales by Region:

Region	FOR THE YEAR ENDED 31 DECEMBER	
	2022G	2021G
Southern Region	**88,913,227**	71,304,447
Eastern Province	**66,183,875**	54,698,929
Northern Region	**39,174,423**	36,383,809
Western Province	**124,590,756**	58,458,177
Central Region	**176,423,666**	135,837,020
Al-Qassim Province	**35,211,834**	31,584,687
Store and other channels	**28,933,818**	36,600,300
External Showrooms- Qatar	**3,327,920**	844,564
Gulf Countries Sales	**25,623,221**	16,753,552
	588,382,740	442,465,485

Al Majed for Oud Company
(A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2022G
(All amounts are in Saudi Riyals unless otherwise stated)

28. COMPARATIVE FIGURES

Certain comparative figures for the year ended 31 December 2021G have been reclassified to conform with the current year's presentation of financial statements.

	As previously reported	Reclassification	Re-classified
Statement of financial position			
Prepayments and other debit balances	28,604,501	291,297	**28,895,798**
Cash at banks	7,385,930	(396,460)	**6,989,470**
Retained Earnings	224,977,699	40,844	**225,018,543**
Actuarial measurement of end-of-service benefits liability reserve	-	(21,005)	**(21,005)**
Fair value reserve	-	1,235	**1,235**
Foreign currency translation reserve	-	(21,074)	**(21,074)**
Trade Payables	14,025,252	121,876	**14,147,128**
Payables and other credit balances	8,901,077	(16,713)	**8,884,364**
Statement of profit or loss			
Revenue	442,468,840	(3,355)	**442,465,485**
Cost of Revenue	(167,704,091)	(1,763,969)	**(169,468,060)**
Selling and Marketing Expenses	(140,951,063)	(623,539)	**(141,574,602)**
General and administrative expenses	(24,409,062)	2,390,863	**(22,018,199)**

29. SUBSEQUENT EVENTS

On 29 Rajab 1444 H corresponding to 21 March 2023 G, the shareholders have unanimously resolved to convert the Company from a Limited Liability Company to a Saudi unlisted joint stock Company. This resolution was recorded in the Commercial Register on 6 Dhu'l qe'dah 1444H corresponding to 26 May 2023G.

30. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Manager of the Company on 24 Dhu'l hijjah 1444H (corresponding to 12 July 2023G)..

Al Majed for Oud Company

A Limited Liability Company

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021G

AND INDEPENDENT AUDITOR’S REPORT

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Al Majed for Oud Company
A Limited Liability Company
Riyadh –Kingdom of Saudi Arabia

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of Al Majed for Oud Company - a Saudi Limited Liability Company (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 Shaaban 1442 (corresponding to 2 April 2021).

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA and Regulations for Companies and Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e., the Company's Manager, are responsible for overseeing the Company's financial reporting process.

الدكتور محمد العمري وشركاه
Dr. Mohamed Al-Amri & Co.

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Independent Auditor's Report on the Audit of the Financial Statements of Al Majed for Oud Company - a Saudi Limited Liability Company - for the year ended 31 December 2021 (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Dr. Mohamed Al-Amri & Co.

Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No 362

Riyadh, on: 15 Jumada al-Thani 1444 (H)
Corresponding to: 08 January 2023 (G)

Al Majed for Oud Company
(A Limited Liability Company)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(In Saudi Riyals)

	Note	For the year ended 31 December	
		2021G	2020G (Note 5)
Revenue	6	**442,468,840**	412,749,532
Cost of revenue	7	**(167,704,082)**	(161,488,644)
GROSS PROFIT		**274,764,758**	251,260,888
Selling and marketing expenses	8	**(140,951,063)**	(102,171,886)
General and administrative expenses	9	**(24,409,062)**	(19,426,767)
OPERATING PROFIT		**109,404,633**	129,662,235
Other income	11	**3,939,496**	7,389,576
Financial charges	10	**(6,236,710)**	(6,571,171)
NET PROFIT FOR THE YEAR BEFORE ZAKAT		**107,107,419**	130,480,640
Zakat charge	21	**(6,139,586)**	(6,632,035)
NET PROFIR FOR THE YEAR		**100,967,833**	123,848,605
Other comprehensive income items that will not be reclassified subsequently to the statement of profit or loss:			
Foreign currency translation		**35,942**	14,090
Loss on change in financial asset at fair value through other comprehensive income		**(67,760)**	(5,544)
Actuarial remeasurement of end-of-service benefits liability	22	**(299,531)**	(129,285)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(331,349)**	(120,739)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**100,636,484**	123,727,866

The accompanying notes from (1) to (30) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A Limited Liability Company)
STATEMENT OF FINANCIAL POSITION
(In Saudi Riyals)

	Note	AS AT 31 December 2021G	AS AT 31 December 2020G (Note 5)	AS AT 1 January 2020G (Note 5)
ASSETS				
NON-CURRENT ASSET				
Property and equipment	17	**60,930,110**	56,188,409	54,006,522
Right-of-use assets	19	**185,369,051**	190,346,659	204,776,535
Intangible Assets	18	**1,461,926**	1,638,622	338,562
Financial assets at fair value through other comprehensive income	16	**3,408,365**	776,125	781,669
TOTAL NON-CURRENT ASSETS		**251,169,452**	248,949,815	259,903,288
CURRENT ASSETS				
Inventories	14	**202,857,383**	220,277,354	231,948,674
Trade receivables		**861,357**	33,633	504,237
Due from related parties	15	**8,032,416**	3,247,540	21,611,652
Prepaid expenses and other current assets	13	**28,604,504**	31,689,157	38,847,264
Cash and cash equivalents	12	**7,385,930**	14,141,464	4,285,980
TOTAL CURRENT ASSETS		**247,741,590**	269,389,148	297,197,807
TOTAL ASSETS		**498,911,042**	518,338,963	557,101,095
EQUITY AND LIABILITIES				
EQUITY				
Share capital	23	**50,000,000**	50,000,000	50,000,000
Statutory reserve		**15,000,000**	15,000,000	15,000,000
Accumulated earnings		**224,977,699**	242,341,215	191,613,349
TOTAL EQUITY		**289,977,699**	307,341,215	256,613,349
LIABILITIES				
NON-CURRENT LIABILITIES				
End-of-service benefits liability	22	**7,119,310**	5,949,118	4,277,904
Lease liabilities	19	**127,001,922**	140,768,521	158,419,508
TOTAL NON-CURRENT LIABILITIES		**134,121,232**	146,717,639	162,697,412
CURRENT LIABILITIES				
Current portion of lease liabilities	19	**45,746,196**	31,935,535	21,041,549
Trade Payables		**14,025,252**	10,571,442	5,937,972
Due to related parties	16	**-**	-	100,679,284
Payables and other credit balances	20	**8,901,077**	15,141,097	4,899,975
Provision for Zakat	21	**6,139,586**	6,632,035	5,231,554
TOTAL CURRENT LIABILITIES		**74,812,111**	64,280,109	137,790,334
TOTAL LIABILITIES		**208,933,343**	210,997,748	300,487,746
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**498,911,042**	518,338,963	557,101,095

The accompanying notes from (1) to (30) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A Limited Liability Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In Saudi Riyals)

	Share Capital	Statutory Reserve	Accumulated Earnings	TOTAL EQUITY
Balance as at 1 January 2020G - as previously reported	50,000,000	15,000,000	201,905,863	266,905,863
Effect of the adoption of IFRS (note 5)	-	-	(10,292,514)	(10,292,514)
Balance as at 1 January 2020G	50,000,000	15,000,000	191,613,349	256,613,349
Comprehensive income:				
Net profit for the year	-	-	123,848,605	123,848,605
Other comprehensive income items	-	-	(120,739)	(120,739)
Total comprehensive income for the year	-	-	123,727,866	123,727,866
Dividends paid (note 27)	-	-	(73,000,000)	(73,000,000)
Balance as at 31 December 2020G	**50,000,000**	**15,000,000**	**242,341,215**	**307,341,215**
Comprehensive income:				
Net profit for the year	-	-	100,967,833	100,967,833
Other comprehensive income items	-	-	(331,349)	(331,349)
Total comprehensive income for the year	-	-	100,636,484	100,636,484
Dividends paid (note 27)	-	-	(118,000,000)	(118,000,000)
Balance as at 31 December 2021G	**50,000,000**	**15,000,000**	**224,977,699**	**289,977,699**

The accompanying notes from (1) to (30) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A Limited Liability Company)
STATEMENT OF CASH FLOWS
(In Saudi Riyals)

	Note	For the year ended 31 December	
		2021G	2020G (Note 5)
OPERATING ACTIVITIES			
Net profit before Zakat		**107,107,419**	130,480,640
Adjustments:			
Charge (reversal) of allowance for expected credit loss	15	**1,374,884**	(1,225,882)
Charge of slow-moving inventory allowance	14	**4,858,284**	4,815,457
Depreciation of property and equipment	17	**10,845,625**	10,012,233
Amortization of right-of-use assets	19	**41,627,265**	36,293,409
Finance cost	19	**6,121,694**	6,490,696
Amortization of intangible assets	18	**702,577**	618,602
Rent concessions	19	**(1,562,943)**	(7,545,004)
Employee benefit provision expense	22	**1,759,512**	2,027,226
Loss on disposal of machinery and equipment		**1,211,622**	606,732
Dividends from financial assets at FVTOCI		**(31,205)**	(25,040)
		174,014,734	182,549,069
Changes in			
Trade receivables		**(827,724)**	470,604
Prepaid expenses and other debit balances		**(1,189,936)**	2,824,481
Due from related parties		**(6,159,760)**	19,589,994
Inventories		**12,561,687**	6,855,863
Trade Payables		**3,453,810**	4,633,470
Payables and other credit balances		**(6,240,020)**	10,241,122
Due to Related Parties		**-**	(100,679,284)
Cash flows generated from operating activities		**175,612,791**	126,485,319
Employee benefit paid	22	**(888,851)**	(485,297)
Zakat paid	21	**(6,632,035)**	(5,231,554)
Net cash flows generated from operating activities		**168,091,905**	120,768,468
INVESTING ACTIVITIES			
Additions to property and equipment	17	**(17,246,667)**	(12,860,633)
Additions to financial assets at FVTOCI	16	**(2,700,000)**	-
Proceeds from financial assets at FVTOCI		**31,205**	25,040
Additions to intangible assets	18	**(525,881)**	(1,920,620)
Proceeds from disposal of property and equipment		**483,661**	69,676
Net cash flows used in investing activities		**(19,957,682)**	(14,686,537)
FINANCING ACTIVITIES			
Lease liabilities paid	19	**(36,889,757)**	(23,226,447)
Dividends		**(118,000,000)**	(73,000,000)
Net cash flows used in financing activities		**(154,889,757)**	(96,226,447)
Net (decrease) increase in cash and cash equivalents		**(6,755,534)**	9,855,484
Cash and cash equivalents at beginning of the year		**14,141,464**	4,285,980
Cash and cash equivalents at the end of the year		**7,385,930**	14,141,464
SIGNIFICANT NON-CASH TRANSACTIONS:			
Principal amount of lease liabilities		**35,979,657**	21,863,533
Prepaid rent transferred to lease liabilities		**3,604,589**	4,339,779
Actuarial loss from remeasurement of employee benefit obligations		**299,531**	129,285
Change in fair value through other comprehensive income		**(67,760)**	(5,544)

The accompanying notes from (1) to (30) form an integral part of these financial statements and should be read in conjunction therewith.

Al Majed for Oud Company
(A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021G
(Amounts are in Saudi Riyals unless otherwise stated)

1. LEGAL STRUCTURE AND ACTIVITIES

Al Majed for Oud Company (the "Company") is a Limited Liability Company registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under Commercial Registration number 1010045397 dated 15 Ramadan 1402H corresponding to 7 July 1982.

The activities of the Company include wholesale and retail of oud, musk, incense, saffron, oriental and western perfumes, cosmetics, bags, glasses, antiques, gifts, and decorative flowers. The Company is also involved in the manufacture of room fragrances, air fresheners, men's and women's perfumes, oud oil, oud, incense, mixing and packaging of perfumes and oils, and plants.

The registered office is located in 4299 King Abdulaziz Road, As Sahafah Dist., Riyadh 11612, Kingdom of Saudi Arabia.

The accompanying financial statements include the Company's branches in the Kingdom of Saudi Arabia, Kuwait, the United Arab Emirates, and Bahrain listed below, which operate under the following subsidiary commercial registrations:

City	Date	CR Number	Branch Name
Riyadh	10/1430 AH	1010274472	Al Majed Factory for Oud
Al kharj	10/1433 AH	1011018060	Al-Majed for Oud Company
Dawadmi	02/03/1437 AH	1116011287	Al-Majed for Oud Company
Anaizah	07/08/1434 AH	1128016770	Al-Majed for Oud Company
Burayda	03/1429 AH	1131025830	Al-Majed for Oud Company
Alrass	02/1434 AH	1132008578	Al-Majed for Oud Company
Alrass	01/1439 AH	1132011121	Al-Majed for Oud Company
Wadi Al -Dawasir	01/04/1437 AH	1185006703	Al-Majed for Oud Company
Dammam	08/08/1426 AH	2050049500	Al-Majed for Oud Company
Khobar	04/1429 AH	2051037044	Al-Majed for Oud Company
Khobar	11/06/1439 AH	2051220451	Al-Majed for Oud Company
Dhahran	11/06/1439 AH	2052101099	Al-Majed for Oud Company
Jubail	08/08/1438 AH	2055025923	Al-Majed for Oud Company
Al -Nayriyah	03/1436 AH	2056005355	Al-Majed for Oud Company
Khafji	02/22/1436 AH	2057007450	Al-Majed for Oud Company
Al Ahsa	08/1430 AH	2250039200	Al-Majed for Oud Company
Hafar Al -Batin	07/27/1431AH	2511011270	Al-Majed for Oud Company
Hail	06/05/1437 AH	3350044003	Al-Majed for Oud Company
Sakaka	09/09/1436 AH	3400019379	Al-Majed for Oud Company
Arar	08/21/1436 AH	3450014893	Al-Majed for Oud Company
Qurayyat	11/20/1440 AH	3452145620	Al-Majed for Oud Company
Rafha	07/1436 AH	3453004740	Al-Majed for Oud Company
Tabuk	06/1434 AH	3550030104	Al-Majed for Oud Company
Jeddah	08/26/1429 AH	4030182374	Al-Majed for Oud Company
Makkah	12/30/1428 AH	4031052042	Al-Majed for Oud Company
Makkah	10/23/1435 AH	4031087091	Al-Majed for Oud Company
Makkah	10/23/1435 AH	4031087092	Al-Majed for Oud Company
Taif	07/08/1434 AH	4032038280	Al Majed Company for Oud, Ltd.
Taif	07/08/1434 AH	4032050015	Al-Majed for Oud Company

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City	Date	CR Number	Branch Name
Al Qnufuza	07/29/1436 AH	4603008701	Al-Majed for Oud Company
Medina	07/27/1431 AH	4650049235	Al-Majed for Oud Company
Yanbu	08/07/1435 AH	4700017834	Al-Majed for Oud Company
Al Bahah	04/04/1435 AH	5800017243	Al-Majed for Oud Company
Baljurashi	05/1438 AH	5801021348	Al-Majed for Oud Company
Abha	11/1438 AH	5850071171	Al-Majed for Oud Company
Bisha	02/30/1434 AH	5851005599	Al-Majed for Oud Company
Khamis Mushait	01/1434 AH	5855047951	Al-Majed for Oud Company
Nams	01/1440 AH	5859611644	Al-Majed for Oud Company
Mahayil Asir	11/11/1438 AH	5860071138	Al-Majed for Oud Company
Jizan	02/11/1436 AH	5900030985	Al-Majed for Oud Company
Jizan	06/05/1437 AH	5900033979	Al-Majed for Oud Company
Sabya	06/05/1437 AH	5906034157	Al-Majed for Oud Company
Najran	07/07/1435 AH	5950029739	Al-Majed for Oud Company
Dubai	11/02/1443 AH	979510	Al-Majed for Oud Company
Bahrain	03/09/1442 AH	145006-1	Al-Majed for Oud Company
Kuwait	27/04/1439 AH	3417	Al-Majed for Oud Company

2. BASIS OF PREPARATION

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). Wherever the phrase "IFRS" appears in these notes, it refers to "International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA)". The accompanying financial statements have been prepared for the use of management and submission to the Capital Market Authority.

Up to year ended 31 December 2020G, the Company prepared its financial statements in accordance with International Accounting Standards for Small and Medium-Sized Entities ("IFRS for SMEs"). These financial statements of the company for the year ended 31 December 2021G are the first the Company has prepared in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia. for more information on how the Company adopted IFRS. Refer to (Note 5).

The accompanying financial statements of the Company have been prepared under the historical cost convention, except for employee end-of-service benefits liabilities and financial investments at fair value through comprehensive income in accordance with the paragraphs on the significant accounting policies applied by the Company.

The financial statements of the Company are presented in Saudi Riyals ("SR"), which is the Company's functional currency. All financial information has been rounded off to the nearest SR, unless otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies applied by the Company in preparing the financial statements. These policies have been consistently applied over the years presented, unless otherwise stated.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position of the Company based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.2 Fair value measurement of assets and liabilities

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability the principal or (the most advantageous market) must be accessible by the Company at the measurementdate. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs for the asset or liability that are unobservable (not based on observable market data).

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

3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition, classification, and presentation

Financial assets or financial liabilities are recognised in its statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at initial recognition.

The Company classifies its financial assets in the following categories:

A. Fair value (either through other comprehensive income or through profit or loss); and

B. Amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company has classified all the non-derivative financial liabilities at amortised cost.

Measurement

Initial Measurement

Financial assets and financial liabilities are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or disposal of financial assets and liabilities or, where appropriate, deducted from them (Except for financial assets and liabilities at fair value where transaction costs directly attributable to the acquisition of financial assets or liabilities are recognized directly in the statement of profit or loss and other comprehensive income ("OCI").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement of financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

1. Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest rate ("EIR") method. Interest income from these financial assets is included in finance income.

The Company's financial assets at amortized cost include cash and cash equivalents, trade receivables and other financial assets at amortised cost.

Trade Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. For goods sold to a customer on short-term credit, a receivable is initially recognised at the undiscounted amount of cash receivable, which is normally the invoice price. For an item sold to a customer on interest-free credit, a receivable is initially recognised at the present value of the receivable discounted using the prevailing market rate of interest for a similar receivable. Subsequently, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade receivable are reviewed by management to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of income.

2. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss ("FVTPL") are re-measured to fair value at each financial reporting date without the deduction of transaction costs that the Company may incur on sale or disposal of the financial asset in future.

3. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income ("FVOCI") are re-measured to fair value at each financial reporting date.

The Company classifies its investment in Saudi Aramco and Al Manjam Company for foods as financial asset at FVOCI.

When the financial asset is derecognized, the accumulated fair value adjustments that are recognized in OCI is reclassified to profit or loss in case of debt instruments. However, there is no subsequent reclassification of fair value gains and losses to profit or loss in case of equity instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement Category	Recognition and Presentation of Gains and Losses
Amortized cost	The following items are recognized in profit or loss: • interest revenue using the effective interest method; • expected credit losses and reversals; and • foreign exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in profit or loss.
FVOCI – Debt instruments	Gains and losses are recognized in OCI, except for the following items, which are recognized in statement of profit or loss in the same manner as for financial assets measured at amortized cost: • interest revenue using the effective interest method; • expected credit losses and loss reversals; and • foreign exchange gains and losses.
FVOCI – Equity investments	Gains and losses are recognized in OCI. Dividends are recognized in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in OCI are not reclassified to profit or loss under any circumstances.
FVTPL	Gains and losses, both on subsequent measurement and derecognition, are recognized in profit or loss.

Subsequent measurement of financial liabilities

A. Amortized cost

Subsequent to initial recognition, financial liabilities are measured at amortized cost calculated under the effective interest method except for the following liabilities;

Measured at fair value through profit or loss;

1. That arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach;
2. That are commitments to provide a loan at a below-market interest rate and not measured at fair value through profit or loss;
3. That are financial guarantee contracts; and
4. Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Gains or losses on financial liabilities that are measured at fair value recognized in profit or loss.

B. Financial liabilities at FVTPL

Financial liabilities falling under this category include:

1. Liabilities held for trading; and
2. Those designated at FVTPL.

After initial recognition, the Company measures financial liabilities at fair value with changes recognized in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Gains or losses on a financial liability designated at FVTPL are generally split and presented as follows:

1. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that financial liabilities is presented in OCI; and
2. The remaining amount of change in the fair value of the financial liabilities is presented in profit or loss.

C. Liabilities other than financial liabilities at FVTPL

Financial liabilities are measured at amortized cost using the EIR method. The proceeds from issuing debt are adjusted over the life of the debt so that the carrying amount at maturity is the amount repayable at maturity.

Impairment of financial instruments

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit loss assessment for trade receivables

As at the year end, the Company has trade receivables as financial assets carried at amortised cost. For trade receivables, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The information about the ECLs on the Company's trade receivables is disclosed in note 11 and note 25 in these financial statements.

Presentation of impairment of assests

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to rent receivables are presented separately in the statement of comprehensive income.

Impairment of financial assets

Impairment of financial assets

Impairment of financial assets is recognized in the statement of financial position when the rights to receive cash flows from financial assets have expired. have been transferred, or substantially transferred all risks and rewards of ownership. The difference in the carrying amount is recognized in the statement of profit or loss.

Impairment of financial liabilities

The financial liabilities are derecognized when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires, or legally released.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial asset and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash at banks.

3.5 Receivables and other receivables

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at nominal amounts. These are derecognized and charged to profit or loss either with the passage of time or through use or consumption.

Prepayments are included in current assets, except when the related goods or services are expected to be received and rendered more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

3.6 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the first-in, first out method and comprises of cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of the business less estimated costs necessary to be incurred in order to make the sale.

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realizable value and an allowance is recorded against the inventory balances for any such decline.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses, if any. Such cost includes all costs directly attributable to the construction or acquisition of the asset in the location and condition necessary for its intended use. Significant parts of property and equipment are depreciated separately from other parts.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Transfer and Transportation	4
Office Furniture and Fittings	10
Advertisement Boards	10
Electric Devices	4
Computers	4
Machinery and equipment	10
Tools	4

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and OCI when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets are carried in the statement of financial position at cost less accumulated amortization and accumulated impairment losses.

The useful lives are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives. The estimated useful life and the amortization method are reviewed at the end of each financial year, taking into account the effect of any changes in estimates on a prospective basis.

Intangible assets that do not have an indefinite life are not amortized but are tested annually for impairment. The useful life of intangible assets with indefinite useful lives is reviewed annually to determine whether the useful life assessment continues to be supportable. The effect of change in useful life from indefinite to finite is considered as a future adjustment.

Derecognition of intangible assets

Intangible assets are derecognized on disposal or when no further economic benefits are expected, either from further use or from disposal. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount and recognized in the statement of profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases - IFRS 16

The Company assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognizes right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.9 Impairment of non-financial assets

The carrying values of non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in statement of profit or loss and OCI within other expenses.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss is subsequently reversed, the carrying amount of the assets or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss has been recognized for the asset or cash-generating unit in prior years. Reversals of previously recorded impairment provisions are credited against provision account in statement of profit or loss and OCI.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Payables and other credit balances

These amounts represent liabilities relating to services provided to the Company before the end of the financial year which have not been paid. The amounts are unsecured.and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

3.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of provisions to be reimbursed, the reimbursement is recognized a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision are presented in the statement of profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due the passage of time is recognised as a finance charge.

3.12 Employee benefits

The level of benefit provided is based on the length of service and earnings of the person entitled and computed in accordance with the rules stipulated in the Saudi Labor and Workmen Law.

The liability for employee benefits, being a defined benefit plan, is determined using the Projected Unit Credit Method, with actuarial valuations being conducted at the end of annual reporting periods. The related liability recognized in the statement of financial position is the present value of the employee benefits liability at the end of the reporting period.

The discount rate applied in arriving at the present value of employee benefits liabilities represents the yield on government bonds, by applying a single discount rate that approximately reflects the estimated timing and amount of benefit payments.

Employee benefit obligations costs are categorized as follows:

1. current service cost (increase in the present value of employee benefits obligations resulting from employee service in the current period);
2. interest expense (calculated by applying the discount rate at the beginning of the period to the employee benefits obligations); and
3. remeasurement.

Current service cost and the interest expense arising on the employee benefit obligations liability are included in the same line items in the statement of profit or loss as employee-related costs.

Remeasurement, comprising actuarial gains and losses, is recognized in full in the period in which it occurs, in OCI without recycling to profit or loss in subsequent periods. Amounts recognized in OCI are recognized immediately in retained earnings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Statutory reserve

In accordance with the Regulations for Companies and Company's by-laws, the Company is required to transfer 10% of its net income for the year to the statutory reserve. The Company may decide to stop such transfers when the total reserve equals 30% of the capital. This reserve is not available for dividend distribution.

3.14 Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15- Revenue from Contracts with Customers:

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized at the time the performance obligation is fulfilled when the goods are sold and control of the product is transferred to the customer, which is considered to be at a point in time, when the customer has aquired the product. Upon the purchase of the product by the customer, payment of the transaction price is due immediately.

3.15 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat provision is charged to profit or loss. Additional amounts payable, if any, upon completion of the final assessment are calculated when determining such amounts.

(Amounts are in Saudi Riyals unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 New standards, amendments, and interpretations effective after 1 January 2021G and have not been early adopted:

The following standards, amendments to standards and interpretations are not yet effective and neither expected to have a significant impact on the Company's financial statements:

Standards / amendments to standards / interpretations	Effective date
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022G
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37	1 January 2022G
Annual Improvements to IFRS Standards 2018–2020G	1 January 2022G
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022G
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2023G
IFRS 17 Insurance Contracts	1 January 2023G
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023G
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023G

In the opinion of the Company's management, these standards, amendments to standards and interpretations will clearly not impact the Company. The Company intends to adopt these standards, if applicable, when they become effective.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to exercise judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying notes and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Useful lives of property, plant, and equipment

Useful lives of property, plant, and equipment are estimated according to new facts available to the Company's management. The estimated useful lives of property, plant, and equipment are determined by management for the purposes of calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and changes in depreciation charge (if any) are adjusted in the current and future periods.

Impairment losses on trade and other receivables

Trade and other receivables are recognized at amortized cost and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are determined using the expected credit loss method. Individual trade receivables are written off when management deems them not to be collectible.

Impairment of inventories

Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made for their market value. For individual significant amounts, this estimate is made on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Employee end of service benefits

The cost of defined benefit obligations for employee end-of-service benefits is determined based on actuarial valuations. Such actuarial valuations involve making many assumptions which may differ from actual developments in the future. These assumptions include determining the discount rate, future salary increases, and mortality rates. Given the complex nature of the valuation and the intended assumptions and their long-term nature, defined benefit obligations are highly impacted by changes in these assumptions. All assumptions are reviewed at each annual financial reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the commission rates of corporate bonds, in currencies consistent with the currencies of the defined post-employment employee benefit obligations, and estimated as needed along the yield rate to correspond with the expected term of the defined benefit obligation. The quality of bonds in question is also reviewed. Those bonds with high credit margins are excluded from the bond analysis on which the discount rate was determined, as they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the concerned country. These mortality tables are subject to change only from

time to time according to demographic changes. Future salary increases are based on expected future inflation rates for the countries concerned and future salary increases.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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5. TRANSITION TO IFRS

These financial statements, for the year ended 31 December 2021G, are the first the Company has prepared in accordance with IFRS. For years up to and including the year ended 31 December 2020G, the Company prepared its financial statements in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia.

Since these are the first financial statements where IFRS has been adopted, upon IFRS adoption, the Company would be required to comply with the requirements of IFRS 1, First-time Adoption of International Financial Reporting Standards. As per IFRS 1, the financial statements are required to be prepared and presented as if the IFRS was adopted for all the periods presented.

In preparing its opening IFRS statement of financial position, the Company has analysed the impact and adjusted and reclassified certain balances that were previously reported under IFRS for SMEs as endorsed in Kingdom of Saudi Arabia.

The following notes explain how the transition to IFRS has affected the statement of financial position, financial performance and the cash flows of the Company.

5.1 IFRS 1 optional exemption

IFRS 1 allows first-time adopters certain optional exemptions from the retrospective application of certain requirements under IFRS. The Company has not applied any of those optional exemptions.

5.2 Reconciliations for the statement of profit or loss and other comprehensive income for the year ended 31 December 2020G:

	IFRS for SMEs	Financial impact of transition	IFRS
Revenue	412,749,532	-	**412,749,532**
Cost of revenue	(161,509,200)	20,556	**(161,488,644)**
GROSS PROFIT	251,240,332	20,556	**251,260,888**
Selling and marketing expenses	(99,088,764)	(3,083,122)	**(102,171,886)**
General and administrative expenses	(19,349,541)	(77,226)	**(19,426,767)**
OPERATING PROFIT	132,802,027	(3,139,792)	**129,662,235**
Financial charges	(91,171)	(6,480,000)	**(6,571,171)**
Other (expenses) revenue	(155,428)	7,545,004	**7,389,576**
NET PROFIT FOR THE YEAR BEFORE ZAKAT	132,555,428	(2,074,788)	**130,480,640**
Zakat charge	(6,632,035)	-	**(6,632,035)**
Profit for the year	125,923,393	(2,074,788)	**123,848,605**
Other comprehensive income items that will not be subsequently reclassified to profit or loss:			
Foreign currency translation	14,090	-	**14,090**
Loss on change in financial asset at fair value through other comprehensive income	(5,544)	-	**(5,544)**
Actuarial remeasurement of end-of-service benefits liability	(129,285)	-	**(129,285)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	125,802,654	(2,074,788)	**123,727,866**

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5. TRANSITION TO IFRS (CONTINUED)

5.3 Reconciliations for the statement of financial position as of 31 December 2020G

	Note	IFRS for SMEs	Financial impact of transition	IFRS
ASSETS				
NON-CURRENT ASSET				
Property and equipment		56,188,409	-	**56,188,409**
Right-of-use assets		-	190,346,659	**190,346,659**
Intangible Assets	A	23,668,142	(22,029,520)	**1,638,622**
Financial assets at fair value through other comprehensive income		776,125	-	**776,125**
TOTAL NON-CURRENT ASSETS		80,632,676	168,317,139	**248,949,815**
CURRENT ASSETS				
Inventories		220,277,354	-	**220,277,354**
Trade receivables		33,633	-	**33,633**
Prepaid expenses and other debit balances	A	36,679,929	(4,990,772)	**31,689,157**
Due from related parties	B	6,234,598	(2,987,058)	**3,247,540**
Cash and cash equivalents		14,141,464	-	**14,141,464**
TOTAL CURRENT ASSETS		277,366,978	(7,977,830)	**269,389,148**
TOTAL ASSETS		357,999,654	160,339,309	**518,338,963**
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,000,000	-	**50,000,000**
Statutory Reserve		15,000,000	-	**15,000,000**
Accumulated earnings	A, B	254,705,962	(12,364,747)	**242,341,215**
TOTAL EQUITY		319,705,962	(12,364,747)	**307,341,215**
LIABILITIES				
NON-CURRENT LIABILITIES				
Lease liabilities (*)	A	-	140,768,521	**140,768,521**
End-of-service benefits liability		5,949,118	-	**5,949,118**
TOTAL NON-CURRENT LIABILITIES		5,949,118	140,768,521	**146,717,639**
CURRENT LIABILITIES				
Current portion of lease liabilities (*)	A	-	31,935,535	**31,935,535**
Trade Payables		10,571,442	-	**10,571,442**
Payables and other credit balances		15,141,097	-	**15,141,097**
Provision for Zakat		6,632,035	-	**6,632,035**
TOTAL CURRENT LIABILITIES		32,344,574	31,935,535	**64,280,109**
TOTAL LIABILITIES		38,293,692	172,704,056	**210,997,748**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		357,999,654	160,339,309	**518,338,963**

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5. TRANSITION TO IFRS (CONTINUED)

5.4 Reconciliations for the statement of financial position as of 1 January 2020G (Date of transition to IFRS)

	Note	IFRS for SMEs	Financial impact of transition	IFRS
ASSETS				
NON-CURRENT ASSET				
Property and equipment		54,006,522	-	**54,006,522**
Right-of-use assets		-	204,776,535	**204,776,535**
Intangible Assets	A	22,403,025	(22,064,463)	**338,562**
Financial assets at fair value through other comprehensive income		781,669	-	**781,669**
Total Non-Current Assets		77,191,216	182,712,072	**259,903,288**
CURRENT ASSETS				
Inventories		231,948,674	-	**231,948,674**
Trade receivables		504,237	-	**504,237**
Prepaid expenses and other debit balances	A	48,177,853	(9,330,589)	**38,847,264**
Due from related parties	B	25,824,592	(4,212,940)	**21,611,652**
Cash and cash equivalents		4,285,980	-	**4,285,980**
TOTAL CURRENT ASSETS		310,741,336	(13,543,529)	**297,197,807**
TOTAL ASSETS		387,932,552	169,168,543	**557,101,095**
EQUITY AND LIABILITIES				
EQUITY				
Share capital		50,000,000	-	**50,000,000**
Statutory Reserve		15,000,000	-	**15,000,000**
Accumulated earnings	A, B	201,905,863	(10,292,514)	**191,613,349**
TOTAL EQUITY		266,905,863	(10,292,514)	**256,613,349**
LIABILITIES				
NON-CURRENT LIABILITIES				
Lease liabilities (*)	A	-	158,419,508	**158,419,508**
End-of-service benefits liability		4,277,904	-	**4,277,904**
TOTAL NON-CURRENT LIABILITIES		4,277,904	158,419,508	**162,697,412**
CURRENT LIABILITIES				
Current portion of lease liabilities (*)	A	-	21,041,549	**21,041,549**
Trade Payables		5,937,972	-	**5,937,972**
Payables and other credit balances		4,899,975	-	**4,899,975**
Due to related parties		100,679,284	-	**100,679,284**
Provision for Zakat		5,231,554	-	**5,231,554**
TOTAL CURRENT LIABILITIES		116,748,785	21,041,549	**137,790,334**
TOTAL LIABILITIES		121,026,689	179,461,057	**300,487,746**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		387,932,552	169,168,543	**557,101,095**

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5. TRANSITION TO IFRS (CONTINUED)

5.5 Reconciliations for the statement of cash flows for the year ended 31 December 2020G

	Note	IFRS for SMEs	Financial impact of transition	IFRS
Net profit before Zakat		132,555,428	(2,074,788)	**130,480,640**
Non-cash transactions:				
Amortization of Right-of-use Assets	A	-	36,293,409	**36,293,409**
Finance cost on lease liabilities	A	-	6,490,696	**6,490,696**

5.6 Notes to the Company's reconciliation for statement of profit and loss and other comprehensive income and statement of financial position

A. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company adopted IFRS 16 using the full retrospective method, whereby, the cumulative effect of the initial application is recognized as an adjustment to the opening balance of the retained earnings on the date of the initial application on 1 January 2020G.

Company as lessor

The Company had previously classified the lease as an operating or financing lease based on the Company's assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases in the statement of financial position. However, the Company has elected not to recognize right-of-use asset and lease liabilities for some leases of short term and low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company recognizes the right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated amortization and impairment loss and adjusted for certain re-measurements of the lease liability.

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured whenever there is a change in future lease payments arising from a change in an index or rate used to determine those payments, a change in the estimate of the expected payable amount under a residual value guarantee, or as appropriate, a change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied its judgment to determine the lease term for some leases which contains renewal options. The assessment of whether the Company is reasonably certain to exercise such options affects the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

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5. TRANSITION TO IFRS (CONTINUED)

COVID-19-Related Rent Concessions – Amendment to IFRS 16

The Company has also adopted the COVID-19 Related Rent Concession – Amendment to IFRS 16, effective for annual periods beginning on or after 1 June 2020G.

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions in paragraph 46B of IFRS 16 is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification.

The practical expedient in paragraph 46A applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

A. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
B. Any reduction in lease payments affects only payments due on or before 30 June 2021G; and
C. There is no substantive change to other terms and conditions of the lease.

Measurement

A lessee that uses the practical expedient accounts for any change in lease payments resulting from the rent concession in the same way that it would account for the change applying IFRS 16 if the change were not a lease modification.

A lessee applying the practical expedient would generally account for a forgiveness or waiver of lease payments as a variable lease payment, applying paragraph 38 of IFRS 16 that is, recognising the concession in the period in which the event or condition that triggers those payments occurs. The lessee would also make a corresponding adjustment to the lease liability, in effect derecognizing the part of the lease liability that has been forgiven or waived.

The impact arising from the above changes is summarised as follows:

STATEMENT OF FINANCIAL POSITION	31 December 2020G	1 January 2020G
	SR	SR
Recognition of right of-use asset	21,863,533	237,293,507
Recognition of lease liabilities	140,768,521	158,419,508
Recognition of lease liabilities – current portion	31,935,535	21,041,549
Decrease in other current assets	4,339,779	9,330,588

Statement of profit or loss and other comprehensive income	31 December 2020G
	SR
Decrease in cost of sales	20,556
Increase in selling and distribution expenses	(3,083,122)
Increase in general and administrative expenses	(77,226)
Increase in financial charges	(6,480,000)
Increase in other income	7,545,004
Adjustment to total comprehensive income	**(2,074,788)**

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5. TRANSITION TO IFRS (CONTINUED)

B. IFRS 9, Financial Instruments

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Upon adoption of IFRS 9, the Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivable. Considering that there are no historical losses and accordingly very low probability of default, the management assessed the loss allowance to be negligible to the Company.

Following is a summary of the impact of the above change:

	31 December 2020G
	SR
Decrease in selling and distribution expenses	**(1,225,882)**
Increase in Due from related parties	**1,225,882**

C. Reclassification of comparative figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. Following major changes have been made:

1 January 2020G

Nature of the line item	Reclassified from:	Reclassified to:	Amount
Current assets	Intangible assets	Prepaid expenses and other debit balances	177,600

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6. REVENUE

The disaggregation of the Company's revenue from contracts with customers is as follows:

	2021G	2020G
	SR	SR
Sales	**743,093,412**	694,895,445
Sales Discounts	**(300,624,572)**	(282,145,913)
	442,468,840	412,749,532
Timing of revenue recognition		
Goods transferred at a point in time	**442,468,840**	412,749,532

6.1 Performance obligation

The performance obligation is satisfied at the point of sale, and payment is received at the same time.

7. COST OF REVENUE

	2021G	2020G
	SR	SR
Raw materials	**154,688,330**	151,130,571
Slow moving inventories charge	**4,858,284**	4,815,457
Direct labor	**3,820,611**	2,570,104
Depreciation of property and equipment	**2,570,595**	2,946,975
Other	**1,766,262**	25,537
	167,704,082	161,488,644

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8. SELLING AND MARKETING EXPENSES

	2021G	2020G
	SR	SR
Direct labor	**58,470,568**	45,515,341
Right of use amortization	**39,030,155**	33,763,799
Advertising and marketing	**22,574,350**	9,759,804
Depreciation of property and equipment	**7,409,122**	5,935,749
Rents	**2,053,208**	2,275,177
Consumables	**1,639,167**	10,492
Utilities	**1,503,398**	1,129,607
Government fees	**1,475,173**	1,222,152
Allowance for expected credit losses	**1,374,884**	(1,225,882)
Shipping expenses	**738,081**	1,233,370
Bank Charges	**645,643**	263,541
Collection fees	**176,595**	46,938
Amortization of intangible assets	**144,448**	46,190
Transportation expenses	**72,321**	200,664
Other	**3,643,950**	1,994,944
	140,951,063	102,171,886

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2021G	2020G
	SR	SR
Direct labor	**15,078,473**	11,883,754
Right of use amortization	**2,597,110**	2,529,610
Rents	**1,668,633**	1,312,679
Professional fees	**1,408,894**	469,100
Depreciation of property and equipment	**865,908**	1,129,509
Amortization of intangible assets	**557,633**	571,545
Technical support expenses	**504,141**	101,684
Government fees	**336,221**	247,717
Telephone and internet	**328,835**	311,596
Cleaning and hospitality	**239,160**	155,771
Security Expenses	**136,602**	143,910
Utilities	**135,716**	98,573
Rent of vehicles and equipment	**97,354**	51,004
Consumables	**81,004**	159,707
Bank Charges	**31,459**	953
Other	**341,919**	259,655
	24,409,062	19,426,767

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10. FINANCIAL CHARGES

	2021G	2020G
	SR	SR
Interest charge on leases	**6,121,694**	6,480,000
Interest charge on end-of-service benefits liability	**115,016**	91,171
	6,236,710	6,571,171

11. OTHER INCOME

	2021G	2020G
	SR	SR
Manufacturing revenues	**3,588,175**	451,304
Rent concessions	**1,562,943**	7,545,004
Loss on disposal of assets	**(1,211,622)**	(606,732)
	3,939,496	7,389,576

12. CASH AND CASH EQUIVALENTS

	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Cash on hand	**4,878,522**	4,998,719	3,691,217
Cash at banks	**2,507,408**	9,142,745	594,763
	7,385,930	14,141,464	4,285,980

13. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Advances to suppliers	**20,827,961**	22,548,786	32,300,843
Recovered Insurance	**3,666,179**	2,632,796	2,550,189
Prepaid expenses	**2,756,157**	5,575,144	2,240,583
Employee receivables	**529,927**	656,195	989,552
Other	**824,280**	276,236	766,097
	28,604,504	31,689,157	38,847,264

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14. INVENTORIES

	AS AT		
	31 December 2021G	**31 December 2020G**	**1 January 2020G**
Raw materials	**103,087,112**	102,936,612	84,653,090
Finished goods	**102,979,835**	102,535,101	124,480,156
Goods in process	**8,619,726**	11,458,963	17,885,073
Packing materials	**530,200**	3,506,801	7,911,098
Purchases in-progress	**294,994**	7,636,077	-
Less: Provision for slow moving inventories	**(12,654,484)**	(7,796,200)	(2,980,743)
	202,857,383	220,277,354	231,948,674

The movement in the provision for slow moving inventories was as follows:

	For the year ended 31 December 2021G	For the year ended 31 December 2020G
Balance at the beginning of the year	**7,796,200**	2,980,743
Made during the year	**4,858,284**	4,815,457
Balance at the end of the period	**12,654,484**	7,796,200

15. RELATED PARTIES

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its partners. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

There were no special terms and conditions with the aforementioned related parties as compared to un-related parties. Outstanding balances at the year-end are unsecured and are settled in cash. There have been no guarantees provided or received for any related party balances.

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15. RELATED PARTIES (CONTINUED)

15.1 Related party transactions

The following are the details of the significant transactions with related parties during the year ended 31 December:

Name of related party	Nature of Relationship	Nature of Transaction	31 December 2021G	31 December 2020G
Khalta for Perfumes Company	Affiliate	Sales	**38,216,180**	21,308,371
Turki Ali Al Majed Trading Co	Affiliate	Sales	-	148,439
Aromatic Mixture Company	Affiliate	Sales	**185,304**	33,182
Reef Perfumes Trading Company	Affiliate	Sales	**2,607,807**	556,666
Osus Real Estate Company	Affiliate	Rents	-	1,814,427

15.2 Related party balances

The following is a summary of related party balances:

Due from related parties	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
Khalta for Perfumes Company	**12,216,153**	-	15,702,538
Reef Perfumes Trading Company	**178,205**	-	-
Al Majed for Oud – Dubai branch	-	2,825,505	-
Al Majed for Oud – Bahrain branch	-	-	7,046,813
Turki Ali Al Majed Trading Co	-	3,409,093	3,075,241
	12,394,358	6,234,598	25,824,592
Allowance for expected losses	**(4,361,942)**	(2,987,058)	(4,212,940)
	8,032,416	3,247,540	21,611,652

A. The movement in provision for expected credit loss on due from related parties is as follows:

	31 December 2021G	31 December 2020G
Balance as at the beginning of the year	**2,987,058**	4,212,940
Charged during the year	**1,374,884**	-
Provision no longer required	-	(1,225,882)
	4,361,942	2,987,058

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15. RELATED PARTIES (CONTINUED)

B. Due to related parties:

	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
Khaled Ali Al Majed	-	-	25,169,821
Saad Ali Al Majed	-	-	25,169,821
Soliman Ali Al Majed	-	-	25,169,821
Majed Ali Al Majed	-	-	25,169,821
	-	-	**100,679,284**

15.3 Key management personnel compensation

The key management personnel of the company consist of the Board of Directors and senior management members who have the authority and responsibility for planning, directing and controlling the activities of the company.

	31 December 2021G	31 December 2020G
Salaries and short-term benefits	**2,731,826**	1,840,700
Other	**204,652**	147,391
	2,936,478	1,988,091

16. Financial asset at fair value through other comprehensive income

The movement in investments in equity instruments at fair value through other comprehensive is as follows:

	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
1 January	**776,125**	781,669	
Additions (*)	**2,700,000**		709,600
Change in fair value	**(67,760)**	(5,544)	72,069
31 December	**3,408,365**	776,125	781,669

* On 30 November 2021G, the company purchased 45,000 shares of Almunajem Foods Co. with nominal value per share amounted to 60 SAR.

* On December 7, 2019G, the company purchased 22,175 shares of Saudi Aramco, with a nominal value per share amounted to 32 SAR.

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17. Property and equipment

	Machinery and equipment	Buildings	Advertisement Boards	Computers and office equipment	Motor vehicles	Furniture and office equipment	Projects under construction	At 31 December 2021G	At 31 December 2020G
Cost									
Balance at the beginning of the period	11,814,243	12,918,364	2,216,341	13,056,631	3,945,208	55,278,838	4,253,583	**103,483,208**	91,800,412
Additions	342,598	-	488,480	2,161,215	227,208	13,754,168	272,998	**17,246,667**	12,860,633
Transferred from PUC	-	-	-	-	-	751,391	(751,391)	-	-
Disposals	(848,881)	-	(189,406)	(304,185)	(538,642)	(4,120,513)	-	**(6,001,627)**	(1,177,837)
Balance at the end of the period	**11,307,960**	**12,918,364**	**2,515,415**	**14,913,661**	**3,633,774**	**65,663,884**	**3,775,190**	**114,728,248**	**103,483,208**
Accumulated Depreciation									
Balance at the beginning of the period	6,606,181	4,911,363	1,078,305	6,652,004	3,015,220	25,031,726	-	**47,294,799**	37,793,890
Charge for the year	1,182,944	645,918	273,219	2,713,625	363,917	5,666,002	-	**10,845,625**	10,012,233
Disposals	(783,991)	-	(148,871)	(280,553)	(192,484)	(2,936,387)	-	**(4,342,286)**	(511,324)
Balance at the end of the period	**7,005,134**	**5,557,281**	**1,202,653**	**9,085,076**	**3,186,653**	**27,761,341**	**-**	**53,798,138**	**47,294,799**
Net book value:									
At 31 December 2021G	**4,302,826**	**7,361,083**	**1,312,762**	**5,828,585**	**447,121**	**37,902,543**	**3,775,190**	**60,930,110**	
At 31 December 2020G	**5,208,062**	**8,007,001**	**1,138,036**	**6,404,627**	**929,988**	**30,247,112**	**4,253,583**		**56,188,409**

The depreciation charge for the year was allocated as follows:

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17. Property and equipment (CONTINUED)

	2021G	2020G
	SR	SR
Selling and distribution expenses (Note 8)	**7,409,122**	5,935,749
General and administrative expenses (Note 9)	**865,908**	1,129,509
Cost of Sales (Note 7)	**2,570,595**	2,946,975
	10,845,625	10,012,233

18. Intangible assets

	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
Cost			
Balance at 1 January	**2,547,116**	638,044	580,805
Additions during the year	**525,881**	1,920,619	57,789
Disposals during the year	-	(11,547)	(550)
Balance as at 31 December	**3,072,997**	2,547,116	638,044
Accumulated amortization			
Balance at 1 January	**908,494**	299,482	219,574
Amortization charge for the year	**702,577**	618,602	80,457
Disposals during the year	-	(9,590)	(549)
Balance as at the end of the year	**1,611,071**	908,494	299,482
Net book value	**1,461,926**	1,638,622	338,562

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19. Right-of-use assets

Information about leases for which the Company is a lessee is presented below:

19.1 Right-of-use assets

Cost	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Balance as at the beginning of the year	**259,157,040**	237,293,507	-
Additions during the year	**36,649,657**	21,863,533	237,293,507
Balance as at the end of the year	**295,806,697**	259,157,040	237,293,507
Accumulated amortization			
Balance as at the beginning of the year	**68,810,381**	32,516,972	-
Amortization charge for the year (note 8 & 9)	**41,627,265**	36,293,409	32,516,972
Balance as at the end of the year	**110,437,646**	68,810,381	32,516,972
Net book value	**185,369,051**	190,346,659	204,776,535

19.2 Lease liabilities

	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Balance at the beginning of the year	**172,704,056**	179,461,057	-
Additions during the year	**35,979,657**	21,863,533	215,200,301
Finance charges	**6,121,694**	6,490,696	6,242,938
Payment made during the year	**(36,889,757)**	(23,226,447)	(32,651,594)
Transferred from prepaid rent to lease liabilities	**(3,604,589)**	(4,339,779)	(9,330,588)
Lease concession	**(1,562,943)**	(7,545,004)	-
Balance at end of the year	**172,748,118**	172,704,056	179,461,057

Lease liability is presented in the statement of financial position as follows:

	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Current portion	**45,746,196**	31,935,535	21,041,549
Non-current portion	**127,001,922**	140,768,521	158,419,508
	172,748,118	172,704,056	179,461,057

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19. Right-of-use assets (CONTINUED)

19.3 Amounts recognised in profit or loss:

	2021G	2020G
	SR	SR
Depreciation of right-of-use assets	**41,627,265**	36,293,409
Finance charges on lease liability	**6,121,694**	6,490,696

20. PAYABLES AND OTHER CREDIT BALANCES

	AS AT		
	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Employee Accruals	**5,908,469**	4,451,544	3,492,047
Accrued expenses	**1,797,038**	4,857,632	176,847
Taxation	**20,503**	4,284,265	28,716
Other	**1,175,067**	1,547,656	1,202,365
	8,901,077	15,141,097	4,899,975

21. ZAKAT

21.1 Zakat charge for the year consists of the following:

	2021G	2020G
	SR	SR
Current year provision	**6,139,586**	6,632,035
	6,139,586	6,632,035

The significant components of the zakat base, for the year ended 31 December are as follows:

	2021G	2020G
	SR	SR
Total Equity	**342,811,944**	342,393,783
Opening provisions and other adjustments	**(36,298,393)**	(25,177,558)
Net book value of long-term assets	**(60,930,111)**	(51,934,825)
Zakat results for the year	**245,583,440**	265,281,400
Zakat base	**245,583,440**	265,281,400

The differences between the financial and the zakat results are mainly due to provisions which are not allowed in the calculation of zakat results for the year.

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21. ZAKAT (CONTINUED)

21.2 Zakat provision

The movement in the Zakat provision is as follows:

	2021G	2020G
	SR	SR
As at the beginning of the year	**6,632,035**	5,231,554
Charge for the year	**6,139,586**	6,632,035
Payment during the year	**(6,632,035)**	(5,231,554)
Balance at end of the year	**6,139,586**	6,632,035

21.3 Zakat assessment status

The Company has submitted its zakat return to Zakat, Tax and Customs Authority (the "ZATCA") and received zakat certificates for all years up to 2020G. ZATCA has finalized zakat assessments for all years up to 31 December 2017. The Company has not received zakat assessment for years from 2018 to 2021G from ZATCA.

22. End-of-service benefits liability

The Company's employee end of service benefits liabilities plan is an unfunded plan. Cash generated from operations is considered sufficient to meet employee end of service benefits liabilities as they become due.

The movement in employee end-of-service liability is as follows:

	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Balance at the beginning of the year	**5,949,118**	4,277,904	2,996,763
Service cost	**1,644,496**	1,936,055	1,930,892
Interest cost	**115,016**	91,171	65,153
Benefits paid	**(888,851)**	(485,297)	(314,561)
Remeasurement of actuarial liabilities	**299,531**	129,285	(400,343)
Balance at end of the year	**7,119,310**	5,949,118	4,277,904

Provision for employee end-of-service liability:

	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Current service cost	**1,644,496**	1,936,055	1,930,892
Net interest	**115,016**	91,171	65,153
At the end of the year	**1,759,512**	2,027,226	1,996,045

The principal assumptions used in determining employee benefit obligations are shown below:

	31 December 2021G	31 December 2020G	1 January 2020G
Discount rate	**2.75%**	2.75%	2.69%
Salary increase rate	**4.75%**	3%	4%
Retirement age (in years)	**60**	60	60

23. CAPITAL

As at 31 December 2021G, the Company's authorized, issued and paid-up capital consists of 50,000 shares (2020G: 50,000) of SR 1,000 par value.

	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Khaled Ali Al Majed	**12,500,000**	12,500,000	12,500,000
Saad Ali Al Majed	**12,500,000**	12,500,000	12,500,000
Soliman Ali Al Majed	**12,500,000**	12,500,000	12,500,000
Majed Ali Al Majed	**12,500,000**	12,500,000	12,500,000
	50,000,000	50,000,000	50,000,000

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets consist of cash and cash equivalents, other financial assets measured at amortized cost, receivables, and financial assets at FVOCI, while financial liabilities consist of trade and other payables and due to related parties. All assets were classified as financial liabilities as at 31 December 2021G in the amortized cost line, except financial assets designated at FVOCI, measured on the basis of fair value.

Financial assets at FVOCI are classified under level 1 of the fair value measurement hierarchy.

25. FINANCIAL RISK MANAGEMENT

The Company's principal financial risks relate to market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company is not exposed to foreign currency risk as the Company's transactions are in Saudi Riyals.

The Company is exposed to risks from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Additional quantitative information on these risks is presented in all of these financial statements.

There have been no material changes in the Company's exposure to the risks of financial instruments, objectives, policies, and processes to manage those risks or the methods used to measure them from prior periods.

The Board has overall responsibility for the determining the Company's risk management objectives and policies. The Company's finance function assists the Board in discharging its responsibility by designing and operating processes that ensure the effective implementation of the objectives and policies. he overall objective of the Board is to develop policies aimed at minimizing risk.

Cash flow and fair value of interest rate risks

Cash flow and fair value interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not significantly exposed to fair value interest rate risk as the interest rate on borrowings is close to the current market rate. The Company is exposed to cash flow interest rate risk as borrowings carries variable interest rate.

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash is placed with banks having sound credit ratings. The Company seeks to limit its credit risk with respect to counterparties by setting credit limits for individual counterparties and by monitoring outstanding receivables.

The table below shows the Company's maximum exposure to credit risk for the components of the statement of financial position:

	31 December 2021G	31 December 2020G	1 January 2020G
	SR	SR	SR
Cash and cash equivalents	**7,385,930**	5,209,913	4,023,675
Trade receivables	**861,357**	33,633	504,237
Due from related parties	**8,032,416**	17,350,013	21,611,652
Prepaid expenses and other current assets	**28,604,504**	30,491,233	37,865,695
	44,884,207	53,084,792	64,005,259

The Company applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. The method is applied for assessing an allowance against due from related parties.

Liquidity risk

Liquidity risk is the risk that a Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize a financial asset quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital requirements and cash flows on a regular basis. The Company limits its liquidity risk by ensuring that sufficient funds are available from its shareholders and banking facilities.

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summaries the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2021G	Less than 3 months	3 to 12 months	More than 12 months	Total
	SR	SR	SR	SR
Trade Payables	-	**14,025,252**	-	**14,025,252**
Payables and other credit balances	-	**8,901,077**	-	**8,901,077**
Lease liabilities	-	**45,746,196**	**127,001,922**	**172,748,118**
	-	**68,672,525**	**127,001,922**	**195,674,447**

31 December 2020G	Less than 3 months	3 to 12 months	More than 12 months	Total
	SR	SR	SR	SR
Trade Payables	-	10,571,442	-	10,571,442
Payables and other credit balances	-	15,141,097	-	15,141,097
Lease liabilities	-	31,935,535	140,768,521	172,704,056
	-	57,648,074	140,768,521	198,416,595

1 January 2020G	Less than 3 months	3 to 12 months	More than 12 months	Total
	SR	SR	SR	SR
Trade Payables	-	5,937,972	-	5,937,972
Payables and other credit balances	-	4,899,975	-	4,899,975
Lease liabilities	-	21,041,549	158,419,508	179,461,057
	-	31,879,496	158,419,508	190,299,004

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26. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maximise the returns to the partners. It is the Company's policy to maintain a strong capital base to maintain investors and creditors and to sustain future development of the business.

For the purpose of the Company's capital management, capital includes issued and paid-up capital, and all other equity reserves attributable to the partners of the Company.

Management monitors the return on capital and the level of dividends paid to partners and seeks to maintain a balance between the higher returns (which could be enhanced by higher levels of borrowing) and the benefit and security provided by a sound capital position.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its financial needs.

27. DIVIDENDS

During the year ending 31 December 2021G, the partners decided to distribute dividends in the amount of SAR 118,000,000 (2020G: SAR 70,000,000).

28. COMPARATIVE FIGURES

Certain prior period amounts have been reclassified to conform with the presentation in the current period (note 5)

29. SUBSEQUENT EVENTS

On 1 June 2022G, the company entered into an asset acquisition agreement to acquire the assets of "Khalta for Perfumes Co", according to which the entire assets of "Khalta for Perfumes Co" were acquired in return for granting 10% of the company's capital to the shareholders of "Khalta for Perfumes Co".

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Manager of the Company on 10 Jumada Al Thani 1444H (corresponding to 3 January 2023G).

الماجد للعود
Al majed oud

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